Advisory Committee Members:

Jack McGourty, Chair
Mary Ellen Bianco
Anna Couturier
Thomas D’Aunno
Alex Feerst
Peggy Kauh
Hannah Lee
Shearwood McClelland
Shahid Naeem
Anne Sullivan, *ex officio, non-voting*
Walter Sweet

Manager of Socially Responsible Investing:
Ruth Kelley
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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 2008-2009 academic year, the ACSRI also engaged in and completed several other activities, including drafting Proxy Voting Guidelines, recommending modifications to the University’s Sudan Divestment List, reviewing a proposal on arms manufacturers divestment and engaging the student authors, and addressing the 2008 Town Hall proposals through the establishment of an undergraduate course taught by the Committee Chair. The ACSRI also spent time learning about the goals and challenges of healthcare reform, divestment versus engagement of arms manufacturers, and environmental stewardship and carbon emissions / climate change through presentations by faculty and outside experts. This Executive Summary provides a synopsis of all of the ACSRI’s activities during 2008-2009. The remainder of the Annual Report provides the full detail and description of the ACSRI’s work during the 2008-2009 academic year.

2. Proxy Voting Guidelines
At the ACSRI’s annual Town Hall in November 2008, students representing the Partnership for Responsible Endowment and Columbia’s chapter of Amnesty International proposed that Columbia adopt proxy voting guidelines on social, environmental, and political issues. The ACSRI reviewed similar proxy voting guidelines in place at other colleges and universities. Committee Chair, Jack McGourty, designed the syllabus for his new undergraduate spring semester course, Existing Science, Technology, and Society, to include the development of proxy voting guidelines for the ACSRI. Students reviewed shareholder resolutions and vote recommendation memos from previous years, and drafted Proxy Voting Guidelines tailored to the work of the Committee. The ACSRI reviewed the draft guidelines at the end of the semester. The ACSRI plans to finalize and formally present the Proxy Voting Guidelines to the Trustees Subcommittee on Shareholder Responsibility (TSSR), in the fall 2009. The draft Proxy Voting Guidelines are attached as Appendix 1.

3. Sudan Divestment Monitoring
In accordance with the 2006 Statement of Position and Recommendation for Divestment from Sudan, the ACSRI resumed Sudan divestment monitoring in the fall 2008. The Chair assigned members to an informal subcommittee to review available research regarding the activities of companies doing business in Sudan and evaluate the companies on the 2008 Sudan Divestment and Watch Lists. The ACSRI adopted the recommendations of the subcommittee. The ACSRI recommended for the Divestment List, the addition of eight new companies and the removal of four companies, and for the Watch List, the addition of twelve new companies and the removal of five companies. The companies on the Watch List are to be closely monitored in the future. The ACSRI’s recommendations were approved by the TSSR, as well as by the full Board of Trustees (one company on the Divestment List was removed because it was discovered to be privately held). The relevant announcement is attached as Appendix 2.
4. Arms Manufacturers Divestment Proposal
At the ACSRI’s annual Town Hall in November 2007, students representing Columbia’s chapter of Amnesty International, the Burma 88 Coalition, and Global Justice proposed that Columbia divest entirely from all corporations that manufacture weapons or provide “private military contractors” to parties engaged in armed conflicts. The ACSRI reviewed the written proposal and requested a revised version, which the Committee received in May 2008. The Committee revisited the proposal during the fall 2008 when it established an informal subcommittee. The ACSRI invited guest speakers to present on arms manufacturers divestment versus engagement at a meeting in December, to which representatives from the student activist groups were invited to participate. The subcommittee met with student representatives during the spring 2009 to discuss the current version of the proposal and suggest further revisions. The ACSRI expects to resume dialogue with the student activist groups in the fall 2009 and submit a final response to the proposal during the course of the year.

5. Existing Science, Technology, and Society Course
At the ACSRI’s annual Town Hall in November 2008, the following student groups presented proposals on the following social issue concerns: Community Impact on sustainability, the Partnership for Responsible Endowment (PRE) and the Law School Human Rights Clinic on community investing, the PRE and United Students Against Sweatshops on labor rights, and the Columbia Queer Alliance on Lesbian, Gay, Bisexual, and Transgender (LGBT)-friendly companies. The ACSRI initiated discussions with the student groups shortly after the Town Hall meeting. The Committee Chair introduced a new spring semester service-learning course for undergraduates, Existing Science, Technology, and Society, designed to address the social issue concerns presented to the ACSRI at the Town Hall meeting. During the semester, the Chair brought in guest speakers on a range of social issues and the students worked on team projects including, drafting proxy guidelines by major category, research on such topics as community investment strategies, alternative energy investments, and LGBT issues, and creating a more effective student engagement process. The most effective piece of work to come out of the course was the draft Proxy Voting Guidelines. The course syllabus is attached as Appendix 4.

6. 2009 Proxy Review
During the 2009 proxy season, the ACSRI and the TSSR reviewed 41 social issue shareholder proposals. The ACSRI was able to develop sufficient consensus for a formal recommendation in 37 cases, or 90% 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 35 of the 37 recommendations (95%). The table below compares the overall results of 2009 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>2008-2009</td>
<td>41</td>
<td>37 (90%)</td>
<td>95%</td>
</tr>
<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>
</tbody>
</table>
The table below provides the distribution of shareholder proposals by issue area and ACSRI recommendation during 2009. 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:

<table>
<thead>
<tr>
<th>Issue</th>
<th>Support</th>
<th>Reject</th>
<th>Abstain</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal Welfare</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Banking Issues</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Charitable / Political Contributions</td>
<td>8</td>
<td>3</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Environment and Energy</td>
<td>10</td>
<td>2</td>
<td>0</td>
<td>12</td>
</tr>
<tr>
<td>Equal Employment</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Executive Pay</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Global Labor Standards / Human Rights</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Health and Safety Issues</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Military and Security</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28</strong></td>
<td><strong>8</strong></td>
<td><strong>1</strong></td>
<td><strong>37</strong></td>
</tr>
</tbody>
</table>

The table below summarizes all ACSRI recommendation and TSSR voting outcomes during the 2009 proxy season:

<table>
<thead>
<tr>
<th><strong>ACSRI Recommendations</strong></th>
<th><strong>TSSR Vote</strong></th>
<th><strong>ACSRI Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>None / Abstain</td>
<td>None / Abstain</td>
<td>5</td>
</tr>
<tr>
<td>Reject</td>
<td>Reject</td>
<td>8</td>
</tr>
<tr>
<td>Support</td>
<td>Support</td>
<td>28</td>
</tr>
<tr>
<td><strong>TSSR Total</strong></td>
<td>5</td>
<td><strong>26</strong></td>
</tr>
</tbody>
</table>

In 2009, the ACSRI recommended supporting the proposal on 28 of 41 recommendations (68%). The corresponding figures for 2008 were 45 of 77 (58%). Of these 28 supporting recommendations in 2009, the TSSR agreed 26 times (93%) but chose to abstain on one occasion and voted to reject the proposal on one occasion. In 2008, the TSSR supported 42 of the 45 supporting recommendations (93%).

Appendix 5 lists each ACSRI proxy voting recommendation and TSSR vote for 2009. The main body of this report describes the ACSRI’s deliberations with respect to the proposals reviewed. Please refer to Section VIII of the report, “Social Responsibility Shareholder Proposals:
The ACSRI and TSSR supported both proposals requesting companies to report on violations of the Animal Welfare Act and review animal welfare standards, and rejected both proposals requesting companies to eliminate animal testing. The ACSRI has a mixed precedent on the issue of animal welfare, but felt that the proposals this year were reasonable in their request for transparency. The ACSRI has a strong precedent of rejecting proposals on animal testing. (See deliberations on pages 15-17.)

The ACSRI and TSSR supported both banking proposals requesting that a financial institution report on predatory lending. Both committees supported a similar proposal last year requesting that a financial institution report on fair housing lending policies. (See deliberations on pages 17-18.)

The ACSRI and TSSR voted with precedent on all charitable / political contributions proposals this year. Both committees supported eight proposals requesting companies to report on political contributions and policy, rejected two proposals requesting companies to disclose prior government service, and rejected a proposal for disclosure of charitable contributions. (See deliberations on pages 18-19.)

