

COLUMBIA UNIVERSITY

**ADVISORY COMMITTEE
ON SOCIALLY RESPONSIBLE INVESTING**

ANNUAL REPORT 2017-2018

Advisory Committee Members:

Merritt Fox, Chair
Michael Anagnos
Paul Goldschmid
Dan Goldschmidt
Geoffrey Heal
Daniel Howard
Liz Lockett
Meredith Milstein
Ethan Park
Philip Protter
Neil Schluger
Shahnaz Singh-Kandah
Ramon Verastegui

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

Associate Director, Socially Responsible Investing:
April Croft, ex officio, non-voting

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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 Subcommittee on Shareholder Responsibility of the Committee on Finance (“The Subcommittee,” formerly 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 IT and the Associate Director for Socially Responsible Investing) sit as non-voting members of the Committee.

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 Subcommittee on Shareholder Responsibility deliberates and takes final action upon the recommendations of the ACSRI. In some circumstances, The Subcommittee 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 2017-2018 academic year. It provides information about ACSRI recommendations and votes on shareholder proposals during the 2018 proxy season (the period between March and June when most publicly-traded corporations hold annual meetings). It also summarizes the ACSRI’s Private Prison Operators, Sudan, Thermal Coal and Tobacco divestment monitoring processes.

2017-2018 Committee Membership

The ACSRI voting membership during the 2017-2018 academic year is listed below*:

Name	Membership Category	School Affiliation	Membership Start Year
Paul Goldschmid	Alumni	Graduate School of Business and School of Law	2015-2016
Liz Lockett	Alumni	Columbia College	Spring 2017
Meredith Milstein	Alumni	Columbia College	Spring 2017
Ramon Verastegui	Alumni	SEAS and GSAS	2015-2016

Michael Anagnos	Student	Columbia College	2016-2017
Dan Goldschmidt	Student	School of Law	Spring 2016
Daniel Howard	Student	Columbia College	Spring 2018
Ethan Park	Student	Columbia College	2017-2018
Shahnaz Singh-Kandah	Student	School of Nursing	Spring 2017

Merritt Fox (Chair)	Faculty	School of Law	2017-2018
Geoffrey Heal	Faculty	Columbia Business School	2017-2018
Philip Protter	Faculty	Dept. of Statistics, Faculty of Arts and Sciences	2016-2017
Neil Schluger	Faculty	CUMC	2016-2017

*Membership totals more than twelve due to resignation or membership term completion.

2017-2018 Agenda

One of the core annual activities of the ACSRI is to make recommendations to the Trustees on how the University, as an investor, should vote on selected shareholder proposals addressed to U.S. registered, publicly-traded corporations whose securities are directly held in Columbia's endowment portfolio. As a general matter, the ACSRI expects that making recommendations to The Subcommittee with respect to shareholder proposals will continue to be one of its primary activities.

Another core activity is the Committee's monitoring of the divest/non-invest lists (screens) for Sudan, Tobacco, Private Prison Operators and Thermal Coal. The divest/non-invest lists (screens) are updated each academic year and are shared with Columbia Investment Management Company, which will refrain from investing in those companies.

- The monitoring of companies operating in Sudan is managed in accordance with the April 2006 Statement of Position and Recommendation on Divestment from Sudan. (See Attachment A: Sudan Divestment Screening and Divestment/Non-Investment List)

- 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. (See Attachment B: Tobacco Divestment Screening and Divestment/Non-Investment List)
- In June 2015, the Trustees voted to support a policy of divestment in companies engaged in the operation of private prisons and to refrain from making new investments in such companies. The Committee instituted the private prison operators screen in accordance with the June 2015 Trustee Statement on Prison Divestment Resolution. (See Attachment C: Private Prison Operators Divestment Screening and Divestment/Non-Investment List)
- In March 2017, the Trustees voted to support a policy of divestment from companies deriving more than 35% of their revenue from thermal coal production and to participate in the Carbon Disclosure Project’s Climate Change Program. (See Attachment D: Thermal Coal Divestment Screening and Divestment/Non-Investment List)

Periodically, the ACSRI considers divestment proposals from the Columbia community and makes recommendations to The Subcommittee on Shareholder Responsibility of the Committee on Finance. During the 2017-2018 academic year, the ACSRI considered a thermal coal indirect holdings proposal from the student think tank, the Roosevelt Institute. (See Attachment E: Roosevelt Institute Thermal Coal Indirect Holdings Divestment Proposal).

Activities of the ACSRI 2017-2018

Sudan Divestment Monitoring

In April 2006 the Trustees adopted the ACSRI’s recommendation for divestment from Sudan. Specifically, the ACSRI’s Statement of Position and Recommendation on Divestment from Sudan (April 4, 2006) 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. At the time, the ACSRI’s work focused on non-U.S. companies. This is because beginning in 1997, the U.S. government imposed comprehensive economic, trade and financial sanctions against Sudan, effectively barring U.S. companies from conducting business with the Government of Sudan, except those explicitly permitted by the U.S. Treasury Department’s Office of Foreign Assets Control (OFAC). These sanctions were tightened in 2007. Thus the recommended divestment/no investment principle as applied to Sudan extended the principles behind the sanctions that the U.S. government had decided were desirable and efficacious to non-U.S. companies.

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 of which enhance the revenues of the Khartoum government in northern Sudan.

On January 13, 2017, citing "positive actions" by Sudan, President Obama signed an executive order to permanently revoke most sanctions against Sudan following a six-month waiting period. During that six-month period, the Treasury Department authorized Americans to do business in Sudan including the exportation of U.S. products. Sanctions tied to Sudan as a state sponsor of terrorism (i.e. weapons sales) remain in place.

On October 6, 2017, the U.S. government announced a decision to revoke economic sanctions with respect to Sudan effective October 12, 2017 in "recognition of the Government of Sudan's sustained positive actions." The ACSRI has attempted to determine, to the best of its ability, whether the positive actions cited in the report relied upon by the U.S. government address fully the concerns that formed the basis for the University's divestment position in 2006. Although the Committee acknowledges that the situation is complex and multi-faceted, its assessment is that the "positive actions" cited by the U.S. government were related to greater cooperation with the United States by the government of Sudan with regard to fighting terrorism and that concerns regarding humanitarian treatment of citizens in Sudan remain, particularly in the Darfur region. These concerns were the original motivating force behind ACSRI's recommendations to the Trustees in 2006. Consequently, the Committee is not prepared at this time to reverse its position. The Committee intends, however, to re-examine its position at least once every two years, based on the then available information.

