

**COLUMBIA UNIVERSITY**

**ADVISORY COMMITTEE  
ON SOCIALLY RESPONSIBLE INVESTING**

**ANNUAL REPORT 2005-2006**

**October 17, 2006**

Advisory Committee Members:

Merritt Fox (chair)  
Robert Boothe  
Robert Carow  
Charles Hailey  
Geoffrey Heal  
Stacey Hirsh  
Robert Lewy  
Daniel Moon  
Cóilín Parsons  
Allen Reiss  
John Szymanski  
Stephanie Yee  
Albert Horvath, *ex officio, non-voting*

Coordinator for Socially Responsible Investing:  
Katy Hogan

|

**ANNUAL REPORT 2005-2006**  
**Table of Contents**

Executive Summary

I. Introduction and Background

II. Sudan Divestment

**III.** Activities Prior to the 2006 Proxy Season

A. Gathering Information

B. The 2005-2006 Agenda

IV. 2006 Proxy Review Approach and Process

V. Social Responsibility Shareholder Proposals: Deliberations

A. Animal Welfare

B. Board Diversity

C. Charitable Donations

D. Environment and Energy

E. Equal Employment

F. Executive Pay

G. Global Labor Standards and Human Rights

H. Health Issues

I. Military and Security

J. Political Contributions

K. Sustainability Reporting

VI. Looking Ahead

*APPENDIX 1:* Statement of Position and Recommendation on Divestment from Sudan

*APPENDIX 2:* 2005-2006 Agenda

*APPENDIX 3:* 2006 Proxy Recommendations, Votes, and Percent Shareholder Support



## Executive Summary

### 1. Introduction

The Advisory Committee on Socially Responsible Investing (ACSRI) serves as the University's vehicle to advise the Trustees on social and ethical issues confronting the University as an investor. Traditionally, the primary focus of the ACSRI's work has been on evaluating and formulating vote recommendations on social-issue shareholder proposals presented to publicly-traded domestic companies held within the University's investment portfolio. In addition to this work, during the 2005-2006 academic year, the ACSRI spent the majority of its time and effort developing a position and recommendation on divestment from Sudan. Sudan divestment is an issue of profound importance, urgency, and concern to the Columbia community, and the ACSRI took much time and care in this work. This Executive Summary provides a synopsis of the ACSRI's activities with respect to divestment from the Sudan and the proxy season. The remainder of the Annual Report provides the full detail and description of the ACSRI's work during the 2005-06 academic year.

### 2. Sudan Divestment

At its annual community hearing in November 2005, the ACSRI was formally presented with the Proposal for Divestment from Sudan by the student-led Columbia University Sudan Divestment Taskforce. As the ACSRI noted in its December 2002 formal statement on divestment, divestment is the strongest action an institution can take as a socially responsible investor. Divestment ends communication between shareholder and corporation, thereby attempting to affect corporate behavior through the symbolic act of ceasing all connection with the company in question. Considering the three basic tests with respect to divestment delineated in the 2002 statement – that: 1) there must be broad consensus within the University community regarding the issue at hand; 2) the merits of the dispute must lie clearly on one side; and 3) divestment must be more viable and appropriate than ongoing communication and engagement with company management – the ACSRI concluded that, in this case, these criteria are met. In April 2006, the ACSRI issued its Statement of Position and Recommendation on Divestment from Sudan (the “Statement”) (Appendix 1). According to pertinent criteria developed by the ACSRI and delineated in the Statement, the Statement recommended that the University divest from and prohibit future investment in all direct holdings of publicly-traded non-U.S. companies whose activities, directly or indirectly, substantially enhance the revenues available to the Sudanese Khartoum government. The Statement identified 18 companies from which the ACSRI recommended divestment/prohibitive disinvestment. The University Trustees formally approved the ACSRI Statement, enacting the ACSRI's recommendations as policy. Further details are in the body of this Report.

### 3. 2006 Proxy Review

During the 2006 proxy season, the ACSRI and Trustees Subcommittee on Shareholder Responsibility (“TSSR”) reviewed 89<sup>1</sup> shareholder proposals related to issues of corporate social responsibility. In 83 of these cases the ACSRI was able to develop sufficient consensus (at least

---

<sup>1</sup> From all the shareholder proposals that were presented to corporations whose securities the University owned and for which it had voting rights, these 89 were the proposals on issues that the ACSRI selected for review based on the criteria set out in its 2005-2006 Agenda. The University has contracted Institutional Shareholder Services (ISS) to vote according to ISS recommendations all management proposals and all those shareholder proposals that are not selected for review.

6 of the 12 voting members voting uniformly)<sup>2</sup> for a formal recommendation. As in prior years, there has been a high degree of overall agreement between the ACSRI and the TSSR, and in 2006 the TSSR followed the ACSRI recommendation in 79 of these 83 cases. The table below compares the overall results of 2006 to those of prior years:

Year	Number of		Agreement by TSSR
	Proposals Reviewed	Recommendations to TSSR	
2005-06	89	83 (93%)	95%
2004-05	78	74 (95%)	99%
2003-04	97	87 (90%)	94%
2002-03	132	122 (92%)	92%
2001-02	89	68 (76%)	82%
2000-01	32	19 (59%)	89%

The table below provides the distribution of shareholder proposals by issue area and ACSRI recommendation during 2006. As the University holds a diversified portfolio of publicly-traded securities, the issue area distribution likely reflects that of the universe of social responsibility proposals filed:

Issue	ACSRI Recommendations		Total
	Support	Reject	
Animal Welfare	3	2	5
Board Diversity	1		1
Charitable Contributions		6	6
Environment & Energy	12	8	20
Equal Employment	5	7	12
Executive Pay Tied to Social Indicators	2	1	3
Global Labor Standards	2	1	3
Health Issues		1	1
Human Rights	3	1	4
Military and Security		1	1
Political Contributions	20	5	25
Sustainability Reporting	2		2
<b>Total</b>	<b>50</b>	<b>33</b>	<b>83</b>

The matrix below summarizes ACSRI recommendation and TSSR voting outcomes:

ACSRI Recommendations	Trustees' Group Votes			Total
	Abstain	Reject	Support	
None		6		6
Reject		33		33
Support	2	2	46	50
<b>Total</b>	<b>2</b>	<b>41</b>	<b>46</b>	<b>89</b>

<sup>2</sup> Starting with 2002-03, the number of uniform votes required for a formal ACSRI recommendation (Support, Reject, Abstain) to the Trustees' group was lowered from 7 to 6 of 12.

In 2006, the ACSRI supported the proposal on 50 of 83 recommendations (60%). The corresponding figures for 2005 were 38 of 74 (51%). Of this year's 50 supporting recommendations, the TSSR agreed 46 times (92%) but abstained twice and rejected two proposals. Last year, the Trustees voted in favor of 37 of the 38 ACSRI supporting recommendations (99%) and chose to abstain once. Appendix 3 lists each ACSRI proxy voting recommendation and TSSR vote for 2006. The main body of this report describes the ACSRI's deliberations with respect to the proposals reviewed; from these deliberations, some general voting patterns emerged (bulleted below). Please refer to Section V of the report, "Social Responsibility Shareholder Proposals: Deliberations" beginning on page 15, for a full explanatory account of the reasoning and deliberations that yielded the following patterns:

- In 2005-2006, the ACSRI's and TSSR's voting record on animal welfare proposals was mixed and included votes of support; in previous years both committees had routinely rejected these proposals. The committees' stance on the issue evolved over the course of the proxy season as new information – particularly that provided by a guest expert on animal care and welfare standards – came to light. *(See deliberations on pages 15-17.)*
- The ACSRI and TSSR rejected all proposals requesting companies to disclose or report on charitable contributions and policy, considering these proposals as a disincentive to corporate charitable giving. *(See deliberations on pages 17-18.)*
- As in previous years, the ACSRI and TSSR produced a mixed voting record overall on proposals pertaining to energy and the environment, but demonstrated trends within specific issue areas. The committees approached proposals related to environmental clean-up or the phasing-out of harmful substances case-by-case, supporting the majority of these proposals; they rejected proposals to report on genetically-engineered foods; they supported proposals requesting reports on the environmental impact of corporate practices as it pertained to individual local communities. The committees rejected proposals asking companies to report on climate change science, believing that existing scientific evidence rendered such corporate reporting redundant. *(See deliberations on pages 18-25.)*
- The committees continued to support proposals encouraging increased transparency with regard to equality in employment and requests for corporate statements of non-discrimination based on sexual orientation; they rejected proposals advocating or motivated by an opposite point of view. The committees again rejected proposals requesting implementation of the MacBride principles in Northern Ireland. *(See deliberations on pages 25-26.)*
- The committees approached proposals advocating linking executive compensation to social criteria and those requesting that companies report on and justify the compensation differential between top executives and average-paid employees on a case-by-case basis. *(See deliberations on pages 26-28.)*

- In considering proposals related to corporate codes of conduct, global labor standards (GLS), and human rights, the ACSRI drew upon information provided by guest experts in those areas; the committees supported the majority of these proposals. *(See deliberations on pages 28-31.)*
- In the health area, the ACSRI and TSSR this year again rejected a proposal requesting that pharmaceutical companies implement price restraints. No proposals concerning the AIDS epidemic were up for review. *(See deliberations on page 31.)*
- As was the case last year, the ACSRI and TSSR supported all (with one exception) shareholder proposals requesting increased transparency with respect to corporate political donations. The committees rejected narrow proposals requesting advertising of corporate political contributions in newspapers and those requesting affirmation of non-partisanship in addition to that required by law. *(See deliberations on pages 32-34.)*
- Following the precedent developed over the course of last year's proxy season, both committees supported proposals for reports on sustainability. *(See deliberations on page 34.)*

## **I. Introduction and Background**

During the 2000 spring semester, Columbia established two committees to assist the University in addressing its responsibilities as an institutional investor: the Advisory Committee on Socially Responsible Investing (ACSRI) and the Trustees Subcommittee on Shareholder Responsibility (TSSR). The ACSRI's mission is to advise the University Trustees on ethical and social issues that arise in the management of the investments in the University's endowment. The ACSRI has a broad mandate to set its own agenda in pursuit of this mission. The legal and fiduciary responsibility for the management of the University's investments lies with the University Trustees. As a result, ACSRI recommendations are advisory in nature. The TSSR takes final action with regard to all matters that are the subject of recommendations of the ACSRI.