As in previous years, the ACSRI and TSSR produced a mixed voting record on proposals pertaining to the environment and energy. The ACSRI was unable to reach consensus on a proposal to develop renewable energy alternatives and the TSSR voted to abstain. The ACSRI and TSSR rejected two separate proposals to report on carbon principles and climate change, viewing the reporting as an undue burden on the companies. Per precedent, the ACSRI and TSSR supported proposals on sustainability reporting, increased recycling efforts, GHG emissions reductions, energy efficiency, and reporting on corporate impact on the local environment. The ACSRI supported, but the TSSR rejected, a proposal to report on genetically engineered foods and plants. (See deliberations on pages 19-25.)

The committees reviewed three proposals on equal employment this year and 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. (See deliberations on pages 25-27.)

The ACSRI and TSSR reviewed two proposals this year on executive pay. The ACSRI was unable to reach consensus on a proposal it rejected last year, one seeking to compare executive pay to the lowest paid U.S. worker. The TSSR voted to reject the proposal. Same as last year, the ACSRI and TSSR supported a proposal 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 ASCRI and TSSR reviewed one human rights proposal this year to amend company bylaws to establish a Board Committee on Human Rights. Both committees supported the proposal, although they had rejected the same proposal issued to the same company last year. Since the proposal came up again this year, the ACSRI believed a binding bylaw resolution was necessary to enforce the establishment of the Committee on Human Rights. (See deliberations on pages 28-29)

Similar to last year, the ACSRI and TSSR produced a mixed voting record on proposals requesting that companies adopt principles for healthcare reform. The ACSRI was unable to reach a consensus in two cases, rejected one, and abstained on one. The ACSRI continued to feel that while healthcare reform is an issue corporations should address, the adoption of arbitrary principles places an undue burden on the companies. The TSSR abstained on the two proposals where the ACSRI was unable to provide a vote recommendation. (See deliberations on pages 29-30.)

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 supported a similar proposal to a different company last year, although it had a previous precedent of rejecting such proposals. The TSSR broke its precedent of voting against the proposal and abstained. (See deliberations on page 30-31.)

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. Jack McGourty, Associate Dean of Undergraduate Studies, Fu Foundation School of Engineering and Applied Science, chaired the ACSRI during the 2008-2009 academic year.

This Annual Report describes the work of the ACSRI during the 2008-09 year. It details the ACSRI’s activities with respect to its draft Proxy Voting Guidelines, Sudan divestment monitoring, Arms Manufacturers Divestment Proposal, and Existing Science, Technology, and Society course. 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 2009 “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 2008-2009 year, including the setting of its Annual Agenda and hearing presentations from guest experts on social issues.

II. Proxy Voting Guidelines
At the ACSRI’s annual Town Hall in November 2008, students representing the Partnership for Responsible Endowment and Columbia’s chapter of Amnesty International proposed that Columbia adopt proxy voting guidelines on social, environmental, and political issues. The ACSRI reviewed similar proxy voting guidelines in place at other colleges and universities. Committee Chair, Jack McGourty, designed the syllabus for his new undergraduate spring semester course, Existing Science, Technology, and Society, to include the development of proxy voting guidelines for the ACSRI. Students reviewed shareholder resolutions and vote
recommendation memos from previous years, and drafted Proxy Voting Guidelines tailored to the work of the Committee. The ACSRI reviewed the draft guidelines at the end of the semester. The ACSRI plans to finalize and formally present the Proxy Voting Guidelines to the TSSR in the fall 2009. The draft Proxy Voting Guidelines are attached as Appendix 1.

III. Sudan Divestment Monitoring

In accordance with the 2006 Statement of Position and Recommendation for Divestment from Sudan, the ACSRI resumed Sudan divestment monitoring in the fall 2008. The Chair assigned members to an informal subcommittee to review available research regarding the activities of companies doing business in Sudan and evaluate the companies on the 2008 Sudan Divestment and Watch Lists. After careful deliberation, the subcommittee developed a recommendation to add eight new companies to the Divestment List and remove four companies, and add twelve new companies to the Watch List and remove five companies. The companies on the Watch List are to be closely monitored in the future. The subcommittee presented its recommendations to the full ACSRI in the winter of 2008; 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 2009 quarterly meeting, the Finance Committee formally approved the ACSRI’s recommendations to add seven of the eight new companies to the Sudan divestment list, finding one company to be privately held, and approved the removal of the four companies. The related announcement with the complete modified list of companies divested is attached as Appendix 2.

IV. Arms Manufacturers Divestment Proposal

At the ACSRI’s annual Town Hall in November 2007, students representing Columbia’s chapter of Amnesty International, the Burma 88 Coalition, and Global Justice proposed that Columbia divest entirely from all corporations that manufacture weapons or provide “private military contractors” to parties engaged in armed conflicts. The ACSRI reviewed the written proposal and requested a revised version, which the Committee received in May 2008. The Committee revisited the proposal during the fall 2008 when it established a Subcommittee on Arms Manufacturers Divestment. The ACSRI invited guest speakers to present on arms manufacturers
divestment versus engagement at a meeting in December, to which representatives from the student activist groups were invited to participate. The Arms Divestment Subcommittee met with student representatives during the spring 2009 to discuss the current version of the proposal and suggest further revisions. The ACSRI expects to resume dialogue with the student activist groups in the fall 2009 and submit a final response to the proposal during the course of the year.

V. Existing Science, Technology, and Society Course

At the ACSRI’s annual Town Hall in November 2008, the following student groups presented proposals on the following social issue concerns: Community Impact on sustainability, the Partnership for Responsible Endowment (PRE) and the Law School Human Rights Clinic on community investing, the PRE and United Students Against Sweatshops on labor rights, and the Columbia Queer Alliance on LGBT-friendly companies. The ACSRI initiated discussions with the student groups shortly after the Town Hall meeting. The Committee Chair introduced a new spring semester service-learning course for undergraduates, Existing Science, Technology, and Society, designed to address the social issue concerns presented to the ACSRI at the Town Hall meeting. During the semester, the Chair brought in guest speakers on a range of social issues and the students worked on team projects including, drafting proxy guidelines by major category, research on such topics as community investment strategies, alternative energy investments, and LGBT issues, and creating a more effective student engagement process. The most effective piece of work to come out of the course was the draft Proxy Voting Guidelines. The course syllabus is attached as Appendix 4.

VI. Activities In Preparation for the 2009 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 eight times during this period. In addition to undertaking review of the Arms Manufacturers Divestment Proposal, Sudan monitoring, and review of the draft Proxy Voting Guidelines that were developed by students in the ACSRI Chair’s Existing Science, Technology, and Society course, the ACSRI heard presentations from
several guest speakers on topics that would arise in the course of the ACSRI’s proxy review. David Schilling from the Interfaith Center on Corporate Responsibility (ICCR) addressed the ACSRI on the subject of shareholder engagement. Alex Feerst, ACSRI member and Columbia Law School student, led a discussion of legal terms and implications of shareholder resolutions. Morgan Simon, Director of the Responsible Endowment Coalition, presented on co-filing shareholder resolutions and co-signing management letters. Sherry Glied, Chair of Health Policy and Management at The Mailman School of Public Health, addressed the ACSRI on healthcare reform. Adam Kanzer, Managing Director and General Counsel of Domini Social Investments, and Valerie Heinonen, previously from the ICCR, debated arms manufacturers divestment versus engagement. Nilda Mesa, Associate Vice President of Environmental Stewardship at Columbia University, spoke about the impact of environmental resolution requests. And, Sonal Mahida presented on behalf of the Carbon Disclosure Project. The ACSRI held a Town Hall for the Columbia Community on November 18, 2008 and the ACSRI Chair met separately with each of the student groups who presented at the Town Hall. 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 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 2008-2009 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 27, 2009, the ACSRI adopted and disseminated to the University community its 2008-2009 Agenda (Appendix 3).

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. A new ongoing item on the 2008-2009 Agenda was tobacco screening, in accordance with the ACSRI’s January 2008 Statement of Position and Recommendation on Tobacco Screening which was approved by the Trustees in March 2008. In addition, the Agenda outlined other activities that the ACSRI further considered and explored throughout the year, including the student proposals brought forth at the 2008 Town Hall meeting, the Arms Manufacturers Divestment Proposal from the 2007 Town Hall meeting, and the establishment of Proxy Voting Guidelines.

The social issue areas selected for review during the 2008-2009 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, banking, charitable and political contributions, environment and energy, equal employment, executive pay, global labor standards and human rights, health and safety, human rights, and military and security. As these broad groupings indicate, most current social issues are covered by the Agenda. In previous years, the ACSRI has chosen 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. During the 2008-2009 academic year, the ACSRI reviewed a few banking and executive pay proposals that straddled the line between social issue and corporate governance.

