COLUMBIA UNIVERSITY

ADVISORY COMMITTEE
ON SOCIA LLY RESPONSIBLE INVESTING

ANNUAL REPORT 2007-2008

October 14, 2008

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Executive Summary

1. Introduction
The Advisory Committee on Socially Responsible Investing (ACSRI) serves as the University’s vehicle to advise the Trustees on social and ethical issues confronting the University as an investor. Traditionally, the primary focus of the ACSRI’s work has been on evaluating and formulating vote recommendations on social-issue shareholder proposals presented to publicly traded domestic companies held within the University’s investment portfolio. In addition to this work, during the 2007-2008 academic year, the ACSRI also engaged in and completed several other activities, including making a recommendation to the Trustees on a formal tobacco screening policy, recommending modifications to the University’s Sudan Divestment List, engaging management at two companies held within the University’s portfolio through letter writing, and hosting a conference with numerous other academic institutions. The ACSRI also spent time learning about the goals and challenges of corporate engagement, human rights and genetically modified organisms through presentations by faculty and outside experts. This Executive Summary provides a synopsis of all of the ACSRI’s activities during 2007-2008. The remainder of the Annual Report provides the full detail and description of the ACSRI’s work during the 2007-2008 academic year.

2. Tobacco Policy Recommendation
At the prompting of the Investment Management Company (“IMC”) during the fall of 2007, the Committee was asked to review the University’s stance and informal practice of screening out investments in tobacco companies and to create a formal tobacco screening policy. The ACSRI evaluated IMC’s practice of screening tobacco companies based on company lists provided by Institutional Shareholder Services (“ISS”) and compared this with the University’s stance on tobacco screening. Believing that the two were not in agreement, the ACSRI created a Statement of Position and Recommendation on Tobacco Screening at the end of January and formally presented it to the TSSR. In turn, the TSSR forwarded the ACSRI’s recommendation to the Finance Committee of the Board of Trustees for approval. At its March 2008 quarterly meeting, the Finance Committee formally approved the recommendation of the ACSRI, which is attached here as Appendix 1.

3. Sudan Divestment Monitoring
In the fall of 2007, in accordance with the 2006 Sudan Statement, the ACSRI undertook Sudan divestment monitoring. The ACSRI established an informal subcommittee of its members to review available research regarding the activities of companies doing business in Sudan. The ACSRI then recommended the addition of six new companies to the divestment list, as well as the removal of six companies (due to these companies’ decisions to withdraw operations from Sudan) and the creation of a watchlist consisting of six companies to be closely monitored in the future. The ACSRI’s recommendations were approved by the Trustees Subcommittee on Shareholder Responsibility (TSSR), as well as by the full Board of Trustees. The relevant announcement is attached as Appendix 2.

4. Chevron’s Operations in Myanmar
At the ACSRI’s annual Town Hall in November 2007, students representing Columbia’s chapter of The Burma 88 Coalition addressed the ACSRI on the controversy surrounding Chevron’s operations in Myanmar. Of particular concern to the students was the implication of human rights violations resulting from Chevron’s stake in the Yadana gas project and, as such, the contractual transfer of millions of dollars to the state-owned Myanma Oil and Gas Enterprise and thereby the ruling regime. In response to the student presentation, the ACSRI initiated an inquiry into the matter. As a result of its research and deliberations, the ACSRI prepared a correspondence to Chevron’s management in late March 2008. This letter expressed not only the Committee’s concerns about Chevron’s interpretation of corporate social
responsibility generally, but also its concerns of the company’s narrow definition of its responsibilities in Myanmar.

5. Dow Chemical’s Responsibilities in Bhopal, India
At the ACSRI’s annual Town Hall in November 2007, students representing Columbia’s chapter of Amnesty International addressed the ACSRI on the controversy surrounding Dow’s social responsibilities in Bhopal, India. The students felt that when Dow acquired Union Carbide Corporation in 2001 they also inherited responsibility for a toxic gas leak that occurred at Union Carbide’s Indian affiliate in 1984, consequences of which are still being suffered by the people of Bhopal. They urged the ACSRI to engage Dow management through a letter expressing Columbia’s view as a shareholder. The ACSRI undertook the task of researching the matter and as a result sent a letter to Dow’s management at the end of March. This letter expressed the Committee’s concerns about Dow’s interpretation of their responsibilities in strictly legal terms and urged the company to expand its interpretation of corporate social responsibility.

6. ACSRI Conference
In the fall of 2007, the ACSRI was approached by the Columbia Law School’s Human Rights Clinic and the Responsible Endowments Coalition to host a one-day event to bring together members of responsible investing committees from numerous schools around the country to share their experiences engaging in responsible investment and to explore opportunities for collaboration. The conference was held on April 11, 2008 and yielded over 60 participants from 17 different institutions. Institutions represented are listed in Appendix 3.

7. 2008 Proxy Review
During the 2008 proxy season, the ACSRI and the TSSR reviewed 78 social issue shareholder proposals. The ACSRI was able to develop sufficient consensus for a formal recommendation in 77 cases, or 99% of these reviews. As has been the case in previous years, coordination and cooperation between the ACSRI and the TSSR have been excellent: this year there was agreement between the TSSR and the ACSRI on 74 of the 77 recommendations (95%). The table below compares the overall results of 2008 to the results of prior years:

<table>
<thead>
<tr>
<th>Year</th>
<th>Proposals Reviewed</th>
<th>Recommendations to TSSR</th>
<th>Agreement by TSSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>78</td>
<td>77 (99%)</td>
<td>95%</td>
</tr>
<tr>
<td>2006-07</td>
<td>72</td>
<td>63 (88%)</td>
<td>94%</td>
</tr>
<tr>
<td>2005-06</td>
<td>89</td>
<td>83 (93%)</td>
<td>95%</td>
</tr>
<tr>
<td>2004-05</td>
<td>78</td>
<td>74 (95%)</td>
<td>99%</td>
</tr>
<tr>
<td>2003-04</td>
<td>97</td>
<td>87 (90%)</td>
<td>94%</td>
</tr>
<tr>
<td>2002-03</td>
<td>132</td>
<td>122 (92%)</td>
<td>92%</td>
</tr>
<tr>
<td>2001-02</td>
<td>89</td>
<td>68 (76%)</td>
<td>82%</td>
</tr>
<tr>
<td>2000-01</td>
<td>32</td>
<td>19 (59%)</td>
<td>89%</td>
</tr>
</tbody>
</table>

The table below provides the distribution of shareholder proposals by issue area and ACSRI recommendation during 2008. As the University holds a diversified portfolio of publicly traded securities, the issue area distribution likely reflects that of the universe of all social responsibility proposals filed:
The table below summarizes all ACSRI recommendation and TSSR voting outcomes during the 2008 proxy season:

<table>
<thead>
<tr>
<th>Issue</th>
<th>ACSRI Recommendations</th>
<th>TSSR Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Support</td>
<td>Reject</td>
</tr>
<tr>
<td>Animal Welfare</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Banking Issues</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Charitable Donations</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Environment, Energy and Sustainability</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td>Equal Employment/Northern Ireland</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Executive Pay</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Health and Safety Issues</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Human Rights</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Military and Security/Weapons</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Political Contributions</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45</strong></td>
<td><strong>30</strong></td>
</tr>
</tbody>
</table>

In 2008, the ACSRI recommended supporting the proposal on 45 of 77 recommendations (58%, excluding the nine cases on which it could not develop a formal recommendation). The corresponding figures for 2007 were 36 of 63 (57%). Of these 45 supporting recommendations in 2008, the TSSR agreed 42 times (93%) but chose to abstain on two occasions and voted to reject the proposal on one occasion. In 2007, the TSSR supported 32 of the 36 supporting recommendations (89%).

Appendix 5 lists each ACSRI proxy voting recommendation and TSSR vote for 2008. The main body of this report describes the ACSRI’s deliberations with respect to the proposals reviewed. Please refer to Section IX of the report, “Social Responsibility Shareholder Proposals: Deliberations” beginning on page 15, for a full account of the reasoning and deliberations that yielded the following patterns in 2007-2008:

- The ACSRI supported both proposals it reviewed this year on animal welfare. Whereas the ACSRI was unable to develop recommendations in many of the cases reviewed last year, it felt that the proposals this year were reasonably targeted and better written. The TSSR supported one of the proposals and abstained on the other. (See deliberations on pages 15-16.)

- The ACSRI and TSSR agreed on all three banking proposals reviewed this year, supporting one and rejecting two others. Similar to last year, both committees supported a proposal to a financial institution to report on fair housing lending policies. They rejected a new proposal this year, submitted to two companies, to review decisions made under the Equator Principles. (See deliberations on pages 16-17.)
• The ACSRI and TSSR once again rejected all proposals requesting companies to disclose or report on charitable contributions and policy, considering these proposals a disincentive to corporate charitable giving. (See deliberations on page 18.)

• As in previous years, the ACSRI and TSSR produced a mixed voting record overall on proposals pertaining to the environment, energy and sustainability. The committees approached proposals related to climate change with great concern for the issues at hand, but ultimately were unable to support most of the individual proposals. Both committees supported proposals requesting reports on the environmental impact of corporate practices on individual local communities; they approached proposals concerning corporate impact on protected areas or scarce resources, as well as proposals concerning the phasing out of harmful substances and the use of genetically engineered foods and plants, on a case-by-case basis. Both committees upheld their precedents of supporting the sustainability reporting. (See deliberations on pages 18-26.)

• The committees continued to support proposals encouraging increased transparency with regard to equality in employment and requests for corporate statements of non-discrimination based on sexual orientation. The committees again rejected a proposal requesting implementation of the MacBride principles in Northern Ireland. (See deliberations on pages 26-27.)

• The ACSRI reviewed two proposals this year on executive pay, rejecting one seeking to compare executive pay to the lowest paid U.S. worker and supporting one requesting that the company apply its antidiscrimination statement to organizations with which it has corporate sponsorships or engages in executive perks. (See deliberations on pages 27-28.)

