

COLUMBIA UNIVERSITY

**ADVISORY COMMITTEE
ON SOCIALLY RESPONSIBLE INVESTING**

ANNUAL REPORT 2010-2011

September 13, 2011

Advisory Committee Members:

Jack McGourty, *Chair*

Kesha Cash

Marco Castaldi

Carlos Cuevas

Klaartje De Schepper

Alison Ferris

Arnie Friedland

Leslie Hannay

Marc Levy

Shearwood McClelland

Peter Rosenblum

Matt Roskot

Anne Sullivan, *ex officio, non-voting*

Manager of Socially Responsible Investing:

Ruth Kelley

ANNUAL REPORT 2010-2011
Table of Contents

Executive Summary

I. Introduction and Background

II. Sudan Divestment Monitoring

III. Communication and Outreach Subcommittee

IV. Cluster Munitions Subcommittee

V. Activities in Preparation for the 2011 Proxy Season

A. Gathering Information

B. The 2010-2011 Agenda

VI. 2011 Proxy Review Approach and Process

VII. Social Responsibility Shareholder Proposals: Deliberations

A. Animal Welfare

B. Banking

C. Charitable and Political Contributions

D. Environment and Energy

E. Equal Employment

F. Global Labor Standards and Human Rights

G. Health and Safety

VIII. Looking Ahead

APPENDIX 1: 2010-2011 Sudan Divestment List and Watch List

APPENDIX 2: 2010-2011 Agenda

APPENDIX 3: 2011 Proxy Recommendations, Votes, and Percent Shareholder Support

Executive Summary

1. Introduction

The Advisory Committee on Socially Responsible Investing (ACSRI) serves as the University's vehicle to advise the Trustees Subcommittee on Shareholder Responsibility (TSSR) 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 2010-2011 academic year, the ACSRI also engaged in and completed several other activities, including recommending modifications to the University's Sudan Divestment List, formulating a Plan of Action for communication and outreach, learning about cluster munitions as related to the student Proposal for Non-Investment, and inviting undergraduates to an open meeting during the fall semester. The ACSRI spent time learning about shareholder engagement methods, cluster munitions and related weaponry, and the proxy review and voting process through presentations by faculty and outside experts. This Executive Summary provides a synopsis of all of the ACSRI's activities during 2010-2011. The remainder of the Annual Report provides the full detail and description of the ACSRI's work during the 2010-2011 academic year.

2. 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 2010. The Chair assigned three members to the Sudan Divestment Monitoring Subcommittee to review available research regarding the activities of companies doing business in Sudan and evaluate the companies on the 2010 Sudan Divestment and Watch Lists. At its meeting on January 25, 2011, the Committee reviewed the recommendations of the Subcommittee. By email vote on February 11, 2011, the Committee adopted the recommendations of the subcommittee, which included: removing 12 companies from the current Divestment List, keeping 17 companies on the list, and adding 26 new companies (1 of the new companies is from the current Watch List); and removing 4 companies from the current Watch List, keeping 1 company on the list, and adding 16 new companies (1 of the new companies is from the current Divestment List). The companies on the Watch List are to be closely monitored by the Committee over the next year. The ACSRI's recommendations were approved by the TSSR, as well as by the full University Board of Trustees. The 2010-2011 Sudan Divestment List and Watch List is attached as Appendix 1.

3. Communication and Outreach Subcommittee

The Committee established a Communications / Outreach Subcommittee in the fall of 2009 in response to feedback from the previous year's presentation to the University Senate. The Chair assigned three members to the Subcommittee to explore ways to improve communication with and boost outreach to the Columbia Community. The main objectives set by the Subcommittee this year were to increase awareness of the ACSRI within the Columbia Community, enhance the Committee's profile within academia, streamline the student proposal submission process, and promote ACSRI events. In the fall, the Subcommittee explored alternatives to the Annual Town Hall meeting, which the Committee had discerned had become less effective in recent years. In the spring, the Subcommittee drafted a Plan of Action for its communication tools,

including creating a more interactive website, temporarily closing its Facebook page and exploring alternative social media, and reevaluating its in-person communication methods.

4. Cluster Munitions Subcommittee

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 Arms Divestment Subcommittee. The ACSRI invited guest speakers to present on arms manufacturers divestment versus engagement at a meeting in December 2008, 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. At the Town Hall in November 2009, student members of Columbia Coalition Against the War presented a revised Proposal for Non-Investment in Cluster Munitions. The ACSRI deemed the proposal an improvement over the previous version and re-named its Subcommittee the Cluster Munitions Subcommittee. In the fall 2010, the ACSRI invited a guest speaker to educate the Committee on cluster munitions and related weaponry. In the spring 2011, the Subcommittee drafted a Plan of Action to pursue engagement with one or more weapons manufacturers through letter writing or filing / co-filing a shareholder proposal. The Subcommittee also proposed inviting speakers from alternative points of view. (The Cluster Munitions Subcommittee was dissolved in October, 2011.)

5. 2011 Proxy Review

During the 2011 proxy season, the ACSRI and the TSSR reviewed 51 social issue shareholder proposals. Both Committees reviewed research from the Sustainable Investments Institute (Si2) to aid in their vote decisions. Si2 provides an online platform where research reports and related information are posted for each shareholder proposal, as well as by social issue topic.

The ACSRI was able to develop sufficient consensus for a formal recommendation on all 51 proposals. 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 47 of the 51 recommendations (92%). The table below compares the overall results of 2011 to the results of prior years:

| Year | Number of | | Agreement by TSSR |
|------------------|--------------------|-------------------------|-------------------|
| | Proposals Reviewed | Recommendations to TSSR | |
| 2010-2011 | 51 | 51 (100%) | 92% |
| 2009-10 | 7* | 7 (100%) | 100% |
| 2008-09 | 41 | 37 (90%) | 95% |
| 2007-08 | 78 | 77 (99%) | 95% |
| 2006-07 | 72 | 63 (88%) | 94% |
| 2005-06 | 89 | 83 (93%) | 95% |
| 2004-05 | 78 | 74 (95%) | 99% |

| | | | |
|----------------|-----|-----------|-----|
| 2003-04 | 97 | 87 (90%) | 94% |
| 2002-03 | 132 | 122 (92%) | 92% |
| 2001-02 | 89 | 68 (76%) | 82% |
| 2000-01 | 32 | 19 (59%) | 89% |

* Due to an internal management issue, RiskMetrics was unable to alert Columbia of pending proposals or release the Company Reports in time for both Committees to meet and deliberate. The Committees should have reviewed between 30-40 proposals. The SRI Manager performed due diligence on alternative proxy research services and chose the Sustainable Investments Institute (Si2) for the 2010-2011 academic year.