With the decision of the U.S. government in October 2017, it has become legally practical again for many U.S. companies to do business in Sudan. Given this change, the ACSRI believes that, in the spirit of the original divestment proposal, it is now appropriate to examine all companies doing business in Sudan, both foreign and U.S.-based entities. Therefore, the language in the "Monitoring Process" has been updated to remove reference to "foreign" companies doing business in Sudan and simply refer to "companies" doing business in Sudan.

Prior to putting forth their recommendations for 2018, the ACSRI reviewed 334 publicly traded, non-U.S. companies currently doing business in Sudan, a decrease of 66 companies compared to last year. In addition, 33 U.S. based companies were reviewed; 35 U.S. based companies were reviewed in 2017. Last year, upon the recommendation of the ACSRI and the Subcommittee on Shareholder Responsibility, most of the telecommunications companies were removed from the watch and divestment lists. For 2018, the Subcommittee recommends that 48 companies be included on the divestment list, a net increase of 1 compared to last year. The Subcommittee further recommends that 45 companies be included on the watch list, a net increase of 3 compared to last year.

The divest/non-invest list was provided to the Columbia Investment Management Company, and the University does not currently hold any of the identified companies in its directly held public equity portfolio. (See Attachment A: Sudan Divestment Screening and Divestment/Non-Investment List).

Tobacco Divestment Monitoring

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

In 2017, ISS identified the same companies that are currently on the non-investment list. The divest/non-invest list was provided to the Columbia Investment Management Company, and the University does not currently hold any of the identified companies in its directly held public equity portfolio. (See Attachment B: Tobacco Divestment Screening and Divestment/Non-Investment List).

Private Prison Operators Divestment Monitoring

The ACSRI engages ISS to create a list of domestic and foreign publicly traded companies engaged in the operation of private prisons. In 2017, three new foreign companies were identified by ISS and approved by the ACSRI for addition to the Private Prison Operators Divestment/Non-Investment List. The divest/non-invest list was provided to the Columbia Investment Management Company, and the University does not currently hold any of the identified companies in its directly held public equity portfolio. (See Attachment C: Private Prison Operators Divestment Screening and Divestment/Non-Investment List).

Thermal Coal Divestment Monitoring

In order to implement this new divestment screen, the ACSRI engaged two service providers (EIRIS and ISS) to provide a list of companies deriving more than 35% of their revenue from thermal coal production. The ACSRI reviewed and approved the thermal coal divest/non-invest list. It was provided to the Columbia Investment Management Company, and the University does not currently hold any of the identified companies in its directly held public equity portfolio. (See Attachment D: Thermal Coal Divestment Screening and Divestment/Non-Investment List).

Thermal Coal Indirect Holdings Divestment Proposal

During the 2017-2018 academic year, the ACSRI reviewed a thermal coal indirect holdings divestment proposal (see pgs. 30-36) from the student think tank, the Roosevelt Institute. After consideration, the ACSRI decided not to recommend this proposal to the Trustees for their consideration. (See Attachment E: Thermal Coal Indirect Holding Divestment Proposal).

2017-2018 Proxy Season

The 2017-2018 proxy voting season was lighter than in recent years. There were 13 proxies (shareholder proposals) voted in the 2017-2018 season. The majority of the proposals related to initiating or improving disclosure, primarily in the areas of political spending, lobbying and linking executive pay to ESG metrics. Both the ACSRI and The Subcommittee voted to support all of the reviewed proposals.

The ACSRI's and The Subcommittee's support for shareholder proposals followed consistent precedents and rationale. For example:

Precedent or Rationale	Shareholder Proposal
Increased Disclosure	Report on Lobbying, Report on Gender Pay Equity, Report on Climate Change
Reasonably Limit/Reduce Business Impact on Climate Change	Report on Greenhouse Gas Emissions/Adopt Reduction Targets

Proxy Voting Summary

A summary of the proxies voted by the ACSRI and The Subcommittee on Shareholder Responsibility of the Committee on Finance in the 2017-2018 season is shown in the table below:

2018 Proxy Season

Number of Proposals	Issue	Companies	ACSRI			Trustees		
			Support	Reject	Abstain	Support	Reject	Abstain
1	Publish Sustainability Report	Berkshire Hathaway	1			1		
1	Report on Anti-Genocide Policy	JPMorgan Chase	1			1		
1	Report on Board Diversity	Exxon Mobil	1			1		
1	Report on Linking Executive Pay to ESG Metrics	DowDupont	1			1		
1	Report on Linking Executive Pay to ESG Metrics - Cyber Security & Data Privacy	Verizon Communications	1			1		
7	Report on Lobbying/ Political Contributions	AT&T, CenturyLink, Comcast, GE, IBM, Exxon Mobil, Verizon Communications	7			7		
1	Report on Methane Emissions/Reduction Targets	Berkshire Hathaway	1			1		
13			13			13		

Attachment A: Divestment Screening and Divestment/Non-Investment List

THE COMMITTEE ON FINANCE

Socially Responsible Investing Sudan Recommendations

February 23, 2018

BACKGROUND: 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 Trustee's 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 Jonathan Lavine, Mark Gallogly and Li Lu.

In April 2006 the Trustees adopted the ACSRI's recommendation for divestment from Sudan. Specifically, the ACSRI's Statement of Position and Recommendation on Divestment from Sudan (April 4, 2006) 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. At the time, the ACSRI's work focused on non-U.S. companies. This is because beginning in 1997, the U.S. government imposed comprehensive economic, trade and financial sanctions against Sudan, effectively barring U.S. companies from conducting business with the Government of Sudan, except those explicitly permitted by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC). These sanctions were tightened in 2007. Thus the recommended divestment/no investment principle as applied to Sudan extended the principles behind the sanctions that the U.S. government had decided were desirable and efficacious to non-U.S. companies.

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 of which enhance the revenues of the Khartoum government in northern Sudan.

On January 13, 2017, citing “positive actions” by Sudan, President Obama signed an executive order to permanently revoke most sanctions against Sudan following a six-month waiting period. During that six-month period, the Treasury Department authorized Americans to do business in Sudan including the exportation of U.S. products. Sanctions tied to Sudan as a state sponsor of terrorism (i.e. weapons sales) remain in place.