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.

VII. 2009 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 Group’s 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). 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.¹ 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 student proposals at the annual Town Hall meeting the past two years, the Chair commissioned the students in his spring semester Existing Science, Technology, and Society course to draft proxy voting guidelines using the ACSRI’s past vote recommendations. The ACSRI adopted the guidelines in the spring and intends to formally propose them to the TSSR in the fall 2009. These guidelines are to serve as a summary of past precedent by issue, and the ACSRI will implement the case-by-case approach whenever the Committee sees fit, as well as when new issues arise.

VIII. Social Responsibility Shareholder Proposals: Deliberations

During the 2009 proxy season, the ACSRI and TSSR reviewed 41 shareholder proposals; the ACSRI was able to develop sufficient consensus for a formal recommendation in 37 (90%) of these cases. As in prior years, there was a high degree of overall agreement between the ACSRI and the TSSR, and in 2009 the TSSR followed the ACSRI recommendation in all but two cases (95% agreement). In the two 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 2009 is attached as Appendix 5.

A. Animal Welfare (4 proposals)

- Report on violations of the Animal Welfare Act (support)
- Review animal welfare standards (support)
- Report on plans to eliminate animal testing (two proposals: reject)

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.
The ACSRI supported both proposals requesting companies to report on violations of the Animal Welfare Act and review animal welfare standards, and rejected both proposals requesting companies to eliminate animal testing. The ACSRI has a mixed precedent on the issue of animal welfare, but felt that the proposals this year were reasonable in their request for transparency. The ACSRI has a strong precedent of rejecting proposals on animal testing.

**Report on violations of the Animal Welfare Act**

This proposal to a biopharmaceutical 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 that it supported a similar proposal to a biotechnology company last year. Despite the company’s recently clean inspection record, the ACSRI did not find it unreasonable to ask the company for evidence that there was a quality assurance mechanism in effect. While the company has corrected past violations, it should be transparent to shareholders about what policies or procedures it has changed 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 it had a mixed precedent on the issue of animal welfare and on similar proposals issued to this company since 2004. The ACSRI observed that this specific proposal represented a longstanding feud between PETA and the company over the treatment of chickens to be used for food. 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 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 cutting costs by reducing the number of damaged and unused chickens.

**Report on plans to eliminate animal testing**

This year, the ACSRI reviewed and unanimously rejected two proposals requesting that the company prepare and issue a detailed report to shareholders incorporating an animal use inventory and a written plan with a reasonable timeframe for replacing, reducing and refining the use of animals (“3Rs”) in all research, development and testing, where not otherwise mandated by law. The ACSRI has a precedent of rejecting similar proposals on animal testing. In both cases, the ACSRI believed that the company’s current practices appeared balanced in regards to the objectives of the proposal, with a record of compliance with the 3Rs and adherence to animal use when legally required or scientifically necessary. For this reason, the ACSRI maintained that both companies were inappropriate targets of such a proposal. The ACSRI noted that in previous years, it had objected to PETA’s aggressive proposals on animal testing and it sensed PETA’s influence over the proponents of this proposal.

**B. Banking Issues (2 proposals)**

- **Report on predatory lending policies (two proposals: support)**

The ACSRI supported both proposals requesting that a financial institution prepare a report for shareholders evaluating, with respect to practices commonly deemed to be predatory, the company’s credit card marketing, lending and collection practices and the impact these practices have on borrowers. It was requested that the report be prepared at a reasonable cost to the company and omit proprietary information. The ACSRI noted that it supported a similar proposal last year requesting that a financial institution report on fair housing lending policies. This year, in each case, the ACSRI felt that the company’s credit card marketing, lending and collection practices and the impact these practices have on borrowers should be transparent to shareholders, particularly in light of the current economic climate. In one case, the ACSRI maintained that the company should be held accountable for the credit card accounts attained through the recent acquisition of another financial institution. The ACSRI argued that a report of this nature would not be a great burden on either company, nor would it create a competitive
disadvantage, as the majority of peer institutions have seen a similar shareholder proposal this year.

One ACSRI member abstained from voting on the proposal due to a potential professional conflict of interest.

C. Charitable / Political Contributions (11 proposals)
- Report on political contributions (eight proposals: support)
- Report on charitable contributions (reject)
- Disclose prior government service (two proposals: reject)

Proposals on charitable / political contributions increased significantly from last year and represented the second largest category of proposals the ACSRI reviewed this year, comprising 27% of proposals reviewed. The ACSRI voted with precedent on all charitable / political contributions proposals this year.

Report on political contributions
In keeping with precedent, the ACSRI unanimously voted in support of all eight proposals requesting that the company provide a semi-annual report to shareholders disclosing the company’s policies and procedures for political contributions and expenditures, as well as a list of those contributions and expenditures. The ACSRI voted in an effort to maintain a consistent approach to support proposals in favor of greater political transparency.

Report on charitable contributions
In a close vote, the ACSRI voted to reject this proposal requesting greater disclosure of the company’s charitable contributions and policies regulating such contributions. The ACSRI noted that it rejected a similar proposal submitted to the company in 2007. The ACSRI members who rejected this proposal stated that they would like to promote charitable giving and not burden companies with such reporting, which may discourage them from donating. One member argued that it was not the donor’s responsibility to monitor how the charity uses the donation, and the donor should not be held accountable if the charity misuses the funds. The ACSRI members who supported this proposal stated that they would like to promote accountability and
monitoring of corporate actions in general. Members argued that transparency at the donor level helps the charities understand why donations are made and opens the playing field for competition among Non-Governmental Organizations. The majority of the ACSRI voted to reject this proposal because they felt it was over-reaching and placed an undue burden on the company.

**Disclose prior government service**

In keeping with precedent, the ACSRI unanimously voted to reject two proposals requesting that the financial institution provide shareholders with a list of people employed in certain roles at the company who have served in any governmental capacity in the last five years. The ACSRI argued that employees are already subject to numerous federal, state and local laws that regulate the activities of former government officials, and that this particular proposal stands to make it even more difficult for those who have served in any government capacity to work in a corporate job. In both cases, the ACSRI noted that the financial institution does disclose the government service of its Directors, and felt that further disclosure would place a burden on the company.

In one case, an ACSRI member abstained from voting on the proposal due to a potential professional conflict of interest.

**D. Environment and Energy (13 proposals)**

- Issue sustainability report (2 proposals: support)
- Report on energy efficiency plans (support)
- Develop renewable energy alternatives (no recommendation)
- Increase container recycling / recycled content (support)
- Report on carbon principles (reject)
- Report on climate change leadership benefits (reject)
- Adopt GHG emissions reduction goals (3 proposals: support)
- Report on environmental remediation in the Midlands (support)
- Report on the impact of oil sands operations (support)
- Report on genetically engineered food (support)
Same as last year, proposals on the environment, energy, and sustainability represented the largest category of proposals the ACSRI reviewed, comprising 32% of proposals reviewed this year. The ACSRI again 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.

**Issue sustainability report**

The Committee unanimously voted to support two proposals requesting that the company issue a report on measures taken to ensure the long-term sustainability and security of, in one case, the fast food company’s product supply chain, and in the other case, the companies in the investment manager’s portfolio. The ACSRI noted that it had a mixed history of voting on such issues, but that recent precedent was to support similar proposals, including one to the same fast food restaurant chain last year. The ACSRI felt that the fast food restaurant chain should be held accountable and should be transparent in its operations throughout its supply chain. The ACSRI noted that the company produced its first global Corporate Responsibility report last year addressing areas of achievement and opportunity relating to social, environmental and economic impacts. However, the ACSRI maintained that more transparency could be provided on the long-term sustainability of its supply chain and felt that a sustainability report was not a burdensome request. The ACSRI felt that the investment manager had yet to address the issue of
sustainability, and noted that there was no mention of sustainability, corporate responsibility, or the environment in the company’s Annual Reports from the past two years. The proponents recommend that the company use the Global Reporting Initiative’s Sustainability Reporting Guidelines to prepare the report. The ACSRI noted that the GRI Guidelines have become a universal metric for sustainability reporting and have made it easier for the ACSRI to support such proposals in recent years. The ACSRI argued that a report of this nature would not be a great burden on the Company, nor would it create a competitive disadvantage, as proprietary information would be omitted from the report.