The work of the ACSRI starts from the premise that universities have a special role to play in giving careful consideration to socially responsible investment (SRI) issues. Many of the specific issues reviewed by the ACSRI are traditional "social" matters that are commonly part of the social policy agenda of committees of this sort at other universities. All of these issues are complex, and opinions among the members of the ACSRI vary, just as they do within the broader University community.

The ACSRI's membership process is designed to help ensure that it is broadly representative of the Columbia community. The President of the University appoints twelve voting members (four faculty, four students, and four alumni), who are nominated, respectively, by the deans of the schools, the student affairs committee of the University Senate, and the Office of University Development and Alumni Relations. In addition, one administrator (the Executive Vice President for Finance) sits as a non-voting member. Merritt Fox, Michael E. Patterson Professor of Law, chaired the ACSRI during the 2005-2006 academic year. Charles Hailey, Professor of Physics, co-chaired during times of Professor Fox's absence.

This Annual Report describes the work of the ACSRI during the 2005-2006 year. It details the ACSRI's activities with respect to its creation of a Statement of Position and

Recommendation for Divestment from Sudan, a topic the ACSRI undertook after being presented with a formal proposal on the matter at its annual community hearing in the fall. As in previous years, the bulk of the Annual Report describes the ACSRI's deliberations and voting recommendations on the shareholder proposals it considered, as well as the actions taken by the TSSR with respect to those recommendations. The proposals are contained in the proxy statements of publicly-traded companies whose shares are owned as part of the University's endowment investments. These proxy statements are sent to all shareholders in order to allow them to vote their shares at company annual meetings without being physically present. The proposals considered were a subset of those coming up for vote during the 2006 "proxy season," the period between March and June when most publicly-traded corporations hold annual meetings. Finally, this Annual Report includes an account of the ACSRI's other work prior to the 2006 proxy season, including the setting of its Annual Agenda and hearing presentations from guest experts on social issues.

The ACSRI is grateful to the University Trustees, the President of the University, and University administrators, particularly the Executive Vice President for Finance and the Coordinator for Socially Responsible Investing, who have given this effort a great deal of their time and provided wise counsel and resources to the ACSRI as it pursues its mission.

## **II. Sudan Divestment**

During the 2005-2006 academic year, the ACSRI spent the majority of its time and effort developing its knowledge and views with respect to divestment from Sudan. Sudan divestment is an issue of profound importance, urgency, and concern to the Columbia community, and the ACSRI took much time and care in crafting a formal position and recommendation. At its annual community hearing in November 2005, the ACSRI was formally presented with the Proposal for Divestment from Sudan by the student-led Columbia University Sudan Divestment Task Force. In the months before the onset of proxy season, the ACSRI compiled research on companies with business in Sudan from many sources and, referring to the high bar for divestment set forth in a formal statement issued by the ACSRI in December 2002, developed its

criteria for divestment. In April 2006, the ACSRI issued its Statement of Position and Recommendation on Divestment from Sudan (the “Statement”) (Appendix 1). The Statement recommends that the University divest from and prohibit future investment in all direct holdings of publicly-traded non-U.S. companies whose activities, directly or indirectly, substantially enhance the revenues available to the Sudanese Khartoum government, specifically (1) those companies involved in the oil and gas industry – including goods and services providers, as well as explorers and extractors; or (2) providers of infrastructure – specifically those companies in the energy/utilities and telecommunications sectors. The Statement identified 18 companies from which the ACSRI recommends divestment/prohibitive disinvestment; none of the 18 companies named were currently held in Columbia’s portfolio. The Statement further indicated that the ACSRI would establish a process to periodically research, monitor, and assess the ongoing activities of the 18 named and other companies doing business in Sudan, and that the ACSRI may modify the divestment list as necessary according to the stated divestment criteria. The University Trustees formally approved the ACSRI Statement in April 2006, enacting the ACSRI’s recommendations as policy.

### **III. Activities Prior to the 2006 Proxy Season**

#### **A. Gathering Information**

The ACSRI uses the period from the beginning of the academic year until proxy season, which starts in early spring, to gather information, develop expertise, consult with members of the University community, and carry out business consistent with the ACSRI’s mandate but unrelated to proxy review. The ACSRI met seven times during this period. Among other activities, the ACSRI invited several esteemed members of Columbia’s faculty, as well as an expert from the pharmaceutical industry, to present on social issue topics that the ACSRI would likely encounter in the upcoming proxy season. The following faculty members addressed the ACSRI on various topics of social concern: Peter Rosenblum, the Lief, Cabraser, Heimann and Bernstein Associate Clinical Professor of Human Rights, on human rights; Mark Barenberg, Professor of Law, on global labor standards; Dr. Wafaa El-Sadr, Professor of Clinical Medicine, Professor of Clinical Epidemiology, and Director of the International Center for AIDS Care and Treatment Programs (ICAP), on the AIDS pandemic; John Mutter, Professor of Earth and

Environmental Sciences and Deputy Director of the Earth Institute, on sustainable development, and Dr. Thomas Martin, Professor of Clinical Pathology, Director of the Institute of Comparative Medicine, and Associate Vice President for Research, on research animal care and welfare standards. Jose deLasa, former general counsel of Abbot Laboratories, addressed the ACSRI on the pharmaceutical industry, including the issues of drug pricing and access.

The ACSRI held a community hearing on November 15, 2005. Thirteen members of the University community (undergraduate and graduate students) spoke on a number of issues, including: divestment from Sudan; the scope of the ACSRI's mission and its approach to shareholder proposal review; corporate codes of conduct, global labor standards, and human rights violations, including forced labor in China; the impact of corporate practices on the environment and global warming; the responsibilities of arms manufacturers; pharmaceutical pricing and access; corporate anti-discrimination policies; and executive compensation.

Throughout the year, the ACSRI encouraged all members of the Columbia community to submit written views and suggestions by letter and e-mail. In 2005-2006, the ACSRI continued to make use of the Columbia SRI website (<http://www.columbia.edu/cu/secretary/SRI/>), which enables members of the University community to review and comment upon the issues that the ACSRI may consider and to submit their views on the University's ethical and social responsibilities as an investor. The ACSRI also uses the website to post its minutes, reports, and other announcements throughout the fall and spring, so that members of the University community might stay abreast of its activities.

## **B. The 2005-2006 Agenda**

Each year, the ACSRI selects a set of SRI issues that it will review in the context of shareholder proposals, as well as other SRI activities that it considers important. This selection occurs in the fall and serves as the basis for the preparation of an annual agenda that is distributed to the University Trustees and President, the University Senate, and the University community by the end of the fall semester. On December 6, 2005, the ACSRI adopted and disseminated to the University community its 2005-2006 Agenda (Appendix 2).

As was the case in the previous academic year, the Agenda focuses on making recommendations to the Trustees on how the University, as an investor, should vote on selected shareholder proposals addressed to publicly-traded corporations whose securities are held in

Columbia's endowment portfolio. The issue areas outlined in the Agenda and selected for review during the 2005-2006 academic year reflect most of the same broad categories as those selected during the previous academic year, and include animal welfare, board diversity, environment and energy, equal employment opportunity, executive pay as tied to social indicators, global labor standards, health issues (including the problem of HIV/AIDS and pharmaceutical pricing and access), human rights, military equipment sales, corporate political and charitable contributions, and sustainability. As these broad groupings indicate, most current social issues are on the ACSRI's agenda. During the 2005-2006 academic year, the ACSRI once again chose to leave corporate governance and most executive compensation proposals outside its scope of review in order to apply greater and expanded focus to issues of social responsibility, most effectively apply its collective expertise, and accommodate the priorities of the University community.

As part of its 2005-2006 Agenda, the ACSRI took up the issue of divestment from Sudan, in response to the Proposal for Divestment from Sudan that was presented to the ACSRI at its November 2005 open hearing. In addition, the 2005-2006 Agenda outlined other activities that the ACSRI considered and explored with the Trustees' group throughout the year, including the invitation of guest experts to address the ACSRI on salient social issues.

#### **IV. 2005 Proxy Review Approach and Process**

The University does not own stock in all companies that are presented with shareholder proposals. In addition, in order to develop a manageable agenda, the ACSRI typically focuses on those issues of particular interest to the University community. The ACSRI also excludes from its review proxy proposals submitted by company management and those submitted to foreign companies. The University purchases the services of Institutional Shareholder Services (ISS) to vote these excluded items in accordance with ISS's "base" voting recommendations (which can be found through ISS's website at: <http://www.issproxy.com>). ISS is instructed to submit votes to "abstain" – by which the University intends to convey a neutral position – on social-issue shareholder proposals that come to a vote at times outside of the ACSRI's proxy review period.