On October 6, 2017, the U.S. government announced a decision to revoke economic sanctions with respect to Sudan effective October 12, 2017 in “recognition of the Government of Sudan’s sustained positive actions.” The ACSRI has attempted to determine, to the best of its ability, whether the positive actions cited in the report relied upon by the U.S. government address fully the concerns that formed the basis for the University’s divestment position in 2006. Although the Committee acknowledges that the situation is complex and multi-faceted, its assessment is that the “positive actions” cited by the U.S. government were related to greater cooperation with the United States by the government of Sudan with regard to fighting terrorism and that concerns regarding humanitarian treatment of citizens in Sudan remain, particularly in the Darfur region. These concerns were the original motivating force behind ACSRI’s recommendations to the Trustees in 2006. Consequently, the Committee is not prepared at this time to reverse its position. The Committee intends, however, to re-examine its position at least once every two years, based on the then available information.

With the decision of the U.S. government last October, it has become legally practical again for many U.S. companies to do business in Sudan. Given this change, the ACSRI believes that, in the spirit of the original divestment proposal, it is now appropriate to examine all companies doing business in Sudan, both foreign and U.S.-based entities. Therefore, the language in the “Monitoring Process” has been updated to remove reference to “foreign” companies doing business in Sudan and simply refer to “companies” doing business in Sudan.

Prior to putting forth their recommendations for 2018, the ACSRI reviewed 334 publicly traded, non-U.S. companies currently doing business in Sudan, a decrease of 66 companies compared to last year. In addition, 33 U.S. based companies were reviewed; 35 U.S. based companies were reviewed in 2017. Last year, upon the recommendation of the ACSRI and the Subcommittee on Shareholder Responsibility, most of the telecommunications companies were removed from the watch and divestment lists. For 2018, the Subcommittee recommends that 48 companies be included on the divestment list, a net increase of 1 compared to last year. The Subcommittee further recommends that 45 companies be included on the watch list, a net increase of 3 compared to last year. The modified divestment and watch lists (with additions underlined and deletions struck through) are attached as Exhibit A. The process followed and criteria adhered to by the ACSRI in reaching its recommendation are set forth in the attached Exhibit B.

As of February 2, 2018, the University does not currently hold any of the identified companies in its directly held public equity portfolio.

EXHIBIT A

Annotated Sudan Divestment/Non-Investment and Watch Lists

*Moved from watch to divestment/non-investment list

**Moved from divestment/non-investment list to watch list

Divestment/Non-Investment List

Abu Dhabi Islamic Bank
~~Almarai Co., Ltd.~~
Andritz AG
Anton Oilfield Services Group
Arabian Pipes Co.
Asec Company for Mining
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 Gezhouba Group Company Limited
China Petroleum & Chemical Corp
Dongfeng Motor Group Co
Drake & Scull International Pjsc
Dubai Investments
Egypt Kuwait Holding Co.
*El Sewedy Electric Company
Emperor Oil Ltd.
Energy House Holding Company K.S.C.C.
Engineers India Ltd.
Gtl Otkrytoe Aktsionernoe Obschest
Harbin Electric Company Limited
Indian Oil Corporation Ltd.
JX Holdings Inc.
Kamaz
Kencana Petroleum
Kuwait Finance House
La Mancha Resources Inc.
LS Industrial Systems
Managem
Mangalore Refinery & Petrochemicals Ltd.
Muhibbah Engineering Berhad
Oil & Natural Gas Corporation Ltd.
Oil India Ltd.
Orca Gold Inc.
Panorama Petroleum Inc.

PetroChina
Power Construction Corporation of China, Ltd.
Qalaa Holdings
Regency Mines
Sapura Energy Berhad (*formerly
SapuraKencana Petroleum Bhd*)
Scomi Group Berhad
Shanghai Electric Group Co
Sinohydro Group, Ltd.
Statesman Resources Ltd.
Sudan Telecom Co. (Sudatel)
~~*Trevi Finanziaria Industriale Spa~~
Wartsila Oyj Abp

*Moved from watch to non-investment list
**Moved from non-investment list to watch list

Watch List

Al Salam Bank Sudan
Amlak Finance
AP Moller – Maersk AS
AREF Energy Holdings Co. (K.S.C.C.)
AREF Investment Group
Areva
Astra Industrial Group Company
Bamburi Cement
Barwa Real Estate
~~China Railway Hi Tech Industry Corporation
Limited (*formerly China Railway Erju Co Ltd*)~~
~~China Railway Group Ltd~~
Deutsche Post AG
~~*El Sewedy Electric Company~~
Emirates Telecommunication Group
Co.
Ericsson
Hindustan Petroleum Corporation Ltd.
IHS Nigeria Plc
Independent Petroleum Group Co.
International Container Terminal Services Inc.
Kingdream Public Ltd. Co.
Kuwait & Gulf Link
Transport Co.
MAN SE
Mashreqbank
Mix Telematics Ltd.

National Shipping Co. SA
NewLead Holdings
Nexans SA
Nirou Trans Co.
OFFTEC Holding
Old Mutual PLC
~~Orange SA~~
Panalpina Welttransport
QNB
Ramco Cements Ltd.
Ramco Industries Ltd.
Ramco Systems Ltd.
Ranhill Berhad
Reliance Industries
Sany Heavy Industry Co.
Saudi Arabian Amianit Co.
Saudi Public Transport
Saudi Telecom
Schlumberger Ltd.
Schneider Electric
Sinopec Oilfield Equipment Corp
Stamper Oil & Gas Corp
~~Stryker Corp.~~
Total S.A.
**Trevi - Finanziaria
Industriale Spa
UltraTech Cement Ltd.

Exhibit B

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 ISS (formerly IW Financial) and EIRIS.² For companies included on the current divestment list and watch list, the Sudan 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 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, 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;

² The Sudan Subcommittee relied upon data from ISS (formerly IW Financial) and a research service provider, EIRIS Conflict Risk Network: Empowering Responsible Investing (EIRIS). ISS provided the Committee with a list of all 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, excluding those that are involved only in the financial sector, was accompanied by a page of research outlining the company's involvement in Sudan. Though ISS is a provider of objective research and technology solutions that help financial professionals evaluate the environmental, social, and governance performance of companies, we wanted to make sure that we had *comprehensive* data for this effort. As a result, we continue to use EIRIS to provide us with a list of companies in the targeted sectors of oil, mineral extraction, power production or weapons and (a) that met the other threshold criteria laid out in the targeted Sudan divestment legislative model or (b) when the company has failed to respond to requests to provide evidence to the contrary. These companies are subject to divestment measures in states with legislation based on the targeted model. EIRIS research sheets are not provided as they confirmed the information from IWF for targeted divestment companies.

