

**DARTMOUTH COLLEGE**  
**ADVISORY COMMITTEE ON INVESTOR RESPONSIBILITY**

**EXECUTIVE SUMMARY PREPARED FOR THE DARTMOUTH COMMUNITY**  
**FISCAL 2017**

**Executive Summary**

In fiscal 2017, the Advisory Committee on Investor Responsibility (ACIR) was in a state of transition; the ACIR had a new Executive Administrator, Scott Frew, and no other formal members. In fiscal 2018 there is an expectation that the ACIR will be functioning much as it has done in the past with a full membership of students, faculty, and staff.

As background, former President James E. Wright mandated the formation of ACIR in 2003 as one means for Dartmouth College to act as a responsible and engaged investor. The principal mission of ACIR is to review proxy resolutions relating to social issues raised by shareholders and to make recommendations to Dartmouth through its Investment Office on how it should vote those shareholder-initiated proxy resolutions filed at publicly traded companies in which Dartmouth directly holds shares.

Without a full membership to debate and make recommendations on proxy votes, this year the College's proxy votes have been cast based on ACIRs' previous recommendations and voting history. When there was no clear record of a voting history for a specific topic, or there was a new type of proxy the committee had not encountered in prior years, votes were based on a few basic principles used to evaluate the proxies. Based on the prior votes and on discussions with the long time former Administrator, the following principals were used to guide decisions on new or novel topics:

1. Transparency: the ACIR has been generally supportive of proxy resolutions requesting greater transparency (such as lobbying or corporate political activity), as long as the request is reasonable and not extremely costly or onerous to implement.
2. Consistency with Dartmouth's own policies: the ACIR often looked at Dartmouth's own policies and practices when evaluating a proxy resolution. For example, Dartmouth's non-discrimination policies have guided votes on affirmative action and female pay disparity.
3. Abstain: with totally "new" votes that were substantially different than anything the ACIR had encountered in the past, there would be no clear history, precedent, or broad ACIR membership to debate and address the issues, and as a result the ACIR has elected to abstain.

## ACIR Recommendations on the Voting of Proxy Resolutions

As of March 31<sup>st</sup>, 2017, there were 158 directly held publicly traded equities, 32 of which had environmental, social, or governance proxy votes. The ACIR continues to make available to the Dartmouth community a listing of Dartmouth's direct holdings of publicly traded equities. This listing is updated quarterly and is available for review during normal business hours at Dartmouth's Investment Office.

In total the ACIR made 62 proxy recommendations to Dartmouth through its Investment Office. The chart below provides a summary of the recommendations by subject area in 2017:

Topic	Proxy Resolution Recommendations			Total Voted
	Support	Oppose	Abstain	
Board Diversity			1	1
Board Oversight	1		2	3
Climate Change	7	1	5	13
Corporate Political Activity	16		3	19
Decent Work	4		2	6
Environmental Management	1		1	2
Financial Services			1	1
Human rights	1		6	7
Industrial Agriculture			2	2
Sustainability Reporting	1		3	4
Workplace diversity	4			4
<b>Total</b>	<b>35</b>	<b>1</b>	<b>26</b>	<b>62</b>

Appendix I to this Executive Report lists the resolution topics and ACIR's recommendations by company name and also includes the level of shareholder support received by each resolution. Appendix II lists the resolution topics and ACIR's recommendations by subject area and also includes the level of shareholder support received by each resolution.

## Screens to Prevent College Ownership of Shares of Certain Companies with Operations in Sudan and Screens to Prevent Tobacco Holdings

### Operations in Sudan

Acting on recommendations from ACIR, in November 2005 the Board of Trustees of Dartmouth College announced that it would bar College ownership of shares in 6 publicly traded companies with operations in Sudan due to the conclusion by ACIR that their activities amounted to direct complicity in the genocidal activities of the government of Sudan in its Darfur region. Pursuant to the Board of Trustees' direction, Dartmouth College's Investment

Office created a Sudan No Hold List effectively prohibiting its investment managers from purchasing shares of the companies that Dartmouth, through ACIR, had identified as being complicit with the Khartoum regime's genocidal activities.

The ACIR will continue to monitor the No Hold List to ensure the companies on the list continue to meet the criteria set forth above. The list should be reviewed in Fiscal 2018 as company operations and ownership can change over time. Appendix III has the current list of companies on Dartmouth's Sudan No Hold List.

### Tobacco Holdings

On June 2, 2012, Dartmouth's Board of Trustees voted to divest Dartmouth's tobacco holdings. Further, the Board of Trustees directed the Investment Office to create a mechanism with which to ensure that none of Dartmouth's investment managers purchase tobacco stocks for Dartmouth's portfolio in the future. The current tobacco list is based on MSCI's ACWI Tobacco Index, and the list of the companies is in Appendix IV.