• The ACSRI reviewed several new proposals in the realm of health and safety this year. The ACSRI supported those holding companies responsible for further research regarding the safety of their products. The ACSRI rejected proposals that would be impractical to enforce or would put the companies at a competitive disadvantage compared to their peers. The ACSRI had a mixed voting record on a proposal seen for the first time this year and presented to three companies in the University’s portfolio regarding the adoption of principles of healthcare reform. (See deliberations on pages 28-32.)

• In considering proposals related to human rights, the committees offered support of proposals seeking to further the protection of human rights without being redundant or impractical, especially at companies currently without human rights policies. This year saw a few new proposals in this arena, including one with a binding bylaw structure about which the ACSRI had mixed feelings. (See deliberations on pages 32-35.)

• The ACSRI reviewed one proposal requesting a weapons manufacturer to report on foreign military sales, voting to support the proposal on the basis of greater transparency. The ACSRI rejected a similar proposal to the same company last year. The TSSR maintained its precedent in voting against the proposal despite the ACSRI’s vote to support. (See deliberations on pages 35-36.)

• As was the case last year, the ACSRI and TSSR supported all shareholder proposals requesting increased transparency with respect to political donations. The committees rejected narrow proposals requesting the affirmation of non-partisanship, the disclosure of executives’ prior government service and reports on public policy priorities. (See deliberations on pages 36-37.)
I. Introduction and Background

During the 2000 spring semester, Columbia established two committees to assist the University in addressing its responsibilities as an institutional investor: the Advisory Committee on Socially Responsible Investing (ACSRI) and the Trustees Subcommittee on Shareholder Responsibility (TSSR). The ACSRI’s mission is to advise the University Trustees on ethical and social issues that arise in the management of the investments in the University’s endowment. The ACSRI has a broad mandate to set its own agenda in pursuit of this mission. The legal and fiduciary responsibility for the management of the University’s investments lies with the University Trustees. As a result, ACSRI recommendations are advisory in nature. The TSSR (and in some cases, the full board of Trustees) takes final action with regard to all matters that are the subject of recommendations of the ACSRI.

The work of the ACSRI starts from the premise that universities have a special role to play in giving careful consideration to socially responsible investment (SRI) issues. Many of the specific issues reviewed by the ACSRI are traditional “social” matters that are commonly part of the social policy agenda of committees of this sort at other universities. All of these issues are complex, and opinions among the members of the ACSRI vary, just as they do within the broader University community.

The ACSRI’s membership process is designed to help ensure that it is broadly representative of the Columbia community. The President of the University appoints twelve voting members (four faculty, four students, and four alumni), who are nominated, respectively, by the deans of the schools, the student affairs committee of the University Senate, and the Office of University Development and Alumni Relations. In addition, one administrator (the Executive Vice President for Finance) sits as a non-voting member. Geoffrey Heal, Paul Garret Professor of Public Policy and Business Responsibility, chaired the ACSRI during the 2007-2008 academic year.

This Annual Report describes the work of the ACSRI during the 2007-08 year. It details the ACSRI’s activities with respect to its tobacco policy recommendation, Sudan divestment monitoring, corporate engagements with Chevron and Dow Chemical, and conference. As in previous years, the bulk of the Annual Report describes the ACSRI’s deliberations and voting recommendations on the shareholder proposals it considered, as well as the actions taken by the TSSR with respect to those recommendations. The proposals are contained in the proxy statements of publicly traded companies whose shares are owned as part of the University’s endowment investments. These proxy statements are sent to all shareholders in order to allow them to vote their shares at company annual meetings without being physically present. The proposals considered were a subset of those coming up for votes during the 2008 “proxy season,” the period between March and June when most publicly traded corporations
hold annual meetings. Finally, this Annual Report includes an account of the ACSRI’s preparatory work during the 2007-2008 year, including the setting of its Annual Agenda and hearing presentations from guest experts on social issues.

II. Tobacco Policy Recommendation

At the prompting of the Investment Management Company (“IMC”) during the fall of 2007, the Committee was asked to review the University’s stance and informal practice of screening out investments in tobacco companies and to create a formal tobacco screening policy. For many years it has been the intention of the University to refrain from investing in companies engaged in the manufacture of tobacco and tobacco products, but not from investing in companies who supply peripheral materials and supplies to the tobacco industry or distribute these products. In keeping with this practice, IMC had been screening tobacco stocks based on foreign and domestic lists provided by Institutional Shareholder Services (“ISS”). IMC was concerned that while the domestic list screened only manufacturers of tobacco and tobacco products, the foreign list included companies supplying peripheral materials and supplies to the tobacco industry or distributing these products. IMC felt that this list did not accurately reflect the University’s stance on tobacco screening and asked the Committee to clarify the University’s position and formalize it into policy. The ACSRI carefully examined the universe produced by ISS and agreed that while the domestic universe included filters to narrow the screening to tobacco manufacturers, the foreign list did not and included distributors of tobacco products and suppliers to the tobacco industry as well. Believing that this was not in agreement with the University’s stance on tobacco screening, the ACSRI created a Statement of Position and Recommendation on Tobacco Screening at the end of January and formally presented it to the TSSR. In turn, the TSSR forwarded the ACSRI’s recommendation to the Finance Committee of the Board of Trustees for approval. At its March 2008 quarterly meeting, the Finance Committee formally approved the recommendation of the ACSRI, which is attached here as Appendix 1.

III. Sudan Divestment Monitoring

In April 2006, the ACSRI issued, and the Trustees approved, the Statement of Position and Recommendation on Divestment from Sudan. That document outlined the criteria for divestment from Sudan, named eighteen companies to be divested, and called for monitoring of both the divestment list and the activity of other companies with operations in Sudan. In the fall of 2007, in accordance with the April 2006 Statement, the ACSRI undertook Sudan divestment monitoring. The ACSRI established an informal subcommittee of its members to review company activity in Sudan, including those companies
on the current Columbia Sudan divestment list, as well as other companies with operations in Sudan. After careful review of available research and deliberation, the Sudan divestment subcommittee developed a recommendation to add six new companies to the divestment list, to remove six companies from the divestment list (due to those companies’ decisions to withdraw operations from Sudan) and to create a watchlist with six companies to be closely monitored in the future. The subcommittee presented its recommendations to the full ACSRI in the winter of 2007; the ACSRI voted to affirm all recommendations of the subcommittee and formally presented those recommendations to the TSSR. In turn, the TSSR forwarded the ACSRI’s recommendations to the Finance Committee of the Board of Trustees for approval. At its March 2008 quarterly meeting, the Finance Committee formally approved the ACSRI’s recommendations to add the six new companies to the Sudan divestment list, to remove six companies from the list and to create a watchlist with an additional six companies on it. The related announcement with the complete modified list of companies divested is attached as Appendix 2.

**IV. Chevron’s Operations in Myanmar**

At the ACSRI’s annual Town Hall in November 2007, students representing Columbia’s chapter of The Burma 88 Coalition addressed the ACSRI on the controversy surrounding Chevron’s operations in Myanmar. Of particular concern to the students was the implication of human rights violations resulting from Chevron’s stake in the Yadana gas project and, as such, the contractual transfer of millions of dollars to the state-owned Myanmar Oil and Gas Enterprise and thereby the ruling regime. As the only remaining U.S. corporation with major assets invested in Burma, the students felt that Chevron has a special responsibility. They requested that the ACSRI write a letter to the management of Chevron informing them of Columbia’s concerns on the matter. In response to the student presentation, the ACSRI initiated an inquiry into the matter. As a result of its research and deliberations, the ACSRI prepared a correspondence to Chevron’s management in late March 2008. This letter expressed not only the Committee’s concerns about Chevron’s interpretation of corporate social responsibility generally, but also its concerns of the company’s narrow definition of its responsibilities in Myanmar. The ACSRI urged Chevron to reconsider its adherence to such a narrow definition in the interest of the company’s reputation and long-term financial performance.

**V. Dow Chemical’s Responsibilities in Bhopal, India**

At the ACSRI’s annual Town Hall in November 2007, students representing Columbia’s chapter of Amnesty International addressed the ACSRI on the controversy surrounding Dow’s social responsibilities in Bhopal, India. On December 3, 1984, over 35 tons of toxic gases leaked from the
U.S.-based multinational Union Carbide Corporation’s Indian affiliate. Over the next two to three days, more than 7,000 people died and many more were injured. Over the last 24 years, at least 15,000 people have died from illnesses related to gas exposure and more than 10,000 continue to suffer chronic and debilitating illnesses. The students felt that when Dow acquired Union Carbide in 2001 they also inherited responsibility for the Bhopal situation. They urged the ACSRI to engage Dow management through a letter expressing Columbia’s view as a shareholder. The ACSRI undertook the task of researching the matter and as a result sent a letter to Dow’s management at the end of March. This letter expressed the Committee’s concerns about Dow’s interpretation of their responsibilities in strictly legal terms and urged the company to expand its interpretation of corporate social responsibility. The ACSRI took the stance that when Dow purchased Union Carbide it inherited not only the legal assets and liabilities of that company, but also its ethical responsibilities to the people of Bhopal. The ACSRI warned of ensuing damage to both Dow’s reputation and financial performance if it did not broaden its definition of responsibility to be consistent with current expectations of corporate social responsibility.