**Report on energy efficiency plans**

The ACSRI unanimously voted to support a proposal requesting that a home improvement retailer assess its current companywide energy use, in its buildings, transportation, and the supply chain, set targets to reduce energy use in the future and report to shareholders on its findings. The ACSRI had not seen relevant precedent to this proposal. The ACSRI noted that the retailer had taken efforts towards implementing responsible, sustainable energy usage policies. However, the ACSRI noted that most of the company’s efforts have been confined to buildings, and the company had not produced a comprehensive report on its energy use targets and policies. The ACSRI did not think that the request was burdensome or overly costly to the company, nor would it put the company at a competitive disadvantage. With rising energy costs and concerns about energy security, climate change and the burning of fossil fuels, energy efficiency has become a pertinent issue for leading corporations to address.

**Develop renewable energy alternatives**

This year, the ACSRI was unable to reach a decision on a proposal requesting that an oil and gas company adopt a policy for renewable energy research, development and sourcing and report its progress to shareholders. The ACSRI noted that it had seen similar proposals submitted to the oil and gas company over the years and has a mixed precedent on this issue. The ACSRI noted that out of all the six major oil companies, this particular company was the only one that had not taken a strong stance on alternative energy. The company emphasized that its business is oil and gas exploration and extraction and not investigating alternative energy sources. Those who voted to support the proposal felt that the company should be committing some resources
toward exploring alternatives, given its size and resources. The company’s argument was that it is not good at developing alternatives to fossil fuels, and it did, in fact, lose a considerable amount of money on an endeavor many years ago involving synthetic fuels. Supporting members felt that with the company’s available resources, it could become quite good if it wanted to, especially in light of efforts being made by its peers. Those who voted to reject the proposal felt that shareholders invest in the company because it is an oil and gas company, not because it is an alternative energy company and that it infringes on management prerogative for shareholders to start setting strategic direction for the most financially successful company in the world.

The TSSR voted to abstain on this proposal.

**Increase container recycling / recycled content**

The ACSRI voted to support a proposal requesting that a manufacturing company review and report on the efficacy of its container-recycling program, including a recycling strategy that includes a publicly stated, quantitative goal for enhanced rates of beverage container recovery and recycling in the U.S. The ACSRI had supported the majority of similar proposals in the past, but rejected a similar proposal to the same manufacturing company last year because it viewed the proposal as an unreasonable request. Overall, the ACSRI felt that the company could do more in terms of its recycling efforts and long-term strategies. It was noted that the company does produce bottles made with a small percentage of recycled content, and the company does discuss recycling on its website. However, the ACSRI felt that the company did not address the issue of a long-term strategy for container recovery and recycling, and it questioned the lack of transparency. The ACSRI agreed that a quantitative benchmark rate was a substantial request on the company, but noted that as a leader in community involvement, the company could gain a marketplace advantage by leading a strategic recycling effort. For these reasons, the ACSRI did not view the proposal as an unreasonable request.

**Report on carbon principles**

The ACSRI unanimously voted to reject an unprecedented proposal requesting that a financial institution prepare a report describing and discussing how the company’s implementation of the Carbon Principles has impacted the environment. The ACSRI noted that the Carbon Principles are widely accepted guidelines for lenders and advisors to power
companies in the United States. The Carbon Principles provide an approach to evaluating and addressing carbon risks in the financing of electric power projects. The Carbon Principles were developed in partnership with two other financial institutions, in consultation with leading power companies, and with the advice of environmental NGOs. The ACSRI argued that the Carbon Principles were adopted by the company as a risk management tool and were not intended to impact the environment. The ACSRI noted that the company reported on its environmental activities in its Corporate Social Responsibility Report, which can be viewed on the company’s website. The Committee voted to reject this proposal because it felt that neither the proponents nor the proposal had a “pro-social” agenda and it felt that the specific proposal placed an undue burden on the company.

One ACSRI member abstained from voting on the proposal due to a potential professional conflict of interest.

**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 noted that it rejected a similar proposal to the same company last year, and 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.

**Adopt GHG emissions reduction goals**

The ACSRI unanimously voted to support three proposals, two to oil companies and one to an energy company, requesting that the company adopt quantitative goals, based on current technologies, for reducing total GHG emissions from the company’s products and operations. The ACSRI noted that it supported similar proposals to the two oil companies last year. With
climate change currently 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. The ACSRI felt that the companies could afford such a costly initiative. The ACSRI noted that the energy company answered the Carbon Disclosure Project’s questionnaire last year, but failed to provide adequate transparency on GHG emissions reduction goals. The ACSRI noted that peers who adopted the GHG emissions goals have seen similar shareholder proposals withdrawn.

**Report on environmental remediation in the Midlands**

The ACSRI unanimously voted to support this proposal to a chemical company requesting that it issue a report summarizing the pace and effectiveness of the environmental remediation process being undertaken by the company in the vicinity of and downstream from its Midland headquarters. The ACSRI noted that it rejected a similar proposal to the chemical company the past two years on the premise that the company had been responding to its responsibilities by establishing a fund for the cleanup, working with the state, and providing updates on its website. This year, the ACSRI voted to support this proposal, as it did not see enough evidence of progress, despite the company’s current and previous statements of action in response to shareholder proposals.

One ACSRI member abstained from voting on the proposal due to a potential professional conflict of interest.

**Report on impact of oil sands operations**

The ACSRI unanimously voted to support this proposal requesting that an oil company report on the environmental damage that would result from its expanding oil sands operations in the Canadian boreal forest. The ACSRI noted that it unanimously voted to support a similar proposal submitted to the company last year. The ACSRI argued that mining for oil sands and extracting oil from the sands is an environmentally destructive process, requiring huge amounts of water and energy. While this laborious process is expensive, it became highly profitable last year when the cost of oil reached $150 per barrel. The ACSRI noted that this profitability is very sensitive to the price of oil and questioned the company’s intentions to expand oil sands operations despite the current economic climate. The ACSRI felt that a report on the
environmental damage resulting from oil sands operations was relevant and did not present an undue burden on the company.

**Report on genetically engineered food**

The ACSRI voted to support this proposal, which requested that an independent committee of the company’s Board review company policies and procedures for monitoring genetically engineered products and produce a report. The ACSRI noted a strong precedent to reject similar proposals, including one to the same company last year, but felt that the intent of this proposal, to monitor the use of genetically engineered products, was an important one for it to support. The ACSRI noted that there was no proven tangible consumer benefit provided by GMO’s, as well as the fact that they have not been in existence long enough to demonstrate that they are safe for humans or the environment in the long term. One member questioned whether the company had a contingency plan in place to react to any eventual negative effects of GMO’s. It was noted that the requests of the proposal would be difficult to implement and report on clearly without long-term research studies and new monitoring processes. Additionally, it was unclear as to whether a single company should be held responsible for conducting such studies or if that should be left to an outside regulatory body. Still, the ACSRI felt that if the company was going to chose to engage in the production of what is considered by many scientists as unproven, and potentially health and environmentally damaging products, then the company should also be held accountable for monitoring their effects. The ACSRI also noted that issuing a report would not cost the company an inordinate amount of time and money.

The TSSR voted to reject this proposal.

**E. Equal Employment (3 proposals)**

- *Report on EEO (support)*
- *Adopt sexual orientation anti-bias policy (two proposals: 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 this year included reporting on EEO policies and adopting sexual orientation anti-bias policies.

**Report on EEO**

The ACSRI unanimously voted to support this proposal requesting that the company prepare a diversity report to include a chart identifying employees according to gender and race in the nine major EEOC job categories, a summary description of any affirmative action programs, and a description of any policies and programs oriented toward increasing the number of managers who are qualified females or minorities. The ACSRI noted that it had supported similar proposals submitted to the company since 2005. The ACSRI argued that the diversity report requested information that the company was required to compile and file with the US Equal Employment Opportunity Commission, and information previously published by the company. The ACSRI did not feel that the proposal was asking for too much and felt that the requested information would not be difficult to produce. The ACSRI also noted that the company had a poor record in terms of sex discrimination claims. In an attempt to stave off further risk to its reputation, the ACSRI felt that the company should address the issue now.