The table below provides the distribution of shareholder proposals by issue area and ACSRI recommendation during 2011. 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:

| Issue | ACSRI Recommendations | | | Total |
|---------------------------------------|------------------------------|---------------|----------------|--------------|
| | Support | Reject | Abstain | |
| Animal Welfare | 2 | 2 | 0 | 4 |
| Banking | 3 | 0 | 0 | 3 |
| Charitable / Political Contributions | 13 | 5 | 0 | 18 |
| Environment / Energy | 9 | 4 | 0 | 13 |
| Equal Employment | 2 | 1 | 0 | 3 |
| Global Labor Standards / Human Rights | 3 | 1 | 0 | 4 |
| Health / Safety | 3 | 3 | 0 | 6 |
| Total | 35 | 16 | 0 | 51 |

The table below summarizes all ACSRI recommendation and TSSR voting outcomes during the 2011 proxy season:

| ACSRI Recommendation | TSSR Vote | | | ACSRI Total |
|-----------------------------|-----------------------|---------------|----------------|--------------------|
| | None / Abstain | Reject | Support | |
| None / Abstain | 0 | 0 | 0 | 0 |
| Reject | 1 | 15 | 0 | 16 |
| Support | 0 | 3 | 32 | 35 |
| TSSR Total | 1 | 18 | 32 | 51 |

In 2011, the ACSRI recommended supporting the proposal on 35 of 51 recommendations (69%). The corresponding figures for 2010 were 4 of 7 recommendations (57%). Of these 35 supporting recommendations in 2011, the TSSR agreed 32 times (91%). In 2010, the TSSR agreed all 4 times (100%).

Appendix 3 lists each ACSRI proxy voting recommendation and TSSR vote for 2011. The main body of this report describes the ACSRI's deliberations with respect to the proposals reviewed. Please refer to Section VII of the report, "Social Responsibility Shareholder Proposals:

Deliberations” beginning on page 14, for a full account of the reasoning and deliberations that yielded the following patterns in 2010-2011:

- The committees reviewed four proposals on animal welfare this year. The ACSRI supported two of the proposals, which the TSSR subsequently rejected. The ACSRI rejected two of the proposals, which the TSSR voted to reject and abstain. 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 14-16.*)
- The ACSRI and TSSR supported both banking proposals requesting that the financial institution review home mortgage policies. Both committees supported a proposal requesting that the financial institution develop and report on its loan modification policy. Both committees are generally supportive of increased transparency at financial institutions. (*See deliberations on pages 16-17.*)
- The ACSRI and TSSR voted with precedent on the charitable and political contributions proposals this year and agreed with each other in all eighteen cases. Both committees are generally supportive of a broad-based effort towards transparency around political spending and charitable contributions. (*See deliberations on pages 17-19.*)
- The ACSRI and TSSR voted with precedent on the environment and energy proposal this year and agreed with each other in all thirteen cases. Both committees voted on a few new proposals, including requests for reports on coal pollution and hydraulic fracturing. (*See deliberations on pages 19-23.*)
- 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 23-25.*)
- The ACSRI and TSSR reviewed four human rights proposals this year and disagreed with each other on one proposal requesting implementation of a human rights policy in the company supply chain. (*See deliberations on pages 25-26*)
- The ACSRI and TSSR agreed with each other on all six health and safety issue proposals this year. Both committees reviewed one new proposal regarding tobacco marketing and food insecurity. (*See deliberations on pages 26-27.*)

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, Senior Associate Dean of Corporate, Government, and Global Engagement, Fu Foundation School of Engineering and Applied Science, chaired the ACSRI during the 2010-2011 academic year.

This Annual Report describes the work of the ACSRI during the 2010-11 year. It details the ACSRI's activities with respect to its Sudan divestment monitoring, communication and outreach efforts, and research into cluster munitions. 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 voted during the 2011 "proxy season," the period between March and May when

most publicly traded corporations hold annual meetings. Finally, this Annual Report includes an account of the ACSRI's preparatory work during the 2010-2011 year, including the setting of its Annual Agenda and hearing presentations from guest experts on social issues.

II. 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 2010. The Chair assigned three members to the Sudan Divestment Monitoring Subcommittee to review available research regarding the activities of companies doing business in Sudan and evaluate the companies on the 2010 Sudan Divestment and Watch Lists. At its meeting on January 25, 2011, the Committee reviewed the recommendations of the Subcommittee. By email vote on February 11, 2011, the Committee adopted the recommendations of the subcommittee, which included: removing 12 companies from the current Divestment List, keeping 17 companies on the list, and adding 26 new companies (1 of the new companies is from the current Watch List); and removing 4 companies from the current Watch List, keeping 1 company on the list, and adding 16 new companies (1 of the new companies is from the current Divestment List). The companies on the Watch List are to be closely monitored by the Committee over the next year. The ACSRI's recommendations were approved by the TSSR, as well as by the full University Board of Trustees. The 2010-2011 Sudan Divestment List and Watch List is attached as Appendix 1.

III. Communication and Outreach Subcommittee

The Committee established a Communications / Outreach Subcommittee in the fall of 2009 in response to feedback from the previous year's presentation to the University Senate. The Chair assigned three members to the Subcommittee to explore ways to improve communication with and boost outreach to the Columbia Community. The main objectives set by the Subcommittee this year were to increase awareness of the ACSRI within the Columbia Community, enhance the Committee's profile within academia, streamline the student proposal submission process, and promote ACSRI events. In the fall, the Subcommittee explored alternatives to the Annual Town Hall meeting, which the Committee had discerned had become less effective in recent years. In the spring, the Subcommittee drafted a Plan of Action for its communication tools, including creating a more interactive website, temporarily closing its

Facebook page and exploring alternative social media, and reevaluating its in-person communication methods.

IV. Cluster Munitions Subcommittee

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 Arms Divestment Subcommittee. The ACSRI invited guest speakers to present on arms manufacturers divestment versus engagement at a meeting in December 2008, 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. At the Town Hall in November 2009, student members of Columbia Coalition Against the War presented a revised Proposal for Non-Investment in Cluster Munitions. The ACSRI deemed the proposal an improvement over the previous version and re-named its Subcommittee the Cluster Munitions Subcommittee. In the fall 2010, the ACSRI invited a guest speaker to educate the Committee on cluster munitions and related weaponry. In the spring 2011, the Subcommittee drafted a Plan of Action to pursue engagement with one or more weapons manufacturers through letter writing or filing / co-filing a shareholder proposal. The Subcommittee also proposed inviting speakers from alternative points of view.

