

COLUMBIA UNIVERSITY

**ADVISORY COMMITTEE
ON SOCIALLY RESPONSIBLE INVESTING**

ANNUAL REPORT 2013-2014

Advisory Committee Members:

Jack McGourty, *Chair*
Justin Nathaniel Carter
Matthew Chou
Raquel Finkelstein
Alessandra Giannini
Georgia Levenson Keohane
Eric LeSuer
Shearwood J. McClelland
Sara Minard
Gail O'Neill
Matt Roskot
Benjamin J. Spener

Executive Vice President and CFO:
Anne Sullivan, *ex officio, non-voting*

Associate Director, Socially Responsible Investing:
Ursula Bollini *ex officio, non-voting*

Table of Contents

I.	Introduction and Background	p. 3-4
II.	2013-2014 Committee Membership	p. 4
III.	2013-2014 Annual Agenda	p. 4-5
IV.	Activities of the ACSRI 2013-2014	p. 5-9
	A. Sudan Divestment Monitoring	
	B. Tobacco Divestment Monitoring	
	C. 2013-2014 Proxy Season	
	D. Private Prison Divestment Proposal	
	E. Fossil Fuel Divestment Proposal	
V.	Attachments	
	A. Annual Agenda	p. 10
	B. Sudan Monitoring Process and Criteria	p. 11-13
	C. Sudan Non-Investment and Watch List Recommendations	p. 14-18
	D. Tobacco Report	p. 19
	E. Columbia Prison Divest Proposal	p. 20-21
	F. ACSRI Response to Barnard Columbia Divest Proposal	p. 22-28

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” or the “Committee”) and the Trustees Subcommittee on Shareholder Responsibility (“TSSR”). The ACSRI is a permanent addition to the University, with the mandate to set its own agenda within the broad arena of socially responsible investing (“SRI”). Its 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 established a membership process to 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. The President designates the Committee chair who presides at meetings of the Committee. The Chair certifies the minutes, all other official publications and any recommendations forwarded to the University Trustees or the University on behalf of the Committee. In addition, two administrators (the Executive Vice President for Finance and the Associate Director for SRI) sit as non-voting members.

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 deliberates and takes final action upon the recommendations of the ACSRI. In some circumstances, the TSSR may bring ACSRI recommendations to the full Board of Trustees for action.

The following report provides an overview of the Committee’s activities during the 2013-2014 academic year. It provides information about ACSRI recommendations and votes on shareholder proposals during the 2014 proxy season (the period between March and June when most publicly-traded corporations hold annual meetings). It also summarizes the ACSRI’s

Sudan divestment monitoring process, the Tobacco monitoring process as well as the Committee's private prison divestment and fossil fuel divestment deliberations and recommendations.

II. 2013-2014 Committee Membership

The ACSRI membership at the end of the academic year 2013-2014 is listed below:

Name	Membership Category	School Affiliation
Shearwood J. McClelland	Alumni	College of Physicians & Surgeons '74
Eric LeSueur	Alumni	Columbia College '06
Gail O'Neill	Alumni	Graduate School of Business '76
Matt Roskott	Alumni	Columbia College '04
Justin Nathaniel Carter	Student	School of General Studies
Matthew Chou	Student	Columbia College
Raquel Finkelstein	Student	School of Law
Benjamin Spencer	Student	Columbia College
Alessandra Giannini	Faculty	SIPA/Research Institute for Climate and Society
Georgia Levenson Keohane	Faculty	Graduate School of Business
Jack McGourty (Chair)	Faculty	Graduate School of Business
Sara Minard	Faculty	School of International and Public Affairs

III. 2013-2014 Annual Agenda

The ACSRI's Annual Agenda sets out the major activities the Committee plans to undertake. It is presented to the University Senate and made available on the ACSRI website. This year's Agenda can be found at the end of this report as Attachment A.

One of the core annual activities of the Committee is to make 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 directly held in Columbia's endowment portfolio. 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 primary activities.

Another core activity as described in the Agenda is the Committee's monitoring of companies operating in Sudan. This is done in accordance with the April 2006 Statement of Position and Recommendation on Divestment from Sudan and is described in greater detail later in this report. The Committees' Monitoring Process and Criteria can be found in Attachment B while its Non-Investment and Watch List Recommendations can be found in Attachment C.

In accordance with the Committee's January 2008 Statement of Position and Recommendation on Tobacco Screening, the Committee screens for domestic and foreign companies engaged in the manufacture of tobacco and tobacco projects, and alerts the Investment Management Company, who will refrain from investing in those companies. The Tobacco Report can be found in Attachment D.

Periodically, the ACSRI considers student proposals for divestment and makes recommendations to the TSSR. During 2013-2014, the ACSRI received divestment proposals related to: a) Private Prison Operators; and b) Fossil Fuel Companies.

IV. Activities of the ACSRI 2013-2014

A. Sudan Divestment Monitoring

In April 2006, the Board passed a resolution adopting the recommendation for divestment from Sudan set forth in the Statement of Position and Recommendation on Divestment from Sudan adopted by the ACSRI on April 4, 2006. The ACSRI's statement recommended the University's divestment from and prohibition of future investment in all direct holdings of publicly-traded

non-U.S. companies whose current activities, directly or indirectly, substantially enhance the revenues available to the Khartoum government, including companies involved in the oil and gas industry and providers of infrastructure. In its statement, the ACSRI identified eighteen such companies from which it recommended immediate divestment, and stated that recommendations for removals from and/or additions to the divestment list may be made in the future. The divestment list was revised with Trustee approval in March and June of 2007, and in March of each subsequent year. In addition, in March of 2008 a watch list was created of companies to be carefully reviewed for changes during the monitoring process.