**Adopt sexual orientation anti-bias policy**

The ACSRI unanimously voted to support two proposals, one to an oil company and one to a chemical company, requesting that each company amend its written equal employment opportunity policy to explicitly prohibit discrimination based on sexual orientation and gender identity and to substantially implement the policy. The ACSRI noted that it had supported similar proposals to the oil company every year since 2002, all of which have garnered extremely high shareholder support. The ACSRI observed that when the oil company made a previous acquisition it struck the acquired company’s anti-discrimination policy. The ACSRI argued that while the company stated that it had a policy in place to prohibit discrimination based on sexual orientation and gender identity, the company has not demonstrated zero tolerance. The ACSRI observed that while the chemical company stated that it had a policy in place to prohibit discrimination based on sexual orientation and gender identity, such a policy has not made public. The ACSRI noted that both companies lack programs and policies to provide support and
protect against discrimination of the LGBTQ community that many of their respective peers have instituted, and both companies have started to come under fire because of it.

F. Executive Pay (2 proposals)

- Compare executive pay to average U.S. worker (no recommendation)
- Review executive perks and sponsorships (support)

The ACSRI reviewed two proposals concerning executive compensation this year, both of which had been requested of the targeted company in previous years. The ACSRI has a mixed precedent recently on proposals to review executive pay and consider a social link, and it was unable to reach a decision on the proposal to compare executive pay to the average U.S. worker. The ACSRI upheld precedent and supported the proposal to review executive perks and sponsorships.

Compare executive pay to average U.S. worker

The ACSRI was unable to reach a decision on this proposal requesting that the company review and report on its executive compensation policies. The report was to include a comparison of the increase in the total compensation package of the company’s CEO between 1998 and 2008 with the increase in the average U.S. per capita income during that same period, and an analysis of changes in the relative size of the gap between the two groups and the rationale justifying this trend. The ACSRI noted that it had seen similar proposals submitted to the company over the years and has a mixed precedent on this issue. The ACSRI recognized that the wage gap and the shrinking of the middle class is a real problem, but felt that executive compensation in general and the company specifically were not the proper targets for such concerns. Those who voted to reject the proposal felt it was too broad and not specifically a social issue, but rather a governance issue. They noted that the company has been a hugely successful and well run company and while its executives are well compensated, they are not the worst offenders in terms of exorbitant compensation packages. One member voiced empathy for the spirit of the proposal and voted to support it. The ACSRI was unable to reach a quorum on this proposal.

The TSSR voted to reject this proposal.
**Review executive perks and sponsorships**

The ACSRI unanimously voted to support this proposal requesting that the 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 asked 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 it supported similar proposals submitted to the same company in 2008 and 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. Global Labor Standards / Human Rights (1 proposal)**

- Establish board committee on human rights (support)

**Establish board committee on human rights**

The ACSRI voted to support this proposal requesting that the company amend its bylaws to establish a board committee with oversight of human rights issues. Although ACSRI precedent on human rights proposals has tended to support the adoption of human rights policies, the ACSRI acknowledged that a proposal to amend company bylaws carries more risk for the company. Last year the ACSRI saw two similar proposals, one asking the same company to establish a board committee on human rights, which the ACSRI rejected due to the fact that the company already had such a board in place, and one asking a financial institution to amend its bylaws to establish a board committee on human rights, which the ACSRI abstained on due to concern over the stronger consequences of amending company bylaws. The ACSRI noted that the company already had a committee in place, the Public Issues and Diversity Review Committee, with the authority to review the implications of the company’s policies on human
rights issues. After reviewing this committee’s Charter, it was noted that the document held no
specific mention of human rights. Given the company’s relatively poor record on human rights,
the ACSRI felt that the Public Issues and Diversity Review Committee had limited authority
over human rights issues and lacked transparency. The ACSRI emphasized that it was good
corporate practice for all company board committees to be transparent. The point was raised
regarding how much authority a new committee would have given the company’s record. The
ACSRI decided that a binding bylaw resolution was the best solution as it would create a
structure with adequate authority over human rights issues.

H. Health and Safety Issues (3 proposals)

- Adopt principles of health care reform (4 proposals: 1 reject; 1 abstain; 2
  no recommendation)

Adopt principles of health care reform

The ACSRI reviewed this proposal four times this year, rejecting it once, abstaining
once, and not reaching a decision twice. 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 noted that it had a mixed precedent on the issue of
healthcare reform. Previous sentiment on similar proposals last year was that they put unfair
burdens on the companies and asked them to take an arbitrary stance on universal healthcare, a
public policy issue. This was thought to be out of the scope of proxy proposals. This year, the
same sentiment held for members rejecting the proposal, who maintained that the wording of the
proposal was not company-specific. Members in support of the proposal argued overarching
support for universal healthcare reform, regardless of whether the proposal was tailored to the
company. In the case where the proposal was rejected, a member knowledgeable on healthcare
reform stated that a number of the points outlined in the proposal were contradictory, and
emphasized that the cost of such universal healthcare reform was not sustainable. In the case
where the proposal was abstained on, it was noted that companies stand to save a significant
amount of money with healthcare reform and that this could create a conflict of interest. The
majority of the ACSRI voted to abstain on the proposal because, while they recognized the unfair
burden placed on the company, they felt that outright rejection of the proposal set the wrong tone and closed the door to future action.

Later in the proxy season the ACSRI again reviewed this proposal presented to two companies and was unable to reach a decision in either case. The members voiced similar arguments for support, rejection and abstention as the previous two healthcare reform proposals. Ultimately, while the ACSRI felt that healthcare reform was certainly an issue that needed to be addressed and one in which corporations were a player, it was unable to reach a decision on either proposal.

The TSSR abstained on both proposals where the ASCRI was unable to provide a vote recommendation.

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

The ACSRI voted unanimously to support this proposal requesting that the defense contractor provide within six months a comprehensive report of military sales offsets to foreign governments or firms. The ACSRI noted that it had not seen a comparable proposal in regards to offsets, although it did support a proposal to a different defense contractor last year requesting increased disclosure on foreign military sales. The ACSRI felt that the proposal was appropriate for the industry, as increased global competition is leading to a rise in offset competition with the U.S. dominating the world market, and appropriate for the company, which was the 8th largest Department of Defense contractor in 2007, and which obtained 64% of total revenues outside the U.S. in 2008. The ACSRI thought that the proposal was timely in light of the current U.S. job market and the fact that U.S. taxpayers finance offsets indirectly, by paying for Research and Development on weapons and providing grants and loans for military sales. The ACSRI was not aware of any peer company that reported on foreign military sales offsets, and it recognized that further disclosure might compromise the company’s competitive position. However, the ACSRI did not believe the prime mover disadvantage argument was overwhelming enough to reject the proposal. The ACSRI felt that the request was reasonable and that the company should have the time and resources available to prepare a comprehensive report on information that is readily accessible to them.
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 the particular meeting was not the proper forum for such a debate and that the issue at hand was whether or not the requests of this specific proposal were valid.

The TSSR abstained on this proposal.

IX. Looking Ahead

For the upcoming 2009-2010 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 plans to make a formal recommendation to the TSSR for Columbia’s adoption of the Proxy Voting Guidelines and aims to submit a final response to the students regarding the Arms Manufacturers Divestment Proposal. The ACSRI will hold its annual Town Hall Meeting in the fall of 2009 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

PROXY VOTING GUIDELINES

CONFIDENTIAL DRAFT

ADVISORY COMMITTEE FOR
SOCially RESPONSIBLE INVESTING

MARCH 2009
INTRODUCTION

The following draft shareholder resolution proxy voting guidelines summarize Advisory Committee for Socially Responsible Investing (ACSRI) positions on various social concerns to the University in its role as investor. These Guidelines provide an indication on how the Committee will advise the Trustees to vote on these environmental, social, and governance (ESG) issues. The Committee is in the process of reviewing these Guidelines and this document should not be viewed as an official position of the ACSRI or the University. The objective is to review these draft Guidelines and test their application throughout the current 2009 proxy season. At the end of the season, the Guidelines will be revised as appropriate and sent to the Trustees for further review. Students in W3010: “Science, Technology, and Society” (Spring 2009) completed this first draft of the Guidelines.

ANIMAL WELFARE

Animal Testing

We do not support:

- Proposals calling for companies to eliminate the use of animal testing unless:
  - The company is employing animal testing practices that are unnecessary or not required by law or federal regulations.
  - The company is conducting animal testing when reasonable or more technologically advanced alternatives are available.
  - The company has failed to comply with regulations laid out in the Animal Welfare Act regarding animal testing.
  - There are recent, notable fines or legal proceedings related to the company’s animal testing policies.

Animal Welfare Policies

We support:

- Proposals seeking reports on companies’ animal welfare policies in accordance to the Animal Welfare Act, published on company websites, unless:
  - The company has recently published a report on animal welfare policies and strictly monitors compliance with those standards.
  - The company’s established policies reflect policies that govern the industry as a whole.
There are recent, notable fines or legal proceedings related to the company's animal testing policies.