V. Activities In Preparation for the 2011 Proxy Season

A. Gathering Information

The ACSRI uses the period from the beginning of the academic year until proxy season, which starts in early spring, to gather information, develop expertise, consult with members of the University Community, and carry out business consistent with the ACSRI's mandate but unrelated to proxy review. The ACSRI met six times during this period. In addition to recommending modifications to the University's Sudan Divestment List, formulating a Plan of Action for communication and outreach, and learning about cluster munitions as related to the

student Proposal for Non-Investment, the ACSRI heard presentations from several guest speakers on topics that would arise in the course of the ACSRI's proxy review. Dan Apfel, Executive Director of the Responsible Endowments Coalition (REC) and Elaine Lehman, Secretary of Loyola University of Chicago's Shareholder Advocacy Committee, presented on engagement methods. Austin Long, Assistant Professor of International and Public Affairs at Columbia University's SIPA, educated the ACSRI on cluster munitions and related weaponry. Heidi Welsh, Co-Founder and Executive Director of the Sustainable Investments Institute (Si2), presented the 2011 proxy season preview.

In an effort to improve and expand communication channels, the ACSRI experimented with alternative vehicles of outreach to the Columbia Community this year. On October 12, 2010, the Committee held an "Open Meeting" and invited student leaders from the clubs, committees, and organizations on campus to attend. Guest speakers included the Executive Director of the Responsible Endowments Coalition and the Secretary of Loyola University of Chicago's Shareholder Advocacy Committee, who spoke on the topic of engagement methods. 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 2010-2011 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 presented by a member of the Committee to the University Senate at the start of the spring semester. On January 25, 2011, the ACSRI adopted its 2010-2011 Agenda (Appendix 2), which it presented to the University Senate on February 11, 2011.

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 the ongoing Sudan divestment monitoring and tobacco screening. In addition, the Agenda outlined activities that the ACSRI is further considering and exploring throughout the year, including improving communication with and outreach to the Columbia Community and learning more about cluster munitions and related weaponry.

The social issue areas selected for review during the 2010-2011 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, global labor standards and human rights, and health and safety. 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.

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.

VI. 2011 Proxy Review Approach and Process

The University does not own stock in all companies that are presented with social issue 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. Previously, the University purchased the services of RiskMetrics Group's Institutional Shareholder Services (ISS) to vote these excluded items in accordance with ISS's "base" voting recommendations. The University instructed ISS to submit votes to "abstain" – by which the University intends to convey a neutral position – on social

issue shareholder proposals that came to a vote at times outside of the ACSRI's proxy review period. During the 2011 proxy season, the University purchased research from the Sustainable Investments Institute (Si2) and used ProxyEdge as its voting platform. ProxyEdge is a standard voting platform that the Columbia Investment Management Company uses to vote proxies. It does not have the capacity to vote 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 a few 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 Si2.¹ 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. The Proxy Voting Guidelines summarize the Committee's past precedent by issue, and will serve as a supplement to the case-by-case approach.

VII. Social Responsibility Shareholder Proposals: Deliberations

During the 2011 proxy season, the ACSRI and TSSR reviewed 51 shareholder proposals; the ACSRI was able to develop sufficient consensus for a formal recommendation on all 51 (100%) of these cases. As in prior years, there was a high degree of overall agreement between the ACSRI and the TSSR, and in 2011 the TSSR followed the ACSRI recommendation in 47 of the 51 cases (92%). 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 2011 is attached as Appendix 3.

A. Animal Welfare (4 proposals)

- *Report on laboratory animals (2 proposals: support)*
- *Adopt non-animal methods for training (reject)*
- *Phase in CAK slaughter method (reject)*

Report on laboratory animals

In breaking with precedent, the ACSRI voted to support both proposals requesting that the company issue an annual report to shareholders disclosing the number and species of animals used in testing, the company's plan to reduce and phase out animal testing, and procedures in place to ensure compliance with basic animal welfare. The ACSRI voted to reject similar proposals to both companies in previous years arguing that the companies were inappropriate

¹ In previous years, the ACSRI subscribed to and carefully reviewed the non-recommendation based reports by RiskMetrics Group's Institutional Shareholder Services (ISS). In 2010, RiskMetrics Group / ISS was purchased by MCSI. Due to inadequate service and escalating costs, the ACSRI switched proxy services for the 2011 proxy season. The ACSRI reviewed the non-recommendation based reports by the Sustainable Investments Institute (Si2).

targets of such proposals. This year, the ACSRI based its vote in support of the proposals due to its general shift in belief that action must be taken around the issue of animal testing and welfare. Due to undercover investigations displaying appalling conditions and treatment of animals in third party facilities contracted by one of the companies, the ACSRI felt that disclosure around animal use and testing was a reasonable request.

Adopt non-animal methods for training

In keeping with precedent, the ACSRI voted to reject this proposal requesting that the company adopt available non-animal testing methods whenever possible and incorporate them consistently throughout all of the company's procedures. The ACSRI felt that the company's current policy seemed balanced in regards to the objectives of the proposal. The company appeared to have a record of ethical practices and adherence to animal use when legally required or scientifically necessary. The ACSRI noted that the use of animal replacement methods has not consistently been proven effective in training and testing medical products. The ACSRI would have been more comfortable with a proposal restricting the use of animals to experienced physicians and veterinarians.

Phase in CAK slaughter method

The ACSRI voted to reject this proposal requesting that the company purchase 100% of turkey from suppliers that use controlled-atmosphere killing (CAK), a less cruel method of slaughter, by the end of 2012, and to require the company's chicken suppliers to switch to CAK within four years. The ACSRI had not seen this exact proposal before and was rather evenly split on its vote recommendation. Those members who rejected the proposal argued that there is a new method of slaughter, low-atmosphere stunning, which is even more humane than the CAK method. Those members argued that the CAK method still needs more testing, and since it is expensive to switch technologies, they would rather see the company wait to implement the most humane method of slaughter. Those members who supported the proposal argued that the company's current method of slaughter was not adequate, and they supported the implementation of a better method, even if it wasn't the best method available. Those members noted that the CAK method had been endorsed by the American Humane Society, as well as PETA.

The ACSRI rejected this proposal in a close vote. A few of the members voting to reject the proposal noted that they would have supported the proposal if it was worded to include the possibility of implementing either of the new humane methods of slaughter.

B. Banking (3 proposals)

- *Review home mortgage policies (2 proposals: support)*
- *Develop / report on loan modification policy (support)*

Review home mortgage policies

The ACSRI unanimously supported both proposals requesting that the company conduct an independent review of its internal controls related to loan modifications, foreclosures and securitizations, and report to shareholders, at reasonable cost and omitting proprietary information, its findings and recommendations by September 30, 2011. The ACSRI supported similar proposals to both companies in recent years. The ACSRI has a precedent of supporting transparency around lending policies and mortgage servicing. The ACSRI felt that both companies' mortgage securitization, servicing, and foreclosure practices should be transparent to shareholders, particularly in light of reports of widespread irregularities at a number of large banks, including missing or faulty documentation and possible fraud. 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 its peer institutions are currently facing the same scrutiny by the Federal Reserve.