In February 2009, the ACSRI recommended that the language regarding the University's position include specific reference to providers of military and defense services.

The independence of the Republic of South Sudan in 2011 did not substantively affect the University's screening process, which focuses on companies' activities which enhance the revenues of the Khartoum government in northern Sudan.

IW Financial is currently retained to provide research to the Sudan Subcommittee. The Subcommittee does further research and makes recommendations to the ACSRI for their vote. For the academic year 2013-2014, the ACSRI recommended the removal of four companies from the March 2013 divestment/non-investment list and the addition of ten new companies. The Committee also recommended the addition of eleven new companies to the watch list, and the transfer of three companies from the watch list to the divestment list. The TSSR voted and agreed with the ACSRI's recommendations. Based on these revisions, there are seventy companies on the Non-Investment List and thirty-three companies on the Watch List. Both lists were provided to the IMC. The University does not currently hold any of the identified companies in its public equity portfolio. See Attachment C for the Sudan Non-Investment and Watch List.

B. Tobacco Divestment Monitoring

The ACSRI engages IW Financial to create a list of domestic and foreign tobacco companies which directly manufacture tobacco products. The universe of companies and their revenues from specific activities are updated annually.

The list of total identified companies was to eighty-two, eight domestic and seventy-four foreign. The University does not currently hold any of the identified companies in its public equity portfolio. See Attachment D for 2013-2014 List.

C. 2013-2014 Proxy Season

There were twenty three proxies voted in the 2013-2014 season. Fourteen of the twenty three proxies related to initiating or improving disclosure, primarily in the areas of political spending, lobbying and sustainability. The other issue which produced several shareholder proposals was climate change, with the adoption of greenhouse gas targets being the primary goal. Both the ACSRI and the TSSR voted to support twenty (87%) shareholder proposals. The TSSR was in agreement with the ACSRI on all but two proxies.

The ACSRI and TSSR support for shareholder proposals followed consistent precedents and rationale.

<u>Precedent or Rationale</u>	<u>Shareholder Proposal</u>
Increased Disclosure	Report on Lobbying, Report on Political Spending, Report on Climate Change
Reasonably Limit/Reduce Business Impact on Climate Change	Adopt Greenhouse Gas Reduction Targets, Reduce Methane Emissions

The ACSRI and TSSR rejection of shareholder proposals also followed consistent precedents and rationale.

<u>Precedent or Rationale</u>	<u>Shareholder Proposal</u>
Required individual identification of company personnel	Report on Political Spending
Proposal duplicated existing company efforts, imposed significant burdens on company resources without definable gains or appeared unrelated to company's business	Elect Board Committee on Responsibility; Publish Report on Sustainability

Proxy Voting Summary

A summary of the proxies voted by the ACSRI and TSSR in the 2013-2014 season is shown in the table below:

ACSRI 2013-2014 Proxy Season Chart

Number of Proposals	Issue	Companies	ACSRI			TSSR		
			Support	Reject	Abstain	Support	Reject	Abstain
1	Adopt GHG Goals	Exxon	1			1		
1	Adopt Sexual Orientation Anti-Bias Policy	Exxon	1			1		
1	Foreclosure Practices	Wells Fargo	1			1		
7	Lobbying	AT & T, Conoco Phillips, Exxon, J.P. Morgan, International Business Machines Corp., Marathon Petroleum Corporation, Time Warner	7			7		
1	Net Neutrality	Verizon Communications, Inc.	1				1	
6	Political Spending	AT & T, Comcast, Marathon Oil Corporation, PepsiCo, Verizon Communications, Inc., Waste Management Inc.	5	1		4	2	
1	Reduce Methane Emissions	Marathon Oil Corporation	1			1		
4	Reduction in GHG	Berkshire Hathaway Inc., ConocoPhillips, Marathon Petroleum Corporation, Phillips 66	4			4		
1	Sustainability Report	The Chubb Corporation	1			1		
23			22	1	0	20	3	0

D. Private Prison Divestment Proposal

In February 2013, members of Columbia Prison Divest (CPD), a campus student group, requested that the Committee recommend divestment from private prison operators to the TSSR. See Attachment E for the CPD proposal. Members of CPD presented to the Committee in April 2013. The Committee determined that there was insufficient time in the academic year to adequately evaluate the proposal as well as make a recommendation to the Trustees. The Committee committed to CPD that it would continue to work with CPD during the academic year 2014-2015.

E. Fossil Fuel Divestment Proposal

In November 2013, members of Barnard Columbia Divest (BCD), a campus student group, requested that the Committee recommend divestment from fossil fuels to the TSSR; members of the group made a presentation to the Committee. Specifically, BCD requested that the Endowment a) divest from the top 200 publicly traded oil, gas and coal companies as measured by reserves; b) Impose an immediate freeze on new fossil fuel investments; and c) divest from all direct holdings and commingled funds within five years. After careful consideration, the Committee found that the BCD proposal did not meet the criteria for divestment. The ACSRI, therefore, recommended to the TSSR that Columbia not adopt the BCD proposal. It was noted that the Committee's recommendation was specific to the proposal put to the Committee by BCD and was not considered a general recommendation with respect to actions related to fossil fuels. See Attachment F for the ACSRI response to the BCD request.

In accordance with the Committee's May 2014 statement to BCD, in September 2014 the Committee created a new permanent fossil fuel Subcommittee that would continue to study student proposals and which would consider the optimal engagement strategy for the University.