VI. ACSRI Conference

In the fall of 2007, the ACSRI was approached by the Columbia Law School’s Human Rights Clinic and the Responsible Endowments Coalition to host a one-day event to bring together members of responsible investing committees from numerous schools around the country to share their experiences engaging in responsible investment and to explore opportunities for collaboration. The conference was held on April 11, 2008 and yielded over 60 participants from 17 different institutions. Institutions represented are listed in Appendix 3. Representation came from a range of constituencies, including faculty, students, administrators and alumni. Both schools with established committees and schools working to form committees were in attendance. The agenda consisted of a speaker from TIAA-CREF covering the topic “Goals and Strategies of Corporate Engagement,” a speaker from the New York Retirement System speaking on “Social Responsibility as Part of Fiduciary Responsibility,” a panel of attendees discussing best practices, a panel of outside speakers covering the impact of corporate engagement on portfolio performance, and a panel of outside speakers addressing various models of collaboration. A discussion then followed about collaboration and how the different institutions with representatives present could work together to enhance their corporate engagements.
VII. Activities In Preparation for the 2008 Proxy Season

A. Gathering Information

The ACSRI uses the period from the beginning of the academic year until proxy season, which starts in early spring, to gather information, develop expertise, consult with members of the University community, and carry out business consistent with the ACSRI’s mandate but unrelated to proxy review. The ACSRI met six times during this period. In addition to undertaking the development of the tobacco policy, Sudan monitoring, the inquiries into Chevron and Dow Chemical, and conference planning, the ACSRI heard presentations from several guest speakers on topics that would arise in the course of the ACSRI’s proxy review. John Wilson of Christian Brothers Investment Services and the Interfaith Center on Corporate Responsibility addressed the ACSRI on the subject of Socially Responsible Investing. Peter Rosenblum, Columbia University’s School of Law Lieff, Cabraser, Heimann and Bernstein Associate Clinical Professor of Human Rights, addressed the ACSRI on issues of human rights and labor standards. And Shahid Naeem, of Columbia University’s Department of Ecology, Environment and Evolutionary Biology and member of the ACSRI, addressed the ACSRI on issues of genetically modified organisms. The ACSRI held a Town Hall for the Columbia community on November 13, 2007. The ACSRI Conference, held in collaboration with the Responsible Endowments Coalition and the Columbia Law School’s Human Rights Clinic, was held on campus on April 11, 2008. Throughout the year, the ACSRI encouraged all members of the Columbia community to submit written views and suggestions by letter and e-mail, as well as through the newly designed SRI website (http://finance.columbia.edu/sri/). The ACSRI kept the website up-to-date by posting its minutes, reports and other announcements throughout the fall and spring so that members of the University community might stay abreast of its activities. The SRI website also enables members of the University community to comment on the issues that the ACSRI may consider and to submit views on the University's ethical and social responsibilities as an investor.

B. The 2007-2008 Agenda

Each year, the ACSRI selects a set of SRI issues that it will review in the context of shareholder proposals, as well as other SRI activities that it considers important. This selection occurs in the fall and serves as the basis for the preparation of an annual agenda that is distributed to the University Trustees and President, the University Senate, and the University community by the end of the fall semester. On January 22, 2008, the ACSRI adopted and disseminated to the University community its 2007-2008 Agenda (Appendix 4).
Similar to the previous academic year, the Agenda focused on making recommendations to the Trustees on how the University, as an investor, should vote on selected shareholder proposals addressed to publicly traded U.S. corporations whose securities are held in Columbia’s endowment portfolio, as well as on the issue of Sudan divestment monitoring. In addition, the 2007-2008 Agenda outlined other activities that the ACSRI further considered and explored with the TSSR throughout the year, including the tobacco policy recommendation, engaging management at Chevron and Dow Chemical, and the invitation of guest experts to address the ACSRI on relevant social issues.

The issue areas selected for review during the 2007-2008 academic year reflect most of the same broad categories as those selected during the previous academic year. The traditional categories selected include shareholder proposals related to animal welfare, board diversity, corporate charitable and political contributions, environment and energy, equal employment opportunity, executive pay as tied to social indicators, global labor standards, health issues, human rights, and sustainability. As these broad groupings indicate, most current social issues are covered by the Agenda. During the 2007-2008 academic year, the ACSRI once again chose to leave corporate governance and most executive compensation proposals outside its scope of review in order to apply greater and expanded focus to issues of social responsibility, most effectively apply its collective expertise, and accommodate the priorities of the University community.

As a general matter, the ACSRI expects that making recommendations to the TSSR with respect to shareholder proposals will continue to be one of its core activities. At the same time, each year has brought new elements as well as the accumulation of expertise on both process and substance, which have led the ACSRI to conduct and consider additional activities. The ACSRI expects to continue with such activities, including making policy recommendations to the Trustees and directly engaging management of corporations through letter writing and other forms of corporate engagement.

**VIII. 2008 Proxy Review Approach and Process**

The University does not own stock in all companies that are presented with shareholder proposals. In addition, in order to develop a manageable agenda, the ACSRI typically focuses on those issues of particular interest to the University community. The ACSRI also excludes from its review proxy proposals submitted by company management and those submitted to foreign companies. The University purchases the services of RiskMetrics’ Institutional Shareholder Services (ISS) to vote these excluded items in accordance with ISS’s “base” voting recommendations (which can be found through ISS’s website at: [http://www.issproxy.com](http://www.issproxy.com)). ISS is instructed to submit votes to “abstain” – by which
the University intends to convey a neutral position – on social-issue shareholder proposals that come to a vote at times outside of the ACSRI’s proxy review period.

Shareholder proposals motivate much of the University’s activities as a responsible investor. In the course of its proxy review, the ACSRI has found that many proposals are reflective of, or inspired by, principles and values that it supports and believes reflect those of the University community. However, shareholder proposals are not of uniform quality, and the ACSRI cannot always recommend supporting specific shareholder proposals when they are drafted in a manner that is overreaching or vague, or are implying actions that are not feasible. The ACSRI often weighs, on a case-by-case basis, whether to assess a proposal based on its exact terms or as a symbolic gesture to company management or a broader audience. The ACSRI’s general inclination has been to ask whether the target company should implement the proposal as drafted and specifically proposed. In several cases, the ACSRI was unable to support specific proposals because it appeared that a solution other than shareholder action (e.g., government regulation or market forces) would be more appropriate or effective, because the targeted company appeared to be engaging in action similar to that requested by the proposal, or because evidence used to support a given proposal’s request was lacking.

For those topical areas selected for review, the ACSRI and TSSR continued to review and vote shareholder proposals on a case-by-case basis. Although time intensive, the ACSRI considers this approach superior to other approaches, such as relying on written guidelines or the recommendations of external agencies. Flexibility is important so that all relevant facts can be considered in connection with each recommended vote. The case-by-case approach requires an examination of each shareholder proposal as applicable to each targeted company, the company’s response in SEC proxy filings, and review of background analysis and information provided by ISS. The ACSRI’s case-by-case approach allows it to apply its own precedent, when appropriate, but at the same time to consider from one case to the next fine distinctions of company effort, progress and posture on an issue, and the degree of merit, feasibility, and value of the shareholder proposals. However, in response to one student presentation at the annual Town Hall meeting this year, the ACSRI has resolved to gather precedent around proxy issues and consider drafting proxy voting guidelines from these records, while still ensuring that the case-by-case approach can be used whenever the ACSRI sees fit, as well as when new issues arise.

1 In previous years, the ACSRI subscribed to and carefully reviewed the non-recommendation based reports by the Investor Responsibility Research Center (IRRC). In 2005, IRRC was purchased by ISS, and the non-recommendation based reports – unchanged in structure and style – are now issued by ISS. The ACSRI continues to consult these reports.
IX. Social Responsibility Shareholder Proposals: Deliberations

During the 2008 proxy season, the ACSRI and TSSR reviewed 78 shareholder proposals; the ACSRI was able to develop sufficient consensus for a formal recommendation in 77 (99%) of these cases. As in prior years, there was a high degree of overall agreement between the ACSRI and the TSSR, and in 2008 the TSSR followed the ACSRI recommendation in all but three cases (95% agreement). In the three cases of disagreement, the ACSRI recommended support, while the TSSR voted to either reject or abstain. The full record of the ACSRI’s vote recommendations, actual TSSR votes, and overall shareholder support garnered for each shareholder proposal reviewed by the ACSRI in 2008 is attached as Appendix 5.

A. Animal Welfare (2 proposals)
   - Report on violations of the Animal Welfare Act (support)
   - Review animal welfare standards (support)

The ACSRI supported both proposals it reviewed this year on animal welfare. In general, the ACSRI has had a mixed record of voting on animal welfare proposals, not because it has a mixed ideology about animal welfare, but more so because of the often poor quality of the proposals put forth. This year, the ACSRI felt that the proposals were reasonably targeted and better written.

Report on violations of the Animal Welfare Act

This proposal to a biotechnology company asked the company to report on the measures it has taken to resolve, correct and prevent further U.S. Department of Agriculture citations for violations of the Animal Welfare Act. The ACSRI noted its mixed precedent on animal welfare proposals, but also noted its firm ideology on the proper treatment of laboratory animals. Given the company’s past track record of Animal Welfare Act violations, the ACSRI did not find it unreasonable to ask the company for evidence that there was a quality assurance mechanism in effect, especially in light of the fact that while the company has corrected past violations, it has not changed policies or procedures to ensure that future violations do not occur. Members found this proposal aptly targeted and well written, and the vote reflected their support of this proposal.

Review animal welfare standards

This proposal, presented to a fast food restaurant chain, requested that the company implement the March 2005 recommendations made by former members of its own animal welfare council. These
included the adoption of a new slaughter method and working with chicken breeders to breed chickens that grow more slowly, have stronger legs and are less aggressive. The ACSRI noted that this proposal was different from many of the animal welfare proposals that it has reviewed in the past, as it is in reference to the treatment of animals to be used for food, not the treatment of laboratory animals. It also noted that it could not come to a recommendation on a similar proposal to the same company last year, though recognized that significant changes had been made in language and intent this year that made the proposal feasible. While the company claimed to have taken a leadership role, having established a set of animal welfare guiding principles, an animal welfare advisory council and an animal welfare advisory committee that is conducting an audit of the company’s practices, these actions have been reactive in the aftermath of unacceptable events instead of proactive to prevent them from occurring. The ACSRI also noted that the proposal focused on one incident that occurred in 2004 with a single supplier and that the company had taken steps towards improvement since then. Overall, however, the ACSRI felt that the company is a leader in its industry and should be held accountable. It felt that the proposal’s requests made sense and were reasonable. Furthermore, the ACSRI noted several unintended benefits of having the company comply with the proposal, including reducing the risk of spreading avian flu and disease.

The TSSR chose to abstain on this proposal.