Develop / report on loan modification policy

The ACSRI supported this proposal requesting that the company oversee development and enforcement of policies to ensure that the same loan modification methods for similar loan types are applied uniformly to both loans owned by the company and those serviced for others, subject to valid constraints of pooling and servicing agreements, and report policies and results to shareholders by October 30, 2011. The ACSRI supported a similar proposal to the company in 2009. The ACSRI has a precedent of supporting transparency around lending policies and mortgage servicing. This particular proposal focused on owning versus servicing a loan, and modifying versus foreclosing on a loan. The ACSRI recognized that the company often prefers

to foreclose on a serviced loan because the company does not own the loan and therefore it is more expensive for them to modify the loan. The ACSRI felt that the company's mortgage securitization, servicing, and foreclosure practices should be fair and transparent to shareholders, particularly in light of reports of widespread irregularities at a number of large banks, including missing or faulty documentation and possible fraud. The ACSRI argued that a policy of this nature would not be a great burden on the company.

C. Charitable and Political Contributions (18 proposals)

- *Report on political spending / contributions (10 proposals: support)*
- *Report on lobbying (3 proposals: support)*
- *Report on public policy advocacy (reject)*
- *Disclose political contributions in newspapers (reject)*
- *Disclose prior government service of officers (2 proposals: reject)*
- *Affirm political non-partisanship (reject)*

Report on political spending / contributions

In keeping with precedent, the ACSRI voted in support of all proposals requesting that the company report on political spending and contributions. The ACSRI maintains a strong precedent of support for transparency and disclosure proposals related to political spending. The Supreme Court's *Citizen United* decision recognized the importance of political spending disclosure for shareholders, and the ACSRI views these proposals as part of a broad-based effort towards transparency.

Report on lobbying

In keeping with precedent, the ACSRI voted in support of all proposals requesting that the company report on lobbying contributions and expenditures. The ACSRI maintains a strong precedent of support for transparency and disclosure proposals related to lobbying expenditures. In one case, the ACSRI noted that a senior executive at the company was on the board of the US Chamber of Commerce. In all three cases, the companies spent millions of dollars on direct federal lobbying activities. The ACSRI views a report on lobbying contributions and

expenditures policies and procedures as the next step towards greater political transparency, and it voted in unanimous support of all three proposals.

Report on public policy advocacy

The ACSRI unanimously voted to reject this proposal requesting that the company report annually on its process for identifying and prioritizing legislative and regulatory public policy advocacy activities. The ACSRI rejected a similar proposal in 2008. In this case, the ACSRI felt that the proponent demonstrated a clear agenda against ObamaCare, and failed to present a proposal of substantive value to company shareholders. The ACSRI felt that the company's current disclosures provide shareholders with comprehensive information on its public policy advocacy and that this request was an undue burden on the company.

Disclose political contributions in newspapers

In keeping with precedent, the ACSRI unanimously voted to reject this proposal requiring the company to disclose detailed political spending in major national newspapers. The ACSRI noted that the proponent is notorious for poorly written and impractical shareholder proposals. In this case, the ACSRI felt that the company's current disclosures provide shareholders with comprehensive information on its political contributions.

Disclose prior government service of officers

In keeping with precedent, the ACSRI voted to reject both proposals requesting that the company provide shareholders with a list of people employed in certain roles at the company or by the company who have served in any governmental capacity in the last five years. The ACSRI noted 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. The ACSRI believes that transparency and disclosure around government service is important, but felt that this particular proposal was poorly organized and did not raise any salient points.

Affirm political non-partisanship

The ACSRI voted to reject this proposal, which requested that the company affirm its political non-partisanship by avoiding five specific practices and reporting on its compliance in each quarterly report. The ACSRI saw this particular proposal for the first time last year and it voted to support the proposal in an effort to maintain its strong precedent of support for transparency around political contributions. However, the proposal this year differs in its request for political non-partisanship from those requesting a report on political contributions. The ACSRI argued that the five practices listed by the proponent were not comprehensive, and wondered why those five were chosen. It was noted that the proponent has been filing this resolution for over 30 years, targeting various companies. Those who supported the proposal did so to uphold the ACSRI's precedent in favor of greater political transparency.

D. Environment and Energy (13 proposals)

- *Publish sustainability report (support)*
- *Report on climate change (2 proposals: 1 reject, 1 support)*
- *Report on BPA (support)*
- *Adopt and report on GHG reduction goals (3 proposals: 2 support, 1 reject)*
- *Report on oil sands risks (2 proposals: support)*
- *Adopt coastal wetlands protection policy (reject)*
- *Report on coal pollution (support)*
- *Report on energy independence (reject)*
- *Report on hydraulic fracturing (support)*

Publish sustainability report

In keeping with precedent, the ACSRI unanimously voted to support this proposal requesting that the company issue a sustainability report describing its ESG performance, including greenhouse gas reduction targets and goals. The ACSRI felt that the company should be held accountable and should be transparent in its sustainability efforts. The ACSRI noted that the company's response to the proposal was similar to its response last year and that the company still does not report in any detail on its sustainability efforts and has declined to

participate in the Carbon Disclosure Project (CDP). The ACSRI noted that the company's industry peers have continued to make strategic efforts towards sustainability reporting. The ACSRI recognized that the company is smaller in revenue than most of its industry peers, but felt that a sustainability report could be prepared at a reasonable cost to the company. The proponents recommend that the company use the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines (G3) to prepare the report. The ACSRI continues to encourage this universal metric for sustainability reporting as it has made it easier for it to support such proposals in recent years.

Report on climate change

In keeping with precedent, the ACSRI voted to reject the proposal requesting that the company prepare a report disclosing the business risk related to developments in the scientific, political, legislative, and regulatory landscape regarding climate change. In this case, the ACSRI noted that the proponent demonstrated a clear agenda against climate change science. The proponents do not believe that climate change is a valid concern and they chose this particular company to advocate against because it makes renewable energy products. The proponents argue that the company's focus on renewable energy products is a material risk and is not serving its shareholders' best interests.

In a close vote, the ACSRI broke with precedent and supported the proposal requesting that the company prepare a report on the financial risks resulting from climate change and its impacts on shareholder value over time, as well as actions the Company deems necessary to provide long-term protection of its business interests and shareholder value. In this case, the ACSRI noted that the proponent put forth a straight-forward proposal and did not seem to have an agenda against climate change science. The ACSRI recognized that the company does disclose to the SEC all material risks and that the company is actively assessing the potential impacts of climate change and government regulations regulating the emissions of greenhouse gases. The company has a Sustainable Development Group that provides regular reports to the Management Committee and the Public Policy Committee of the Board on climate change issues. Those members who voted to reject the proposal argued that the company is already adequately reporting on climate change risks.