Shareholder proposals motivate much of the University's activities as a responsible investor. In the course of its proxy review, the ACSRI has found that many proposals are reflective of, or inspired by, principles and values that it supports and believes reflect those of the University community. However, some shareholder proposals are motivated by a social agenda antithetical to the values of most members of the University community. Furthermore, shareholder proposals are not of uniform quality, and the ACSRI cannot always recommend supporting specific shareholder proposals when drafted in a manner that is overreaching, vague, or not feasible. The ACSRI often weighs, on a case-by-case basis, whether to determine the supportability of a proposal based on its exact terms or rather to view the proposal more as a symbolic gesture to company management or a broader audience. The ACSRI's general inclination has been to ask whether the target company should implement the proposal as drafted and specifically proposed. In several other cases, the ACSRI was unable to support specific proposals because it found insufficient evidence that the company was involved in activities addressed by the proposals or because there was reasonable evidence that the company was communicating openly on the issues and making meaningful efforts to address the concerns raised in the proposals. In still other cases, the ACSRI withheld support because it appeared a solution other than shareholder action (e.g., government regulation or market forces) would be more appropriate or effective.

For those topical areas selected for review, the ACSRI and TSSR continued to review and vote shareholder proposals on a case-by-case basis. Although time intensive, this approach is seen as preferable to other approaches, such as relying on written guidelines or the recommendations of external agencies. Flexibility is important, so that all relevant facts can be considered in connection with each recommended vote. The case-by-case approach requires an examination of each shareholder proposal as applicable to each targeted company, the company's response in SEC proxy filings, and review of background analysis and information provided by Institutional Shareholder Services (ISS)<sup>3</sup>. The ACSRI's case-by-case approach allows it to apply its own precedent, when appropriate, but at the same time to consider from one

---

<sup>3</sup> In previous years, the ACSRI subscribed to and carefully reviewed the non-recommendation based reports by the Investor Responsibility Research Center (IRRC). In 2005, IRRC was purchased by ISS, and the non-recommendation based reports – unchanged in structure and style – are now issued by ISS. The ACSRI continues to consult these reports.

case to the next fine distinctions of company effort, progress and posture on an issue, and the degree of merit, feasibility, and value of the shareholder proposals.

## **V. Social Responsibility Shareholder Proposals: Deliberations**

During the 2006 proxy season, the ACSRI and TSSR reviewed 89 shareholder proposals; the ACSRI was able to develop sufficient consensus (at least 6 of the 12 voting members voting uniformly) for a formal recommendation in 83 of these cases. As in prior years, there was a high degree of overall agreement between the ACSRI and the TSSR, and in 2006 the TSSR followed the ACSRI recommendation in all but four cases. In the four cases of disagreement, the ACSRI recommended support, while the TSSR voted to either reject or abstain. The reasoning behind these differing TSSR votes is explained as each case is discussed, below. The full record of the ACSRI's vote recommendation, actual TSSR vote, and overall shareholder support garnered for each shareholder proposal reviewed by the ACSRI in 2006 is attached as Appendix 3.

### **A. Animal Welfare (seven proposals)**

- *Don't promote animal testing (one proposal: reject)*
- *Review animal welfare standards (six proposals: 3 support, 1 reject, 2 no recommendation)*

In general, the ACSRI approached these proposals with a humane but pragmatic eye, looking to minimize mistreatment of animals but mindful of the need for uniform industry requirements and standards. In its deliberations, the ACSRI carefully considered information provided by the Columbia University Medical Center's head veterinarian in charge of animal research, who addressed the ACSRI during the proxy season and educated members on industry requirements and standards for the care and treatment of animals used in research.

### ***Don't promote animal testing***

The ACSRI unanimously rejected this proposal to a pharmaceutical company, believing it to be deliberately misleading. The proposal requested a report from management justifying the fact that the company made contributions to an organization that promotes animal-based testing

while the company was publicly affirming a commitment to the advancement of non-animal based test methods. ACSRI members observed that the contributions in question were made to a training organization geared toward teaching superior standards of animal care and proper techniques for dealing with laboratory animals in a humane way.

### ***Review animal welfare standards***

As presented to pharmaceutical corporations, the proposal requests that the targeted company commit to superior standards of animal care and extend this policy to all contracted labs. Members in support of the proposal believed that the referenced standards of care were well-defined, species-specific, and fully recognized and accepted within the industry, and therefore reasonable and appropriate to require; furthermore, these members believed it was logical for the targeted companies to require their outsourced labs to adhere to the same standards as those upheld within the corporation. Members rejecting the proposals argued that it was impractical to hold an outsourced laboratory to one company's set of standards at one time, and another company's set of standards another time. Furthermore, these members did not feel comfortable requiring a standard for certain psychological and social needs of the animal, not knowing what those needs would, in fact, be. The ACSRI's voting record on this proposal to pharmaceutical companies was mixed, and its stance on the issue evolved as additional information came to light throughout the proxy season.

The ACSRI supported a similar proposal to an oil company legally required to perform certain animal tests. Supporting members believed it was essential for the company to adopt an explicit policy on testing and hold its labs to a consistent and industry-accredited standard. Members rejecting the proposal cited similar arguments as stated in the paragraph above, with the further observation that in this case the proposal was not aptly targeted, as animal testing is not a significant part of the company's business. The TSSR rejected this proposal, believing it to be inappropriately targeted to a company that engages in a minimal amount of animal testing, all of which is outsourced, and that holds its labs to all legal standards.

The ACSRI rejected the proposal to a fast-food chain corporation. While acknowledging that the targeted company has a poor record on animal treatment, members felt they must abstain

or reject the proposal due to the fact that members were not sure what they were being asked to support: the proposal requests the implementation of recommendations made by three veterinarians formerly on the company's Animal Welfare Advisory Council, but the full recommendations are not made explicit in the proposal. Furthermore, members rejected the proposal because two explicit requests – including implementing a gas-inhalation method of chicken slaughter and sourcing chickens bred for leg strength – are not industry standard, and it is inappropriate to require one set of standards for this corporation and another set of standards for the rest of the industry.

**B. Board Diversity (one proposal)**

- *Commit to/report on board diversity (support)*

Noting that diversity is a widely shared value throughout the University community, the ACSRI was unanimous in its support of this proposal, which it also supported last year. The ACSRI observed that there was a marked lack of minorities not only on the targeted company's board, but throughout senior management, and that the company recently settled a substantial lawsuit concerning discrimination against minorities. ACSRI members felt that the company's response was inadequate, indicating that management did not take the proposal seriously and was not taking action to remedy the situation.

**C. Charitable Contributions (6 proposals)**

- *Disclose charitable contributions (one proposal: reject)*
- *Review/report on charitable giving/policy (five proposals: reject)*

This year, the ACSRI reviewed and rejected six proposals seeking disclosure of or reports on charitable contributions; in 2004-2005, no such proposals came up for review. Although submitted to companies in a variety of industries, five of the six proposals were nearly identical in request and spirit. These proposals request the targeted corporation to report on or disclose its charitable contributions and/or policy for charitable giving. The ACSRI noted that, on the

surface, these proposals seemed neutral and similar to proposals for companies to report on political donations. However, the supporting statements contained within the proposals indicated that the requests were motivated by a strong social agenda antithetical to many values, such as diversity and inclusiveness, held by the University community. Overall, the ACSRI found these proposals to be designed as a disincentive for corporate charitable giving, which most members believe to be a positive practice.

Members who supported the proposals took the libertarian view that corporations' purpose is not to engage in charitable giving, and that there are other avenues specifically designed for charitable giving. These members felt that *all* corporate contributions should be publicly disclosed, in the interest of promoting transparency generally, and specifically so that potential shareholders can make an informed decision about whether to buy company stock.

The ACSRI unanimously rejected the sixth, much more narrowly focused, proposal, which specifically addressed donations and grants that the targeted corporation gives to fund breast cancer research. The proposal requests a breakdown of how much funding was granted for research examining environmental (as opposed to genetic) factors contributing to breast cancer, and information on the geographical distribution of grants and costs. ACSRI members felt the proposal was weak and unclear, and represented an attempt to micromanage the company's fundraising and grants strategies. Many members found the proponents' requests, and the resultant disincentive it would provide for company management to fund breast cancer research, particularly distasteful.

#### **D. Environment and Energy (22 proposals)**

The ACSRI reviewed several proposals related to energy and the environment, including proposals in the broad areas of the clean-up or reduction of harmful substances, pollutants, toxins, or non-certified materials in products; container recycling and recycled content; the protection of key natural and cultural sites from drilling; corporate use of scarce resources; fuel efficiency and climate change; genetically engineered foods; and the environmental and health impacts of corporate practices on individual local communities. The variety of these proposals and the ACSRI's case-by-case approach resulted in a mixed voting record again this year. Generally, the ACSRI sought to support well-targeted and feasible proposals. In particular, the

ACSRI was inclined to support proposals directed to companies whose practices and/or industry pose inherent risk, or to companies whose responsibility for existing environmental hazards was clear.

**1. Clean up wastes; Reduce harmful substances/non-certified materials from products**

- *Report on environmental liabilities (one proposal: no recommendation)*
- *Report on environmental impact and plans (one proposal: support)*
- *Consider phasing out non-FSC products (one proposal: support)*
- *Report on depleted uranium (one proposal: reject)*
- *Review/reduce asthma triggers in pesticides (one proposal: support)*
- *Review/reduce toxicity of product formulation (one proposal: support)*

The ACSRI reviewed six proposals requesting that companies clean up environmental pollutants or wastes (such as petroleum spills and toxic wastewaters) or otherwise address negative environmental/health impacts from corporate accidents, that companies reduce their use of potentially harmful substances to manufacture products, or that companies phase-out the use of sourced materials that have not been certified by environmental councils. In all cases, the ACSRI supports the proposals' goals of cleaning up toxic wastes, reducing the use of harmful substances, and taking pro-active environmentally responsible measures. However, the ACSRI was unable to reach recommendations to support proposals where the evidence behind a proposal was lacking, where the report requested would be redundant relative to existing legal requirements, or where the proposal utilized an indirect method of addressing an issue or was too far-reaching with its requests.