B. Banking Issues (3 proposals)

- Review decisions under Equator Principles (two proposals: reject)
- Report on fair housing lending policy/record (support)

Though “banking issues” was not specifically included in the Annual Agenda of the ACSRI because of a lack of proposals on the topic in recent years, the ACSRI nevertheless felt that this proposal would be of interest and concern to the Columbia community and that it fell under the rubric of its social agenda. As such, the ACSRI reviewed two different proposals falling within this realm, one presented to two companies.

**Review decisions under Equator Principles**

This was a new proposal before the ACSRI this year, which it saw presented to two different financial services companies. The proposal asked each company to prepare a report describing and discussing how its implementation of the Equator Principles has led to improved environmental and social outcomes in its project finance transactions. The ACSRI felt that these proposals unduly targeted these companies, who have been leaders in signing onto the Equator Principles. Each of these companies
has numerous employees dedicated to implementing the Principles and report on results in its Sustainability/Citizenship Reports. The ACSRI also noted that the specific detail and due diligence requested is likely not yet available, as the projects being financed can take ten or more years to actually complete and the benefits may take even longer to become visible.

The ACSRI rejected both of these proposals, feeling that the motivation behind them was the assumption that the companies would not be able to provide the requested information for the reasons stated above and that this would then serve as fuel for the proponent to argue against the companies’ involvement with the Equator Principles. The proponent is a conservative group that uses shareholder advocacy to counter-balance social activist pressure on management and instead pressures management to focus on profit maximization and shareholder return. One member abstained on both proposals due to a potential professional conflict of interest.

**Report on fair housing lending policy/record**

As it did last year, the ACSRI supported this proposal, which asked a bank to prepare a report explaining the racial and ethnic disparities pertaining to high-cost mortgages as revealed in the company’s Home Mortgage Disclosure Act data. The proposal further asked the company to discuss whether these disparities affect home affordability and wealth-building benefits for its minority customers, whether the disparities are explained by the racial wealth divide in the U.S., and what the company believes can be done to lessen the divide. The company targeted is the largest mortgage lender in the country and, given the great disparity between African American and Hispanic borrowers and others, the ACSRI felt that this is exactly the kind of report that the company should be generating and releasing. While the company’s argument is that it did respond to the proposal submitted last year, the ACSRI felt that the company should be responding with greater transparency and that a report of this nature would not be a great burden on the company.

ACSRRI members felt that the secondary requests of the proposal were somewhat broad, but that the primary request was of great enough importance to address with a supporting vote. Furthermore, if the company feels that it is not discriminating in its lending practices, then it should not have a problem reporting this to the shareholders. Doing so would actually build confidence and would not be at any great cost given the market research that the company is likely already doing in this regard. One member abstained on the proposal due to a potential professional conflict of interest.
C. **Charitable Donations (2 proposals)**
   - *Review/report on charitable giving/policy (two proposals: reject)*

This year, the ACSRI reviewed and unanimously rejected two proposals seeking disclosure of or reports on charitable contributions; last year, the ACSRI rejected all seven such proposals that came up for review. These proposals request that the targeted companies report on or disclose their charitable contributions and/or policies for charitable giving. The ACSRI noted that both of these proposals were duplicates of proposals reviewed and rejected by the ACSRI last year, though one was withdrawn after the proxy statement was issued. The ACSRI discussed that its primary rationale behind rejecting such proposals has been and continues to be that the ACSRI would like to promote charitable giving and not burden companies with such reporting, which may discourage them from donating. The ACSRI also addressed the fact that the proponent of both resolutions specifically targeted particular groups to which the companies contribute, and felt that its motivation for filing was based on its objections to these groups and not an effort to promote greater transparency at the companies. The ACSRI unanimously rejected both proposals.

D. **Environment, Energy and Sustainability (29 proposals)**

Proposals on the environment, energy and sustainability represented the largest category of proposals the ACSRI reviewed this year, comprising 37% of proposals reviewed. As with last year, this year saw a significant number of shareholder proposals filed with respect to climate change and the related issues of emissions and renewable energy alternatives. As in previous years, other environmental proposals addressed the broad areas of protection of key natural and cultural sites from drilling; the environmental and health impacts of corporate practices on individual local communities; corporate use of scarce resources; the reduction of pollutants, toxins, or non-certified materials in products; and genetically engineered foods and plants. The ACSRI also reviewed two proposals requesting that companies issue sustainability reports. The variety of these proposals and the ACSRI’s case-by-case approach resulted in a mixed voting record again this year. Generally, the ACSRI sought to support well-targeted and feasible proposals, particularly those directed to companies whose practices and/or industry pose inherent risks, or to companies whose responsibility for existing environmental hazards was clear. The ACSRI, while uniformly recognizing the severity and imminent threat of climate change, did not offer strong support for several of the related proposals as written; frequently the proposals
requested reports more appropriately left to scientific experts or requested actions that several members felt were better left to governmental regulation.

1. **Climate Change/Emissions/Energy Alternatives (14 proposals)**
   - *Issue global warming report (3 proposals: reject)*
   - *Report on climate change challenges to business (no recommendation)*
   - *Report on climate change leadership benefits (reject)*
   - *Report on/Set GHG emissions reduction goals (4 proposals: support)*
   - *Provide CO2 information at the pump (reject)*
   - *Develop renewable energy alternatives (support)*
   - *Contribute to clean energy independence (reject)*
   - *Report on strategy for costs of carbon (reject)*
   - *Cease financing coal operations (reject)*

**Issue global warming report**

As it did last year, the ACSRI rejected proposals requesting reports on global warming and climate change science, which asked companies to provide reports on the science behind climate change, as well as analyses of the companies’ perceived impact of their operations on climate change. In its rejections, ACSRI members noted that reports on the science behind climate change are well-known, readily available, and attributable to respected scientific authorities and agencies; additional reports on this issue compiled by the companies would be redundant and would not add much value when compared with reports authored by experts in the field.

**Report on climate change challenges to business**

This proposal requested that the targeted industrial goods company issue a report assessing the impact of climate change specifically on the company and the rationale behind not disclosing such information through reporting mechanisms such as the Carbon Disclosure Project. Similar to proposals asking for climate change research, the ACSRI felt that the information requested was in large part already available. However, this proposal differed in that it requested information on the impact of climate change on the business specifically and on how the company intends to address it. It was noted by an environmental expert on the ACSRI that calculating carbon budgets and GHG emissions could be quite difficult and costly. It was also noted that the company is taking some action towards addressing climate change, but it could be doing more. These factors all contributed to a split vote by the ACSRI,
with most members choosing to abstain. The ACSRI could not make a recommendation to the TSSR on this proposal. The TSSR chose to abstain.

**Report on climate change leadership benefits**

The ACSRI unanimously voted to reject this proposal to an oil company, requesting the establishment of a task force to investigate and report on the likely consequences of global climate change for emerging countries and poor communities, and to then compare these outcomes with scenarios in which the company takes leadership in developing sustainable energy technologies to be used by and for the benefit of those most threatened by climate change. The ACSRI had no precedent for such a proposal specifically, but noted that it typically votes against proposals asking individual companies to report on global climate change generally, as there is already substantial research available and asking an individual company to perform similar research is redundant. The ACSRI also noted that the second portion of the request, to compare outcomes with scenarios in which the Company takes a leadership role, is not a practical request.

**Report on/set GHG emissions reduction goals**

The ACSRI reviewed four proposals concerning greenhouse gases, three to oil companies and one to a coal company. The ACSRI strongly supported each of these proposals, despite a mixed voting record on similar proposals last year. The proposals varied from one which requested a report on how the company is responding to rising regulatory, competitive and public pressures to reduce GHG emissions from products and operations, to three actually requesting the adoption of quantitative goals for reducing emissions. Last year, the ACSRI struggled with whether a shareholder proposal was the proper vehicle by which to address the issue of GHG reduction goals. The ACSRI felt that regulations for GHG emissions must be implemented, but was divided on who should be setting them. This year, as the ACSRI acknowledged that climate change is the biggest challenge facing these companies, the ACSRI felt that exploring ways to reduce GHG emissions and working towards quantitative goals were worthwhile tasks for the companies to be undertaking. While the ACSRI agreed that defining actual quantifiable limits is an aggressive request at this time, it felt that the intent of these proposals, to seek greater transparency and concrete results, was important to support. The ACSRI also supported the one proposal not requesting quantifiable goals, feeling that the proposal was not onerous and that GHG emissions was a very relevant issue for the company to be exploring in greater depth than it currently appeared to be.
**Provide CO2 information at the pump**

The ACSRI reviewed one proposal this year focused on the labeling of CO2 emissions for the benefit of customers. The ACSRI reviewed a similar proposal to the same oil company last year and was unable to reach a recommendation. This year, the ACSRI agreed that this was not the type of information customers are interested in receiving at the pump and that the proposal seemed to be ineffectual busy work for the company. The ACSRI strongly rejected this proposal.

**Develop renewable energy alternatives**

The ACSRI has a mixed precedent on proposals requesting that companies develop renewable energy alternatives. Last year it was unable to reach a recommendation on a similar proposal to the same oil company. This year, the ACSRI felt that this particular company, being the only one of the major oil companies not to take a stance on alternative energy and given the size of the company and resources under its control, should be committing some resources to exploring alternatives, especially in light of efforts being made by its peers. The ACSRI thus supported this proposal. The TSSR chose to abstain, however, agreeing with a dissenting member of the ACSRI that the company was an oil and gas exploration company, not an alternative energy company, and that it was an infringement on management prerogative for shareholders to start setting strategic direction for the company.

**Contribute to clean energy independence**

This proposal requested that an oil company establish a committee to study steps on how it could become the industry leader in developing and making available the technology needed to enable the U.S. to become energy independent in an environmentally sustainable way. The ACSRI had no direct precedent for such a proposal, but chose to reject this proposal on the basis that the request was outside the scope of what the company should be doing on its own and that the proposal was over generalized and unclear. The ACSRI also noted that energy independence is not a plausible goal.

**Report on strategy for costs of carbon**

This proposal was filed at a Canadian oil and gas company, requesting that the company report on the strategy for incorporating the potential costs of carbon into long-term business planning. Due to scheduling of the annual meeting and available materials, this proposal was not reviewed by the full ACSRI, but was reviewed and rejected by the chair and by the TSSR. With no direct precedent, the chair and TSSR relied on ACSRI precedent of voting against requests for redundant reporting, especially
when it appears that the company is actively addressing the issue, as was the case with the targeted company in this instance.