Animal Transportation

We support:

- Proposals designed to promote health and comfort of farm animals.
- Proposals that ask companies to implement transportation by air over ground transportation.

Controlled Atmosphere Killing (CAK)

We support:

- Proposals requesting the implementation of CAK methods at company and/or supplier companies.
- Proposals requesting a report on the feasibility of implementing CAK methods at a company and/or supplier companies.

Living Environment for Animals

We support:

- Proposals requesting a report on the living environment of animals in factory farms.
- Proposals that promote the phasing out of battery cages in poultry suppliers.

BANKING

Predatory Lending

Predatory Lending practice consists of any loans that are described as unfair, deceptive, or fraudulent practices by lenders during the loan origination process. These loans are categorized by the following characteristics: unjustified risk based pricing, single premium credit insurance, failure to present the loan price as negotiable, failure to clearly and accurately disclose terms and conditions, loans which do not accurately reflect the credit score of the consumer, short-term loans with disproportionately high fees, servicing agent and securitization abuses, and loans based on discriminating factors.

We support:

- Proposals that request companies to adopt policies that preclude predatory lending.
- Proposals that ask companies to prepare reports explaining racial and ethnic disparities pertaining to high cost mortgages.
- Proposals that request reports on company lending guidelines and procedures, including the establishment of a board committee for oversight, taking into account:
  - Whether the company has adequately disclosed mechanisms in place to prevent abusive lending practices.
  - Whether the company has adequately disclosed the financial risks of the lending products in question.
– Whether the company has been subject to violations of lending laws or serious lending controversies.
– Peer companies’ policies to prevent abusive lending practices.

**Increased Disclosure**

We support:

- Proposals that implement stricter accounting policies based on international accounting standards (http://www.iasb.org).
- Proposals that promote greater disclosure of leverage and discouraging excess leverage that we believe can result in unnecessary risk taking.

**The Equator Principles**

We support:

- Proposals that support the adoption of the Equator Principles (www.equator-principles.com) unless the institution has limited loan transactions that fit within these Principles. In adopting the Equator Principles, a financial institution agrees to provide project finance loans only to those projects that borrowers agree to develop in a socially responsible manner and according to sound environmental management practices. The Equator Principles are applied globally and to all industry sectors.

**CHARITY**

**Charitable Donations**

We support:

- Proposals that give incentive to companies to make charitable donations. The trustees have voted unanimously against shareholder proposals that require undue financial burdens. In the interest of the endowment’s growth, non-financial concerns cannot take precedence over financial considerations.

**Transparency and Reporting**

We support:

- Proposals that request companies to provide detailed annual reports disclosing all monetary and non-monetary contributions. Corporations owe their investors satisfactory information so that they can make a meaningful assessment of their philanthropic activity. Meaningful information includes annual reporting on: names of charities receiving donation money, amount of money donated to each one of those charities, brief explanation of reason for giving to each charity, and outcome reporting data.
ENVIRONMENT, ENERGY, AND SUSTAINABILITY

Sustainability

We support:

- Proposals requesting greater reporting of sustainability practices related to social, economic, and environmental sustainability, unless companies are already publishing Global Reporting Initiative (http://www.globalreporting.org/) or Environmental, Health, & Safety reports.

Environment

We support:

- Proposals seeking greater disclosure of the company’s environmental practices, and/or environmental risks and liabilities.
- Proposals calling for reasonable steps to reduce companies’ negative environmental impact, including any threats to biodiversity in ecologically sensitive areas.
- Proposals requesting that companies with oil sand operations review the environmental impact on said operations.

Energy

We support:

- Proposals asking for the development of renewable energy
- Proposals requesting reports on the development of renewable energy

Green House Gas (GHG) Emissions

We support:

- Proposals calling for reporting on GHG emissions, unless companies are already reporting on GHG emissions.
- Proposals that request that companies set or adopt GHG quantitative goals based on current technologies for reducing GHG emissions from the firm’s products and operations.

We do not support:

- Proposals that call for reduction in greenhouse gas emissions by specific amounts or within a specific time frame, unless:
  - The company lags behind industry standards.
  - The company has been the subject of recent, significant violations, fines, litigation, or controversy related to greenhouse gas emissions.
Climate Change

We support:

- Proposals asking for reporting on companies’ climate change impact. However, we tend to vote against proposals that request reports on global climate change in general or the science of climate change, as there is already substantial research on these issues.

Genetic Engineering

We do not support:

- Proposals that request public reports and research on the safety of genetically modified organisms beyond what is regulated by USDA, FDA, and EPA
- Proposals that request that independent committees of the board review company policy and procedures for monitoring the safety of genetically engineered products.

Waste Management/Recycling

We support:

- Proposals that request that the company review and report on the efficacy of waste management and recycling programs including any published strategies and goals related to internal company operations, supply chain operations, and consumer post consumption behavior. However, the committee recognizes the difficulty of controlling the public’s recycling behavior and does not expect any company to be fully responsible for quantitative benchmarks in these cases.

EQUAL EMPLOYMENT OPPORTUNITY

Affirmative Action Report

We support:

- Proposals that require companies to execute equal employment opportunity initiatives and formulate reports that include the following:
  - A statistical break down of companies by job category, sex, race, age and sexual orientation.
  - A description of affirmative action policies and programs in place for minorities and women.
  - The company’s Form EEO-1 report.
  - A description of programs designed to increase the number of persons employed with disabilities.
  - A description of how the company is working to eliminate “glass ceilings” for female and minority employees.

Equal Employment Opportunity, Sexual Orientation, and Gender Identity

We support:
• Proposals that call for companies to enforce and report on enforcement of the following practices:
  – The adoption of official policies against discrimination, based on sexual orientation or gender identity.
  – An internal policy to include sexual orientation and gender identity in company-wide guidelines prohibiting discrimination.
  – The granting of spousal benefits to domestic partners, regardless of sexual orientation or gender identity.

We do not support:
• Proposals asking companies to remove the words “sexual orientation” or “gender identity” from their nondiscrimination policies.
• Proposals asking for spousal benefits to be rescinded or revoked based on sexual orientation or gender identity.
• Proposals asking companies to implement MacBride Principles (or urge franchises to adopt said principles).

Executive Pay

We support:
• Proposals that ask companies to develop executive compensation criteria based on an executive’s accomplishment of non-financial goals, which include the improvement of:
  – Environmental Issues
  – Diversity Issues
  – Treatment of Employees
  – Corporate Social Responsibility Initiatives
• Proposals that encourage third-party evaluations of company reports and promote clarity, transparency and ease of access. These reports should be made publicly available, i.e. published on companies’ websites, and in annual reports.
• Proposals that encourage the creation of an independent compensation committee. To be “independent” according to the definition developed by Institutional Shareholder Services, a member must have no material connection to the company other than his/her respective seat on the committee.
• Proposals that companies apply their anti-discrimination policies to companies and organizations with which it is engaged in sponsorships and executive perks.

We do not support:
• Proposals that request that firms compare top executive pay with the lowest paid US workers. Typically, these proposals are vague and not specifically related to social issues as much as one of governance.

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HEALTH AND SAFETY

Healthcare
We support:

- Proposals asking for the release of patents on prescription drugs to make them available at a lower price in generic form.
- Proposals asking disclosure on the financial and legal impact of their policies regarding prescription drug information, unless such information is already publicly disclosed.
  - Proposals that call for transparency in pharmaceutical promotion. This includes promotional activities; i.e., the disclosure of endorsement benefits and incentives given to physicians.
  - Proposals calling for affordable healthcare for employees and their dependents.

We do not support:

- Proposals requesting the adoption of principles for health care reform as they put an unfair burden on the companies and ask them to take arbitrary stance on universal healthcare, a public policy issue.
- Proposals that attribute major health concerns to a specific product when scientific evidence is not available or circumstantial.

**Product Safety**

We support:

- Proposals that ask for reporting on the use of known toxic chemicals in product production, packaging, and ingredients.
- Proposals that call for the disclosure of expenditures on lobbying and other activities to prevent the regulation of suspected toxins that are as of yet unregulated.
- Proposals that companies publish reports on policies regarding nanomaterial product safety and the identification of product categories that contain nanomaterials.