***Report on environmental liabilities***

The ACSRI reviewed a similar proposal to the same oil company last year, and again was unable to reach a recommendation due to the complexity of the case. Members noted that this proposal, which addresses toxic wastes left behind from an oil spill in Ecuador over 15 years ago, requests that the company produce a report detailing all expenditures on legal fees, public relations, and lobbying with respect to the situation, as well as all expenditures on the clean-up

itself. Members in support of the proposal agreed that the company's response and lobbying efforts represent maneuvers to avoid responsibility, and that the company's clean-up efforts, although fulfilling the minimum obligations of the law, have been grossly insufficient. Members rejecting the proposal felt it to be indirect and that the proposal would be more useful to shareholders if it specifically addressed the efforts the company has made to remedy the situation and directly decrease its liability. Other members noted that there is a legal requirement for public companies to disclose material environmental liabilities; these members believed this shareholder proposal would be redundant relative to securities law. Finally, some members believed that asking the company to reveal its attorney's fees was too far-reaching and could potentially expose company strategy or expose the company to further liability.

#### ***Report on environmental impact and plans***

The ACSRI unanimously supported this proposal, which asks a chemical company to report on new initiatives to address the specific health, environmental, and social concerns of the survivors of a chemical plant disaster in Bhopal, India in 1984. The disaster occurred while the plant was owned and operated by a different company, but the targeted company has since purchased the company in question. ACSRI members believe that the targeted company therefore assumes a responsibility for any liabilities related to the disaster, likely on a legal basis, and even if not legally, certainly on a social/humanitarian basis; the ACSRI believes the company has an obligation to address and rectify the situation to the extent possible.

#### ***Consider phasing out non-FSC products***

The ACSRI supported this proposal to a paper-products manufacturer, which requests a report on phasing out the use of fibers from forests that have not been certified by the Forest Stewardship Council (FSC), an auditing organization that tracks every tree that is cut down. Members supporting the proposal argued that the more companies demand to use FSC-certified lumber, the more stakeholders in forests will seek to have their lumber certified, creating an environmentally-favorable supply/demand relationship. These members also felt the proposal was reasonable in that it merely asks the company to report on the feasibility of phasing out non-FSC products over the course of ten years. Members rejecting the proposal felt the company,

which has a reputation as a good corporate citizen, was unfairly targeted and noted that the company is already making a good faith effort to use certified lumber and to use recycled fibers.

#### ***Report on depleted uranium***

The ACSRI rejected this proposal, which requests that a weapons manufacturer report on its use of depleted uranium – a radioactive byproduct of enriched uranium – and include information on the safety precautions and disposal methods employed by the company. The ACSRI found the evidence suggesting that depleted uranium poses a health hazard to be lacking and equivocal, and felt that the proposal was motivated by the fact that depleted uranium is used in weapons manufacture, which the proponents oppose. Members in support of the proposal felt that the report requested was reasonable and appropriate.

#### ***Review/reduce asthma triggers in pesticides***

The ACSRI voted unanimously to support this proposal, which asks a chemical company to report on the extent to which its products may contribute to the causes of asthma. Observing that the asthma epidemic in this country is a severe and growing public health concern and that there exists some evidence of a correlation between use of pesticides and increased incidence of the condition, the ACSRI concluded that a report by the company could contribute positively to the information currently available on this topic. Furthermore, the company, in the business of manufacturing products with a high potential for causing health risks, would do well to study these risks, both from a corporate responsibility and public image perspective.

#### ***Review/reduce toxicity of product formulation***

The ACSRI voted to support this proposal, which requests that a cosmetics manufacturer publish a report on its policy for using safer substitutes for potentially toxic/harmful ingredients in its products. Members in support of the proposal felt that the corporation has a social responsibility for ensuring the safety of its products, and that producing the report would encourage the company to be mindful of this responsibility and the concerns of its consumers. Members rejecting the proposal felt that requiring the company to publish a list of potentially - but not proven - harmful ingredients in its products could be alarmist and put the company at a competitive disadvantage; these members felt that ensuring the safety of the ingredients is an

issue for governmental regulation rather than shareholder action. The TSSR voted to abstain on this proposal, finding the arguments of ACSRI members who would reject the proposal to be more convincing.

## **2. Report on community hazards (three proposals: support)**

Proposals to “report on community hazards” were new on the ACSRI’s agenda this year, and in each case garnered the ACSRI’s support. These proposals, presented to oil and chemical companies, asked the companies to prepare a report assessing the risks inherent to their business, particularly as those risks applied to the local communities in which they operated. ACSRI members believed the companies’ operations did indeed pose environmental and health risks, that the impact on local communities is potentially great, and that it is necessary and socially responsible for the companies to evaluate and communicate these risks and effects.

## **3. Climate Change/Fuel Economy**

- *Report on climate change science (four proposals: reject)*
- *Report on lobbying against tighter fuel economy (one proposal: support)*

The ACSRI reviewed five proposals, presented to automobile manufacturers, oil producers, and electric companies, relating to climate change and fuel efficiency. As was the case last year, the ACSRI believes that climate change is a topic of major global concern and is supported convincingly by scientific evidence. However, this year the ACSRI rejected proposals to “report on climate change science,” which ask the companies to provide reports on the science behind climate change, as well as analyses of the companies’ perceived impact of their operations on climate change. In its rejections, ACSRI members noted that reports on the science behind climate change are well-known, readily available, and attributable to respected scientific authorities and agencies; additional reports on this issue compiled by the companies would be redundant and would not add much value when compared with reports authored by experts in the field. While the ACSRI supported a similar proposal to an oil company last year, that company was very outspoken in its opposition to the science of climate change; in that case,

the company had funded its own research supporting its position and then refused to release its data. ACSRI members did not feel that the companies in question this year were in or held the same position and should be targeted in the same way.

As it did last year, the ACSRI supported a proposal to an automobile manufacturer to report on its lobbying against a tighter fuel economy, citing social and financial concerns with the company's continued focus on SUVs and other fuel-inefficient vehicles, and its status as a laggard with respect to competitors in the current marketplace of expensive fuel.

#### **4. Gene-Engineered (GE) Foods**

- *Label gene-engineered foods (two proposals: reject)*
- *Report on gene engineered plants (one proposal: reject)*

The ACSRI rejected these three proposals, observing that many studies exist on genetically engineered (GE) plants/food, and that the general consensus within the scientific community is that GE plants and foods are indeed safe. Members felt that the proliferation of this type of food technology is inevitable and should be promoted, noting that GE methods to increase crop yields are safer than the use of pesticides and fertilizers. Furthermore, the ACSRI felt that the proposals were not feasible, as, given the ubiquity of GE ingredients, it would be nearly impossible to track and label all such ingredients in food products. Finally, ACSRI members believed that requiring labeling of GE ingredients may inappropriately cause alarm about an issue that is neither currently of widespread public concern nor of actually questionable safety. Members in support of the proposal argued that the proposal addresses an issue of consumer rights: consumers have a right to know what they are consuming and where that food has come from, and therefore labeling is appropriate.

#### **5. Protect Key Sites**

- *Report on, protect key natural & cultural sites (two proposals: support)*
- *Review National Petroleum Reserve – Alaska (one proposal: support)*

The ACSRI unanimously supported these three proposals, which ask oil companies to consider the environmental impact of drilling for oil in the National Petroleum Reserve in Alaska and protected sites such as the Arctic National Wildlife Refuge. As in the past, the ACSRI observed that the supply of oil from relatively “benign” sources is shrinking, that there is increasing pressure on oil companies to find new sources of oil; seeking to drill in protected areas or the Petroleum Reserve is an inevitability that all oil companies will face. Members believed strongly that this reality must be faced sooner rather than later, and that oil companies need now to seriously assess the potential damage and future viability of drilling in sensitive areas.

## **6. Recycling**

- *Increase container recycling/recycled content (one proposal: support)*

As it did last year, ACSRI members unanimously agreed to support this proposal. Members noted that the soft-drink company in question bottles its products in non-biodegradable containers. Members believe that increasing recycling is an important goal, and cited background materials that point out that consumer recycling has decreased over the years. The ACSRI felt dissatisfied with the company’s response, which was to push responsibility for recycling onto the consumer rather than to take any company responsibility in addressing this issue, and noted that soft-drink companies actually lobby against legislation proposing recycling methods that are believed to be the most effective.

## **7. Water use**

- *Report on water use (one proposal: no recommendation)*

The ACSRI was unable to develop a recommendation on this proposal, which asks a major soft-drink company to report on its use of water in areas of southern India suffering a severe water shortage. Members in support of the proposal expressed concern over the large quantity of water the company was consuming, observing that it takes almost 3 liters of water to make one liter of product. Noting that the company can get water from unaffected locations, supporters were particularly concerned over the company’s sale of the scarce water (both as soda and bottled water) back to the local community for a profit. These members were dissatisfied with the company’s response, believing the company was missing the point and failing to take

responsibility for its own actions. Members rejecting the proposal felt that confronting the company for using water was going too far. These members were not convinced that the company was overusing water. Rejecting members remarked that the company has a direct business interest in increasing the efficiency of its water use, and noted that the company has already been making significant improvements in this respect.