- 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.

RESOLUTIONS OF THE COMMITTEE ON FINANCE

February 23, 2018

Modification of List of Companies Identified for Sudan Divestment

RESOLVED, that upon recommendation of The Subcommittee on Shareholder Responsibility of the Committee on Finance, the modified list of publicly-traded 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.

EXHIBIT A

Divestment/Non-Investment List

Abu Dhabi Islamic Bank
Andritz AG
Anton Oilfield Services Group
Arabian Pipes Co.
Asec Company for Mining
Audi Saradar Group
Bank Audi
Bharat Heavy Electricals
Bharat Petroleum Corporation Ltd.
Boustead Singapore Ltd.
China CAMC Engineering Co. Ltd.
China Gezhouba Group Company Limited
China Petroleum & Chemical Corp
Dongfeng Motor Group Co
Drake & Scull International Pjsc
Dubai Investments
Egypt Kuwait Holding Co.
El Sewedy Electric Company
Emperor Oil Ltd.
Energy House Holding Company K.S.C.C.
Engineers India Ltd.
Gtl Otkrytoe Aktsionernoe Obschest
Harbin Electric Company Limited
Indian Oil Corporation Ltd.
JX Holdings Inc.
Kamaz
Kencana Petroleum

Kuwait Finance House
La Mancha Resources Inc.
LS Industrial Systems
Managem
Mangalore Refinery & Petrochemicals Ltd.
Muhibbah Engineering Berhad
Oil & Natural Gas Corporation Ltd.
Oil India Ltd.
Orca Gold Inc.
Panorama Petroleum Inc.
PetroChina
Power Construction Corporation of China, Ltd.
Qalaa Holdings
Regency Mines
Sapura Energy Berhad (*formerly
SapuraKencana Petroleum Bhd*)
Scomi Group Berhad
Shanghai Electric Group Co
Sinohydro Group, Ltd.
Statesman Resources Ltd.
Sudan Telecom Co. (Sudatel)
Wartsila Oyj Abp

Watch List

Al Salam Bank Sudan
Amlak Finance
AP Moller – Maersk AS
AREF Energy Holdings Co. (K.S.C.C.)
AREF Investment Group
Areva
Astra Industrial Group Company
Bamburi Cement
Barwa Real Estate
Deutsche Post AG
Emirates Telecommunication Group
Co.
Ericsson
Hindustan Petroleum Corporation Ltd.
IHS Nigeria Plc
Independent Petroleum Group Co.
International Container Terminal Services Inc.
Kingdream Public Ltd. Co.
Kuwait & Gulf Link
Transport Co.
MAN SE
Mashreqbank

Mix Telematics Ltd.
National Shipping Co. SA
NewLead Holdings
Nexans SA
Nirou Trans Co.
OFFTEC Holding
Old Mutual PLC
Panalpina Welttransport
QNB
Ramco Cements Ltd.
Ramco Industries Ltd.
Ramco Systems Ltd.
Ranhill Berhad
Reliance Industries
Sany Heavy Industry Co.
Saudi Arabian Amianit Co.
Saudi Public Transport
Saudi Telecom
Schlumberger Ltd.
Schneider Electric
Sinopec Oilfield Equipment Corp
Stamper Oil & Gas Corp
Total S.A.
Trevi - Finanziaria
Industriale Spa
UltraTech Cement Ltd.

Attachment B: Tobacco Divestment Screening and Divestment/Non-Investment List

COLUMBIA UNIVERSITY ADVISORY COMMITTEE ON SOCIALLY RESPONSIBLE INVESTING

Statement of Position and Recommendation on Tobacco Screening
January 31, 2008

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

University Position on Tobacco Screening:

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

Review of Prior Practice:

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

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

Committee position and recommendations:

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

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

2017-2018 Tobacco Divestment/Non-Investment List

Tobacco - Domestic Companies (9/17)

Company Name
Alliance One International Inc
Altria Group Inc.
Philip Morris International Inc
Schweitzer-Mauduit International, Inc.
Turning Point Brands Inc
Universal Corp.
Vector Group Ltd

Tobacco Foreign Companies

Company	Country
Al-Eqbal Investment Company Ltd	Jordan
Bentoel Internasional Inv.	Indonesia
Bosanac d.d. Orasje	Bosnia and Herzegovina
British American Tobacco	United Kingdom
British American Tobacco (Malaysia) Bhd	Malaysia
British American Tobacco (Zambia)	Zambia
British American Tobacco Bangladesh Company Ltd.	Bangladesh
British American Tobacco Kenya Plc	Kenya
British American Tobacco Uganda	Uganda
British American Tobacco Zimbabwe Holdings	Zimbabwe
Bulgartabac Holding AD	Bulgaria
Ceylon Tobacco Company plc	Sri Lanka
Coka Duvanska Industrija ad Coka	Serbia
Dunavska Industrija ad Bujanovac	Serbia
Dupnitsa - Tabac AD	Bulgaria
Duvanski Kombinat ad Podgorica	Montenegro
Eastern Company S.A.E.	Egypt
Empresa Agroindustrial Cayalti S.A.A.	Peru
Fabrika Duhana Sarajevo dd Sarajevo	Bosnia and Herzegovina
Godfrey Phillips India Ltd.	India
Golden Tobacco Ltd.	India
Gotse Delchev Tabac AD	Bulgaria
Gudang Garam Tbk	Indonesia
H M Sampoerna Tbk	Indonesia
Haci Omer Sabanci Holding A.S.	Turkey
Hoang Long Group	Vietnam
Hrvatski Duhani D.D.	Croatia
Huabao International Holdings Ltd.	China
Imperial Brands Plc	United Kingdom
ITC Ltd.	India
Japan Tobacco Inc.	Japan