**Cease financing coal operations**

Targeted at a financial services company, this proposal requested an amendment to the company’s GHG emissions policies to cease all financing, investment and any further involvement in activities that support mountain top removal (MTR) coal mining or the construction of new coal-burning power plants that emit carbon dioxide. While the ACSRI agreed that the climate change science is fairly clear on the negative impacts of both MTR as a practice and the use of coal as fuel in general, that MTR should be stopped and GHG emissions reduced, and that companies should seek alternate sources of energy and reduce emissions, it was unable to support the wording of this particular resolution. ACSRI members were concerned that the specific phrasing of the proposal would preclude the company from offering its services as a form of responsible engagement - for example, providing advisory services to a foreign utility company in order to assist it in disposing of coal-burning assets or developing alternate energy sources. The vote was mixed, however, as some members supported or chose to abstain on the basis that the negative impacts of MTR and the burning of coal warranted such measures and that such action would demonstrate the company’s apparent commitment to GHG emissions reduction. Also noted by supporting members was that financial investment in coal will become increasingly risky due to the likelihood that it will become more expensive and less profitable in the near future. One of the abstentions was due to a member’s potential professional conflict of interest.

2. **Environmental impact on local communities, natural or scarce resources, or protected sites (9 proposals)**

- *Report on community hazards* (two proposals: support)
- *Review National Petroleum Reserve – Alaska* (support)
- *Report on plans to drill in Arctic National Refuge* (support)
- *Review impact of oil sands operations* (two proposals: support)
- *Report on water use* (one proposal: 1 support; 1 reject)
- *Report on environmental review process overseas* (support)

The ACSRI supported all but one of these proposals requesting companies to address past and current operations or plans for operations and the impact those operations have had or may have on the
local communities and protected sites in which they operate, as well as on natural or scarce resources in those areas.

**Report on community hazards**

This is the third year that the ACSRI reviewed this type of proposal, with a clear precedent of support. Both proposals, presented to oil companies, asked the companies to report on the environmental impacts and health risks posed by their operations in all of the local communities in which they operate. The ACSRI felt that the proposals were aptly targeted and made viable requests for greater transparency in reporting, something the ACSRI overwhelmingly supports and believes companies should provide.

**Review National Petroleum Reserve - Alaska**

The ACSRI unanimously supported this proposal, which asked an oil company to consider the environmental impact of drilling for oil in the National Petroleum Reserve – Alaska. The ACSRI noted that the sentiment of this proposal was the same as that requesting that the same company report on its environmental impact in all of the communities in which it operates, but that this one was specifically targeted at a particularly sensitive area. As in the past with this particular proposal, and according to ACSRI precedent on this subject matter in general, the ACSRI voted to support this proposal.

**Report on plans to drill in the Arctic National Refuge**

Similar to the previous proposal to consider the environmental impact of drilling in the National Petroleum Reserve – Alaska, this proposal requested that a different oil company consider the environmental impact of drilling for oil in the coastal plain of the Arctic National Wildlife Refuge. Again, the sentiment of this proposal was similar to one also filed at this company regarding the company’s environmental impact in all of the communities in which it operates, though this one specifically targeted a vulnerable area. The ACSRI also voiced its concern over the company’s behind the scenes lobbying efforts to have drilling in this region approved, as it is a major funder of a powerful lobbying group, though this is not readily transparent. The ACSRI strongly supported this proposal along with the others.

**Review impact of oil sands operations**

This proposal, presented to two oil companies, was new this year. It requested that the companies report on the environmental damage that would result from expanded oil sands operations in the Canadian boreal forest. The ACSRI noted that mining for oil sands and extracting oil from the sands is
an environmentally destructive process. While it is profitable now due to the currently high cost of oil, this profitability is very sensitive to the price of oil. Were oil prices to fluctuate downward, the profits gained from oil sands would likely not be worth the cost and effort of extracting it. Additionally, the boreal forest in Canada is an extremely important habitat in terms of the oxygen it produces and the wildlife that make their homes there. While the ACSRI noted that one of the companies targeted seems reasonably responsible in its operations and the other is not actively targeting expansion in this area, the concern is still relevant to both businesses and the reports would create greater transparency into both companies operations. The ACSRI unanimously supported both proposals.

Report on water use

The ACSRI reviewed this proposal, asking for a comprehensive policy articulating respect for and commitment to the human right to water at a beverage company and at an insurance company this year. In the past, the ACSRI has struggled in formulating a recommendation on similar proposals presented to beverage companies. This year, however, the ACSRI supported the proposal to the beverage company, noting that the company has taken steps in the right direction with various initiatives and funds committed through its foundation, but that the company is not especially transparent in its activities and it could have more concrete objectives towards a policy. Because of the impact that water has on the company’s business operations, the ACSRI felt that it was not too much to ask that the company develop a policy as requested, as this is an area in which the company should be a leader if they are to be considered a socially responsible company. Conversely, the ACSRI voted to reject the same proposal as presented to an insurance company, feeling that the proposal was not aptly targeted or relevant to the company’s business. The ACSRI also felt that with a board level committee addressing environmental policies and issues and a public policy statement in place, the company was already sufficiently addressing the concerns raised in the proposal.

Report on environmental review process overseas

As it did last year, the ACSRI unanimously supported this proposal to an oil company requesting that it assess the laws and regulations of host countries in which it operates with respect to their adequacy to protect human health, the environment and the company’s reputation. The ACSRI felt that the company should apply the highest international environmental standards when operating in developing countries, not just the standards of the country in which it is operating. In the past, the company has not applied the highest standards. In Ecuador, for example, the company is involved in lawsuits over environmental damage resulting from activities that were supposedly legal by Ecuadorian
standards, but illegal by U.S. standards. The ACSRI believes that such pollution could have been avoided, as well as the risks to the company’s reputation and financial security presented by the lawsuits, had the Company operated according to the higher existing standards.

3. **Report on toxics phaseout plan (1 proposal)**

The ACSRI voted to reject this proposal to a chemical company to report on the pace and effectiveness of the environmental remediation process with respect to dioxin contamination downstream from its Midland headquarters. The ACSRI observed that the shareholder proposal refers to many facts concerning the area’s dioxin contamination-levels and their effects that were last year proven inaccurate and were yet unchanged in this year’s proposal. While the ACSRI expressed its absolute support for having the toxins cleaned up, it felt that the proposal was off base and that the company has been responding to its responsibilities by establishing a fund for the cleanup, working with the state and providing updates on its website. As it did on the same proposal last year, the ACSRI rejected this proposal.

4. **Increase container recycling/recycled content (1 proposal)**

This proposal requested that the beverage company targeted review and report on the efficacy of its container recycling program, including publicly stated, quantitative goals for enhanced rates of beverage container recovery and recycling in the U.S. The ACSRI had no precedent for this proposal. The ACSRI felt that the company targeted was already doing much in terms of its recycling efforts and strategies. While the ACSRI generally favors recycling, it noted that no one company can control the amount of recycling in the entire U.S. The ACSRI felt that more education and greater involvement from state and local governments would be more effective in this effort than the requests of this proposal and, as such, rejected the proposal.

5. **Gene-Engineered (GE) Foods/Plants (2 proposals)**

- *Report on gene-engineered foods (reject)*
- *Report on gene-engineered plants (support)*

Despite its precedent of rejecting these types of proposals, the ACSRI chose to support one requesting a report on a chemical company’s internal controls related to potential adverse impacts
associated with genetically engineered organisms, and reject another requesting a review of the beverage company’s policies and procedures for monitoring genetically engineered products. As in the past, the ACSRI chose to reject the proposal targeting genetically engineered foods, as it was not feasible for the company to report on “evidence of independent long-term safety testing of genetically engineered crops, organisms, or products thereof,” nor was it the responsibility of the company to produce such evidence. The ACSRI felt that there should be an independent agency taking the lead on such research, perhaps with companies as contributors.

Despite the fact that the ACSRI felt the proposal to a chemical company to report on its use of and controls related to genetically engineered plants was poorly formed, the ACSRI chose to support it based on the proposal’s intent – to monitor the use of genetically engineered plants. Admittedly, implementation of the proposal’s requests would be difficult without long-term research studies and new monitoring processes that, perhaps, should not be the responsibility of a single company. But the ACSRI also noted that there is no proven tangible consumer benefit provided by genetically engineered organisms and that they have not been in existence long enough to demonstrate that they are safe for humans or the environment in the long term. As such, the ACSRI felt that if the company is going to engage in the production of what is considered by many scientists unproven and potentially damaging products, then the company should also be held accountable for monitoring their effects.

6. **Issue Sustainability Report (2 proposals)**

The ACSRI reviewed two proposals requesting the issuance of sustainability reports. Over the past several years, the ACSRI has developed a sound precedent on supporting such proposals, except in specific cases where a company was inappropriately targeted. The ACSRI noted that the requests did not ask for more than reports, which would provide greater transparency and accountability. As sustainability is currently a high profile, global issue, as well as one in which Columbia has a significant amount of investment, the ACSRI felt that supporting these proposals was not only consistent with its own precedent, but also with the University’s stance on the issue.

E. **Equal Employment (6 proposals)**

- *Report on EEO (support)*
- *Drop sexual orientation from EEO policy (reject)*
- *Implement equality principles (support)*
The ACSRI believes that, as an institution with an educational mission, the University values diversity and equal opportunity and seeks to uphold the related goals of equal employment and non-discrimination. The ACSRI shares these sentiments, and supported proposals advocating greater inclusiveness and anti-discrimination, and the advancement of individual rights. Proposals reviewed and supported this year included reporting on EEO policies, adopting sexual orientation anti-bias policies, and implementing equality principles. The ACSRI rejected one proposal to drop sexual orientation from the company’s EEO policy. The ACSRI based its rejection on exactly the same rationale explained above for including sexual orientation anti-bias policies at other companies. One member abstained on this vote due to that member’s potential professional conflict of interest. The ACSRI also rejected one proposal urging the implementation of the MacBride principles in Northern Ireland, as these principles, while motivated by values of inclusiveness, have been rendered obsolete by more recent legislation and effective enforcement.