**E. Equal Employment/Equal Opportunity (7 proposals)**

- *Adopt sexual orientation anti-bias policy (two proposals: support)*
- *Drop sexual orientation from EEO policy (four proposals: reject)*
- *Report on EEO (two proposals: support)*
- *Report on EEO policies, including for disabled (one proposal: support)*
- *Implement MacBride principles (two proposals: reject)*
- *Urge MacBride on franchisee (one proposal: reject)*

The ACSRI believes that, as an institution with an educational mission, the University values diversity and equal opportunity and seeks to uphold the related goals of equal employment and non-discrimination. The ACSRI shares these sentiments, and supported all proposals that advocate these values, including proposals to report on EEO policies and to adopt sexual orientation anti-bias policies. Factors that influenced the ACSRI to support proposals included situations where a targeted company had negative records on the issues, where a company's response indicated that it was not considering the issues seriously, or where the company had EEO policies that did not explicitly address sexual orientation. Conversely, the ACSRI rejected all proposals that advocated, or were motivated by, a rejection of the values of equality, such as those proposals requesting that companies drop sexual orientation from their EEO policies. The ACSRI also rejected all proposals urging the implementation of the MacBride principles in Northern Ireland, as these principles, while motivated by values of inclusiveness, have been rendered obsolete by more recent legislation and effective enforcement.

The TSSR abstained on one proposal to a fast-food chain to "report on EEO policies, including for disabled," which addresses the company's EEO policy as well as the separate issue of disability access to its restaurants. The TSSR agreed that while both issues warranted

consideration, the proposal's attempt to link the two was ineffective and the TSSR could not support it as written.

**F. Executive Pay and Social Criteria**

- *Link executive pay to environmental criteria (one proposal: no recommendation)*
- *Link executive pay to social criteria (four proposals: 2 support, 1 reject, 1 no recommendation)*

While the ACSRI has excluded from review most executive compensation proposals, subscribing to the consensus that these proposals fall under the category of corporate governance rather than social responsibility, the ACSRI did review certain proposals seeking to link executive compensation to explicit social or environmental criteria. While several proposals seek to introduce into the calculation of executive compensation issues such as performance with respect to environmental guidelines, some focus on the increasing gap between top-level executive compensation and that of the average employee. The ACSRI feels that abuses of the pay system and excessive executive salaries are an issue of concern; however, consistent with its case-by-case approach, the ACSRI assessed each of these proposals on the merits of the situation and as applicable to each targeted company.

***Link executive pay to environmental criteria***

The ACSRI was unable to develop a recommendation on this proposal to an automobile manufacturer, which requests that the company's top compensation packages be linked to the very specific criterion of reducing lifetime product greenhouse gas (GHG) emissions. Members supporting the proposal believed that incorporating the requested criterion into executive compensation formulas would provide a very strong incentive for company management to focus and improve upon this issue. These members believed that support of this proposal was important as a symbolic measure to let the company know that shareholders were concerned about management's continued focus on fuel-inefficient vehicles and its reactive response to GHG emissions. Members rejecting the proposal were sympathetic to the proponents' concerns,

but felt that the proposal overreached in its attempt to micromanage business decisions. These members noted that the company does include financial performance criteria in its compensation package formula and, therefore, company effort to reduce emissions and market more fuel-efficient vehicles should lead to better financial performance; in this sense, the company's compensation formula already, albeit indirectly, addresses the criterion of the proponents.

### ***Link executive pay to social criteria***

Three of these proposals were presented to the same oil company and varied in their individual requests; the ACSRI supported two of these proposals and was unable to develop a recommendation on one. The fourth proposal was presented to a telecommunications company; in keeping with last year's precedent, the ACSRI again voted to reject this proposal.

The first proposal to the oil company and the proposal to the telecommunications company were similar and primarily addressed the increasing compensation gap between top executives and average company employees; the ACSRI was unable to develop a recommendation as it applied to the oil company and rejected it as it applied to the telecommunications company. Members rejecting the proposals argued that they addressed issues of corporate governance and were masquerading as social-issues proposals. Rejecting members observed that the market for executives is different from the market for regular employees, and that it is unclear that there is a multiple of salary differential that is appropriate. Members supporting the proposals argued that excessive compensation of top executives is a major problem in corporations today, and noted wide recent attention focused on this issue. Supporting members argued that the proposal was particularly well targeted in the case of the oil company, as, according to background materials, the company ranks 180<sup>th</sup> out of 189 companies evaluated in terms of linking executive pay to performance. In both cases, supporting members felt that there is too much closeness between top managers and board members, and that this, together with a "ratcheting up" effect caused by the practices of compensation consultants, leads to poor negotiations, abuses of the pay system, and excessive executive salaries.

The ACSRI unanimously voted to support the second proposal to the oil company, which requests that the company include in its top executive compensation formula factors capturing

social and environmental performance as well as the company's financial performance. ACSRI members noted that this proposal is not purely a corporate governance proposal and does successfully link social responsibility criteria to executive pay. They believed that the proposal was well-worded and flexible enough that the company could implement its recommendations. In particular, members remarked that several factors are included in the formulation of executive compensation packages, and it is not unreasonable or impractical to ask the compensation committee to include certain social and environmental performance objectives with those other criteria. The TSSR rejected this proposal, adhering to its precedent on similar proposals. The TSSR found the social criteria referenced in the proposal to be vague, and believed the requirement to integrate those criteria directly into a compensation formula to be inappropriate and unrealistic.

The ACSRI unanimously supported a third, rather different, proposal to the oil company. The proposal requests that the company review and report on its anti-discrimination policy as it pertains to its corporate sponsorships and executive perks, and points out, as an example, that although the company has a strong anti-discrimination statement, it is a lead sponsor of the Masters Golf Tournament, which is owned by and held at an organization that explicitly excludes women from membership. While ACSRI members did not necessarily agree that there is a conflict there, or that the company should not, in fact, sponsor such an event, members did believe that it is reasonable and appropriate to ask the company to consult its anti-discrimination policy, and determine if, in fact, any of its corporate sponsorships/executive perks are at odds with its stated policy.

**G. Global Labor Standards and Human Rights**

- *Implement ILO standards and third-party monitoring (one proposal: support)*
- *Review/report on vendor standards (one proposal: support)*
- *Adopt comprehensive human rights policy (two proposals: support)*
- *Adopt code of conduct for China operations (one proposal: reject)*
- *Review operations in Colombia (one proposal: support)*

- *Report on risk to image of globalization strategy (one proposal: reject)*

This year, the ACSRI examined seven shareholder proposals that concerned global labor standards (GLS) or human rights. Proposals on GLS specifically address the employment practices of U.S. companies (or their subsidiaries or suppliers) operating abroad, labor conditions, or other workplace issues. Human rights proposals – usually presented to companies with significant overseas operations, operations in countries with oppressive regimes, or a history of labor abuses – range from requests for a review and/or report of a company’s existing human rights policy to requests that companies adopt or implement concrete actions or policies pertaining to human rights. In the past, the ACSRI tended to reject many GLS and human rights proposals, having viewed them as over-reaching and based on varied sets of principles (e.g., ILO Standards, the UN Declaration on Human Rights), that while laudable, are conceptually vague and impractical for application by specific companies. In the case of human rights proposals, most ACSRI members generally considered these proposals as overly broad and unfeasible and found it undesirable and risky to assign responsibility to individual companies for pushing ideological, political, and public policy changes within the regimes in which they operate. This year, however - due in part to expert presentations to the ACSRI on ILO standards and human rights by esteemed members of Columbia’s Law faculty - the ACSRI supported a greater number of GLS and human rights proposals: the faculty experts contributed to the ACSRI’s clarity on which of the requested standards are broadly recognized, how to interpret them appropriately, and the extent to which they are feasible, as well as what responsibilities corporations can reasonably be expected to hold in oppressive regimes.

***Implement ILO standards and third party monitoring***

***Review/report on vendor standards***

***Adopt comprehensive human rights policy (two proposals)***

The ACSRI strongly supported these four proposals, which were presented to a paper manufacturer, a cable and communications company, an oil producer, and a defense/aerospace company; all of these companies source materials and/or have significant operations abroad. Although the proposals differed somewhat in their specific requests, they were all quite similar in spirit, and requested the implementation of standardized codes of conduct such as the ILO

standards, and/or the adoption of a human rights policy based on the norms delineated in the UN declaration of human rights. Recalling the presentations of two Columbia Law professors who are experts on GLS and human rights, ACSRI members cited the importance of companies adopting recognized human rights norms and core ILO standards, and the responsibility companies have in holding their suppliers to these codes. Members concluded that these four proposals requested the implementation of standards and policies that were in line with those the guest experts had indicated were necessary and feasible.

### ***Adopt code of conduct for China operations***

The ACSRI rejected this proposal, which requests that a computer hardware manufacturer implement ILO standards and apply certain UN covenants to its operations in China. In this case, the ACSRI found the company to be a very responsible corporate citizen, noting that it has already adopted a code of conduct with applicability to China that is similar to the code requested by the proposal. The company has shown evidence that it does indeed audit its suppliers, follows up on code violations, and in some cases has been able to prevail upon suppliers to upgrade their standards. While some members argued for uniformity in requesting that companies to adopt ILO standards, most members found the company to be exemplary in terms of worker's rights and believed this shareholder proposal to be inappropriately targeted.