Jerusalem Cigarette Company Ltd.	Israel
Karelia Tobacco Company Inc. S.A.	Greece
Khyber Tobbacco	Pakistan
KT&G Corporation	Korea South
LT Group Inc	Philippines
Mitsubishi Corporation	Japan
Ngan Son Jsc	Vietnam
Nikotiana - BT Holding AD	Bulgaria
NTC Industries Ltd.	India
Pakistan Tobacco Company Ltd.	Pakistan
Pazardzhik-BT AD	Bulgaria
Philip Morris (Pakistan) Limited	Pakistan
Philip Morris Cr A.S.	Czech Republic
Philip Morris Operations a.d. Nis	Serbia
Pobis TNC Co Ltd.	Korea South
Press Corporation Plc (formerly Press Corporation Ltd.)	Malawi
RTCL Ltd.	India
Scandinavian Tobacco Group A/S	Denmark
Shanghai Industrial Holdings Ltd.	China
Shumen-Tabac AD	Bulgaria
Sila Holding, Pazardjik	Bulgaria
Sinnar Bidi Udyog Ltd.	India
Slantse Stara Zagora - Tabac AD	Bulgaria
Societe Ivoirienne des Tabacs	Ivory Coast
Strumica Tabak Strumica	Macedonia
Swedish Match	Sweden
Tanzania Cigarette Co	Tanzania
TSL Limited	Zimbabwe
Tutunski kombinat Prilep	Macedonia
Tvornica Duhana Zagreb d.d.	Croatia
Union Land Development Corporation	Jordan
Union Tobacco & Cigarette Industries	Jordan
Virat Crane Industries Ltd.	India
VST Industries Ltd.	India
West Indian Tobacco Co. Ltd.	Trinidad and Tobago
Wismilak Inti Makmur Tbk	Indonesia

Attachment C: Private Prison Operators Divestment Screening and Divestment/Non-Investment List

COMMITTEE ON FINANCE BACKGROUND FOR RESOLUTIONS

June 12, 2015

Divestment from companies engaged in the operation of private prisons. 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.

Columbia Prison Divest, a student-organized group, made presentations to the ACSRI, in the spring and fall of 2014, and in February 2015 presented the ACSRI with an updated proposal for divestment. The ACSRI reviewed background and considered the proposal, and on March 31, 2015 resolved to make a recommendation to the Trustees that the University should divest any direct stock ownership interests in companies engaged in the operation of private prisons and refrain from making subsequent investments in such companies. A copy of the resolution, as well as additional views of some ACSRI members, is attached as Exhibit A.

The Subcommittee on Shareholder Responsibility is proposing that the Committee on Finance resolve that the University divest from and refrain from future investment in any direct holdings of publicly-traded stock of companies engaged in the operation of private prisons, and refrain from making investments in such companies in the future.

Resolution of the ACSRI

The Advisory Committee on Socially Responsible Investing of Columbia University hereby resolves to recommend to the Trustees that the University should divest any direct stock ownership interests in companies engaged in the operation of private prisons and refrain from making subsequent investments in such companies.

The resolution is based on the Committee's application of the three criteria that guide its divestment recommendations: community sentiment, the merits, and the possibilities for shareholder engagement.

The Committee is persuaded that the Columbia community would generally favor a private prison divestment measure, based on: a resolution adopted by an overwhelming majority of the University Senate's Student Affairs Committee, a 23-0-1 vote, representing students in the University's 20 schools and affiliates; an assessment of sentiments expressed at a public meeting called to discuss the matter; an informal consultation with knowledgeable faculty, especially at the Law School; and the absence of voiced opposition to such a measure, despite the public discussion of the proposal and opportunities provided by the Committee for the public expression of views.

Private prisons have been the subject of litigation alleging violations of constitutionally required minimal levels of maintenance, welfare, and medical conditions. The Committee has taken note of such litigation and the fact-finding reports by public interest groups substantiating such concerns, but has not attempted to compare private prisons with public prisons on this dimension. The Committee was particularly concerned that the business model of private prison companies creates incentives for increasing the level of incarceration in the United States, which is remarkably high both in historical terms in the U.S. and in international comparisons. The profits of private prison companies increase in the utilization of prison services, both in the occupancy rate for existing facilities and in the construction of new facilities. This gives private prison companies incentives to lobby for legislation, police and prosecutorial practices, and sentencing decisions that increase (or at least maintain) current incarceration levels. In the Committee's opinion, an investment whose positive performance is linked to an increase in already high levels of incarceration does not fit with the University's mission and values.

Engagement does not offer an avenue for addressing the Committee's concerns. The conditions in private prisons, including the opportunities for rehabilitative education and terms of confinement, are largely a matter of contract between private prison companies and the governmental authorities that use them. The University has little means of influencing governments in the fashioning and monitoring of those contracts, certainly not the usual course of its activities as a concerned shareholder. Given that the business model of a private prison company benefits from an increase in incarceration levels, it is not a promising course for shareholder activism to ask a company – or fellow shareholders – to retreat from a model that produces performance. On this basis, the Committee finds that shareholder engagement is not an effective alternative to divestment.¹

March 31, 2015

¹ An independent manager disposed of the University's holdings in CCA, one of the private prison companies identified in the petition presented by Columbia Prison Divest, for investment-related reasons in February 2015. This matter is not moot, however, because Columbia may own shares in other such firms and the recommendation applies prospectively as well.

Additional Views of Some Committee Members

In the course of discussions within the ACSRI, a number of important issues raised by the divestment petition were the subject of dialogue and debate. The grounds set forth in the resolution attracted the broadest consensus but the Committee felt that it would be valuable to share some additional views expressed within the Committee to reflect the breadth of the issues considered and that many Committee Members believe there is opportunity for further work on the issues raised in connection with the petition, beyond the narrow act of divestment.

Specifically, some Committee Members expressed concern that the University's divestment from share ownership in private prison companies would be taken by the proponents as a sufficient response to their concerns about the level of incarceration or the educational and rehabilitative options available to the prison population. Some Committee Members also noted that conditions in private prisons were in significant measure the result of contractual terms with governmental agencies and reflected monitoring shortfalls by such agencies. Thus some Committee Members expressed the hope that proponents of the divestment resolution would undertake additional efforts towards improving conditions and outcomes in private prisons and public prisons.

Some Committee Members expressed particular concern about the disparate racial make-up of the inmate population of private prisons, even if this may have arisen as a by-product of other policies, such as contractual provisions that resulted in assigning younger inmates to private prisons because of the lower health care costs of this population. These Members wanted to point out that to the extent private prisons provide fewer resources for education and rehabilitation, confinement in a private prison would have racially disparate consequences.

Trustee Statement on Prison Divestment Resolution

“The Trustees have voted to support a policy of divestment in companies engaged in the operation of private prisons and to refrain from making new investments in such companies. The decision follows a recommendation by the University's Advisory Committee on Socially Responsible Investing (ACSRI) and thoughtful analysis and deliberation by our faculty, students and alumni. This action occurs within the larger, ongoing discussion of the issue of mass incarceration that concerns citizens from across the ideological spectrum. We are proud that many Columbia faculty and students will continue their scholarly examination and civic engagement of the underlying social issues that have led to and result from mass incarceration. One of many examples of the University's efforts in this arena is the work of Columbia's Center for Justice, <http://centerforjustice.columbia.edu/about/>. In partnership with the Heyman Center for the Humanities, the Center for Justice recently received generous support from the Mellon and Tow foundations to help educate incarcerated and formerly incarcerated persons, and to integrate the study of justice more fully into Columbia's curriculum.”