Attachment A – Annual Agenda

ADVISORY COMMITTEE ON SOCIALLY RESPONSIBLE INVESTING

2013-2014 AGENDA

December, 2013

INTRODUCTION

At the recommendation of the President, and with the approval of the University Trustees, the Advisory Committee on Socially Responsible Investing was established in March 2000 to address issues of corporate social responsibility confronting the University as an investor. The Committee was asked to "set out a specific agenda" for each academic year, and to provide it to the Columbia community during the fall semester. The Committee has developed the following agenda for the 2013-2014 academic year, which reflects ongoing initiatives, including Sudan divestment monitoring. It also embraces new issues that have arisen this year, including the debate surrounding possible divestment from fossil fuel.

AGENDA

During the 2013-2014 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; health and safety issues; human rights; military and security and political contributions. In keeping with its precedent, the Committee anticipates excluding most shareholder proposals on corporate governance from its review. The Committee may further refine its activities as the nature of the proxies to be voted in the spring of 2014 becomes clearer.

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/non investment 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 winter of 2014.

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.

The Committee has also been approached by the student group Barnard Columbia Divest (BCD). BCD is requesting that the ACSRI recommend to the University Trustees that Columbia "divest from the top 200 publically-traded fossil fuel companies." The ACSRI has formed a subcommittee that will present its findings to the general Committee this academic year.

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 proxy statements and company responses, as well as other supporting and opposing statements and independent reports and opinions. The Committee intends to invite outside experts and members of the University community with expertise in selected areas covered by this agenda to address the Committee and further educate members on these issues.

Attachment B - Sudan Monitoring Process and Criteria

BACKGROUND FOR RESOLUTIONS

March 5, 2014

I. Modification of List of Companies Identified for Sudan Divestment. The Columbia University Advisory Committee on Socially Responsible Investing (ACSRI) was formed by the University in March 2000 to advise the Trustees on ethical and social issues confronting the University as an investor, and includes students, faculty, alumni and non-voting University administrators as members. The ACSRI makes its own agenda, and may make recommendations to the Trustees. The Subcommittee on Shareholder Responsibility of the Committee on Finance has the role of receiving recommendations from the ACSRI. The current members of the Subcommittee are Ann Kaplan, Paul Maddon and Jonathan Lavine.

In April 2006, the Board passed a resolution adopting the recommendation for divestment from Sudan set forth in the Statement of Position and Recommendation on Divestment from Sudan adopted by the ACSRI on April 4, 2006. The ACSRI's statement recommended the University's divestment from and prohibition of future investment in all direct holdings of publicly-traded non-U.S. companies whose current activities, directly or indirectly, substantially enhance the revenues available to the Khartoum government, including companies involved in the oil and gas industry and providers of infrastructure. In its statement, the ACSRI identified eighteen such companies from which it recommended immediate divestment, and stated that recommendations for removals from and/or additions to the divestment list may be made in the future. The divestment list was revised with Trustee approval in March and June of 2007, and in March of each subsequent year. In addition, in March of 2008 a watch list was created of companies to be carefully reviewed for changes during the monitoring process.

In February 2009, the ACSRI recommended that the language regarding the University's position include specific reference to providers of military and defense services.

The independence of the Republic of South Sudan in 2011 did not substantively affect the University's screening process, which focuses on companies the activities of which enhance the revenues of the Khartoum government in northern Sudan.

The ACSRI has now recommended the removal of 4 companies from the March 2013 divestment list and the addition of 10 new companies. The ACSRI has also recommended the addition of 11 new companies to the watch list, and the movement of 3 companies from the watch list to the divestment list. The modified divestment list (with additions underlined and deletions struck through) is attached as Exhibit A hereto. The process followed and criteria adhered to by the ACSRI in reaching its recommendation is explained in attached as Exhibit B hereto.

The University does not currently hold any of the identified companies in its public equity portfolio. The Subcommittee on Shareholder Responsibility is recommending that the Committee on Finance adopt the modifications to the divestment list proposed by the ACSRI.

COLUMBIA UNIVERSITY
ADVISORY COMMITTEE ON SOCIALLY RESPONSIBLE INVESTING

Monitoring Process and Criteria

In developing its recommendations, the Sudan Divestment Subcommittee reviewed the activity of all companies already on the Columbia divestment list and watch list, as well as companies warranting scrutiny as determined by IW Financial.¹ For Companies included on the current divestment list and watch list, the Subcommittee developed a recommendation to retain a company on the list, remove it, or shift a company between the lists. For newly reviewed companies, the Subcommittee developed a recommendation to add a company onto the divestment or watch list, or to perform no action.

Companies that fit Columbia's divestment criteria include non-U.S. companies with publicly-traded equity whose current activities, directly or indirectly, substantially enhance the revenues available to the Khartoum government (1) through their involvement in the oil and gas industry – including goods and services providers, as well as explorers and extractors, (2) as providers of infrastructure – specifically those companies in the energy/utilities and telecommunications sectors or (3) as providers of military and defense products and services. The ASCRI does NOT recommend divestment from the following classifications of companies:

- 1) Companies active in Sudan in the past and/or companies having expressed intent to operate in Sudan in the future, but for which there is no (conclusive) evidence of current activity in Sudan.
- 2) Companies which may currently be active in Sudan, but have demonstrated a willingness (or even undertaken some action) to change their corporate behavior in Sudan. The Committee may judge that these companies are strong candidates for continued shareholder engagement and ongoing communication.
- 3) “Second order” and logistical support/service providers: companies which provide services to other suppliers/service providers in the industries matching the divestment criteria. The Committee did not recommend divestment of these companies for the following reasons:
 - a) The Committee wished to establish a precedent of not targeting companies on the supply chain beyond the first order;
 - b) The Committee believed that these companies do not directly/substantially contribute revenue to the Khartoum government.
- 4) Subsidiaries of parent companies with known involvement in Sudan, unless the subsidiary itself fits the criteria and is actively involved in Sudan.
- 5) Companies providing goods or services that sustain life, including, without exception, pharmaceutical companies, medical service providers and agricultural fertilizer producers.