Report on BPA

In a close vote, the ACSRI supported this proposal requesting that the company publish a report updating investors on how it is responding to the public policy challenges associated with BPA, including summarizing what it is doing to maintain its position of leadership and public trust on this issue, the company's role in adopting or encouraging development of alternatives to BPA in can linings, and any material risks to the company's market share or reputation in staying the course with continued use of BPA. The ACSRI rejected this same proposal to the same company last year – the first time the ACSRI had seen this particular proposal – on the premise that the company was following the law, the amount of BPA in the can linings was not harmful, and that the FDA should focus its efforts on BPA research rather than the company itself. This year, opponents of the proposal raised similar points. Those in support of the proposal focused on the fact that laws concerning BPA have changed in the past year. In January 2010, the USDA reversed its stance on the safety of BPA, concluding that the agency has “some concern” about the potential effects of BPA on humans, and supports additional research. Most recently, Canada's health and environmental agencies added BPA to its list of toxic chemicals.

Adopt and report on GHG reduction goals

In keeping with precedent, the ACSRI unanimously voted to support two proposals requesting that the company adopt quantitative goals, based on current technologies, for reducing total greenhouse gas emissions from its products and operations, and that the company report to shareholders on its plan to achieve these goals. The ACSRI has supported similar proposals to both companies in previous years. With climate change currently the biggest challenge facing the oil and gas industry, the ACSRI felt that exploring ways to reduce GHG emissions and working towards quantitative goals are worthwhile tasks for the companies to be undertaking. The ACSRI felt that the companies could afford such a costly initiative.

The ACSRI broke with precedent and rejected a similar proposal this year because the company is a diversified holding company and not an appropriate target for a proposal on GHG reduction goals.

Report on oil sands risks

In keeping with precedent, the ACSRI unanimously voted to support two proposals requesting that the company prepare a report discussing possible long term risks to the its finances and operations posed by the environmental, social, and economic challenges associated with the oil sands. The ACSRI noted 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 has become highly profitable in the last few years as the cost of oil has increased. 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 is relevant and does not present an undue burden on either company.

Adopt coastal wetlands protection policy

The ACSRI voted to reject this proposal requesting that the company adopt environmental policies to address the environmental hazards of its oil and gas-related activities in coastal Louisiana by devising and implementing business practices that will prevent future harms to coastal Louisiana and by aiding in the restoration of wetlands lost through past actions of the company. The ACSRI had not seen this exact proposal before. It recognized that the proponent's motivation was good, but felt that the proposal was haphazard and that the company was not the right target. The ACSRI questioned why the proponents were not lobbying the Louisiana legislature on this issue, as the state can put regulations in place to protect the coastal wetlands. The ACSRI noted that the proposal was written generally and would have been substantively enhanced if it related more to the company itself.

Report on coal pollution

The ACSRI supported this proposal requesting that the company produce a report on how it is responding to increasing regulatory, public, and competitive pressure to significantly reduce pollution from its operations and use of its primary products. The ACSRI had not seen this particular proposal before. It noted that the company had received this proposal last year, while it was in the middle of merging with companies that did not have adequate procedures in place to monitor pollution control. This year, the company responded more proactively, stating that it has

mechanisms and procedures in place to keep its operations clean, but that it could not control the use of its product once it was sold. Ultimately, the ACSRI argued that the company's product will cause pollution whether its operations are clean or not. The ACSRI felt that this proposal was a step towards stricter regulations on coal companies. It recognized that coal companies are investing in clean coal technologies, but noted that the company is lagging behind its peers in this capacity.

Report on energy independence

The ACSRI unanimously voted to reject this proposal requesting that the company establish a committee of independent and company experts in climate and technology to make recommendations and report to shareholders with six months of the annual meeting on how it can become the recognized industry leader in developing and making available the necessary technology and products to become an environmentally sustainable energy company at every level of its operation. The ACSRI did not support this proposal requesting that the company become an environmentally sustainable energy company, as it felt that the request was too extreme. It also felt that the proposal was too broad and poorly written. The ACSRI had not seen this exact proposal before.

Report on hydraulic fracturing

The ACSRI unanimously voted to support this proposal requesting that the company prepare a report summarizing known and potential environmental impacts of its fracturing operations, and policy options for it to adopt, above and beyond regulatory requirements and existing efforts, to reduce or eliminate hazards to air, water, and soil quality from fracturing operations. The ACSRI supported this proposal because the company is the largest natural gas company in the country and onshore 'unconventional' natural gas production often requires hydraulic fracturing, an extraction process that can cause high levels of contamination in drinking water. The ACSRI felt that the company's response to the proposal, that it is complying with all regulatory requirements, was not adequate. The proponent is requesting that the company take its existing efforts to reduce environmental hazards from fracturing operations one step further, and the ACSRI believed that this was a valid request. The ACSRI had not seen this particular proposal before.

E. Equal Employment (3 proposals)

- *Add health status to non-discrimination policy (reject)*
- *Add gender identity to non-discrimination policy (support)*
- *Adopt policy on sexual orientation / gender identity (support)*

Add health status to non-discrimination policy

The ACSRI voted to reject this proposal requesting that the company amend its Equal Employment Opportunity Policy to explicitly include the prohibition of discrimination based on the health status of the applicant. The ACSRI had not seen this exact proposal before, although it has a precedent of supporting proposals that uphold equal employment. It felt that the company's current EEO policy adequately covers the term "health status", and that the additional language was not necessary or prudent. The ACSRI believed that the proponent targeted this specific company because the company produces contraceptives. It saw the proposal as a non-productive job at the company. The ACSRI also noted that the additional language opens the company's EEO policy up to interpretation and therefore could expose it to litigation.

Add gender identity to non-discrimination policy

In keeping with precedent, the ACSRI unanimously voted to support this proposal, requesting that the company amend its written equal employment opportunity policy to explicitly prohibit discrimination based on gender identity or expression, and to substantially implement the policy. The ACSRI noted that while the company's written non-discrimination policy explicitly prohibits discrimination based on sexual orientation, it does not explicitly prohibit discrimination based on gender identity or expression. In order to include all employees and potential employees under its non-discrimination policy, the company can not overlook the reality of gender identity and expression, and must recognize that these terms are becoming mainstream.

Adopt policy on sexual orientation / gender identity

In keeping with precedent, the ACSRI unanimously voted to support this proposal, requesting that the 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 the company's written employment policy does not explicitly prohibit discrimination based on sexual orientation and gender identity. It voted to uphold its strong precedent to support greater inclusiveness and anti-discrimination regarding EEO policies.