**Occupational Safety**

We support:

- Proposals that call for companies to provide employees with above minimum legal workplace safety. For US companies, compliance needs to be beyond the minimum set by the Occupational Safety and Health Administration (http://www.osha.gov/).
- Proposals that call for companies to prevent harm inflicted on employees by chemicals and modern appliances in the workplace.
- Proposals that call for companies to promote mental health in the workplace in terms of working hours, and the encouragement of emotionally safe environment.

**International Production**

We support:

- Proposals that ask for companies to report on country and region selection criteria for production facilities.
- Proposals that call for reporting on compliance with domestic and international labor, health and safety standards and regulations. The reporting should include any third party auditing reports, records of violations and improvement strategies.
Community Hazards

We support:

- Proposals that ask for companies to report on their oversight of the community health effects of their production operations.
- Proposals calling for reporting of placement of production facilities and their related health effects.

Access to Water

We support:

- Proposals calling for disclosure or reporting on effects of water usage in production on local water supply and community health.

HUMAN RIGHTS

In the following guidelines, two basic definitions will be used:

1. The International Labour Organization Core Conventions (ILOCC). These conventions have been established as constituting fundamental human rights; they are as follows:
   - Required suppression of forced labor in all its forms
   - Required freedom for workers to join organizations of their choosing without interference by public authorities or anti-union discrimination
   - Required equal employment opportunities and pay/benefits regardless of demographical background
   - Required minimum employment age be no lower than the age of completion for compulsory schooling as well as suppression of child labor in dangerous situations (such as slavery, prostitution, mining, deep sea fishing, etc.)

2. The Universal Declaration of Human Rights (UDHR -- www.un.org/Overview/rights.html). This declaration made by international consensus in the U.N. is the most generally accepted standard of human rights.

Labor Issues

We support:

- Proposals for multinational corporations to adopt internationally recognized human rights principles and human standards, such as those exposed by UDHR and ILOCC.

Human Rights

We support:
• Proposals that ask corporations to create and present reports outlining their policies and procedures regarding human rights unless doing so would cause undue financial burden to the company. Specifically, if the company would have to incur costs greater than 1 percent of their operating revenue, then they reserve the right to decline to produce these reports.
• Proposals that request that companies establish board committees on human rights and associated policies, unless the company has a formal structure in place to review human rights issues facing the company.
• Proposals that request reports on company 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 for operations and other company business activities.
• Proposals that request companies to review and develop guidelines for country selection, including guidelines on investing in or withdrawing from countries where the government has engaged in ongoing and systematic violations of human rights.
• Proposals that require companies to ensure the privacy of customers’ personal data. This includes but is not limited to only releasing personal information and private records when required by law.

MILITARY AND SECURITY

We support:

• Proposals which request that companies publicly report on foreign sales of military equipment, designs and other domestically produced innovations as long as such resolutions permit the non-disclosure of confidential and proprietary information.
• Proposals which request that companies publicly report on conversions (if any) of domestic and foreign military production facilities to facilities aimed at civilian production
• Proposals which request that companies publicly report on the production of materials or components intended for the production of nuclear weapons.
• Proposals which request that companies publicly report on the third party sales and smuggling that occurs as a result of the primary sale of their products especially when factions listed as UN terrorist organizations are third party recipients of weapons.
• Proposals which request that companies publicly report on the sales of military equipment, raw materials and designs to countries engaged in, preparing for, or recovering from civil war at the time of sale.

We do not support:

• Proposals that request reporting on sales of military equipment to foreign countries when it infringes on national security.
• Proposals aimed to promote the sale of advanced technology that increases the military capabilities of other countries, especially countries with which the United States might engage in armed conflict.

POLITICAL CONTRIBUTIONS

We support:

• Proposals that request more transparent and accountable reporting of political contributions, policies, procedures, and lobbying activities.
• Proposals promoting full disclosure of contributions, the policies governing them, and the identifications of persons deciding on the contributions.
• Proposals disclosing payments, services, and “soft money” contributions (i.e. funds that are not given directly to candidates, but to political parties for “party-building” activities) to trade organizations and other third-party groups, (specifically PACs, 501(c) 3s and 527s).

We do not support:

• Proposals requesting companies not to make political contributions.
• Proposals that force companies to distribute information to newspapers and public media, as such publications could present significant costs to the company without providing commensurate value to the shareholders.
• Proposals asking companies to contribute politically in a nonpartisan fashion. In the interest of practicality it is not in the best interest of shareholders to make these demands.
• Proposals that request that companies provide lists of executives, directors, consultants, lobbyists, lawyers, or investment bankers who have served in any governmental capacity beyond regular reporting guidelines
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
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 spring semester. The Committee has developed the following agenda for the 2008-2009 academic year, which builds on the Committee’s first eight years of experience generally, and which specifically reflects discussion of the shareholder proposals reviewed last year, ongoing initiatives from last year, including Sudan divestment monitoring, implementation of the formal tobacco screening policy, and review of arms manufacturers divestment proposal, new issues that have arisen this year, including the establishment of proxy voting guidelines, the input from the Committee’s Annual Town Hall on November 18, 2008, consideration of external sources and materials, and careful discussion and deliberation.

AGENDA

During the 2008-2009 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; banking issues; charitable donations; environment, energy and sustainability; equal employment; executive pay; health and safety issues; human rights; military and security and political contributions. 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 spring of 2009. 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, with guidance from the Sudan Divestment Subcommittee, 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. The Committee intends to formalize a Sudan Divestment Monitoring Process in the spring of 2009.

In accordance with the Committee’s January 2008 Statement of Position and Recommendation on Tobacco Screening, the Committee will screen for domestic and foreign companies engaged in the manufacture of tobacco and tobacco products, and alert the Investment Management Company, who will refrain from investing in those companies.

As a result of proposals brought before the Committee at the Annual Town Hall, the Committee intends to conduct further research into the issues of sustainability, community investing, proxy voting guidelines, labor rights, and lesbian, gay, bisexual, transgender (LGBT) friendly companies. Additionally, the Committee will review suggestions from the Town Hall participants on how communication and engagement with the Columbia student community can be enhanced. The Committee is in the process of reviewing the arms manufacturers divestment proposal from last year’s Town Hall and plans to issue a formal response to the students this academic year.
Due to the lack of response from management at Chevron and Dow Chemical, two companies that received letters from the Committee last year, the Committee is considering a more aggressive approach to engagement in the way of co-filing shareholder proposals with other institutions. The two companies are currently held in the University’s portfolio and the issues outstanding are Chevron’s operation of a pipeline in Burma and Dow Chemical’s responsibility for legacy operations in Bhopal, India.

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 2008-2009, 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. During the fall semester, the Committee invited 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 reviewing a proposal for divestment from arms manufacturers which may result in a recommendation to the Trustees regarding a formal policy. The Committee has created an informal subcommittee to engage in arms manufacturers divestment research and discussion. The Committee may continue to form other subcommittees, where appropriate, to consider select issues.

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.
SCNC W3010
Science, Technology, and Society
Instructor: Jack McGourty, Ph.D. (Columbia University)

Course Description
In general, the course is structured to investigate the scientific and technical evolution and subsequent diffusion of contemporary technological innovations. Students learn how science and technology fit into the bigger picture; i.e., how technologies technically develop from concept to diffusion into society, how they work, and how they are bi-directionally related to social forces, cultural values, economic trends, environmental factors, and political influences. An essential part of your coursework is participation in a community-based learning project, completed for real community clients. For 2008, students worked on urban entrepreneurship projects related to the General Grant Houses, a New York City Housing Authority complex on West 125th Street. The student projects led to a major proposal to open a Small Business Development Center and new business incubator in Harlem. In 2009, the focus will be on the role that socially responsible investing (SRI) has on corporate governance and behavior. Team projects will focus on issues of community investment and social venturing, shareholder resolution processes (across areas of environmental sustainability, human rights, labor policies, product safety, etc.), and corporate engagement strategies.

Course Requirements
Course requirements will be based on a combination of individual and team assignments. In general, there are three major assignment areas: (1) SRI Core Values and Shareholder Resolution Voting Guidelines, (2) Community Investment Strategies, and (3) Columbia Community Engagement Processes. Students are expected to attend all classes, keep up with class readings, complete all assignments on time, and respond to midterm and final course evaluation surveys. The course syllabus, lectures, major assignment information, and selected weekly readings can be found on Courseworks (http://www.courseworks.columbia.edu).

Team Composition: Throughout the semester students will work both independently and in a team of 5 students. A team should be interdisciplinary with members representing both technical (engineering, basic & applied sciences) and social (liberal arts, social sciences) perspectives. This means that a team should consist of different majors and one engineering or science student (when possible). Final team rosters must be submitted by the third week of class.