The Committee may recommend placement of companies meeting this exception criteria on the watch list in order to highlight them for careful monitoring during the ensuing monitoring process.

¹ As it did last year, the Subcommittee – and hence the Advisory Committee – relied upon data from IW Financial (IWF). IWF provided the Committee with a list of all non-U.S. companies with publicly-traded equity currently operating in Sudan. The list included information on the companies such as, level of involvement (active or plan to cease) and industry (government, power, energy, telecom, defense, and financial). Each company on the list was accompanied by a page of research outlining the company's involvement in Sudan. IW Financial is a leading provider of objective research and technology solutions that help financial professionals evaluate the environmental, social, and governance performance of companies.

RESOLUTIONS OF THE COMMITTEE ON FINANCE

March 5th, 2014

Modification of List of Companies Identified for Sudan Divestment

RESOLVED, that the modified list of publicly-traded non-U.S. companies identified for Sudan divestment and to watch attached as Exhibit A be, and it hereby is, approved; and be it further

RESOLVED, that the University's Executive Vice President for Finance and Vice President for Investments and such other University officers as either of them may designate be, and each of them hereby is, authorized to take all such actions in the name of and on behalf of the University as either of them may deem necessary or desirable to implement the purposes and intent of the foregoing resolution.

Attachment C - Sudan Non-Investment and Watch List Recommendations

Divestment/Non-Investment List

Abu Dhabi Islamic Bank
~~Acotel Group Spa~~
Air France-KLM
Almarai Co., Ltd.
Amlak Finance
Andritz AG
~~AO Tatneft~~
Arabia Pipes Co.
AREF Energy Holdings Co. (K.S.C.C.)
AREF Investment Group
Areva
Asec Company for Mining
Astra Industrial Group Company
Audi Saradar Group
AviChina Industry & Technology Co. Ltd
Bank Audi
Bharat Heavy Electricals
Bharat Petroleum Corporation Ltd.
Boustead Singapore Ltd.
China CAMC Engineering Co. Ltd.
China Petroleum & Chemical Corp
Citadel Capital Co. SAE
Clariant AG
Dietswell Engineering
Dubai Investments*
Egypt Kuwait Holding Co.
El Sewedy Electric Company*
Emirates Telecommunications Co.
Faisal Islamic Bank
~~Hail Agricultural Development Co.~~
Harbin Electric Corporation
Hindustan Petroleum Corporation Ltd.

Independent Petroleum Group Co.
Indian Oil Corporation Ltd.
International Consolidated Airlines Group
JX Holdings Inc.
Kejuruteraan Samudra Timor Berhad
Kencana Petroleum
Kingdream Public Ltd. Co.
Kuwait Finance House
La Mancha Resources Inc.
Larsen & Toubro Ltd.
Managem
Mangalore Refinery & Petrochemicals Ltd.
Mena Touristic & Real Estate Investment
MISC Bhd
Mitsui Engineering & Shipbuilding Co. Ltd.
MMC Corp Bhd
Mobile Telecommunications Company K.S.C. (Zain)
Mobile Telesystems
MTN Group Ltd.
Muhibbah Engineering Berhad
OFFTEC Holding
Oil & Natural Gas Corporation Ltd.
Oil India Ltd.
Omdurman National Bank
ONA
Orascom Telecom Holdings S.A.E. (OT)
PetroChina
Petrofac
Pjbumi Bhd
Qatar Islamic Bank--Sudan
Ranhill Berhad
Reliance Industries
Schneider Electric
Scomi Group Berhad
Seadrill Ltd.
Shanghai Electric Group Co

Sinohydro Group, Ltd.
Sudan Telecom Co. (Sudatel)
Sulzer AG
Sumatec Resources Berhad
Trevi - Finanziaria Industriale Spa
Videocon Industries Ltd.

*Moved from watch to non-investment list.

Watch List

Africa Cellular Towers Ltd.
Agriterra Limited
Alstom
Barwa Real Estate
Bauer AG.
China Gezhouba Group Company Limited
China Railway Erju Co. Ltd.
China Railway Group Ltd
Drake & Scull International Pjsc
~~Dubai Investments*~~
Egyptians Abroad for Investment
Egyptians Housing Development
~~El Sewedy Electric Company*~~
Engineers India
Engineers India Ltd.
Essar Oil
Hyundai Motor
Kyushu Electric Power
LG Electronics Inc.
LS Industrial Systems
Lundin Petroleum
MAN SE
Medco Energi
Mercator Limited
Mitsubishi Corp.
~~Nam Fatt Corp.~~
NEC Corporation
Nirou Trans Co.
Qatar National Bank
Rolls Royce Group
Royal Bank of Scotland Group plc
Saras Raffinerie Sarde SPA
~~Shanghai Electric Group Co.*~~
Sojitz Corp.

Taageer Finance

Total S.A.

