

COLUMBIA UNIVERSITY

**ADVISORY COMMITTEE
ON SOCIALLY RESPONSIBLE INVESTING**

ANNUAL REPORT 2014-2015

Advisory Committee Members:

Jeffrey Gordon, *Chair*

Marshall Bozeman

Stephen Christensen

Ellen Garber

Alessandra Giannini

Eric LeSuer

Brennon Mendez

Sameer Mishra

Gail O'Neill

Anika Rahman

Ailsa Röell

Maureen Ryan

Executive Vice President and CFO:

Anne Sullivan, *ex officio, non-voting*

Associate Director, Socially Responsible Investing:

Katherine Chung *ex officio, non-voting*

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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 IT and the Associate Director for SRI) sit as a 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 2014-2015 academic year. It provides information about ACSRI recommendations and votes on shareholder proposals during the 2015 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 Prison Divestment and Fossil Fuel Divestment deliberations and recommendations.

II. 2014-2015 Committee Membership

The ACSRI membership at the end of the academic year 2014-2015 is listed below:

Name	Membership Category	School Affiliation	Membership Start Year
Ellen Gottesman Garber	Alumni	School of Nursing '76	2014-2015
Eric LeSueur	Alumni	Columbia College '06	2012-2013
Gail O'Neill	Alumni	Graduate School of Business '76	2013-2014
Marshall Bozeman	Student	Columbia College	2014-2015
Stephen Christensen	Student	School of the Arts	2014-2015
Brennon Mendez	Student	Columbia College	2014-2015
Sameer Mishra	Student	Columbia College	2014-2015
Alessandra Giannini	Faculty	SIPA/Research Institute for Climate and Society	2013-2014
Jeffrey Gordon (Chair)	Faculty	School of Law	2014-2015
Ailsa Röell	Faculty	School of International and Public Affairs	2014-2015
Maureen Ryan	Faculty	School of the Arts	2014-2015

III. 2014-2015 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 products, and alerts the Investment Management Company, who will refrain from investing in those companies. The Tobacco Cover Letter and Report can be found in Attachment D.

Periodically, the ACSRI considers student proposals for divestment and makes recommendations to the TSSR. During 2014-2015, the ACSRI considered divestment proposals related to: a) Private Prison Operators; and b) Fossil Fuel Companies.

IV. Activities of the ACSRI 2014-2015

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 and EIRIS CRN are currently retained to provide research to the Subcommittee. The Subcommittee does further research and makes recommendations to the ACSRI for their vote. For the academic year 2014-2015, the ACSRI recommended the removal of ten companies from the March 2014 divestment list and the addition of eight new companies. The Committee also recommended the addition of ten new companies to the watch list, and the transfer of four 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 sixty-eight 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 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.

In 2015, seven new foreign tobacco manufacturing companies were identified by IW Financial. This brings the list of total identified companies to eighty-nine, eight domestic and eighty-one foreign. The University does not currently hold any of the identified companies in its public equity portfolio. See Attachment D for the 2014-2015 List.

C. 2014-2015 Proxy Season

There were twenty-five proxies voted in the 2014-2015 season. Sixteen of the twenty five 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 fifteen (60%) shareholder proposals. The TSSR was in agreement with the ACSRI on all but one proxy.

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 Use of Pesticides; Report on Climate Change
Reasonably Limit/Reduce Business Impact on Climate Change	Adopt Greenhouse Gas Reduction Targets;

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 2014-2015 season is shown in the table below:

Number of Proposals	Issue	Companies	ACSRI			TSSR		
			Support	Reject	Abstain	Support	Reject	Abstain
3	Adopt Greenhouse Gas reduction targets	Phillips 66, Exxon, Marathon Petroleum	3			3		
1	Elect women to the Board	Exxon		1			1	
2	Establish board committee on sustainability	IBM, PepsiCo		2			2	
1	Implement "Holy Land Principles"	General Electric			1		1	
1	Link executive pay to sustainability	Conoco Phillips		1			1	
1	Nominate environmental expert to board	Exxon	1			1		
1	Report on climate change	Marathon Oil	1			1		
1	Report on female employee compensation	Exxon		1			1	
1	Report on hydraulic fracturing/shale energy risks	Exxon			1			1
7	Report on lobbying	AT&T, IBM, Wells Fargo, Conoco Phillips, JP Morgan, Comcast, Exxon	7			7		
1	Report on Net Neutrality	Verizon	1			1		
3	Report on political spending	Verizon, Waste Management, AT&T		3			3	
1	Report on supplier use of pesticides	PepsiCo	1			1		
1	Report on sustainability	Chubb Insurance Company		1			1	
25			14	9	2	14	10	1

D. Prison Divestment Proposal

In accordance with the Committee's April 2014 statement to Columbia Prison Divest (CPD), the Committee continued to work with CPD during the academic year 2014-2015. CPD resubmitted its petition for private prison divestment during the academic year 2014-2015. In response to CPD's private prison divestment requests, the Committee formed a Prison Divest Subcommittee whose goals were: a) to conduct research to educate themselves and the Committee; b) to gauge Columbia community sentiment on the issue; c) to work directly with CPD to facilitate ongoing dialogue; and d) to make a final recommendation to the Committee and TSSR regarding private prison divestment.