### **Fossil Fuel Divestment**

The Environmental organization 350.org has been at the forefront of the movement to have investors sell their stock in oil, gas, and coal companies since 2010. Here at Dartmouth, the Divest Dartmouth organization has been actively involved on campus with the goal to have Dartmouth divest from its fossil fuel holdings. In March of 2014 the Divest Dartmouth group presented President Phil Hanlon with a petition requesting divestment, and in response the President requested the ACIR to prepare a report to analyze objectively the pros and cons of divestment. In April of 2016 the response to the request was submitted: "Report to the President on the Considerations Involved in Divesting the Dartmouth College Endowment from Directly Help Fossil-Fuel Related Assets". Appendix V contains numerous links to the Divest requests and the President and the Board of Trustees' response. It seems likely that Divest Dartmouth will continue to be active on campus and will look to stay involved with ACIR. It is important to note that once the ACIR has a full complement of members, members of the Dartmouth community, including Divest Dartmouth, are welcome to attend ACIR's weekly meetings which should start in the spring of 2018.

### **Executive Summary Conclusion**

Dartmouth continues to be an engaged and responsible investor by actively voting its shares in regards to environmental, social, and governance issues. However, without a formal membership group in fiscal 2017, the ACIR voted mainly based on prior precedent. Without an engaged committee, the nature of the proxy votes will change over time and there may come a point where there is not enough prior history or precedent to guide future proxy voting. There

is the full expectation at the ACIR will have a broad membership in fiscal 2018 in order to evaluate future proxy votes and confirm the Sudan and Tobacco No Hold Lists.

## APPENDIX I - INDEX TO ACIR RECOMMENDATIONS ON PROXY RESOLUTIONS BY COMPANY

**KEY:** Rec: - ACIR Voting Recommendation

F = Vote in favor of resolution

O = Vote to oppose resolution

A = Vote to abstain on resolution

Support – Total Level of shareholder support

W – Resolution either withdrawn by proponent or noted voted upon for other reason

Company	Action	Rec.	Support
AbbVie	Report on Lobbying	F	26.6%
Amazon	Report on background checks in hiring	A	7.3%
Amazon	Link executive pay to sustainability metrics	A	4.8%
Apple	Adopt Board Diversity Program	A	4.9%
Apple	Report on Charitable Contributions	A	2.1%
Bank of America	Report on Female pay disparity	F	14.7%
Berkshire Hathaway	Divest fossil-fuel holdings	A	1.2%
Berkshire Hathaway	Report on methane emissions/reduction targets	F	9.9%
Berkshire Hathaway	Review/report on political spending	F	11.0%
BlackRock	Report on Lobbying	F	18.6%
Chevron	Nominate environmental expert to board	F	19.6%
Chevron	Report on climate change	A	25.9%
Chevron	Report on climate change strategy	F	W
Chevron	Report on Lobbying	F	29.1%
Chevron	Report on anti-genocide policy	A	5.7%
Coca-Cola	Report on country selection/assessment	F	1.7%
Comcast	Report on Lobbying	F	16.5%
ConocoPhillips	Report on Lobbying	F	23.9%
ConocoPhillips	Link executive pay to sustainability metrics	A	6.7%
Dr Pepper Snapple Gr.	Report on supplier pesticide use	A	31.5%
DTE Energy	Report on climate change strategy	A	44.9%
Eli Lilly	Report on Lobbying	F	24.8%
Exxon Mobil	Increase authorized dividend given stranded assets	O	3.8%
Exxon Mobil	Report on climate change	A	62.1%
Exxon Mobil	Report on hydraulic fracturing/shale energy risks	F	38.6%
Exxon Mobil	Report on Lobbying	F	27.5%
Exxon Mobil	Report of female employees compensation	F	7.9%
Ford	Report on political spending	F	17.2%
General Electric	Report on Charitable Contributions	A	4.6%
General Electric	Report on Lobbying	F	28.5%
Home Depot	Adopt advisory vote on political spending	A	5.7%
Home Depot	Report on EEO and affirmative action	F	33.6%
Honeywell Int.	Report on Lobbying	F	36.4%