SRI Core Values/Shareholder Resolution Voting Guidelines: Student teams will be investigating and drafting a suggested set of core values and shareholder resolution voting guidelines for a selected area of social responsibility, i.e. environmental sustainability, human rights, labor practices, product safety, etc. As part of their investigation into a specific SRI area, student teams will screen selected technology
companies within the Columbia endowment as to their performance in the designated socially responsible area. The main deliverable will be written draft shareholder resolution voting guidelines for the ACSRI to review. There are three components of this assignment: 1) An individual book critique, 2) a written set of shareholder voting guidelines for the selected area of SRI (word doc) and associated Powerpoint presentation, and 3) summary of screened technology company status as to socially responsible performance.

- Every student is required to write a detailed book critique relating to his or her team’s selected socially responsible investment area. These critiques should be detailed and written much like a review and analysis one would see in a major journal or publication such as *The New York Review of Books*. The purpose of the book critique is to provide a foundation of knowledge about the team’s SRI area, and therefore should guide the continuing research required for the team assignments. The book critique is limited to seven (7) pages. Full assignment criteria will be posted in Courseworks.
- Each student submits a five-page report summarizing research findings on the selected technology company screened for SR performance. The summary will include key performance findings, resources used, and a one-page draft letter to Company regarding a specific SR performance area.
- For the final team report on core values and shareholder resolution guidelines, each team must create a written report clearly listing recommended guidelines and rationale to be submitted to the ACSRI for review.

**Community Investment Strategies Report:** Student teams will focus on researching specific strategies and vehicles for community investment. Teams are required to prepare a 5-page team research paper providing the ACSRI with detailed research background, best practices, and recommendations. As part of the report, teams will recommend a portfolio of community investments, using 1 percent of the endowment.

**Columbia Community Engagement Processes Report:** Student teams will research and recommend a set of practices and approaches that facilitates input and feedback to the ACSRI on current socially responsible investment issues. Every team will provide their recommendations in PowerPoint format.

**Course Evaluation:** Additionally, students will be required to complete two (2) course evaluations (midterm and final).

**Course Grading**
All grades will be posted on Courseworks throughout the semester. Distribution of points by individual and team assignments (100 Total Points):

**Individual Assignments (55 pts):**
- 40 pts   Book Critique (Due 3/4/09)
- 10 pts   Technology Company SR Screen Report/Letter (Due 3/25/09)
- 5 pts    Two course evaluations (midterm & final)

**Team Assignments (45 pts):**
- 30 pts   SRI Core Values/Shareholder Resolution Voting Guidelines (Due 4/1/09)
- 10 pts   Community Investment Strategies & Portfolio (Due 4/22/09)
- 5 pts    Columbia Community Engagement Processes (Due 4/29/09)
SESSION SUMMARIES

Part 1: Introduction and STS Theoretical & Applied Frameworks

Session 1. Introduction to Class Structure and Assignments. During this introductory session, class objectives, syllabus, and assignments will be reviewed in some detail. We will discuss why it is important to study science and new technologies, their development, and diffusion into society as either a commercialized or non-profit enterprise. We will explore and at times create a common glossary of terms and models that will drive the structure of the class. Key terms include entrepreneurship, innovation, emerging technologies, and corporate social responsibility.

Sessions 2 and 3. Theoretical and Applied Frameworks. During these sessions, we will review models that explore the bi-directional relationship between science/technology and society. How to understand the impact of science and technology on society (as well as the society's impact on S&T)? During these sessions, five dimensions of S&T development will be discussed - practitioner, technical, political, economic, cultural, and environmental. Students will review the causes and consequences of specific science and technological developments to learn how to identify and analyze various subsystems within the cultural-environmental system.

Readings:
1. Robert McGinn. Science, Technology and Society. (Courseworks)
2. Wiebe E. Bijker. Of Bicycles, Bakelite, and Bulbs: Toward a Theory of Sociotechnical Change. Ch. 2. (Courseworks)

Session 4. Introduction to Corporate Social Responsibility. The role of corporate responsibility and its relation to emerging technologies will be explored. Topics to be discussed will include the responsible use and effective governance in such areas as genetics, sustainability, and information privacy. Social responsible behavior and its impact of financial performance will be explored.

Readings:
1. Michael Porter & Mark Kramer, Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility (Courseworks)
2. Simon Zadek, The Path to Corporate Responsibility (Courseworks)

Part 2: Responsible Investment and Shareholder Advocacy

Session 5: Overview of the responsible investment movement and how it relates to colleges and universities. History of the responsible investment movement, and the various instruments within the toolbox of responsible investment. Examination of how this applies to Columbia University’s endowment.

Guest speaker: Morgan Simon, Executive Director of Responsible Endowments Coalition.
Webinar Links:
Endowment Management: http://voicethread.com/sitemap/view/239436/
Responsible Investment 101: http://voicethread.com/sitemap/view/59183/

Readings:
1. History of Responsible Investment; Unit 1 (PDF) of Beth Young’s curriculum from Harvard.
3. REC/Amnesty International Trustee Handbook
4. REC Student Handbook on Responsible Investment
6. Articles on South Africa:

Session 6: Shareholder Activism as a Tool for Corporate Reform. Overview of shareholder activism and its context within corporate reform efforts over time.

Guest speaker: Leslie Lowe, Interfaith Center on Corporate Responsibility (ICCR)

Readings:
2. Collection of articles on Exxon/Rockefellers

Session 7: Columbia University as a shareholder activist. Overview of the structure of the ACSRI, ways it has handled proxy voting in the past, opportunities for the future. Guest speakers: members of the ACSRI, members of student groups that have presented to the ACSRI.

Readings:
1. Annual reports of the ACSRI
2. Annual report of the Harvard ACSRI for comparison
3. Annual report of Dartmouth ACSRI
4. Past reports from Columbia students: the divestment proposal, the Bhopal proposal, the Chevron proposal, the community investment proposal, etc.

Session 8: Focus on Proxy Voting Guidelines: forming a recommendation for the ACSRI. Divide class into groups by issues (environment, labor rights, human rights, etc), have them research and write proxy voting guidelines based on Columbia’s voting precedents.

Readings:
1. ACSRI voting precedent information.
2. NYCERS proxy voting guidelines
3. Brown University proxy voting guidelines; www.brown.edu/Administration/Finance_and_Admin/ACCRIP/guidelines.html
4. University of California proxy voting guidelines (an example of what not to do)
Part 3. Community Investment

Session 9. The Vehicles and Goals of Community Investment. To provide an overview of CI vehicles in the US applicable to individuals and institutions and the goals they seek to address. Students should be able to identify the different categories of CI, place them in historical context, and describe the goals of each. What is the purpose of CI? What are the common vehicles used? How do these vehicles fit into a corporate capitalist framework? What are the opportunities? Limitations?

Guest speaker: TBA

Readings:
1. REC Community Investment Handbook
2. REC Webinar
3. Community Investment Student Handbook
4. Case Study: CDFI Coalition www.cdfi.org

Session 10: Credit Unions and Community Development Banks. Students should develop a strong understanding of the historical and contemporary context for credit unions and community banks and their function and importance as depository institutions in low-income communities. For Consumers: a) what services are provided and what they allow individuals, b) how these institutions differ from each other & mainstream institutions in terms of services For the Community: a) what role do these institutions play in the community, b) How do they affect the community, and c) what is their governance structure (shareholders, profit motive) and how does it affect the institutions and the community. Limitations of each model? Are there things we could do as investors to change these limitations? What are the different values of each structure?

Guest speaker: TBA-Representative of Local Community Bank

Readings:
2. Film: Lower East Side People’s Federal Credit Union (available from REC)

Sessions 11-12. Microfinance, Loan Funds, and Venture Capital. Identify the historical and contemporary context for microfinance, community development loan funds, and venture capital structures and the common framework for the operation of both. Discussion: Can it really work in urban America, how, and should we bother?

Guest Speaker: Columbia’s Microfinance Working Group

Readings:
5. Grameen America http://www.grameenanamerica.com/
7. Community Development Data Project Report, 2007 (cdfi.org)

**Part 4. Activism and Engagement Processes**

Situations 13-14. Activism and Engagement on Campuses. In these final sessions, we will summarize the findings of our collective work. Focus will be on best strategies and practices for the Columbia Community at large to engage in shareholder activism.