2017-2018 Private Prison Operators Divestment/Non-Investment List

Private Prisons - Domestic Companies	
Company Name	Screen Type
CoreCivic Inc.	Private Prisons
Geo Group, Inc.	Private Prisons

Private Prisons - Foreign Companies	
Company	Screen Type
G4S Plc	Private Prisons
*Mitie Group plc	Private Prisons
*Serco Group plc	Private Prisons
*Sodexo	Private Prisons

*2018 Additions

Columbia Announces Divestment from Thermal Coal Producers

March 13, 2017

Building on Columbia's longstanding commitment to addressing climate change, the University's Trustees have voted to support a recommendation from the Advisory Committee on Socially Responsible Investing (ACSRI) to divest from companies deriving more than 35% of their revenue from thermal coal production and to participate in the Carbon Disclosure Project's Climate Change Program.

Thermal coal is used in coal-fired electricity generating plants (whereas metallurgic coal is used in steel production). The basis of the **ACSRI recommendation** adopted by the Trustees is that coal has the highest level of CO₂ emission per unit of energy; it is used ubiquitously across the globe as a source of electrical energy; and there exist today several cleaner alternative energy sources for electricity production (including but not limited to natural gas, solar, and wind). The University's divestment from thermal coal producers is intended to help mobilize a broader public constituency for addressing climate change and, in the words of ACSRI, to "encourage the use of the best available knowledge in public decision-making."

"Divestment of this type is an action the University takes only rarely and in service of our highest values," said University President Lee C. Bollinger. "That is why there is a very careful and deliberative process leading up to any decision such as this. Clearly, we must do all we can as an institution to set a responsible course in this urgent area. I want to recognize the efforts of the many students, faculty and staff whose substantive contributions have brought us to this point."

The Trustees also encouraged the University to continue to strengthen efforts to reduce its own carbon footprint, as well as to further support research, educational efforts, and policy analysis in the field of climate change and carbon emissions reduction.

Many elements of this effort are already in place or underway. A multi-year planning process will result in the announcement next month of Columbia's new plan to further enhance the environmental sustainability of our operations. Columbia's renowned Lamont-Doherty Earth Observatory, on the forefront of the science of "global warming" since the term was first coined by a faculty member, is once again leading by example, having announced that it will rely on solar power for 75% of its electrical energy needs. Lamont-Doherty is part of the Columbia University Earth Institute, which brings together one of the world's most significant collection of researchers across multiple fields to deepen human understanding of climate change and the solutions for a sustainable future.

2017-2018 Thermal Coal Divestment/Non-Investment List

Thermal Coal - Domestic Companies 9/15/17

Company Name

Alliance Holdings GP LP
 Alliance Resource Partners, L.P.
 Arch Coal, Inc.
 Armstrong Energy, Inc.
 Cloud Peak Energy Inc.
 CONSOL Energy Inc.
 Contura Energy, Inc.
 Foresight Energy LLC
 Hallador Energy Company
 MURRAY ENERGY CORP
 Peabody Energy Corporation
 Rino Resource Partners LP
 Westmoreland Coal Company

Thermal Coal - Foreign Companies 9/15/17

Company

Country

Adani Enterprises	India
Banpu PCL	Thailand
Bathurst Resources Limited	New Zealand
Bumi Investment Pte Ltd.	Singapore
CCX Carvao da Colombia SA	Brazil
China Coal Energy Company Limited	China
China Shenhua Energy Co., Ltd.	China
China Shenhua Overseas Capital Co. Ltd.	Virgin Isl (UK)
Churchill Mining plc	United Kingdom
Coal Energy SA	Luxembourg
Coal India Ltd.	India
Corsa Coal Corp.	Canada
DaTong Coal Industry Co., Ltd.	China
Exxaro Resources Ltd	South Africa
Gansu Jingyuan Coal Industry & Electricity Power Co., Ltd.	China
Golden Energy and Resources Limited	Indonesia
Gujarat Mineral Development Corp. Ltd.	India
Hidili Industry International Development Limited	Cayman Islands
Huolinhe Opencut Coal Industry Corporation Limited of Inner Mongolia	China
Inner Mongolia Yitai Coal Co., Ltd.	China
Jizhong Energy Resources Co., Ltd.	China
Kuzbasskaya Toplivnaya Kompaniya PJSC	Russia
Lubelski Wegiel Bogdanka Group	Poland
LW Bogdanka SA	Poland
Macarthur Coal Ltd.	Australia
Mercator Ltd.	India
Mitsui Matsushima Co. Ltd.	Japan
New Hope Corporation Ltd.	Australia

Pingdingshan Tianan Coal Mining Co., Ltd.	China
Prophecy Development Corp.	Canada
PT ABM Investama Tbk	Indonesia
PT Adaro Energy Tbk	Indonesia
PT Bayan Resources Tbk	Indonesia
PT Berau Coal Energy TBK	Indonesia
PT Bumi Resources Tbk	Indonesia
PT Dian Swastatika Sentosa Tbk	Indonesia
PT Golden Eagle Energy TBK	Indonesia
PT Golden Energy Mines TBK	Indonesia
PT Indo Tambangraya Megah Tbk	Indonesia
PT Tambang Batubara Bukit Asam Tbk	Indonesia
PT United Tractors Tbk	Indonesia
Sadovaya Group SA	Luxembourg
Semirara Mining and Power Corp.	Philippines
Stanmore Coal Ltd	Australia
Washington H. Soul Pattinson	Australia
Whitehaven Coal Ltd.	Australia
Yancoal Australia	Australia
Yang Quan Coal Industry (Group) Co., Ltd.	China
Yanzhou Coal Mining	China

Attached E: Thermal Coal Indirect Holdings Divestment Proposal and ACSRI Response



ADVISORY COMMITTEE ON SOCIALLY RESPONSIBLE INVESTING

February 2, 2018

Mr. Brendan Moore Columbia
College Columbia University
bdm2133@columbia.edu

Dear Brendan,

Thank you for your proposal on behalf of the Roosevelt Institute to the Advisory Committee on Socially Responsible Investing (the ACSRI) regarding the University's investments in thermal coal. The ACSRI has had the opportunity to discuss your proposal at its December and January meetings.