Weir Group

*Moved from watch to non-investment list.

Attachment D – Tobacco Report

Tobacco - Domestic Companies Company Name	Tobacco Foreign Companies Company
<p> Alliance One International Inc. Altria Group Inc. Lorillard Inc. Philip Morris International Inc. Reynolds American Inc. Star Scientific, Inc. Universal Corp. Vector Group Ltd. </p>	<p> Adris Grupa D.D. Al-Eqbal Investment Company Ltd. Alpha Tobacco Manufacturing Company Ltd. Asenovgrad - Tabac AD Benteol Intemasional Inv. Blagoevgrad-BT AD-Blagoevgrad Bosanac d.d. Orasje British American Tobacco British American Tobacco (Kenya) Ltd. British American Tobacco (Malaysia) Bhd British American Tobacco (Zambia) British American Tobacco Bangladesh Company Ltd. British American Tobacco Del Peru Holdings S.A.A. British American Tobacco Uganda British American Tobacco Zimbabwe Holdings Bulgartabac Holding AD Ceylon Tobacco Company plc Cia. Colombiana de Tabaco S.A. Coka Duvanska Industrija ad Coka Compania Chilena de Tabacos S.A. DIN Fabrika duvana ad Nis Dunavska Industrija ad Bujanovac Dupnitsa - Tabac AD Duvanski Kombinat ad Podgorica Eastern Company S.A.E. Empresa Agroindustrial Cayalti S.A.A. Fabrika Duhana Sarajevo dd Sarajevo Godfrey Phillips India Ltd. Golden Tobacco Ltd. Gotse Delchev Tabac AD Grupo Carso S.A. Gudang Garam Tbk H M Sampoerna Tbk Haci Omer Sabanci Holding A.S. Hoang Long Group Hrvatski Duhani D.D. Imperial Tobacco Group plc Isperih-BT AD ITC Ltd. Japan Tobacco Inc. Jerusalem Cigarette Company Ltd. JT International Bhd Karelia Tobacco Company Inc. S.A. Khyber Tobbacco Kothari Products Ltd. KT&G Corp. Mitsubishi Corp. National Cigarettes Ngan Son Jsc Nikotiana - BT Holding AD NTC Industries Ltd. Pakistan Tobacco Company Ltd. Pazardzhik-BT AD Philip Morris (Pakistan) Limited Philip Morris Cr A.S. Pleven-Bulgartabak AD R T C L Ltd. Shanghai Industrial Holdings Ltd. Shumen-Tabac AD Sila Holding, Pazardjik Sinar Bidi Udyog Ltd. Slantse Stara Zagora - Tabac AD Societe Ivoirienne des Tabacs Sofia-BT AD Souza Cruz S.A. Swedish Match Tanzania Cigarette Co. Tutunski kombinat Prilep Tvornica Duhana Zagreb d.d. Union Tobacco & Cigarette Industries Virat Crane Industries Ltd. VST Industries Ltd. West Indian Tobacco Co. Ltd. Woori Tobacco Sales Co. </p>

Attachment E – Columbia Prison Divest Proposal

Student Prison Divestment Petition

Dear President Bollinger and Mr. Holland,

We are students representing various organizations on Columbia's campus. We are writing to you, knowing of and trusting in your commitment to the "fundamental dignity and worth of all [Columbia's] members" as mentioned in our Equal Opportunity Affirmative Action statement.

However, we are aware that as of June 30, 2013, Columbia owned 230,432 shares, worth a market value of roughly \$8 million, in Corrections Corporation of America (CCA), the largest private prison company in the United States. For the past thirty years, CCA has been profiting from the increased incarceration of peoples within the United States. Through its membership in, heavy funding of, and collaboration with the American Legislative Exchange Council, CCA has had extensive involvement in the push for harsh sentencing policies such as mandatory minimums and "three-strikes" laws which have contributed to the 500% increase in the prison population over the course of CCA's lifetime. Continually profiting from the exponential increase of immigrants in detention, CCA also remains one of the largest contractors of ICE detention beds and directly benefits from the recent wave of harsh immigration policies. CCA is reaping incredible profit from the continued incarceration and detention of people in this country, and Columbia's investment demonstrates its complicity and interest in a future with more and more people behind bars.

Furthermore, it is communities of color, international communities (proven not only by Columbia's investment in CCA, but also in G4S, a British multinational security services company that works with Homeland Security in the U.S. and provides security systems for detention and interrogation facilities, checkpoints and high-security prisons globally), LGBTQ communities and working class communities who are disproportionately targeted by all levels of the United States penal system, from police profiling to biased conviction patterns. Many of us personally identify with these communities, and Columbia's investment with the CCA has effectively communicated to us that the fundamental dignity and worth of those communities—our communities—is not a priority for Columbia. As quoted before, we know the tenets of "fundamental dignity" and "worth" should be afforded to us as members of Columbia University's community. This is why we come to you disappointed with the inconsistencies we see between Columbia's rhetoric and its practice. This is a call for action:

1. We want Columbia to immediately divest all shares from CCA and G4S, and provide a public statement confirming its divestment from these corporations. We want Columbia to adopt a permanent negative screen for CCA, G4S, and the GEO Group (the second largest private prison company in the U.S.) to confirm that Columbia will not invest in these companies in the future.