F. Executive Pay (2 proposals)

- Compare executive pay to lowest paid worker (reject)
- Review executive perks and sponsorships (support)

The ACSRI reviewed two proposals concerning executive compensation this year, both of which had been seen in the targeted company. The ACSRI has a mixed precedent recently on these types of proposals broadly, owed mostly to the variation of the specific proposals submitted. The two proposals reviewed this year were quite different in nature, resulting in the ACSRI supporting one and rejecting the other.

**Compare executive pay to lowest paid worker**

This proposal requested that the oil company in question review its executive compensation policies and compare the CEO’s compensation package to that of the lowest paid U.S. workers, analyze and justify the changes and trends in the relative size of the gap between highest and lowest paid, evaluate whether the compensation packages for top executives are excessive and should be modified, and whether sizable layoffs by the company should result in an adjustment of executive pay.
The ACSRI felt that looking at the discrepancy between top executives and the lowest paid workers was not the proper business way to look at compensation. The proposal was felt to be too broad and not specifically a social issue, but rather a governance issue. While the ACSRI recognized that the wage gap and the shrinking middle class are certainly real problems, it felt that executive compensation was not the proper target for such concerns. The targeted company has been hugely successful and well run, and while its executives are well compensated, they are not the worst offenders in terms of exorbitant compensation packages.

**Review executive perks and sponsorships**

This proposal requested that the targeted oil company review its antidiscrimination statement as it pertains to corporate sponsorships and executive perks and prepare a report addressing what funds are presently expended on sponsorships and perks involving institutions that discriminate against groups protected by the statement and how the statement is applied to decisions concerning sponsorships and perks. The proponent also asks the company to answer whether or not it would sponsor an event held at a venue barring African Americans, Jews or homosexuals from membership. The ACSRI noted that while this proposal was not filed last year, it supported a similar proposal to the same company in 2006. The ACSRI felt that the company should absolutely be applying its anti-discrimination policies to companies and organizations with which it is engaged in sponsorships and executive perks. The ACSRI felt that the capacity for corporations to influence policy in this regard is substantial and that corporate sponsorships are a valuable way for the company to promote its social responsibility and attach its brand to organizations and causes that are in line with its policies.

**G. Health and Safety Issues (9 proposals)**

- *Adopt principles of health care reform (3 proposals: 2 reject; 1 abstain)*
- *Review/reduce asthma triggers in pesticides (support)*
- *Review nanomaterials and product safety (support)*
- *Inform blacks of menthol and “light” cigarette risks (reject)*
- *Follow MSA terms globally (reject)*
- *Require peer review of youth anti-smoking programs (support)*
- *Develop non-addictive cigarette for youth (reject)*
The ACSRI reviewed nine health and safety proposals this year, five targeted at tobacco manufacturers in which the University does not have direct investments, but which are held in managed accounts. Many of the proposals in this area were new this year and ranged in requests from adopting principles for comprehensive healthcare reform to reviewing the use of nanomaterials in consumer products. In general, the ACSRI sought to support proposals aimed at improving health and safety and reject proposals that were impractical to enforce or would have a negative impact on a company’s competitive advantage in the marketplace. Similar to several of the energy and environmental proposals, the ACSRI often struggled with whose responsibility it was to produce reports validating the safety of a product.

**Adopt principles of health care reform**

The ACSRI reviewed this proposal three times this year, rejecting it twice and abstaining once. The proposal requested that the companies targeted adopt principles for comprehensive healthcare reform such as those based upon the principles of the Institute of Medicine. The ACSRI first reviewed this proposal for two companies at once, a tobacco manufacturer and a cable services company. The ACSRI originally felt that the requests of the proposals put unfair burdens on the companies and that asking the companies to take a stance on universal healthcare, a public policy issue, was out of the scope of proxy proposals. The ACSRI felt that the proposals were asking the companies to take an arbitrary stance on the need for universal healthcare without giving a reason or actually asking them to do anything. The ACSRI was unaware of any company actually taking a stance on such an issue one way or the other. The ACSRI voted to reject both of these proposals.

Later in the proxy season the ACSRI again reviewed this proposal, presented to another tobacco manufacturer. This time, after hearing from a member involved in healthcare reform and absent from the previous meeting, the ACSRI voted to abstain. This member noted that by virtue of the fact that the U.S. has an employer-financed healthcare system, companies are very much players and healthcare reform is very much a corporate policy issue as well. Furthermore, not having universal healthcare has put U.S. companies operating internationally at a competitive disadvantage against companies operating in countries that do have universal coverage and, therefore, do not bear the burden of healthcare costs. Majority opinion was that while healthcare reform was certainly an issue that needed to be addressed and one in which corporations are a player, this particular proposal was not well structured and did not get at the heart of the issue.
**Review/reduce asthma triggers in pesticides**

The ACSRI has reviewed this proposal for the past two years and has a mixed voting record. The proposal asked a chemical company to issue a report analyzing the extent to which its products may cause or exacerbate asthma and describing public policy initiatives and company activities to phase out or restrict materials linked with such effects. The ACSRI was not able to come to a consensus recommendation last year. The concerns felt by the ACSRI last year, that studies conducted to determine if there is a causal relationship between asthma and the chemicals in pesticides would be more effectively left to the scientific community, was noted this year, but overall ACSRI sentiment was that there is enough evidence to indicate at least some link and the company should address this. This opinion was strong, especially in light of Dow’s insistence that there is no link when there is substantial evidence indicating otherwise. Though there was some discomfort in asking a company to do a scientific analysis of the health effects of its own products, the ACSRI felt that Dow should be forced to bury itself in the issue and address it through a report. As such, the ACSRI supported this proposal this year.

**Review nanomaterials and product safety**

This proposal, presented to a consumer products company, was reviewed by the ACSRI for the first time this year. The proposal requested that the company publish a report on Company policies on nanomaterial product safety, and that the report identify product categories that currently contain nanomaterials and discuss any new initiatives or actions that management is taking to respond to this public policy change. While members felt that this was an area with much uncertainty surrounding it and one that does need more research, there was some debate over whether it was the company’s responsibility to produce and report on such research. Clearly, however, this is a growing issue and one that will continue to be of concern, similar to the release of genetically modified organisms in the 1980’s, and it was felt that the company would benefit from being on the forefront of addressing such concerns. Experts consulted on the subject encouraged a vote in support of the proposal. They noted that the science has not been good and assessment is difficult, but that the company should absolutely be transparent because that is the only way learning will take place regarding the effects of nanomaterials. Again, the example of genetically modified organisms was used, where the lack of labeling in foods and transparency around their use made tracking the effects on human health very difficult. The ACSRI felt that further research and greater transparency surrounding this issue would be a positive step for the company to take as a leader in its industry and supported the proposal as a result.
Inform blacks of menthol and “light” cigarette risks

The ACSRI voted to reject this proposal, which requested that the targeted tobacco manufacturer create a review committee to make and oversee a policy that one of its subsidiaries not expend any greater percentage of its advertising expenditures in demographic areas that are defined as below-poverty level and predominately African American, than it does in its other targeted demographic areas. The ACSRI had not previously reviewed a proposal of this nature. The ACSRI noted that this request would significantly interfere with the company’s business, as targeting is very much the aim of advertising. The ACSRI would have been more satisfied with a proposal requesting that the money the company is required to spend on education be proportionately targeted at these demographics; this would have been a more reasonable request. Asking that the company advertise less to its main market, however, is not appropriate. The ACSRI considered whether it was appropriate to target one demographic group more than another when selling a product and concluded that that is exactly what advertising is. As such, the ACSRI felt that, though cigarettes sold to any demographic are harmful and that more education is necessary, this proposal was not one that it could support.

Follow MSA terms globally

This proposal also targeted a tobacco manufacturer and was reviewed for the first time this year by the ACSRI. The proposal asked that the company adopt globally for all its tobacco products the marketing and advertising provisions of the U.S. Master Settlement Agreement. However, because the company had sold its international tobacco business in late March before the annual meeting, the proposal was effectively moot and was, therefore, voted against. Abstaining members felt that were the proposal not moot they would have supported it and, as such, voted to abstain.

Require peer review of youth anti-smoking programs

The ACSRI unanimously voted to support this proposal requesting that a tobacco manufacturer stop all company-sponsored campaigns allegedly oriented to inform youth about smoking’s dangers and/or prevent youth from smoking because of its dangers unless management could produce peer-reviewed data refuting contrary findings that the company’s current campaigns geared to minors were ineffective in reducing teen smoking. The ACSRI noted that these campaigns to educate youth and discourage them from smoking were part of the settlement to which the company agreed, and yet several of its past campaigns had actually been shown to have the opposite effect. The company argued that its internal research proved otherwise, but would not release such research. While the company’s most recent campaign ended in 2007, the ACSRI felt it important to ensure that future campaigns, which
would have a similar ability to undercut the true intention of the campaigns and actually serve to encourage youth smoking, were subject to peer-review and greater transparency.

**Develop non-addictive cigarette for youth**

The ACSRI unanimously voted to reject this proposal, which requested that a tobacco manufacturer begin to find ways to implement a “two cigarette” approach globally with all its various cigarette brands. The strategy called for two different cigarettes, one with virtually no nicotine sold to young adult smokers, and one with higher nicotine levels for older adult smokers. The ACSRI felt that having a “safe” cigarette would still promote smoking among youth and that such a cigarette would still be dangerous, just not as addictive. Furthermore, implementation and enforcement of the sale of the “safe” cigarette to youth would be impractical. In terms of the proposals impact on the company specifically, the ACSRI felt that the company would be placed at a profound competitive disadvantage unless all tobacco companies were required to implement the same approach at the same time.