### ***Review operations in Colombia***

The ACSRI unanimously voted to support this proposal, which addresses a situation where a major soft-drink company owns 40% of a bottling plant in Colombia, whose officials have been alleged to have colluded with local militias engaged in union busting through intimidation tactics, violence, and murder. The ACSRI supported a very similar proposal last year. Members remarked that the company has hired a contractor to investigate the allegations, and in general seems to be taking the allegations much more seriously this year than previously. Nevertheless, the ACSRI feels the investigation has been less than independent, observed that the ILO has yet to perform its own investigation, and does not feel that there is enough evidence to exonerate the company from responsibility. The ACSRI believes that the increasing visibility

of this issue has forced the company to take it seriously, and that support for this year's proposal will encourage that momentum.

### ***Report on risk to image of globalization strategy***

As it did last year, the ACSRI unanimously rejected this proposal, which requests that the company establish an independent committee to evaluate the potential damage to its reputation because of offshoring initiatives. While the ACSRI agreed that globalization and outsourcing of jobs to other countries raises serious considerations, members felt that this proposal was an inappropriate method to address the impact of offshoring. Furthermore, these members believed that, as written, the proposal unfairly singled out the company and put it in a negative light; a more appropriate proposal might address how a corporation takes care to retain or retrain individuals who might be displaced by outsourcing.

## **H. Health Issues**

- *Report on drug price restraint efforts (one proposal: reject)*

This year saw a significant decrease in the number of proposals addressing drug pricing and access – this was a decline seen across shareholder proposals in general, not only those pertaining to the University; no proposals addressing the impact of the AIDS, malaria, and tuberculosis pandemics on company operations came up for review.

As it did last year, the ACSRI rejected this proposal to a pharmaceutical company requesting that it report on the measures it is taking to keep the price increases of its products equal to or below the rate of inflation. Members rejecting the proposal believed that requiring a pharmaceutical company to set price controls is incompatible with a free market economy and that a more appropriate proposal would specifically address access programs offered by the company. Members in support of the proposal were very troubled by consumers' access to affordable pharmaceuticals, generally, and by the fact that the greater the demand for a particular drug, the higher the price was set. Furthermore, these members were concerned that the "list price" of drugs was set artificially high so that the pharmaceutical companies could then offer a "discount" to HMOs, creating even greater inequality of access among the uninsured.

## **I. Military and Security**

- *Develop military contracting criteria (one proposal: reject)*

The ACSRI voted unanimously to reject this proposal, which requests that the company's board review and possibly amend the company's code of conduct related to its defense contracts activities, taking into consideration the impacts these activities have on the political and social stability in the countries where the company's weapons are used. The ACSRI felt that the proposal was overreaching and too general, and observed that rather than addressing a specific weapon that might raise concern on humanitarian grounds, it boils down to the position that the company should not be in the defense industry at all. These members concluded that the defense business, while a problematic industry from a responsibility standpoint, is a necessary industry. Furthermore, it is highly regulated by the government, which is the appropriate arena for the oversight of the issues referenced in the proposal.

## **J. Political Contributions**

- *Report on political donations and policy (twenty-one proposals: 20 support, 1 reject)*
- *Disclose political contributions in newspapers (two proposals: reject)*
- *Affirm political nonpartisanship (one proposal: reject)*
- *Review public policy advocacy (one proposal: reject)*

This is the third year that the ACSRI included this issue in its proxy review agenda, and again it was the largest issue area, accounting for 28% of all resolutions reviewed. The ACSRI generally favors the transparency encouraged by these proposals and recommended supporting all (with one exception) proposals asking companies to report on their political donations and policies. Related proposals whose requests went beyond transparency to narrowly focused actions on the part of the company, such as proposals requiring the company to affirm political nonpartisanship or to disclose political contributions in newspapers, did not receive the ACSRI's support.

### ***Report on political donations and policy***

The ACSRI reviewed more of these proposals this year than any other type. They request that companies report on their political contributions to candidates, parties, and section 527 organizations, the rationale for these contributions, and the names of the employees making these decisions. Some of the proposals reviewed this year included a new and additional clause, asking for disclosure of contributions made to trade associations that would not be deductible under section 162 (e)(1)(B) of the tax code due to their political nature.

The ACSRI unanimously recommended support in 20 of the 21 instances of this proposal. (The ACSRI rejected the proposal in one case, as it was presented to a company that did not make any political donations.) The ACSRI cited its precedent of support for these proposals, and expressed the position that, as an institution committed to the free flow of ideas and open exchange, it is appropriate that Columbia encourage greater transparency in political donations; furthermore, as a shareholder, Columbia has an interest in knowing how its money is spent. The ACSRI observed that increased openness has contributed to recent trends in good governance and believed the cost of preparing the report to be outweighed by these factors. In the case of proposals containing language requesting disclosure of contributions made to trade associations not deductible under section 162 (e)(1)(B) of the tax code, ACSRI members felt that the requested extension of the transparency principle was warranted due to the specifically political nature of the donations in question.

#### ***Disclose political contributions in newspapers***

The ACSRI unanimously rejected both of these proposals, and referred to its precedent of rejecting this proposal in previous years. Members noted that while it is similar in spirit to proposals to “report on political donations and policy,” in this case, the requested means of reporting the donations – publishing them in newspapers – is very limited and does not provide interested parties with continuous access to the data (such as making the report available on the company’s website). Furthermore, ACSRI members felt the request was unreasonable in that it only gives the company five days to publish the information were the shareholder proposal to pass.

#### ***Affirm political non-partisanship***

The ACSRI unanimously voted to reject this proposal, agreeing that it is not necessarily in a company's best interest to be non-partisan and that it would not ask a company to be so. In its rejection, the ACSRI noted that most of the actions requested of the company in the proposal are already prohibited under the law, and that the company already appears to have policies in place that address many of the proponent's requests.

### ***Review public policy advocacy***

The ACSRI voted unanimously to reject this proposal, which asks the company to issue a report prioritizing its legislative and regulatory public policy advocacy activities. Members rejecting the proposal noted that while the "Resolved" clause of the proposal appeared neutral, the supporting statements indicated that the proponent was strongly opposed to the company's efforts to implement certain pro-environmental policies; the ACSRI felt it could not support the proposal because it was attacking the company for acting in a socially responsible fashion.

## **K. Sustainability**

- *Issue sustainability report (two proposals: support)*

Following the precedent developed as the proxy season progressed last year, the ACSRI supported both proposals. The proposal requests a report including the company's definition of sustainability and a review of current company practices with respect to social, environmental and economic sustainability. Supporting members felt the proposal is based on a workable definition of sustainability and allows the company the flexibility to define sustainability for itself and approach the report as it sees fit. Supporting members noted that the social and environmental considerations that are included in the concept of sustainability, and company policies to minimize externalities, are important factors in companies' long-term growth and viability; a commitment to sustainable practices will be even more important as the public continues to become increasingly aware of and concerned about these matters. Members who did not support the proposal expressed their concerns with the "triple bottom line" assessment requested, which would entail trade-offs whose values would be difficult to quantify.

## **VI. Looking Ahead**

For the upcoming 2006-2007 academic year, the ACSRI plans to maintain its scope of proxy review. The ACSRI will continue to explore initiatives in addition to proxy review, including implementing a Sudan divestment monitoring process. The ACSRI will seek to increase the visibility of its work and its mission on campus and to improve communication with all parts of the University. To this end, the ACSRI intends to work with student groups as part of its Sudan divestment monitoring process; to co-sponsor with the Columbia Business School a possible workshop on corporate social responsibility; and to continue to invite Columbia faculty members and others to address the ACSRI concerning topics of social concern relevant to the ACSRI's work.

*APPENDIX I*

**COLUMBIA UNIVERSITY**  
**ADVISORY COMMITTEE ON SOCIALLY RESPONSIBLE INVESTING**

Statement of Position and Recommendation on Divestment from Sudan

April 4, 2006

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 its annual community hearing on November 15, 2005, the Committee was formally presented with the *Proposal for Divestment from Sudan* by the student-led Columbia University Sudan Divestment Taskforce.

**Committee principles on divestment:**

In December 2002, the Committee released a formal statement in which divestment was determined to be the strongest action an institution can take as a socially responsible investor. Divestment ends communication between shareholder and corporation, thereby attempting to affect corporate behavior through the symbolic act of ceasing all connection with the company in question. The statement delineates three basic tests that should be considered with respect to divestment: 1) there must be broad consensus within the University community regarding the issue at hand; 2) the merits of the dispute must lie clearly on one side; and 3) divestment must be more viable and appropriate than ongoing communication and engagement with company management.

**The situation in Darfur, Sudan<sup>4</sup>:**

In Sudan’s western province of Darfur, the Arab Janjaweed militias, believed to be acting in cooperation with the Sudanese Khartoum regime, have been systematically perpetrating atrocities, including rape, torture, and murder, against the indigenous, non-Arab ethnic groups in the region. Estimates vary, but there are reports that since February 2003 well over 200,000 Darfurian civilians have died<sup>5</sup> and over 2 million have been displaced internally or to neighboring Chad.<sup>6</sup> On July 22, 2004 the U.S. House of Representatives passed House Concurrent Resolution 467 and the U.S. Senate approved Senate Concurrent Resolution 133 by voice vote, declaring the atrocities committed in Darfur to constitute genocide; in September 2004, the U.S. State Department confirmed this designation. While the United Nations has stopped short of classifying the atrocities in Sudan as genocide, the January 25, 2005 U.N. Report of the International Commission of Inquiry on Darfur refers to the offenses in Darfur as “war crimes,” “crimes against humanity,” and crimes that “may be no less serious and heinous than genocide.” As recently as December 21, 2005, the U.N. Security Council passed a resolution (S/RES/1651 2005) determining that “the situation in Sudan continues to constitute a threat to international peace and security in the region.”