2. We want Columbia's fund managers to reach out to each of the following companies in which the university is invested insisting that they divest from CCA and the GEO Group. We want proof of this being completed. These 36 companies each own over one million shares of and collectively over two thirds of CCA and the GEO Group:

American Century Companies Inc., Ameriprise Financial Inc., Balestra Capital LTD., Bank of America Corp., Bank Of New York Mellon Corp., Barclays Global Investors, Blackrock Fund Advisors, Carlson Capital LP, Cramer Rosenthal McGlynn LLC, Dimensional Fund Advisors LP, Eagle Asset Management Inc., Epoch Investment Partners Inc., FMR LLC, Goldman Sachs Group Inc., Hamlin Capital Management, LLC, ING Investment Management LLC & Co., Invesco LTD., Jennison Associates LLC, JPMorgan Chase & Co., Keeley Asset Management Corp., Lazard Management LLC, London Co. Of Virginia, Makaira Partners LLC, Managed Account Advisors LLC, Morgan Stanley, Neuberger Berman Group LLC, New South Capital Management INC, Northern Trust Corp, Principal Financial Group Inc, Renaissance Technologies LLC, River Road Asset Management LLC, Scopia Capital Management LLC, State Street Corp, Suntrust Banks INC, Vanguard Group INC, Wells Fargo & Company

3. We want more transparency regarding Columbia's investments. We are now only able to access information on 10% of Columbia's investments, but we believe that as members of the Columbia community we should be made aware of the remaining 90%.

We are disturbed by investment practices that we see as destructive to the communities we represent and which blatantly contradict Columbia's commitment to the wellbeing of its underrepresented and marginalized students. We are hoping to work together to realize a future in which the university is invested in support for, rather than the destruction of, the diverse communities we come from.

We would like a response to this letter by the morning of Friday, February 7th including a time for us to meet with you before Friday, February 14th. We look forward to hearing back from you. Please reply to columbiaprisondivest@gmail.com.

Sincerely,

Students Invested in Our Community

Attachment F – ACSRI Response to Barnard Columbia Divest Proposal

Response to Request from Barnard Columbia Divest

Barnard Columbia Divest’s Proposal for Divestment from Fossil Fuels

In November of 2013, members of Barnard Columbia Divest (BCD), a campus student group, requested that the Advisory Committee on Socially Responsible Investing (ACSRI) recommend divestment from fossil fuels to the University Trustees. A copy of their presentation is included as Attachment A.

Specifically, BCD requested that Columbia:

- Divest from the top 200 publically traded coal, oil, and gas companies, measured by estimated carbon reserves as defined by the Carbon Tracker Initiative, by Investor Watch and the Grantham Research Institute at the London School of Economics (<http://gofossilfree.org/companies/>).
- Impose an immediate freeze on new fossil fuel investments.
- Divest from all direct holdings and commingled funds within 5 years.

Acknowledging that:

- All people have the right to healthy lives on a safe and livable planet;
- Climate change affects all of us, but in uneven ways;
- People who contribute to climate change the least are most affected – even on a local scale.

In short, BCD sees divestment as the primary instrument to accomplish climate justice, by “revoking the social license of fossil fuel companies, [while] not impacting the financial bottom-line.”

Summary of the ACSRI Response

As will be described in the following, the ACSRI found that the BCD proposal did not meet the criteria for divestment. Therefore the committee recommends to the trustees that we not adopt the BCD proposal. It should be noted that our recommendation is specific to the proposal put to us by Barnard Columbia Divest and should not be considered a general recommendation with respect to actions related to fossil fuels.

The ACSRI and Divestment

The Advisory Committee on Socially Responsible Investing was chartered by the University Trustees in March 2000 to advise the Trustees on ethical and social issues arising from the management of the endowment. The ACSRI’s role is purely advisory; all final decisions rest with the University Trustees.

In December 2002, the Committee considered its first request for divestment, a proposal to divest from corporations selling arms to Israel. When the ACSRI released a formal statement regarding this proposal divestment was determined to be the strongest action an institution could take as a socially responsible investor (see Attachment B). Divestment ends communication between shareholder and corporation, thereby attempting to affect corporate behavior through the symbolic act of ceasing all connection with the company in question.

Because of this, the committee sets a very high bar for this response. The 2002 statement delineates three basic tests or criteria that must be met before divestment can be recommended.

- 1) There must be broad consensus within the University community regarding the issue at hand;
- 2) The merits of the dispute must lie clearly on one side;
- 3) Divestment must be more viable and appropriate than ongoing communication and engagement with company management.

An outline of previous divestment actions taken by the University is included as Attachment C.

Our Assumptions and Understandings

The fact that climate change is real, and that the causal relationship between consumption of fossil fuels and the increase in global mean temperature is based on sound physical principles² dating back to the work of Arrhenius and Fourier in the 19th century, were largely agreed upon by the subcommittee. Therefore, it was not necessary for the purposes of this recommendation to research the role that fossil fuels play in climate change beyond the summaries of the work of the Intergovernmental Panel on Climate Change provided herein as Attachment D. It is our understanding that left unchecked climate change will continue to have a significant effect on the global economy and the health and well-being of the world's population. For this reason we took BCD's proposal as an opportunity to engage with the university community on this important topic.

We also understand that the role of the ACSRI is to advise on social and ethical issues, not to provide financial advice or analysis on the BCD contentions that divestment from fossil fuels would protect us as investors from a "carbon bubble," or their contention that divestment would have no consequences on the income provided by the University's portfolio.