**H. Human Rights (11 proposals)**

- Review/report on human rights policy (4 proposals: support)
- Establish board committee on human rights (3 proposals: 1 support; 1 reject; 1 abstain)
- Review/amend human rights policy (reject)
- Adopt comprehensive human rights policy (support)
- Adopt/report on policy on indigenous peoples (support)
- Develop/report on country selection standards (support)

This year, the ACSRI examined eleven shareholder proposals concerning human rights, including several submitted for the first time this year. For the most part, it is ACSRI precedent to support proposals seeking to expand and enhance the protection of human rights, which it held to this year; however, the ACSRI had trouble reaching consensus on a new type of binding bylaw resolution requesting that companies establish board committees on human rights. Not only was the legal structure of the proposal an element of concern for the ACSRI, but also the varying degrees to which the companies in questions were already enforcing the protection of human rights.
Review/report on human rights policy

This proposal, filed against numerous financial services companies this year, was reviewed four times by the ACSRI. The proposal requested that each company prepare a report discussing how its investment principles address or could address human rights issues, with a particular emphasis on appropriate policies and procedures to be applied when a company in which the targeted companies are invested is identified as contributing to human rights violations through its businesses or operations in a country with a clear pattern of mass atrocities or genocide. The supporting statements of each resolution specifically addressed the situation in Darfur and the companies’ investments in several oil companies operating there. Supporting the proposal each time it arose regardless of the targeted company’s current human rights track record or existing policies, the ACSRI felt that the greater transparency and disclosure accomplished through this type of report would benefit each of the companies and would not come at significant cost.

Establish board committee on human rights

The ACSRI had a mixed voting record on this proposal, which was a new proposal filed this year and which came before the ACSRI three times. The proposal requested that the companies change their corporate bylaws to create a board committee with specific oversight of human rights issues. These resolutions were binding bylaw resolutions and not precatory proposals. If they were to receive majority support as defined by the companies’ bylaws – not by the SEC or other definitions – they would pass and be put into effect. The ACSRI deliberated carefully over this aspect of the proposals, and while the legality of the structure is still in question, the ACSRI did not feel that this should preclude a supporting vote of such a proposal if, other factors being weighed, the ACSRI felt that the proposal addressed a valid concern. The ACSRI rejected this proposal to a beverage company, citing the adequacy of the company’s current board structure for reviewing human rights issues. The ACSRI abstained on this proposal to a financial services company, feeling that the company should have a board committee in place to address human rights concerns should they arise, but also feeling somewhat uncomfortable with the highly prescriptive nature of the proposal, which perhaps fell within the realm of day-to-day management and oversight of the company. The ACSRI supported this proposal to a computer company despite the fact that the company has an existing board committee to address human rights issues, as the company is currently engaged in a controversial project in China and operates in many emerging countries where human rights may be an issue. The ACSRI felt that the company would benefit from taking additional steps to avoid conflicts going forward and to further the protection of human rights.
**Review/amend human rights policy**

Presented to a drug manufacturer, this proposal asked the company to amend its human rights policies to address the right to access to medicines and report to shareholders on the plan for implementation of such a policy. The ACSRI noted that where a majority of past precedents were asking companies to adopt human rights policies in the first place, this proposal was requesting that the company amend a policy that was already in place. The ACSRI felt that such a request would actually come at significant cost to the company, and also that the company is certainly addressing and thinking about these issues constantly, and likely doing more than its shareholders are aware of in terms of planning and assessment. The proposal was thought to be too prescriptive in telling the company how to conduct its business and, as such, was rejected by the ACSRI. The ACSRI noted that access to medicine is a growing concern both in the U.S. and in the developing world, but questioned whether it is a drug company’s responsibility to subsidize drugs in poor countries or the responsibility of the government, the United Nations or charities to do so.

**Adopt comprehensive human rights policy**

The ACSRI strongly supported this proposal to an oil company, requesting that it adopt a comprehensive, transparent, verifiable human rights policy and report on the plan for implementation. The ACSRI voted in support of a similar proposal to the same company last year. The ACSRI noted that while the company cited several codes to which it currently subscribes, these tended to be quite broad, confusing and inadequately enforced. The ACSRI felt that if these codes were sufficient, the company would not have been involved in several of the human rights controversies it has faced in the past. Adopting a comprehensive policy would improve the company’s reputation in the human rights arena, help protect them against future lawsuits, and assist in bringing about greater transparency.

**Adopt/report on policy on indigenous peoples**

The ACSRI supported this proposal, which asked an oil company to report on its policies and procedures for assessing the adequacy of host country laws with respect to protecting indigenous rights and for obtaining the consent of affected indigenous communities. The ACSRI supported a similar proposal to the same company last year. Members noted that this proposal echoed the ACSRI’s stance on situations at other companies where it has taken an active role in engaging management. While the ACSRI noted that the company is already doing much along the lines of the proposal’s requests, continuing to support such efforts are essential for the protection of human rights and provide the company with an opportunity to be a leader in its industry.
Develop/report on country selection standards

The ACSRI had no precedent for this proposal, which asked the targeted oil company to review and develop guidelines for country selection. These included guidelines on investing in or withdrawing from countries where the government has engaged in ongoing and systematic violations of human rights, a government is illegitimate, there is a call for economic sanctions by human rights and democracy advocates and/or legitimate leaders of the country, and the company’s presence exposes the company to the risk of government sanctions, negative brand publicity and consumer boycotts. A majority of the ACSRI supported the proposal, feeling that guidelines are good in terms of encouraging transparency and that the company is not transparent in this regard. The ACSRI also noted that by the nature of its business, the company is and will continue to be engaged in many countries where such human rights violations are a very real concern. Members choosing to abstain felt that the implementation of such guidelines in terms of asking an oil and gas exploration company to pull out of a project as soon as political tides turn was simply not practical. They noted that the arc of change in a country’s politics does not coincide with the arc of investment and development of a company operating in the country.

I. Military and Security (1 proposal)
   • Report on foreign military sales (support)

The ACSRI voted to support this proposal, requesting that an arms manufacturer prepare a report of the company’s foreign sales of weapons-related products and services. The ACSRI was somewhat mixed in its opinions on this proposal. Those voting to reject the proposal felt that it was unlikely that the company would be able to compile such a report without disclosing sensitive or proprietary information, that there is already some amount of regulation by the federal government, that the report would not accomplish much due to third party sales, and that much of the requested information is publicly available in trade publications. Those supporting the proposal felt that since the movement of arms cannot be regulated elsewhere, it should at least be tracked at the point of sale, that it is appropriate to ask a company to meet standards beyond the federally required minimum, and that greater transparency is valued by the ACSRI. This proposal again raised the issue of whether or not Columbia as an institution should be investing in arms manufacturers, but it was noted that this was not the proper forum for such a debate and that the issue at hand was whether the requests of this proposal were valid. The Committee noted that the proposal was not questioning or attempting to infringe on the company’s
right to sell. The request was for a centrally located report tracking sales, which supporting members felt would improve transparency, was not unreasonable and would not impede sales.

The TSSR upheld its historical precedent on such proposals by voting to reject. The TSSR agreed with the dissenting members’ opinions above and further noted that such a request could adversely affect the company’s sales if potential customers knew that sales to them would be disclosed. The TSSR further noted that U.S. government regulations of military sales is more rigorous than implied in the above statement.

J. Political Contributions (13 proposals)

- Report on political donations and policy (9 proposals: support)
- Affirm political nonpartisanship (reject)
- Disclose prior government service (2 proposals: reject)
- Review public policy priorities (reject)

This is the fifth year that the ACSRI included this issue in its proxy review agenda, and it was the second largest issue area (after environment/energy proposals), accounting for 17% of all resolutions reviewed. The ACSRI generally favors the transparency encouraged by these proposals and recommended supporting all proposals asking companies to report on their political donations and policies. Related proposals whose requests went beyond transparency to narrowly focused actions on the part of the company, such as proposals requiring the company to affirm political nonpartisanship or report on public policy priorities, did not receive the ACSRI’s support.

**Report on political donations and policy**

The ACSRI reviewed nine of these proposals this year. They request that companies report on their political contributions to candidates, parties, and section 527 organizations, the rationale for these contributions, and the names of the employees making these decisions. Many of the proposals reviewed this year included additional language asking for disclosure of contributions made to trade associations that would not be deductible under section 162 (e)(1)(B) of the tax code due to their political nature.

The ACSRI recommended supporting each of these proposals. The ACSRI cited its precedent of support for this type of proposal, and expressed the position that, as an institution committed to the free flow of ideas and open exchange, it is appropriate that Columbia encourage greater transparency in political donations; furthermore, as a shareholder, Columbia has an interest in knowing how its money is
spent. In the case of proposals containing language requesting disclosure of contributions made to trade associations not deductible under section 162 (e)(1)(B) of the tax code, ACSRI members felt that the requested extension of the transparency principle was warranted due to the specifically political nature of the donations in question. One member chose to abstain from the three proposals filed at financial services firms due to a potential professional conflict of interest and another chose to abstain from one proposal filed at a company that that member viewed to be a professional conflict of interest.

**Affirm political non-partisanship**

In keeping with a four-year precedent, the ACSRI voted to reject this proposal. Foremost in its rationale for rejection, the ACSRI noted that most of the requests in the proposal were to prohibit activities already considered illegal under most interpretations of U.S. campaign finance law.

**Disclose prior government service**

The ACSRI voted to reject both instances of this proposal, which asked the companies to provide shareholders with a list of vice presidents, executives and directors, and individuals hired as consultants, lobbyists, lawyers, or investment bankers who have served in any governmental capacity over the past five years. The ACSRI felt that it would have little, if any, positive influence in advancing social responsibility and would be burdensome to the companies. The ACSRI agreed with one company’s contentions that prior governmental service actually aids the company in its ability to function well. Furthermore, the ACSRI felt that there are sufficient federal laws and regulations that govern disclosure and limitation of activities.