The view of the Committee is that the concerns you have cited relating to indirect investments were considered carefully by the Committee as recently as just last Spring. At that time, in preparing our recommendation to the Board of Trustees, the ACSRI considered the range of possible actions with respect to thermal coal holdings, including whether to differentiate its recommendations for direct versus indirect holdings. Any such indirect holdings could generally arise from the University's investments in funds that are managed by outside managers. Rather than asking the University not to hold stakes in any fund that might at some points in time hold investments in companies deriving significant revenue from thermal coal, we asked that the University recommend to the managers of the funds in which it invests that they avoid investments in such companies. We believe this to be the best course of action given our concerns with the operational aspects of requiring divestment from indirect holdings. Among other considerations, the Committee was concerned with the practical effectiveness of an active monitoring program for indirect holdings against these criteria, and also that the specificity of our divestment criteria (a thermal coal universe that is determined by our own review each year, not an easily tracked index of companies) might pose a particular challenge for the University in choosing outside managed funds. As a result, it might preclude the University from investments that would otherwise be allowable under the criteria including those that are broad-based in nature and not sector-specific.

Following on the Board of Trustee's decision to divest from thermal coal in the University's direct holdings, it is our understanding that the University notifies its outside managers of its investment policies, including non-investment in thermal coal companies, at least two times per year. The Committee stands by its original recommendation in March 2017 and does not believe it has reason to modify its recommendation to the Board at this time.

We appreciate the thoughtfulness of the arguments you put forth. I should note that your letter prompted a valuable discussion among members of the Committee, and a thorough discussion of the dimensions of this issue. The views I am expressing are not universally held by all members of ACSRI, but do reflect the views of a majority of Committee members. Our governance process is such that the majority opinion is utilized in deciding our actions with respect to recommendations to Columbia's Board of Trustees.

Very truly yours,

A handwritten signature in black ink, appearing to read "M. B. Fox".

Merritt B. Fox Faculty
Chair
Advisory Committee on Socially Responsible Investing
Columbia University

ACSRI Proposal Submission Overview

Date of Submission to the ACSRI: 12/1/2017

Subject of Review: Thermal Coal Producers via Indirect Investment

Contact Name: Brendan Moore

Contact Email: bdm2133@columbia.edu

Phone Number: (207)478-4010

University Affiliation: Student

Dept./Office: Columbia College

Requesting on behalf of an organization? [circle one] Yes No

If yes, which organization? **Roosevelt Institute at Columbia University**

Provide a summary of the issue, the action requested, and the rationale:

We recommend to the Trustees of Columbia University to direct CIMC to ensure Columbia's entire endowment
-- including holdings in hedge funds -- has close to zero exposure (no greater than >0.001% of the endowment)
in companies deriving more than 35% of their revenue from thermal coal production within 5 years.
The three criteria for ACSRI to make a recommendation to the Trustees -- namely (1) that there is a
broad consensus within the University regarding the issue at hand; (2) the merits of the dispute lie
clearly on one side; (3) divestment is more viable and appropriate than ongoing communication and
engagement with company management -- have tacitly been met due to the Trustees March 2017
approval of ACSRI's recommendation regarding thermal coal producers.
The Trustees have only moved to divest from the University's direct holdings in thermal coal producers. In the
eyes of the University community, attitudes towards divestment do not depend on the direct or indirect nature
of the University's holdings. We believe that until the Trustees divest from indirect holdings in thermal coal
producers, it has failed to fulfill its self-proclaimed commitment to socially responsible investment and
addressing climate change.

Please attach in PDF format the following additional required information and supporting evidence (**20 pages max**):

- 1) State which criteria the proposal is using to make the case (1 paragraph)
- 2) Provide all the critical data with footnotes for any arguments in your proposal
- 3) Provide research on the possible opposite argument against your conclusions
- 4) Conclusion - provide bullet points for the final recommendations to the ACSRI citing the criteria for each one

Email the proposal to the ACSRI Staff Administrator as posted on the website

ASCRI Proposal: Columbia Roosevelt Institute

Board of Trustees has articulated a long-standing commitment to addressing climate change, including its March 2017 vote to support¹ a recommendation² from the Advisory Committee on Socially Responsible Investing (ACSRI) to divest from companies deriving more than 35% of their revenue from thermal coal production. The proposal of divestment from thermal coal producers met the ACSRI's specified criteria for making a recommendation to the Board of Trustees. Specifically, the Board of Trustees acknowledge that the thermal coal production proposal 1) had a broad consensus within the University community regarding the issue at hand; 2) had merits of the dispute lying clearly on one side and 3) was more viable and appropriate than ongoing communication and engagement with company management. The Trustees have only moved to divest from the University's direct holdings in thermal coal producers. However, the university-recognized community support for divestment cannot possibly be contingent upon the direct or indirect nature of the holdings. We believe that until the Trustees divest from indirect holdings in thermal coal producers, it has failed to fulfill its self-proclaimed commitment to socially responsible investment and addressing climate change. Therefore, we request that the ACSRI recommend to the Trustees of Columbia University to direct Columbia Investment Management Company (CIMC) to ensure Columbia's entire endowment -- including holdings managed by hedge funds -- has close to zero exposure (no greater than >0.001% of the endowment) in companies deriving more than 35% of their revenue from thermal coal production within 5 years.

¹ <http://news.columbia.edu/coal>

² <https://finance.columbia.edu/files/gateway/content/ACSRI/ACSCRI%20Report.%20Feb%202017.%20Final.%2002217.pdf>

We firmly believe all the criteria for the ACSRI to make such a recommendation to the Trustees have already been implicitly satisfied because of the Trustee's March 2017 vote. We selected the 35% criteria because it matches what the Trustees approved. Nevertheless, in this proposal, we will present research that our group -- the Roosevelt Institute at Columbia University -- has conducted regarding the University's involvement with hedge funds.

As of 2016, Columbia a total value of its endowment invested in hedge funds (33%)³ that is higher than peer institutions such as Harvard (14%) and Yale (22%). Moreover, the amount of money the university has invested in hedge funds has been steadily increasing since 2009 (see Figure 1). Hedge funds charge some of the highest fees⁴ in the money-management business because they claim to protect against downside risk and earn market-beating returns, but it's become increasingly clear that these funds are *not* beating the market⁵ as they promised. As a response to this poor performance, investors pulled out a record \$25 billion in August of 2016⁶ with investors often citing that the investment didn't perform well enough to justify the high charges⁷. Additionally, MSCI, which runs global indices used by many pension and hedge funds,

³ 2016 Consolidated Financial Statement from The Trustees of Columbia University in the City of New York <https://finance.columbia.edu/files/gateway/content/reports/financials2016.pdf>

⁴ Fung, W., & Hsieh, D. A. (2000). Performance characteristics of hedge funds and commodity funds: Natural vs. spurious biases. *Journal of Financial and Quantitative analysis*, 35(3), 291-307.

