

DECEMBER 9, 2008 MINUTES

At a meeting of the Advisory Committee on Socially Responsible Investing, held on Tuesday, December 9, 2008, in the Board Room, 502 Lerner Hall, the following members participated:

Jack McGourty, Faculty (Chair)	Hannah Lee, Student
Tom D'Aunno, Faculty	Shearwood McClelland, Alumnus
Alex Feerst, Student	Shahid Naeem, Faculty
Ray Horton, Faculty	Walter Sweet , Alumnus
Peggy Kauh, Alumna	Anne Sullivan, Administrator

The following members sent an explanation of their absence:

Mary Ellen Bianco, Alumna	Ben Weiss, Student
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JJ Keyes, Student

The Chair called the meeting to order at 6:17 p.m. and introduced guest speakers, Adam Kanzer, Managing Director and General Counsel of Domini Social Investments, and Valerie Heinonen, consultant on corporate social responsibility and shareholder advocacy. He introduced student guests, Lillian Udell from Columbia College, and Olivia Rosane from Barnard College, members of the Coalition Against the War and authors of the Arms Manufacturers Divestment Proposal. The Chair read a few sentences from the Proposal to summarize the students' argument.

Call to Order and Introduction of Guest Speakers and Student Guests

Adam Kanzer of Domini Social Investments addressed the Committee on the subject of Arms Divestment. Adam introduced Domini Social Investments and spoke to the rationale behind investment policy and the mechanics of implementation. He explained Domini's policy of putting the investor first, focusing on the role the investor plays in the capital markets. The firm's investment policy combines social and environmental standards with environmental policy. Domini reviews companies on a spectrum, looking at both their shareholder relations and core business model. Industries considered fundamentally misaligned include tobacco, alcohol, gambling, nuclear power, and military weapons. Domini's approach to investing in arms manufacturers is to apply a revenue threshold – companies are excluded if 10% of total revenue or more is derived from manufactured military weapons. Companies are also excluded if a substantial amount of revenue is derived from manufactured weapons, regardless of percentage of total revenue. Nuclear weapons manufacturers are scrutinized more heavily. Adam described an investment policy

Presentation by Guest Speakers

popular in Europe which is based on International Humanitarian Law and led by the Norwegian Pension Fund. This approach looks at specific manufactured weapons, excluding companies which manufacture weapons that fail to discriminate between civilians and soldiers and weapons that cause excess pain and/or harm to the environment. Adam suggested that the “do no harm” mantra and the International Humanitarian Law may be appropriate guidelines for Columbia’s policy on investing in arms manufacturers. Adam’s presentation was followed by a question and answer session.

Valerie Heinonen, consultant on corporate social responsibility and shareholder advocacy, addressed the Committee on the subject of Arms Divestment. Valerie spoke about her 20 years of experience working at the Interfaith Center on Corporate Responsibility. While at ICCR she engaged and attempted to engage many of the big names in arms manufacturing, including Lockheed Martin, Boeing, and Raytheon. Valerie explained how difficult it was to maintain a constructive dialogue with the majority of the companies due to a lack of transparency and accountability. Her main method of engagement was through shareholder resolutions pertaining to issues such as human rights and corporate governance. She explained that the big names in arms manufacturing have a liberal amount of free reign, and are often not held accountable for cleaning up the land they use or for owning up to workers’ rights violations. In this way, these companies often create a strong negative societal impact. Valerie explained that in the past 10 years, the big names in arms manufacturing have shifted to include more intelligence and technology companies. She admitted that while she is a strong advocate of engaging with military contractors, she has not seen much progress on the issues during her tenure. By engaging, one gets a seat at the shareholder meeting and the opportunity to present one’s resolution to the shareholders and Board of Directors. Valerie is optimistic that the SEC will continue to keep the pressure on the arms manufacturers for transparency in the future. Valerie’s presentation was followed by a question and answer session.

The Committee approved the minutes of its meeting on December 2, 2008.

Approval of Minutes

The Committee voted on Divestment List and the Watch List based on the research provided to them by the Subcommittee. The Committee voted to approve the recommendations of the Subcommittee. Regarding the Divestment List these recommendations entailed leaving 21 of 25 companies on the list, removing 4 companies (removing 1 completely and moving 3 to the Watch List) and adding 8 new companies. Regarding the Watch List these recommendations entailed leaving 1 of 6 companies on the list, removing 5 companies (removing 4 completely and moving 1 to the Divestment List) and adding 12 new companies.

Sudan Divestment Monitoring

There being no further business, the meeting was adjourned at 8:16 Adjournalment
p.m.

Respectfully submitted,

Ruth Kelley
Manager, SRI