The ACSRI hosted CPD during its November 11th, 2014 Committee meeting. Members of CPD gave an updated presentation to the Committee as well as responded to questions and suggestions from the Committee.

On January 20th, 2015, the Committee agreed to jointly host with CPD a community engagement panel on Private Prison Divestment. The community engagement panel served as a forum to further educate the ACSRI as well as the Columbia Community and to assess the Columbia Community's position on private prison divestment.

Following several Subcommittee meetings, substantial additional research, conference calls with private prison industry executives and experts, the Committee voted unanimously during the March 24th 2015 meeting to approve the Subcommittee's resolution to the TSSR to divest from private prisons. The ACSRI Resolution was sent to the TSSR which brought forth a recommendation to the Finance Committee and Board of Trustees, on June 12-13, 2015, to divest from and make no future investments in private prisons.

Copies of the Student Petition, ACSRI Resolution, Finance Committee Resolution and Trustee Resolution are contained in Attachment E.

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. 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.

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. In November 2014, President Bollinger stated his support for the ACSRI's continued work to "address fossil fuels."

The Subcommittee's work as well as its recommended strategy will be contained in a "Discussion Memo on Fossil Fuel Divestment." The Subcommittee will finalize in the academic year 2015-2016.

Attachment A – Annual Agenda

ADVISORY COMMITTEE ON SOCIALLY RESPONSIBLE INVESTING 2014-2015 AGENDA November 11, 2014

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 2014-2015 academic year, which reflects ongoing initiatives including Sudan divestment monitoring. It also embraces returning issues that have arisen from last year, including consideration of possible divestment from the private prison industry and its commitment to chartering a standing subcommittee on fossil fuel which will continue to study student proposals for action and pursue the optimal engagement model for the university.

AGENDA

During the 2014-2015 academic years, the Committee will continue to review selected shareholder proposals made by US domestic public corporations in which the University has a direct holding in its endowment. The Committee will recommend to the University Trustees how to vote on shareholder proposals on 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 of recent years, 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 2015 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.

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.

In accordance with the Committee's April 2014 statement to Columbia Prison Divest, the Committee will continue to work with Columbia Prison Divest, based upon their presentation to the Committee on November 11, 2014 and with guidance from the newly formed Prison Divest Subcommittee, in response to their recommendations.

In accordance with the Committee's May 2014 Statement to Barnard Columbia Divest for Climate Justice, the Committee will create a new permanent fossil fuel committee that will begin its activity by consideration of the different forms of engagement, including those described in the committee's response to BCD, and will create recommendations for further discussion with the trustees.

The Committee will establish an Education Subcommittee to provide education to the Committee as well as to the university community at large, to help the full committee with the definition and metrics of community engagement and also assist the full committee with process and policy matters. The Education Subcommittee may conduct further review regarding the criteria for responsible investment and recommend to the full committee suggestions for amendment regarding its charter and protocol guidelines, if necessary.

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 12, 2015

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

The ACSRI has now recommended the removal of 10 companies from the March 2014 divestment list and the addition of 8 new companies, 4 of which have been moved from the watch list. The committee has also recommended the addition of 10 new companies to the watch list, and the deletion of 9, including 4 which are moved 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 the 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.

Sudan 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 and EIRIS.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:
 - The Committee wished to establish a precedent of not targeting companies on the supply chain beyond the first order;
 - 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

¹ This year, the subcommittee relied upon data from IW Financial (IWF) and a new research service provider, EIRIS Conflict Risk Network: Empowering Responsible Investing (EIRIS). 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. Though IW Financial 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 selected 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.

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

March 12th, 2015

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 Recommendations

Divestment/Non-Investment List

Abu Dhabi Islamic Bank
Almarai Co., Ltd.
Amlak Finance
Andritz AG
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
China Railway Erju Co Ltd*
China Railway Group Ltd*
Citadel Capital Co. SAE
Clariant AG
Dietswell Engineering
Drake & Scull International Pjsc*
Dubai Investments
Egypt Kuwait Holding Co.
El Sewedy Electric Company
Emirates Telecommunications Co.
Emperor Oil Ltd.
Energy House Holding Company K.S.C.C.
Engineers India Ltd.*
Faisal Islamic Bank
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
Kuwait Finance House

La Mancha Resources Inc.
Managem
Mangalore Refinery & Petrochemicals Ltd.
Mitsui Engineering & Shipbuilding Co. Ltd.
MMC Corp Bhd
Mobile Telesystems
Muhibbah Engineering Berhad
Oil & Natural Gas Corporation Ltd.
Oil India Ltd.
Omdurman National Bank
Orascom Telecom Holdings S.A.E. (OT)
PetroChina
Petrofac
Pjbumi Bhd
Power Construction Corporation of China, Ltd.
Qatar Islamic Bank--Sudan
Ranhill Berhad
Reliance Industries
SapuraKencana Petroleum Bhd
Schneider Electric
Scomi Group Berhad
Seadrill Ltd.
Shanghai Electric Group Co
Sinohydro Group, Ltd.
Sudan Telecom Co. (Sudatel)
Trevi - Finanziaria Industriale Spa
Videocon Industries Ltd.