**Revenue support of the Khartoum government:**

---

<sup>4</sup> For a more extensive discussion of the situation in Darfur, the reader may wish to consult the Columbia University Sudan Divestment Taskforce’s *Proposal for Divestment from Sudan*.

<sup>5</sup> Gareth Evans, “End the Death, Suffering and Destruction in Darfur,” International Crisis Group (March 10, 2005): <http://www.crisisgroup.org/home/index.cfm?id=3336&l=1&m=1>.

<sup>6</sup> *Intelligence Unit, Sudan Report, The Economist*, 27 (Sept. 2005).

The United States government has since 1997 imposed a trade embargo against Sudan relating to the activities of U.S. companies, to which some exemptions have been granted. However, the Committee is strongly concerned that non-U.S. companies, which are not subject to this sanctions regime, with material involvement in Sudan provide the infrastructure and revenues necessary to sustain the Khartoum regime, that these revenues directly relate to large increases in governmental military and weapons expenditures, and that these military enhancements are being used for the perpetration of atrocities against the civilians of Darfur.

The oil and gas industry is of paramount concern, having been shown to provide the Khartoum government with 70% of total export revenues this year<sup>7</sup>, and with output expected to double by year-end<sup>8</sup>. Furthermore, revenues generated by the oil and gas industry are disproportionately funneled into military and weapons spending<sup>9</sup>. Companies in the energy/utilities and telecommunications sectors are also problematic. In addition to generating revenues<sup>10</sup>, these companies provide the necessary infrastructure for both the government and the oil industry<sup>11</sup>.

### **Committee position and recommendations:**

As indicated by the December 2002 statement, the Committee sets a high bar for divestment. In this case, the Committee is unanimous in its belief that its threshold criteria for considering divestment have been fulfilled. There is broad consensus across the University in support of divestment from Sudan. The merits of the case lie clearly against the human rights violations and atrocities being committed in Darfur and against the Khartoum government's complicity with offending militias. The Committee believes that communication with company management is not a sufficient response given the urgency of the situation in Darfur. The Committee concludes that divestment from companies whose activities, directly or indirectly, substantially enhance the revenues available to the Khartoum government is the most appropriate action to take in order to avoid supporting the regime and its involvement in the perpetration of atrocities.

The Committee at this time recommends that the University divest from and prohibit future investment in all direct holdings of publicly-traded non-U.S. companies whose activities, directly or indirectly, substantially enhance the revenues available to the Khartoum government. Our research demonstrates that the companies subject to this policy include all those companies doing business in Sudan that are (1) involved in the oil and gas industry – including goods and services providers, as well as explorers and extractors; or (2) providers of infrastructure – specifically those companies in the energy/utilities and telecommunications sectors.

---

<sup>7</sup> Energy Information Administration: <http://www.eia.doe.gov/emeu/cabs/Sudan/Background.html>.

<sup>8</sup> Sudan Tribune: [http://www.sudantribune.com/article.php3?id\\_article=14079](http://www.sudantribune.com/article.php3?id_article=14079).

<sup>9</sup> Human Rights Watch: *Sudan, Oil and Human Rights* (2003): [http://www.hrw.org/reports/2003/sudan1103/21.htm#\\_Toc54492697](http://www.hrw.org/reports/2003/sudan1103/21.htm#_Toc54492697).

<sup>10</sup> The IMF reports that strong performance in the energy/utilities sector was one of the major contributors to Sudan's significant revenue growth in 2004: <http://www.imf.org/external/np/sec/pn/2005/pn0567.htm>.

<sup>11</sup> The Sudan Tribune reports that in a country that is over 70% rural, nearly all telecom clients are in the oil industry: [http://www.sudantribune.com/article.php3?id\\_article=14398](http://www.sudantribune.com/article.php3?id_article=14398).

After a thorough review of research compiled<sup>12</sup> on companies with business in Sudan, the Committee finds that the following companies fulfill the criteria for divestment described above and recommends their immediate divestment:

ABB	PetroChina
Alcatel	Schlumberger
Alstom	Siemens
Bharat Heavy Electricals	Sinopec
Harbin Power Equipment	Sudatel
Lundin Petroleum International	Sumatec
Nam Fatt	Tatneft
ONGC	Videocon Industries
PECD Berhad	White Nile Petroleum

As of February 28, 2006, Columbia University held none of the above-referenced companies in its public-equity portfolio. The Committee strongly recommends that these companies be prohibited from future investment by the University's public-equity managers. The Committee recommends that the University communicate its position and divestment policy to all managers investing Columbia's funds.

The Committee will establish a process to periodically research, monitor, and assess the activities of these and other companies doing business in Sudan; the Committee may make recommendations for removal of any or all of the above-referenced companies from the divestment list, and/or may make further recommendations for divestment from additional companies that meet the Committee's stated divestment criteria. In this connection, the committee identified certain companies whose activities raise concerns but require further research, including certain U.S. companies that have received waivers from the U.S. sanctions regime. The Committee will review its recommended divestment policy periodically and as information becomes available suggesting that human rights violations and atrocities in Darfur have ceased; or the Khartoum government can be shown to no longer be complicit in these acts; or the government of the United States, the United Nations or other credible and international human rights organizations have deemed the situation in Sudan significantly improved; or OFAC has lifted economic sanctions against Sudan and its government.

---

<sup>12</sup> The Committee reviewed research compiled by several sources, including (but not limited to): (1) *An Analysis of Select Companies' Operations in Sudan: A Resource for Divestment* by the Allard K. Lowenstein International Human Rights Clinic/Project at Yale University; (2) Company research compiled by the University of California Sudan Divestment Taskforce; (3) In-depth company reports commissioned from the Investor Responsibility Research Center; (4) Institutional Shareholder Services' SIMON Sudan screen; and (4) original research performed by Committee members and staff.

*APPENDIX 2*  
**ADVISORY COMMITTEE ON SOCIALLY RESPONSIBLE INVESTING**  
**2005-2006 AGENDA**  
**December 6, 2005**

**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 2005-2006 academic year, which builds on the Committee’s first five years of experience generally, and which specifically reflects discussion of the shareholder proposals reviewed last year, the input from the Committee’s annual community hearing on November 15, 2005, consideration of external sources and materials, and careful discussion and deliberation.

**AGENDA**

During the 2005-2006 academic year, the Committee will continue to review selected shareholder proposals made to public corporations in which the University has invested its endowment. The Committee will recommend to the University Trustees how to vote on shareholder proposals from several broad social issue categories, namely: animal welfare; board diversity; environment and energy; equal employment opportunity; executive pay as tied to social indicators; global labor standards; health issues (including the problem of HIV/AIDS and pharmaceutical pricing and access); human rights; military equipment sales; corporate political contributions; and sustainability. In keeping with its precedent of recent years, the Committee anticipates excluding most shareholder proposals on corporate governance from its review, but may decide to review and formulate recommendations in a select number of cases where it believes it can add some value to the discussion. The Committee may further refine its focus as the proxy landscape becomes better defined in the winter of 2006.

Over the course of the academic year, the Committee may advise the Trustees on other compelling issues involving socially responsible investing and adjust its agenda, if and when relevant matters arise. In particular, the Committee will consider the issue of divestment from Sudan and make a recommendation to the Trustees as to what actions, if any, would be consistent with the University’s ethical and social responsibilities as an investor. In the spring, the Committee intends to co-sponsor a conference on corporate social responsibility and the role of institutional investors. The Committee may explore other ways to communicate its concerns about issues of corporate social responsibility through methods other than proxy review, such as contact with proxy proponents and direct communication to corporate managers.

**PROCESSES**

With respect to proxy review for 2005-2006, the Committee anticipates continuing to address shareholder proposals on a case-by-case basis, as this approach allows for a thorough and nuanced response to each proposal as it pertains to a specific company or industry. 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 statements and company responses, as well as other supporting and opposing statements and independent reports and opinions. The Committee intends to invite 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. The Committee will also continue to form subgroups, where appropriate, to consider select issues.

The Committee will keep a record of all matters that are put to formal vote, including all recommendations that are submitted to the University Trustees. The Committee will work with a Trustees group on shareholder responsibility to make possible the timely and accurate submission of proxy ballots.

An interim annual report of the activities of the Committee will be released at the conclusion of the academic year, and a final report will be released the following autumn along with other reports, as appropriate. The Committee will communicate this agenda to the President, the University Trustees, and the University Senate, and will post it on its website.