F. Global Labor Standards and Human Rights (4 proposals)

- *Implement human rights policy in supply chain (support)*
- *Adopt policy on human right to water (2 proposals: 1 reject, 1 support)*
- *End investments in genocide-connected companies (support)*

Implement human rights policy in supply chain

The ACSRI voted to support this proposal requesting that the company implement independent third-party monitoring of its supply chain to verify compliance with its existing “Basic Working Conditions and Human Rights” and to regularly share its findings with shareholders. It had not seen this exact proposal before, although it has a precedent of supporting proposals that uphold human rights. The ACSRI recognized that the company had established a code of conduct, but noted that the company did not have any mechanisms in place to monitor this code in its supply chains around the world. The ACSRI noted that the company had formal channels for whistle-blowing, including an ethics hotline, but argued that those channels were often futile. It understood that the company had been having some problems with delivery of one of its products due to supply chain management, although it felt that the proponent was “picking at an old wound”. Those members who rejected the proposal felt that bolstered internal compliance would be more effective than third-party monitoring.

Adopt policy on human right to water

The ACSRI voted for the first time on two proposals requesting that the company create a comprehensive policy articulating its respect for and commitment to the human right to water. The ACSRI rejected one of the proposals because it recognized that the company had articulated a commitment to the human right to water. The ACSRI supported the other proposal because the company was not only a serious laggard on this issue, but it did not make the link between access

to clean water and human rights. The ACSRI noted that the company reports on the water it extracts, but it does not report on the waste water.

End investments in genocide-connected companies

The ACSRI supported this proposal requesting that the company institute transparent procedures to prevent holding investments in companies that, in management's judgment, substantially contribute to genocide or crimes against humanity, the most egregious violations of human rights. Management should encourage company funds with separate boards to institute similar procedures. The ACSRI had not seen this particular proposal before. Through its 2006 Statement of Position and Recommendation on Divestment from Sudan, the Committee maintains a Sudan Divestment List and Watch List which is approved by the Board of Trustees on an annual basis. The ACSRI recognized that this proposal referred to genocide broadly, and noted that there was no known genocide occurring in Sudan currently. However, it felt strongly about holding companies accountable for contributions, advertent or inadvertent, to genocide or crimes against humanity.

G. Health and Safety (6 proposals)

- *Implement and report on Rx price restraint (3 proposals: reject)*
- *Report on accident prevention efforts (2 proposals: support)*
- *Report on tobacco monitoring and food insecurity (support)*

Implement and report on Rx price restraint

The ACSRI voted to reject all three proposals requesting that the company create and implement a policy of price restraint on branded pharmaceuticals, utilizing a combination of approaches to keep drug prices at reasonable levels, and report to shareholders on changes in policies and pricing procedures for pharmaceutical products. The ACSRI has a precedent of rejecting similar proposals. It agreed that adopting the rate of inflation as the benchmark against which to track price increases was arbitrary and inappropriate and it acknowledged that drug pricing and access is a controversial topic and is a problem for many consumers in this country. High costs of R&D are imposed upon U.S. consumers, as brand name drugs continue to increase

in price. The ACSRI felt that a more appropriate proposal would specifically address access programs offered by each company.

Report on accident prevention efforts

The ACSRI voted for the first time on two proposals requesting that the company prepare a report outlining the steps that it has taken to reduce the risk of accidents. The report should describe the company's oversight of process safety management, staffing levels, inspection and maintenance of refineries and other equipment. The ACSRI supported both proposals. In response to the 2010 BP Deepwater Horizon explosion and oil spill in the Gulf of Mexico, the proponents of this proposal request transparency around safety management and accident prevention efforts. The ACSRI felt that this request was valid, and that the cumulative effect of petroleum industry accidents and safety violation citations was a significant business concern. The ACSRI noted that the proposal pertained to the issue broadly, and did not site specific examples for either company. It recognized that one company provides voluntary safety training at some of its facilities and the other company maintains a Sustainable Development report and website where it provides updates on safety and occupational health. Overall, the ACSRI felt that neither company had adequately responded to the proposal, and it supported increased transparency around the issue.

Report on tobacco monitoring and food insecurity

The ACSRI unanimously voted to support this proposal requesting that the company commission an independent study and issue a resulting report on the affect of its marketing on the purchasing practices of poor people and what might be done to mitigate the harm to innocent children, such as food insecurity, of such poor people who smoke, including reducing the nicotine in cigarettes to non-addictive levels. The ACSRI had not seen this exact proposal before. In light of the University's divestment policy on tobacco, the ACSRI felt that it should support this proposal. It noted that the proposal was simply asking the company to commission a study and issue a report, with a resulting recommendation on whether the company should continue marketing its products in any nation having over 50% of its citizens living in poverty. A few members felt that the proposal was well-intentioned, but did not think constructive engagement with company management would work in this case.

VIII. Looking Ahead

For the upcoming 2010-2011 academic year, the ACSRI plans to set its Annual Agenda and complete its annual Sudan monitoring in the fall, and maintain its scope of proxy review in the spring. The ACSRI will focus on improving communication with and outreach to the Columbia Community, including social media and in-person contact. The ACSRI plans to design a new, more interactive website with a blog. The ACSRI will continue to educate itself on cluster munitions in order to submit a final response to the students regarding the Proposal for Non-Investment in Cluster Munitions. The ACSRI will continue to explore alternatives to its annual Town Hall Meeting, such as opening select Committee meetings and hosting panel discussions for the benefit of the University Community. 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.

Appendix 1

2010-2011 Sudan Divestment List and Watch List

Companies for Divestment:

Air France-KLM
AO Tatneft
Arabian Pipes Co.
AREF Energy Holding Co. (K.S.C.C.)
AREF Investment Group
Areva
Astra Industrial Group Company
AviChina Industry & Technology Co. Ltd.
Bharat Heavy Electricals
Bharat Petroleum Corporation Ltd.
Bolloré
China Petroleum & Chemical Corp.
Citadel Capital Co SAE
Dietswell Engineering
Egypt Kuwait Holding Co.
Hindustan Petroleum Corporation Ltd.
Indian Oil Corporation
JX Holdings Inc.
Kejuruteraan Samudra Timor Berhad
Kencana Petroleum
Kingdram Public Ltd. Co.
Kuwait Finance House
La Mancha Resources Inc.
Managem
Mangalore Refinery & Petrochemicals Ltd.
MISC Bhd
Mitsui Engineering & Shipbuilding Co. Ltd.
MMC Corp Bhd
Muhibbah Engineering (M) Bhd
Nam Fatt
Oil & Natural Gas Corporation Ltd.
Oil India Ltd
ONA
PetroChina
Petrofac
Ranhill Bhd
Reliance Industries
Scomi Group Berhad
Seadrill Ltd
Sulzer AG
Sumatec Resources Berhad
Videocon Industries Ltd.
Wartsila Oyj

Companies for Watch List:

Agriterra Limited

Brinkley Mining

Central African Mining & Exploration Co. Plc.