*Moved from watch to non-investment list

Watch List

Air France-KLM
Africa Cellular Towers Ltd.
Agriterra Limited
Alstom
Barwa Real Estate
Byblos Bank
China Gezhouba Group Company Limited
Commerzbank AG
CSR Corp Ltd.
Deutsche Lufthansa AG
Deutsche Post AG
Dongfeng Motor Group Co
Egyptians Abroad for Investment
Egyptians Housing Development
Essar Oil
IHS Nigeria Plc
Kamaz
Kingdream Public Ltd. Co.
Kyushu Electric Power
LS Industrial Systems
Lundin Petroleum
MAN SE
Medco Energi
Mercator Limited
Nirou Trans Co.
Qatar National Bank
Rolls Royce Group
Royal Bank of Scotland Group plc
Saras Raffinerie Sarde SPA
Sojitz Corp.
Taageer Finance
Total S.A.
Weir Group

*Moved from watch to non-investment list.

Attachment D – Tobacco Cover Letter and Report

To: ACSRI
From: Katherine Y. Chung
Date: February 10, 2015
Re: Tobacco Vote for 2015

Please find enclosed the *January 31, 2008 Statement of Position and Recommendation on Tobacco Screening* and a list of seven new foreign tobacco manufacturing companies which Columbia University should refrain from investing in the future for 2015.

As of November 2010, ACSRI has been utilizing IW Financial as its research provider. The research agency offers us a list of screened domestic and foreign tobacco companies from which businesses that directly manufacture tobacco products can be identified. The University does not currently hold any of the identified companies in its public equity portfolio.

Divestment/Non-Investment List

Tobacco - Domestic Companies	
Company Name	
Alliance One International Inc.	
Altria Group Inc.	
Lorillard Inc.	
Philip Morris International Inc.	
Reynolds American Inc.	
Star Scientific, Inc.	
Universal Corp.	
Vector Group Ltd.	
Highlighted Companies are NEW Companies for 2015	
Tobacco Foreign Companies	
Company	Country
Adris Grupa D.D.	Croatia
Al-Eqbal Investment Company Ltd.	Jordan
Alpha Tobacco Manufacturing Company Ltd.	Bangladesh
Asenovgrad - Tabac AD	Bulgaria
Bentoei Internasional Inv.	Indonesia
Blagoevgrad-BT AD-Blagoevgrad	Bulgaria
Bosanac d.d. Orasje	Bosnia and Herzegovina
British American Tobacco	United Kingdom
British American Tobacco (Kenya) Ltd.	Kenya
British American Tobacco (Malaysia) Bhd	Malaysia
British American Tobacco (Zambia)	Zambia
British American Tobacco Bangladesh Company Ltd.	Bangladesh
British American Tobacco Del Peru Holdings S.A.A.	Peru
British American Tobacco Uganda	Uganda
British American Tobacco Zimbabwe Holdings	Zimbabwe
Bulgartabac Holding AD	Bulgaria
Ceylon Tobacco Company plc	Sri Lanka
Cia. Colombiana de Tabaco S.A.	Columbia
Coka Duvanska Industrija ad Coka	Serbia
Compania Chilena de Tabacos S.A.	Chile
DIN Fabrika duvana ad Nis	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
Grupo Carso S.A.	Mexico
Gudang Garam Tbk	Indonesia
H M Sampoema Tbk	Indonesia
Haci Omer Sabanci Holding A.S.	Turkey
Hoang Long Group	Vietnam
Hrvatski Duhani D.D.	Croatia
Imperial Tobacco Group plc	United Kingdom
Isperih-BT AD	Bulgaria
ITC Ltd.	India
Japan Tobacco Inc.	Japan
Jerusalem Cigarette Company Ltd.	Israel
JT International Bhd	Malaysia
Karelia Tobacco Company Inc. S.A.	Greece
Khyber Tobacco	Pakistan
Kothari Products Ltd.	India
KT&G Corp.	Korea South
LT Group Inc.	Philippines
Mitsubishi Corp.	Japan
National Cigarettes	Sudan
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
Pleven-Bulgartabac AD	Bulgaria
Pobis TNC Co Ltd.	South Korea
Press Corporation Ltd.	Malawi
R T C L Ltd.	India
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
Sofia-BT AD	Bulgaria
Souza Cruz S.A.	Brazil
Strumica Tabak Strumica	Macedonia
Swedish Match	Sweden
Tanzania Cigarette Co.	Tanzania
TSL Limited	Zimbabwe
Tutunski kombinat Prilep	Macedonia
Thornica Duhana Zagreb d.d.	Croatia
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
Woori Tobacco Sales Co.	South Korea

Attachment E – Private Prison Divestment Proposal

i. 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 to 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

ii. ACSRI Resolution Regarding Private Prison Divestment

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.

iii. Finance Committee Resolution

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.

iv. Trustee Resolution

June 22, 2015

“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.”