⁵ Elizabeth Parisian, AFT and Saqib Bhatti. All that Glitters is Not Gold: An Analysis of U.S. Public Pension Investments in Hedge Funds (2016). https://www.scribd.com/document/288783750/All-That-Glitters-Is-Not-Gold-An-Analysis-of-U-S-Public-Pension-Investments-in-Hedge-Funds#fullscreen&from_embed

⁶ <http://www.crainsnewyork.com/article/20160824/FINANCE/160829934/hedge-funds-suffer-biggest-redemptions-since-2009-as-returns-lag>

⁷ <https://www.wsj.com/articles/new-york-city-public-pension-pulls-hedge-fund-investments-1460655097>

found that investors who divested from fossil fuel companies would have earned an average return of 1.2 percentage points more per year since 2010, compared to conventional investors.⁸

Therefore, the recent struggles of hedge funds and the relative success of hedge funds that divest from fossil fuel companies compared to normal funds provide a compelling financial case for Columbia to reduce its endowment's exposure to thermal coal producers. While the fiscal case could be made more broadly applying to other fossil fuel companies as well, the Roosevelt Institute is committed to advocating for practical policy prescriptions and recognizes the potential difficulties of broad-based divestment approaches. We are aware of the ACSRI's reply to a past proposal from Columbia Divest for Climate Justice to divest from Carbon Underground 200TM companies, which stated in part:

“ACSRI does not believe that such an across-the-board divestment approach would satisfy the demanding criteria for a divestment recommendation... Broad-based divestment by Columbia would be unprecedented given the pattern of the University's previous divestment decisions.”

Indeed, according to the ACSRI's reasoning, one of its primary objections to the CDCJ proposal concerned the infeasibility of such demands. Such an objection can hardly be raised in response to our very narrow and tailored request. The ACSRI response also rejected broad-based divestment on the grounds that Columbia is itself a significant consumer of fossil fuels in its daily activities (gasoline for vehicles, natural gas to heat buildings) and therefore investment in fossil fuels is *not* incompatible with the University's values in the same manner as private

⁸ <https://www.theguardian.com/environment/2015/apr/10/fossil-fuel-free-funds-out-performed-conventional-ones-analysis-shows>

prisons. Once again, such an argument cannot be made regarding thermal coal producers, as Columbia's fossil fuel consumption relies primarily on consumption of gasoline, natural gas, and electricity produced by fossil-fuel burning generation.

Further reason for the Trustees to direct CIMC to reduce the University's exposure to thermal coal producers via indirect investment from hedge funds is a simple argument of transparency. In Barnard College's 2016 Presidential Task Force to Examine Divestment, Barnard concedes that it can only approximate its endowment's exposure to fossil fuels. The report states

“Given that the energy sector represents 6% - 7% of the largest financial indexes, many investment managers seek investments in fossil fuel companies largely to maintain portfolio diversity and manage portfolio risk. As of June 30, 2016, Barnard's exposure to fossil fuel investments represented nearly 7% of its total endowment portfolio”⁹

Although Barnard has since moved to abandon its relationship with Investure¹⁰ (with whom it was invested at the time of the Presidential Task Force), it remains the case that divestment from fossil fuels, private prisons, or any other industry is structurally impossible so long as Barnard (or any fund) continues to heavily invest with hedge funds that do not disclose their investments.

From publicly accessible IRS 990 documents and Bloomberg we found that Columbia is invested with Dynamo Brazil IV LLC which has ties to Dynamo Global Master Equity which is invested in PX US Equity or Praxair Inc. Further research of their business indicates that Praxair Inc is “the largest North American industrial gas supplier” and in 2011 “agreed to develop and

⁹ Presidential Task Force to Examine Divestment

<https://barnard.edu/sites/default/files/bc-divestmentreport2-2016dec.pdf>

¹⁰ <https://www.bloomberg.com/news/articles/2017-09-13/barnard-replaces-investure-as-manager-of-286-million-endowment>

market a new process...to produce direct reduced iron...which is usually made from a gas produced from natural gas or coal”.¹¹ This is one example that shows the possible continued exposure to thermal coal. While this is not a prominent example of coal use, this was the only example we were able to determine given the opaque manner by which Columbia reports its investments.

Because this proposal does not claim that divestment induce lasting economic consequences on companies that produce thermal coal, any counterarguments that divestment is a financially ineffective tool for combatting climate change do not apply. Moreover, this proposal does not assert the powerful symbolic value of divestment, so counterarguments which claim the University’s values regarding climate change are better reflected through actual sustainability measures rather than divestment are also besides the point. One counterargument that could be made for our proposal is that it is financially risky or infeasible to reduce exposure to thermal coal producers through hedge funds. If the most “profitable” limited partnership funds with which CIMC invests are also ones that invest in thermal coal producers as part of an overall portfolio, and thus terminating a relationship with such funds would be costly to the University, this information about specific funds should be made publicly available. The Roosevelt Institute and other stakeholders of Columbia University believe it would be valuable to know the relative success, returns and fees corresponding to individual funds with which CIMC invests if the Trustees or the ACSRI offer a response outlining concerns about the financial risks of divestment.

¹¹ Information from Bloomberg Terminal

Conclusion:

- We request that the ASCRI recommend to the Trustees of Columbia University to direct CIMC to ensure Columbia’s entire endowment -- including holdings in hedge funds -- has close to zero exposure (no greater than >0.001% of the endowment) in companies deriving more than 35% of their revenue from thermal coal production within 5 years.
- The three criteria for the ACSRI to make a recommendation to the Trustees -- namely (1) that there is a broad consensus within the University regarding the issue at hand; (2) the merits of the dispute lie clearly on one side; (3) divestment is more viable and appropriate than ongoing communication and engagement with company management -- have tacitly been met due to the Trustees March 2017 approval of the ACSRI’s recommendation regarding thermal coal producers. In the eyes of the University community, attitudes towards divestment are not contingent upon the direct or indirect nature of the University’s holdings.

Figure 1