Finally, we understand that when donors make gifts to the University, they do so first and foremost with the intent to further the mission of Columbia, which is "to attract a diverse and international faculty and student body, to support research and teaching on global issues, and to create academic relationships with many countries and regions. [Columbia] expects all areas of the university to advance knowledge and learning at the highest level and to convey the products of its efforts to the world." The proper management of our endowment funds helps maintain and enhance the confidence of Columbia's constituents, especially its donors. The ACSRI believes that while Columbia has taken divestment actions

² http://glossary.ametsoc.org/wiki/Greenhouse_effect

under extreme circumstances to further social and ethical causes, the role of political actor, however important, is secondary to the primary mission of the University. The endowment is a resource meant to further the primary mission of the University and divestment should be used only under exceptional circumstances.

Columbia's Investment in Fossil Fuels

Global equities make up one portion of Columbia's endowment that also comprises hedge funds, fixed income, private equity, and real assets. In the process of our research we evaluated the list of equities that appear on the Carbon Tracker 200 list and compared it to the equities that are held within Columbia's directly managed portfolio. The one relevant fossil fuel company that we owned as of June 30, 2014 was SOCO International. Independent of this request for divestiture, this stock was sold during the year and there are currently no stocks in the directly managed portfolio that appear on the Top 200 list. That having been said, there are a few securities that we hold in Columbia's name that include oil and gas stocks that were given to us by a donor, or selected by a donor, but that are not managed by Columbia's Investment Management Company (IMC). These "separately managed endowments" are from gifts that are restricted by the terms the donor placed on them. As a result, the IMC does not actively manage them, and does not have discretion to make investment decisions regarding them although, as they are registered in Columbia's name, we do vote whatever socially responsible proxies that arise from them. They are less than 1% of the total endowment.

Criteria 1: Institutional Consensus

In the fall of 2013, for the first time in Columbia College history, students were asked to vote on a ballot initiative emanating from a student group, Barnard Columbia Divest. The subject of the referendum was whether or not the University should divest from fossil fuel. The majority, 73.7%, of the 36% of Columbia College students who voted, supported the motion to divest. Voting was limited to only Columbia College students.

Following BCD's presentation to the ACSRI in fall 2013, the two groups agreed that this petition, and the growing nation-wide student movement behind it, provided an opportunity to educate the broader Columbia community on this complex subject. With this intent, BCD and ACSRI co-organized a panel of experts open to the Columbia community, which was convened the evening of April 7 in Earl Hall. Adela Gondek, professor of environmental ethics in the School of International and Public Affairs, and Klaus Lackner, director of the Lenfest Center for Sustainable Energy at the Earth Institute, were joined by Ken Lassner of Aperio Group, an investment management firm, and by Ian Trupin, of Responsible Endowments Coalition. The Reverend David Schilling, Senior Program Director of the Interfaith Center on Corporate Responsibility, served as moderator. Approximately 35 students attended. The panel discussion highlighted the complexity of the divestment issue, regardless of the perspective from which the issue is viewed. It was telling that some panelists were themselves ambivalent about divestment.

A detailed summary of the panel discussion is included as Attachment E.

1.a. Columbia's Current Sustainability Activities

Apart from considering BCD's motion for divestment from fossil fuels, the University is actively engaged in addressing the issue of climate change both through world-class research and education on environmental issues primarily at the Earth Institute³, and also by making more efficient use of energy in campus operations. Specifically, Columbia University remains wholly committed to sustainability in a holistic sense, as evidenced by the creation of the Office of Environmental Stewardship in 2007. This office initiates, coordinates and implements practical programs to reduce the University's environmental footprint and promotes a culture that values the environment and acts to protect it. Environmental Stewardship collaborates with students, staff and neighbors to achieve the University's sustainability goals. Columbia's sustainability programs are extremely comprehensive, investing heavily in the conservation of fossil fuels and organizing extensive educational programs related to sustainability.

The University has reduced its carbon emissions intensity per square foot by 16.8% between 2006 and 2012, when it joined the PlaNYC Carbon Challenge for universities, and has pledged to reduce carbon emissions 30% from 2005 levels by 2017. Columbia executes extensive recycling initiatives, which include annual "reuse events," and solvent recycling. Columbia plans to create composting plots and work toward 100% usage of recycled graduation gowns. Residential heating, air conditioning, lights, and the University fleet have all been upgraded to be more carbon efficient, and new and innovative energy-saving methodologies are implemented regularly. Columbia works with partner programs, like Labs21, to ensure efficiency wherever possible. Additionally, ten Columbia buildings have earned LEED certifications in just the last few years, and Columbia's 17-acre Manhattanville campus plan has earned LEED Platinum - the highest designation possible. Columbia Dining, the University's primary food service program, purchases approximately 52% of all food served from vendors within 250 miles of the Morningside campus and donates about 100 pounds of food each week to surrounding churches.

Training the next generation of sustainability leaders, Columbia is a world leader in environmental studies and research, offering 24 environmental degrees at multiple schools. In addition, Columbia offers a sustainable development major through The Earth Institute and a sustainability master's program through its School of Continuing Education. The range of undergraduate and graduate degrees offered is quite extensive; the plethora of related course offerings serve to reinforce the importance of sustainability to the University and its faculty. A more complete report on Columbia's activities may be found at <https://stars.aashe.org/institutions/columbia-university-ny/report/2012-11-30/>.

1.b. Actions Taken by Other Schools and Universities

As part of our due diligence, we reviewed the positions taken by other educational institutions across the country. The results can be found as Attachment F.