Egyptians Abroad for Investment & Development

Egyptians Housing Development & Reconstruction

Engineers India Ltd.

Essar Oil Ltd.

Kyushu Electric Power Co. Inc.

Lundin Petroleum International

MAN SE

Medco Energi

Mitsubishi Corp.

Rolls Royce Group

SARAS S.P.A.

Sojitz Corp.

Total S.A.

Weir Group plc

Appendix 2

ADVISORY COMMITTEE ON SOCIALLY RESPONSIBLE INVESTING 2010-2011 AGENDA January 25, 2011

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 2010-2011 academic year, which builds on the Committee’s first ten years of experience generally, and which specifically reflects discussion of shareholder proposals reviewed during the spring semester, review of social issue proposals brought to the Committee throughout the year, ongoing initiatives from last year and new issues that have arisen this year, implementation of formal policies, consideration of external sources and materials, and careful discussion and deliberation.

AGENDA

During the 2010-2011 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 / political contributions; environment and energy; equal employment; executive pay; global labor standards / human rights; health and safety issues; and military and security. In addition, the Committee will act as an interface with the Columbia Community to help direct their interests to appropriate sources. In keeping with its precedent of recent years, the Committee anticipates excluding shareholder proposals relating to the election of Board members, determination of individual management compensation, and the appointment of auditors 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 will apply the ACSRI Proxy Voting Guidelines formalized last year.

In an effort to improve and expand communication channels, the Committee will experiment with alternative vehicles of outreach to the Columbia Community this year. It will also focus on educating the Columbia Community on social issues and engagement methods. On October 12, 2010 the Committee held an “Open Meeting” and invited student leaders from the clubs, committees, and organizations on campus to attend. Guest speakers included the Executive Director of the Responsible Endowments Coalition and the Secretary of Loyola University of Chicago’s Shareholder Advocacy Committee, who spoke on the topic of engagement methods.

The Communications / Outreach Subcommittee delivered its “Plan of Action” to the Committee in January 2011, which included alternative vehicles of outreach to the Columbia Community, and improved social media and website. As stated on the ACSRI website, any member of the Columbia Community is welcome to submit a written proposal on a social issue(s) of concern to the Committee Manager throughout the academic year.

In the spring of 2009, the Committee established an Arms Divestment Subcommittee in response to a student proposal on divestment from arms manufacturers brought forth at the 2007 Town Hall. The subcommittee worked with the students to revise the proposal, and at the 2009 Town Hall the students submitted a proposal on non-investment in cluster munitions. The subcommittee was renamed, the Cluster Munitions Subcommittee, and on November 16, 2010, the Committee heard from a Columbia University faculty expert on cluster munitions from the School of International and Political Affairs. Over the academic year, the Cluster Munitions Subcommittee will advise the Committee on a plan of action for shareholder engagement.

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 formalized its Sudan Divestment Monitoring Process in the fall 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.

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.

PROCESSES

With respect to proxy review for 2010-2011, the Committee will use the Proxy Voting Guidelines formalized last year, however it will continue to address shareholder proposals on a case-by-case basis when necessary. The Proxy Voting Guidelines are based on the Committee's past precedent and voting record on issues that surface each year. Where there is lack of consensus or a new issue to discuss, shareholder proposals will be reviewed in more detail. The Committee will continue to review shareholder proposals and company responses, as well as other supporting and opposing statements and independent reports and opinions for each proposal.

During the fall semester, the Committee invited speakers from the Responsible Endowments Coalition, Loyola University of Chicago's Shareholder Advocacy Committee, and Columbia University's School of International and Political Affairs to speak about their work and related issues covered by this agenda.

The Committee may continue to form 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 a Subcommittee of the Finance Subcommittee of the Board of Trustees to make possible the timely and accurate submission of proxy ballots.

The Committee understands that its efforts may not result in the intended effect, therefore the Committee will continue to re-examine and re-visit its policies and procedures as needed.

An annual report of the activities of the Committee will be released during the fall following the conclusion of the academic year, 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.