**Review public policy priorities**

This proposal, requesting that a financial services company report on its process for identifying and prioritizing legislative and regulatory public policy advocacy activities, was a new proposal for the ACSRI this year. The ACSRI felt that the proposal lacked substantive value and was filed by a proponent unhappy with other policies implemented by the company regarding its environmental and social responsibilities. The ACSRI felt that this request would do nothing more than create busy work. One member abstained due to a potential professional conflict of interest.
X. Looking Ahead

For the upcoming 2008-2009 academic year, the ACSRI plans to set its Annual Agenda and complete its annual Sudan monitoring in the fall, and maintain its scope of proxy review in the spring. The ACSRI will hold its annual Town Hall Meeting in the Fall of 2008 and will discuss possible activities to undertake in response to student concerns. The ACSRI will continue to invite faculty members and other experts from the Columbia community to address and educate the ACSRI on relevant social issues. The ACSRI may consider various additional actions with respect to the issues on its Agenda as it evaluates the need for these actions in the context of specific shareholder proposals. Furthermore, the ACSRI continues to investigate methods of outreach to and conversation with the university community.
Appendix 1

COLUMBIA UNIVERSITY
ADVISORY COMMITTEE ON SOCIALLY RESPONSIBLE INVESTING

Statement of Position and Recommendation on Tobacco Screening

January 31, 2008

The Advisory Committee on Socially Responsible Investing (“The Committee”), as chartered by the University Trustees in March 2000, is the University’s vehicle to advise the Trustees on ethical and social issues confronting the University as an investor. At the prompting of the Investment Management Company (“IMC”), the Committee was asked to review the University’s stance and informal practice of screening out investments in tobacco companies and to create a formal tobacco screening policy.

University Position on Tobacco Screening:
The Committee believes that for many years it has been the University’s intention to refrain from investing in companies engaged in the manufacture of tobacco and tobacco products, but not from investing in companies who supply peripheral materials and supplies to the tobacco industry or distribute these products.

Review of Prior Practice:
Though not formally written as a policy, Columbia has engaged in the practice of screening tobacco companies for some time. Columbia obtains its list of screened tobacco companies from a service known as TrustSimon, provided by Institutional Shareholder Services (ISS). ISS creates its lists of restricted companies through industry lists and company research. The universe of companies and their revenues from specific activities are updated annually by ISS.

ISS divides its screening service based on geographic location of the companies, producing separate lists for domestic and foreign tobacco companies. Careful examinations of both lists produced by ISS have revealed that while the list of domestic tobacco companies matches the University’s historic practice on tobacco screening, the list of foreign companies does not. The domestic universe includes filters to narrow the screening to tobacco manufacturers and includes only companies whose business is the direct manufacture of tobacco products, including chewing tobacco and/or snuff; cigarettes, including make-your-own custom cigarettes; cigars; pipe and/or loose tobacco; smokeless tobacco; and raw, processed or reconstituted leaf tobacco. The foreign list from ISS, however, includes manufacturers as well as distributors of tobacco products and suppliers to the tobacco industry. This past year, the Office of Socially Responsible Investing under the Executive Vice President of Finance carefully culled the foreign universe to more closely align with the University’s practice of screening only manufacturers.

Committee position and recommendations:
The Committee requests that the Trustees clarify and formalize the University’s stance on tobacco screening by recommending that IMC refrain from investing in companies whose business is the direct manufacture of tobacco products.

It is the belief of the Committee that appropriate lists of both domestic and foreign companies that conform to the above definition can still be obtained from ISS. The list of domestic companies obtained from ISS conforms to this definition as is. A comparable list of foreign companies can be obtained from the ISS list by simply applying a manual filter. The Committee would offer that IMC rely on the Office of Socially Responsible Investing to provide this service, either on scheduled dates throughout the year, or upon request from IMC.
Appendix 2

Columbia Revises Sudan Divestment List

The Trustees of Columbia University recently announced that Columbia’s Sudan Divestment List will be revised to remove six companies, Alcatel-Lucent, ICSA, Reliance Industries, Tatneft, Videocon Industries and White Nile Petroleum.

Initially developed in April 2006, the Sudan divestment list is monitored annually by Columbia’s Advisory Committee on Socially Responsible Investing. The twelve-member body composed of students, faculty and alumni makes recommendations to the University Trustees on social and ethical issues confronting the University as an investor. Revisions to the list were based on the unanimous recommendation of the Advisory Committee, which was then approved by Columbia’s Board of Trustees at its most recent meeting.

As prescribed by the April 2006 Statement of Position and Recommendation for Divestment from Sudan, which called for divestment from and prohibition of future investment in publicly-traded non-U.S. companies with business operations in Sudan, the Advisory Committee undertook monitoring of the current divestment list, as well as monitoring of the activity of other companies active in Sudan. After extensive review of the available research, the Advisory Committee recommended divesting from six additional companies with activity in Sudan. Columbia University currently does not have any direct holdings in the six companies to be added to the divestment list. The six new companies marked for divestment are Emirates Telecommunications, Kencana Petroleum, Petronas (parent company of MISC Berhad), Ranhill Berhad, Scomi Group Berhad and Wartsila Oyj. Additionally, the University created a watchlist of six companies, Investcom, La Mancha Resources, Reliance Industries, Rolls Royce International, Weatherford International and Weir Group to be carefully monitored in the future.

Below is a full list of all companies marked for divestment:

- Alstom
- Bharat Heavy Electricals Ltd.
- Bollore (Formerly Bollore Technologies)
- Electricity Generating Public Co. Ltd
- Emirates Telecommunications (Etisalat)
- Ericsson
- Harbin Power Equipment Co.
- Indian Oil Corporation
- Kencana Petroleum
- Lundin Petroleum International
- Mobile Telecommunications Co.
- Muhibbah Engineering (M) Berhad
- Nam Fatt
- ONGC
- PECD Berhad
- PetroChina
- Petrofac
- Petronas (parent company of MISC Berhad)
- Ranhill Berhad
- Schlumberger
- Scomi Group Berhad
- Sinopec
- Sudatel
- Sumatec
- Wartsila Oyj
Companies for Watchlist:
- Investcom
- La Mancha Resources
- Reliance Industries
- Rolls Royce International
- Weatherford International
- Weir Group
Appendix 3

Academic Institutions Represented at ACSRI Conference

- Bard College
- Barnard College
- Brown University
- Carleton College
- Columbia University
- Duke University
- Loyola University of Chicago
- Macalester College
- Middlebury College
- Mt. Holyoke College
- Pomona College
- Smith College
- Tufts University
- University of California
- University of Pennsylvania
- University of Rochester
- Wesleyan College
INTRODUCTION

At the recommendation of the President, and with the approval of the University Trustees, the Advisory Committee on Socially Responsible Investing was established in March 2000 to address issues of corporate social responsibility confronting the University as an investor. The Committee was asked to “set out a specific agenda” for each academic year, and to provide it to the Columbia community during the fall semester. The Committee has developed the following agenda for the 2007-2008 academic year, which builds on the Committee’s first seven years of experience generally, and which specifically reflects discussion of the shareholder proposals reviewed last year, other issues – such as Sudan divestment – ongoing from last year, new issues that have arisen this year, including the review of tobacco screening practices, the input from the Committee’s Annual Town Hall on November 13, 2007, consideration of external sources and materials, and careful discussion and deliberation.

AGENDA

During the 2007-2008 academic year, the Committee will continue to review selected shareholder proposals made to public corporations in which the University has invested its endowment. The Committee will recommend to the University Trustees how to vote on shareholder proposals from several broad social issue categories, namely: animal welfare; board diversity; corporate charitable and political contributions; environment and energy; equal employment opportunity; executive pay as tied to social indicators; global labor standards; health issues; human rights; and sustainability. In keeping with its precedent of recent years, the Committee anticipates excluding most shareholder proposals on corporate governance from its review, but may decide to review and formulate recommendations in a select number of cases where it believes it can add some value to the discussion. The Committee may further refine its focus as the proxy landscape becomes better defined in the winter of 2008. The Committee has also resolved to gather precedent around proxy issues as they arise and consider drafting proxy voting guidelines from these records.

In accordance with the Committee’s April 2006 Statement of Position and Recommendation on Divestment from Sudan, the Committee will monitor company activity in Sudan and may make a recommendation to the Trustees to maintain the current divestment/disinvestment list, or to add companies to and/or remove companies from the current list.

As a result of proposals brought before the Committee at the Annual Town Hall, the Committee intends to conduct further research into two companies currently held in the University’s portfolio and consider engaging the management of each through letters addressing student concerns. The two issues are Chevron’s operation of a pipeline in Burma and Dow Chemical’s responsibility for legacy operations in Bhopal, India.

By request of the Investment Management Company, the Committee has been engaged in reviewing the tobacco screening practice at the University and is preparing a recommendation to the Trustees on the implementation of a formal tobacco screening policy.

Over the course of the academic year, the Committee may advise the Trustees on other compelling issues involving socially responsible investing and adjust its agenda, if and when relevant matters arise. The Committee will explore other ways to communicate its concerns about issues of corporate social responsibility through methods other than proxy review, such as contact with proxy proponents and direct communication to corporate managers.
PROCESSES

With respect to proxy review for 2007-2008, the Committee anticipates continuing to address shareholder proposals on a case-by-case basis, as this approach allows for a thorough and nuanced response to each proposal as it pertains to a specific company or industry. The Committee will strive to hone its expertise and proficiency on matters identified on its agenda and develop sound and consistent positions; in so doing, members will review shareholder statements and company responses, as well as other supporting and opposing statements and independent reports and opinions. The Committee intends to invite outside experts and members of the University community with expertise in selected areas covered by this agenda to address the Committee and further educate members on these issues. The Committee is preparing a recommendation to the Trustees regarding a policy on screening tobacco companies from its portfolio. The Committee will create an informal subgroup to engage in Sudan divestment monitoring and will undertake the monitoring process once annually. The Committee may continue to form other subgroups, where appropriate, to consider select issues, including those of Chevron and Dow.

The Committee will keep a record of all matters that are put to formal vote, including all recommendations that are submitted to the University Trustees. The Committee will work with the Trustees’ Subcommittee on Shareholder Responsibility to make possible the timely and accurate submission of proxy ballots.

An interim annual report of the activities of the Committee will be released at the conclusion of the academic year, and a final report will be released the following autumn along with other reports, as appropriate. The Committee will communicate this agenda to the President, the University Trustees, and the University Senate, and will post it on its website.