APPENDIX 3

2006 ACSRI PROXY RECOMMENDATIONS, TSSR VOTES, AND OVERALL SHAREHOLDER SUPPORT

Issue	ACSRI Review Date	Company	Resolution	ACSRI Votes to Support (#)	ACSRI Votes to Reject (#)	ACSRI Votes to Abstain (#)	ACSRI Rec	TSSR Vote	Overall Shareholder Support (%)
Animal Welfare	4/18/06	Pfizer Inc.	Don't promote animal testing	0	10	0	Reject	Reject	5.3
	4/11/06	Chevron Corporation	Review animal welfare standards	6	1	0	Support	Reject	6.4
	4/11/06	Eli Lilly and Co.	Review animal welfare standards	5	1	0	None	Reject	3.9
	4/11/06	Merck & Co., Inc.	Review animal welfare standards	3	3	0	None	Reject	5.0
	5/9/06	Yum Brands, Inc.	Review animal welfare standards	0	8	2	Reject	Reject	7.3
	4/18/06	Pfizer Inc.	Review animal welfare standards	9	1	0	Support	Support	6.4
	4/25/06	Bristol-Myers Squibb Co.	Review animal welfare standards	7	2	0	Support	Support	5.0
Board Diversity	4/18/06	Torchmark Corp.	Commit to/report on board diversity	10	0	0	Support	Support	10.2
Charitable Contributions	4/18/06	Johnson & Johnson	Disclose charitable contributions	0	10	0	Reject	Reject	6.2
	4/4/06	Citigroup Inc.	Review/report on charitable giving/policy	2	7	0	Reject	Reject	8.7
	4/4/06	The Coca-Cola Company	Review/report on charitable giving/policy	2	7	0	Reject	Reject	n/a
	4/25/06	Avon Products, Inc.	Review/report on charitable giving/policy	0	9	0	Reject	Reject	n/a
	4/25/06	The Boeing Co.	Review/report on charitable giving/policy	1	9	0	Reject	Reject	10.4
	4/25/06	PepsiCo, Inc.	Review/report on charitable giving/policy	0	10	0	Reject	Reject	5.8
Environment & Energy	4/18/06	Kimberly-Clark Corp.	Consider phasing out non-FSC products	8	2	0	Support	Support	8.2
	4/11/06	The Coca-Cola Company	Increase container recycling/recycled content	6	0	0	Support	Support	n/a
	5/9/06	Yum Brands, Inc.	Label gene-engineered food	1	9	0	Reject	Reject	5.0
	5/16/06	McDonald's Corp.	Label gene-engineered food	1	7	0	Reject	Reject	6.0
	4/18/06	General Electric Co.	Report on climate change science	3	7	0	Reject	Reject	6.9
	5/2/06	Ford Motor Company	Report on climate change science	0	7	0	Reject	Reject	4.3
	5/2/06	Occidental Petroleum Corp.	Report on climate change science	0	7	0	Reject	Reject	7.3
	5/16/06	General Motors Corp.	Report on climate change science	0	8	0	Reject	Reject	2.9
	5/2/06	The Dow Chemical Company	Report on community hazards	7	0	0	Support	Support	6.9
	5/2/06	ConocoPhillips	Report on community hazards	7	0	0	Support	Support	20.0

	5/16/06	Exxon Mobil Corp.	Report on community hazards	8	0	0	Support	Support	10.1
	4/18/06	Lockheed Martin Corp.	Report on depleted uranium	1	8	0	Reject	Reject	6.4
	5/2/06	The Dow Chemical Company	Report on environmental impact and plans	7	0	0	Support	Support	6.3
	4/18/06	Chevron Corporation	Report on environmental liabilities	5	4	1	None	Reject	8.4
	5/2/06	The Dow Chemical Company	Report on gene-engineered plants	0	7	0	Reject	Reject	6.9
	5/2/06	Ford Motor Company	Report on lobbying against tighter fuel economy	7	0	0	Support	Support	7.3
	4/11/06	The Coca-Cola Company	Report on water use	4	2	0	None	Reject	6.9
	4/18/06	Chevron Corporation	Report on, protect key natural & cultural sites	10	0	0	Support	Support	8.7
	5/16/06	Exxon Mobil Corp.	Report on, protect key natural & cultural sites	8	0	0	Support	Support	8.5
	5/2/06	ConocoPhillips	Review Natl. Petroleum Reserve-Alaska	7	0	0	Support	Support	25.8
	5/2/06	The Dow Chemical Company	Review/reduce asthma triggers in pesticides	7	0	0	Support	Support	5.8
	4/25/06	Avon Products, Inc.	Review/reduce toxicity of product formulation	6	3	0	Support	Abstain	n/a
Equal Employment	4/11/06	AmSouth Bancorporation	Adopt sexual orientation anti-bias policy	7	0	0	Support	Support	n/a
	5/16/06	Exxon Mobil Corp.	Adopt sexual orientation anti-bias policy	8	0	0	Support	Support	34.6
	4/11/06	American Express Co.	Drop sexual orientation from EEO policy	0	7	0	Reject	Reject	1.9
	4/18/06	Bank of America Corp.	Drop sexual orientation from EEO policy	0	10	0	Reject	Reject	2.3
	5/2/06	Ford Motor Company	Drop sexual orientation from EEO policy	0	7	0	Reject	Reject	4.8
	5/9/06	JPMorgan Chase & Co.	Drop sexual orientation from EEO policy	0	10	0	Reject	Reject	1.8
	4/11/06	Crane Co.	Implement MacBride principles	0	7	0	Reject	Reject	13.4
	4/11/06	Manpower Inc.	Implement MacBride principles	0	7	0	Reject	Reject	8.6
	4/18/06	Lockheed Martin Corp.	Report on EEO	10	0	0	Support	Support	25.1
	5/16/06	Home Depot, Inc. (The)	Report on EEO	8	0	0	Support	Support	35.9
	5/9/06	Yum Brands, Inc.	Report on EEO policies, including for disabled	6	3	1	Support	Abstain	10.3
	5/9/06	Yum Brands, Inc.	Urge Macbride on franchisee	0	10	0	Reject	Reject	10.6
Executive Pay	5/2/06	Ford Motor Company	Link executive pay to environmental criteria	2	5	0	None	Reject	4.8
	4/25/06	AT&T Inc	Link executive pay to social criteria	1	8	0	Reject	Reject	11.9
	5/16/06	Exxon Mobil Corp.	Link executive pay to social criteria	8	0	0	Support	Support	8.3
	5/16/06	Exxon Mobil Corp.	Link executive pay to social criteria	3	5	0	None	Reject	12.9
	5/16/06	Exxon Mobil Corp.	Link executive pay to social criteria	8	0	0	Support	Reject	9.1

Global Labor Standards	4/18/06	Kimberly-Clark Corp.	Implement ILO standards and third-party monitoring	10	0	0	Support	Support	8.5
	4/11/06	International Business Machines Corp.	Report on risk to image of globalization strategy	0	6	0	Reject	Reject	7.6
	5/9/06	Time Warner Inc	Review/report on vendor standards	10	0	0	Support	Support	n/a
Health Issues	4/18/06	Pfizer Inc.	Report on drug price restraint efforts	1	9	0	Reject	Reject	7.0
Human Rights	4/11/06	International Business Machines Corp.	Adopt code of conduct for China operations	0	7	0	Reject	Reject	9.7
	4/18/06	Chevron Corporation	Adopt comprehensive human rights policy	9	1	0	Support	Support	23.9
	4/25/06	The Boeing Co.	Adopt comprehensive human rights policy	8	1	0	Support	Support	25.0
	4/11/06	The Coca-Cola Company	Review operations in Colombia	7	0	0	Support	Support	5.7
Military and Security	4/25/06	The Boeing Co.	Develop military contracting criteria	0	9	0	Reject	Reject	8.8
Political Contributions	5/16/06	Home Depot, Inc. (The)	Affirm political nonpartisanship	0	8	0	Reject	Reject	12.0
	4/18/06	Bank of America Corp.	Disclose political contributions in newspapers	0	10	0	Reject	Reject	4.5
	4/25/06	PepsiCo, Inc.	Disclose political contributions in newspapers	0	10	0	Reject	Reject	3.3
	4/4/06	Citigroup Inc.	Report on political donations and policy	10	0	0	Support	Support	9.9
	4/4/06	Wachovia Corp.	Report on political donations and policy	10	0	0	Support	Support	12.3
	4/4/06	Washington Mutual, Inc	Report on political donations and policy	10	0	0	Support	Support	24.1
	4/11/06	AmSouth Bancorporation	Report on political donations and policy	7	0	0	Support	Support	n/a
	4/11/06	Bellsouth Corp.	Report on political donations and policy	7	0	0	Support	Support	12.1
	4/11/06	International Business Machines Corp.	Report on political donations and policy	0	7	0	Reject	Reject	9.7
	4/18/06	Chevron Corporation	Report on political donations and policy	10	0	0	Support	Support	13.2
	4/18/06	The Chubb Corp.	Report on political donations and policy	10	0	0	Support	Support	11.5
	4/25/06	Abbott Laboratories	Report on political donations and policy	10	0	0	Support	Support	10.0
	4/25/06	General Dynamics Corp.	Report on political donations and policy	10	0	0	Support	Support	22.4
	4/25/06	The St. Paul Travelers Companies, Inc.	Report on political donations and policy	10	0	0	Support	Support	28.7
	4/25/06	Union Pacific Corp.	Report on political donations and policy	10	0	0	Support	Support	27.7
	4/25/06	Verizon Communications	Report on political donations and policy	10	0	0	Support	Support	33.0
	5/9/06	JPMorgan Chase & Co.	Report on political donations and policy	10	0	0	Support	Support	28.9
	5/9/06	Target Corporation	Report on political donations and policy	10	0	0	Support	Support	11.0

	5/9/06	Marsh & McLennan Companies, Inc.	Report on political donations and policy	10	0	0	Support	Support	n/a
	5/9/06	American Financial Group, Inc.	Report on political donations and policy	10	0	0	Support	Support	20.0
	5/16/06	Home Depot, Inc. (The)	Report on political donations and policy	8	0	0	Support	Support	34.0
	5/16/06	Exxon Mobil Corp.	Report on political donations and policy	8	0	0	Support	Support	11.5
	4/18/06	Pfizer Inc.	Report on political donations and policy	10	0	0	Support	Support	10.3
	4/25/06	AT&T Inc	Report on political donations and policy	10	0	0	Support	Support	15.2
	5/9/06	JPMorgan Chase & Co.	Review public policy advocacy	0	10	0	Reject	Reject	27.2
Sustainability	4/25/06	General Dynamics Corp.	Issue sustainability report	8	1	0	Support	Support	21.2
	5/16/06	Dean Foods Company	Issue sustainability report	7	1	0	Support	Support	33.9