Appendix 3

2011 ACSRI PROXY RECOMMENDATIONS, TSSR VOTES, AND OVERALL SHAREHOLDER SUPPORT

| Issue Area | ACSRI | | | ACSRI Vote | | | | TSSR | Shareholder Support % |
|--------------------------------------|-----------|-------------------------|---|------------|--------|---------|---------|---------|-----------------------|
| | Meeting | Company | Resolution | Support | Reject | Abstain | Rec | | |
| Animal Welfare | 12-Apr-11 | General Electric | Report on laboratory animals | 8 | 0 | 3 | Support | Reject | 9.3 |
| Animal Welfare | 12-Apr-11 | Pfizer Inc. | Report on laboratory animals | 11 | 0 | 0 | Support | Reject | 4.4 |
| Animal Welfare | 19-Apr-11 | Johnson & Johnson | Adopt non-animal methods for training | 0 | 10 | 0 | Reject | Reject | 4.7 |
| Animal Welfare | 10-May-11 | BJ's Wholesale Club | Phase in CAK slaughter method | 3 | 4 | 1 | Reject | Abstain | 3.7 |
| Banking | 19-Apr-11 | Wells Fargo & Co. | Review home mortgage policies | 10 | 0 | 0 | Support | Support | 22.7 |
| Banking | 3-May-11 | Bank of America | Review home mortgage policies | 10 | 0 | 0 | Support | Support | 39.5 |
| Banking | 3-May-11 | JPMorgan Chase | Develop / report on loan modification policy | 6 | 2 | 1 | Support | Support | 7.0 |
| Charitable & Political Contributions | 12-Apr-11 | IBM | Report on lobbying | 11 | 0 | 0 | Support | Support | 28.5 |
| Charitable & Political Contributions | 12-Apr-11 | IBM | Report on political spending | 11 | 0 | 0 | Support | Support | 31.3 |
| Charitable & Political Contributions | 12-Apr-11 | Pfizer Inc. | Report on public policy advocacy | 0 | 11 | 0 | Reject | Reject | 3.7 |
| Charitable & Political Contributions | 12-Apr-11 | Pfizer Inc. | Disclose political contributions in newspapers | 0 | 11 | 0 | Reject | Reject | 4.6 |
| Charitable & Political Contributions | 19-Apr-11 | Boeing | Report on political spending | 10 | 0 | 0 | Support | Support | 22.0 |
| Charitable & Political Contributions | 19-Apr-11 | Windstream Corp. | Report on political spending | 10 | 0 | 0 | Support | Support | 41.9 |
| Charitable & Political Contributions | 26-Apr-11 | 3M Co | Report on political spending and potential impact | 8 | 0 | 0 | Support | Support | 35.8 |
| Charitable & Political Contributions | 26-Apr-11 | Conoco Phillips | Report on political spending | 8 | 0 | 0 | Support | Support | 26.9 |
| Charitable & Political Contributions | 26-Apr-11 | Conoco Phillips | Report on lobbying | 8 | 0 | 0 | Support | Support | 26.3 |
| Charitable & Political Contributions | 26-Apr-11 | PepsiCo | Report on political spending and potential impact | 7 | 0 | 0 | Support | Support | 10.9 |
| Charitable & Political Contributions | 26-Apr-11 | Verizon | Disclose prior government service of officers | 0 | 7 | 0 | Reject | Reject | 11.5 |
| Charitable & Political Contributions | 3-May-11 | Bank of America | Disclose prior government service of officers | 1 | 9 | 0 | Reject | Reject | 4.5 |
| Charitable & Political Contributions | 3-May-11 | Bank of America | Report on lobbying | 10 | 0 | 0 | Support | Support | 32.7 |
| Charitable & Political Contributions | 3-May-11 | CenturyLink | Report on political spending | 10 | 0 | 0 | Support | Support | 34.7 |
| Charitable & Political Contributions | 3-May-11 | JPMorgan Chase | Report on political spending | 10 | 0 | 0 | Support | Support | 37.4 |
| Charitable & Political Contributions | 3-May-11 | JPMorgan Chase | Affirm political non-partisanship | 3 | 7 | 0 | Reject | Reject | 6.4 |
| Charitable & Political Contributions | 3-May-11 | Lorillard, Inc. | Report on political spending | 10 | 0 | 0 | Support | Support | 45.8 |
| Charitable & Political Contributions | 10-May-11 | Exxon Mobil Corp. | Report on political spending and lobbying | 8 | 0 | 0 | Support | Support | 23.5 |
| Environment & Energy | 5-Apr-11 | C. R. Bard | Publish sustainability report | 9 | 0 | 0 | Support | Support | 27.5 |
| Environment & Energy | 12-Apr-11 | General Electric | Report on climate change | 0 | 11 | 0 | Reject | Reject | 4.6 |
| Environment & Energy | 12-Apr-11 | Coca-Cola | Report on BPA | 6 | 5 | 0 | Support | Support | 25.0 |
| Environment & Energy | 19-Apr-11 | Berkshire Hathaway | Adopt goals to cut GHG emissions | 2 | 9 | 0 | Reject | Reject | 10.1 |
| Environment & Energy | 26-Apr-11 | Conoco Phillips | Report on oil sands risks | 8 | 0 | 0 | Support | Support | 27.8 |
| Environment & Energy | 26-Apr-11 | Conoco Phillips | Adopt coastal wetlands protection policy | 1 | 6 | 1 | Reject | Reject | 6.0 |
| Environment & Energy | 26-Apr-11 | Conoco Phillips | Report on climate change risks | 5 | 2 | 1 | Support | Support | 7.7 |
| Environment & Energy | 26-Apr-11 | Conoco Phillips | Adopt goals to cut GHG emissions | 8 | 0 | 0 | Support | Support | 26.7 |
| Environment & Energy | 3-May-11 | Alpha Natural Resources | Report on coal pollution | 9 | 1 | 0 | Support | Support | 27.5 |
| Environment & Energy | 10-May-11 | Exxon Mobil Corp. | Report on energy independence | 0 | 7 | 0 | Reject | Reject | 6.1 |
| Environment & Energy | 10-May-11 | Exxon Mobil Corp. | Report on hydraulic fracturing | 8 | 0 | 0 | Support | Support | 28.1 |
| Environment & Energy | 10-May-11 | Exxon Mobil Corp. | Report on oil sands risks | 8 | 0 | 0 | Support | Support | 27.0 |
| Environment & Energy | 10-May-11 | Exxon Mobil Corp. | Adopt goals to cut GHG emissions | 7 | 0 | 0 | Support | Support | 26.5 |

| Issue Area | ACSRI Meeting | Company | Resolution | ACSRI Vote | | | | | TSSR | Shareholder Support % |
|---------------------------------------|---------------|---------------------|--|------------|--------|---------|---------|---------|------|-----------------------|
| | | | | Support | Reject | Abstain | Rec | | | |
| Equal Employment | 19-Apr-11 | Johnson & Johnson | Add health status to non-discrimination policy | 1 | 8 | 1 | Reject | Reject | 4.3 | |
| Equal Employment | 26-Apr-11 | Conoco Phillips | Add gender identity to non-discrimination policy | 8 | 0 | 0 | Support | Support | 30.3 | |
| Equal Employment | 10-May-11 | Exxon Mobil Corp. | Adopt policy on sexual orientation / gender identity | 8 | 0 | 0 | Support | Support | 19.9 | |
| Global Labor Standards & Human Rights | 19-Apr-11 | Boeing | Implement human rights policy in supply chain | 7 | 2 | 1 | Support | Reject | 8.0 | |
| Global Labor Standards & Human Rights | 26-Apr-11 | Ecolab | Adopt policy on human right to water | 0 | 7 | 0 | Reject | Reject | 5.0 | |
| Global Labor Standards & Human Rights | 3-May-11 | JPMorgan Chase | End investments in genocide-connected companies | 8 | 2 | 0 | Support | Support | 9.3 | |
| Global Labor Standards & Human Rights | 10-May-11 | Exxon Mobil Corp. | Adopt policy on human right to water | 6 | 1 | 1 | Support | Support | 6.9 | |
| Health and Safety | 12-Apr-11 | Marathon Oil Corp. | Report on accident prevention efforts | 8 | 2 | 1 | Support | Support | 7.4 | |
| Health and Safety | 12-Apr-11 | Pfizer Inc. | Implement and report on Rx price restraint | 2 | 9 | 0 | Reject | Reject | 2.6 | |
| Health and Safety | 19-Apr-11 | Abbott Laboratories | Implement and report on Rx price restraint | 0 | 10 | 0 | Reject | Reject | 2.9 | |
| Health and Safety | 19-Apr-11 | Johnson & Johnson | Implement and report on Rx price restraint | 0 | 10 | 0 | Reject | Reject | 3.6 | |
| Health and Safety | 26-Apr-11 | Conoco Phillips | Report on accident prevention efforts | 7 | 0 | 1 | Support | Support | 7.7 | |
| Health and Safety | 26-Apr-11 | Philip Morris Int. | Report on tobacco marketing and food insecurity | 7 | 0 | 0 | Support | Support | 3.8 | |