As this research indicates, only one peer university, Stanford, has taken divestment action; however their divestment decision was limited to companies whose primary business was coal, and as such differs significantly from the proposal from BCD. A number of them have rejected proposals for divestment. (Letters from the Presidents of both Harvard and Brown explaining their decision not to divest are included as Attachment G and H.) We reviewed the status of the fossil fuel divestment on other campuses because we felt that the action of a coalition of universities would be more powerful

³ The mission of The Earth Institute is "Solutions for sustainable development."

than the action of one; if the goal is to send a signal and “revoke the social license” of fossil fuel companies, we were interested to see what positions other institutions were taking as a barometer of how successful this signaling might be.

For obvious reasons our research focused on colleges and universities. However, religious institutions and foundations have also considered the issue of fossil fuel divestment. As identified on the Carbon Tracker’s site, one of the most significant of these is the United Church of Christ, which voted to divest in June 2013. However, UCC’s divestment plans are somewhat more complex than would first appear. While UCC’s resolution does indeed call for divestment from fossil fuels, it goes on to state that they may continue to hold “best in class” fossil fuel companies:

Be it resolved that by Synod 2015, [the church should] complete whatever research is necessary to identify “best in class” fossil fuel companies (if any); to report these findings to Synod in 2015, along with a plan whereby, by June 2018, none of either the Pension Boards nor [the Church’s investment office] directly held assets will include holdings of either public equities or corporate bonds in fossil fuel companies except those either the Pension Boards or UCF identifies as “best in class.”

The United Church’s position highlights an issue we found troubling with 350.org’s list of the top 200 fossil fuel companies from which we were being asked to divest. Specifically, all of these companies are treated as equal offenders, and no distinction is made between the dirtiest coal company and the most innovative natural gas enterprise. While we are aware that both of these examples present a threat because of their GHG emissions, we are also mindful of the fact that the solutions to the climate crisis may well be the result of the work of some of today’s energy companies.

Criteria 2: The Merits of the Dispute Must Lie Clearly on One Side

Unlike other divestment actions taken by the University, such as Sudan or South Africa, the merits of this divestment argument do not lie clearly on one side. Perhaps this is fitting for a transformational issue such as climate change -- transformational in the sense that its solution is energy production that does not rely on burning fossil fuels-- will radically transform the economy and society. Once the balance tilts in favor of a low- or no-carbon economy, there will be no turning back. In addition to mitigating climate change, a low- or no-carbon economy would accrue benefits to human and environmental health. However, because our economy and society are so dependent on energy production that is currently predominantly fossil-fuel based, the issue cannot be easily circumscribed, and dealt with as, for example, the ozone hole was dealt with, by banning the use of chloro-fluoro-carbons. We cannot ban the burning of fossil fuels overnight. Triggering the change will likely take changes in government policy, in private investment priorities, and the civic engagement of a globalized society.

Divestment can send a powerful signal in favor of change; it is a moral imperative for those who, by benefiting most from the burning of fossil fuels since the Industrial Revolution caused the climate to change in a way that will disproportionately affect those who benefited the least, to take action and lead the change. While it may appear to be hypocritical to call for divestment when we would not be able to maintain our standard of living without consuming fossil fuels daily, we acknowledge that individual gestures, while constrained by the political and economic system that they are embedded in,

can send a powerful message and one that may ultimately help tip the balance, in favor of government policy or private investment that mitigates climate change.

Criteria 3: Divestment vs. Engagement

Other than proxy voting, the ACSRI has not engaged with fossil fuel companies, and some members wondered if a vote for divestment might seem premature given this fact. Members of the subcommittee and of the ACSRI at large have suggested several ways in which the committee might engage:

- i. Co-sponsoring proxies (in addition to voting proxies)
- ii. Leveraging efforts with national organizations where appropriate (Carbon Disclosure Project, Ceres, Principles for Responsible Investment)
- iii. Working with Columbia's Investment Management Company, research and create a suggested list of environmental, social and governmental (ESG) factors to be considered by outside fund managers. The subcommittee felt it might be helpful in the future to have a mechanism to screen the directly managed portfolio on a regular basis for stocks that are identified by students and others as having ESG issues. Ongoing analysis of a corporation's response and progress on specified ESG issues would provide a rational basis for future discussion, proxy votes and divestiture recommendations.
- iv. Creating our own index measurement to evaluate fossil fuel companies in the portfolio
- v. Creating a coalition with other Universities to vote proxies, so that the power we bring to the vote isn't necessarily in the amount of stock we own but in the names of the institutions that belong to the coalition. This takes its cue from BCD's original suggestion that Columbia's divestment would be a powerful signal because of who we are.
- vi. Creating a more cohesive "energy policy" for Columbia in conjunction with the Office of the Environmental Stewardship.

The ACSRI welcomes discussion with the Trustees on activities it feels would be appropriate for the committee to undertake.

Recommendation

It is the conclusion of this subcommittee that the *specific request from Barnard Columbia Divest* does not meet the necessary tests for divestment. While there is some student consensus, the merits of the case are not clearly on one side, nor are we sure that Columbia's divestment would send a signal more powerful than engagement. It seems unlikely to us that divestment from fossil fuel would "revoke a social license" when we continue to use fossil fuels day after day in every aspect of our lives. This was not an easy conclusion to for us to reach; there would be a certain satisfaction in the sweeping act of divestment that we can appreciate. It is extremely difficult to look at the problem of climate change and

not feel compelled to act, but ultimately we did not feel that we could support Barnard Columbia Divest's proposal. However, as Columbia has significant in-house expertise in climate change science and policy, and in socially responsible investing, the ACSRI has committed to chartering a standing subcommittee on fossil fuel which will continue to study student proposals for action and to pursue the optimal engagement model for the university.