<b>Company</b>	<b>Action</b>	<b>Rec.</b>	<b>Support</b>
Kraft Heinz	Report on Supply Chain deforestation impacts	F	13.0%
Kraft Heinz	Report on packaging	A	13.0%
Kraft Heinz	Publish a report on sustainability	F	W
Merck	Adopt board oversight of product safety	A	6.7%
Merck	Implement Holy Land Principles	A	2.5%
Merck	Report on conflict zone operations	A	23.5%
Mondelez Int.	Report on plant closure impacts	A	5.2%
Mondelez Int.	Report on packaging	F	27.4%
NextEra Energy	Review/report on political spending	F	41.1%
Noble Energy	Report on climate change strategy	A	24.0%
Occidental Petroleum	Report on climate change strategy	F	67.3%
Occidental Petroleum	Report on methane emissions/reduction targets	F	45.7%
Occidental Petroleum	Report on political spending	F	23.9%
Pepsico	Implement Holy Land Principles	A	3.0%
Pepsico	Report on supplier pesticide use	A	9.1%
Pfizer	Implement Holy Land Principles	A	W
PNC Financial Services	Report on EEO and affirmative action	F	11.1%
T. Rowe Price Group	Review and report on proxy voting	A	9.0%
T. Rowe Price Group	Report on EEO and affirmative action	F	36.8%
Travelers	Report on Lobbying	F	37.3%
Travelers	Report on Female pay disparity	F	18.2%
Travelers	Report on EEO and affirmative action	F	36.4%
Verizon Comm.	Establish board committee on human rights	A	6.0%
Verizon Comm.	Report on GHG emissions targets	F	15.0%
Wells Fargo	Report on Lobbying	F	8.3%
Wells Fargo	Report on Female pay disparity	F	15.9%
Wells Fargo	Reports on ethics and oversight	A	21.9%
Wells Fargo	Report on indigenous pay policy	A	18.0%
Wyndham Worldwide	Review/report on political spending	F	37.7%

**APPENDIX II - INDEX TO ACIR RECOMMENDATIONS ON PROXY RESOLUTIONS BY SUBJECT  
AREA**

**KEY:** Rec: - ACIR Voting Recommendation  
 F = Vote in favor of resolution  
 O = Vote to oppose resolution  
 A = Vote to abstain on resolution  
 Support – Total Level of shareholder support  
 W – Resolution either withdrawn by proponent or noted voted upon for other reason

**Board Diversity**

<b>Company</b>	<b>Action</b>	<b>Rec.</b>	<b>Support</b>
Apple	Adopt Board Diversity Program	A	4.9%

**Board Oversight**

<b>Company</b>	<b>Action</b>	<b>Rec.</b>	<b>Support</b>
Chevron	Nominate environmental expert to board	F	19.6%
Merck	Adopt board oversight of product safety	A	6.7%
Verizon Comm.	Establish board committee on human rights	A	6.0%

**Climate Change**

<b>Company</b>	<b>Action</b>	<b>Rec.</b>	<b>Support</b>
Berkshire Hathaway	Divest fossil-fuel holdings	A	1.2%
Berkshire Hathaway	Report on methane emissions/reduction targets	F	9.9%
Chevron	Report on climate change	A	25.9%
Chevron	Report on climate change strategy	F	0.0%
DTE Energy	Report on climate change strategy	A	44.9%
Exxon Mobil	Increase authorized dividend given stranded assets	O	3.8%
Exxon Mobil	Report on climate change	A	62.1%
Exxon Mobil	Report on hydraulic fracturing/shale energy risks	F	38.6%
Kraft Heinz	Report on Supply Chain deforestation impacts	F	13.0%
Noble Energy	Report on climate change strategy	A	24.0%

Occidental Petroleum	Report on climate change strategy	F	67.3%
Occidental Petroleum	Report on methane emissions/reduction targets	F	45.7%
Verizon Comm.	Report on GHG emissions targets	F	15.0%

## Corporate Political Action

Company	Action	Rec.	Support
AbbVie	Report on Lobbying	F	26.6%
Apple	Report on Charitable Contributions	A	2.1%
Berkshire Hathaway	Review/report on political spending	F	11.0%
BlackRock	Report on Lobbying	F	18.6%
Chevron	Report on Lobbying	F	29.1%
Comcast	Report on Lobbying	F	16.5%
ConocoPhillips	Report on Lobbying	F	23.9%
Eli Lilly	Report on Lobbying	F	24.8%
Exxon Mobil	Report on Lobbying	F	27.5%
Ford	Report on political spending	F	17.2%
General Electric	Report on Charitable Contributions	A	4.6%
General Electric	Report on Lobbying	F	28.5%
Home Depot	Adopt advisory vote on political spending	A	5.7%
Honeywell Inter.	Report on Lobbying	F	36.4%
NextEra Energy	Review/report on political spending	F	41.1%
Occidental Petroleum	Report on political spending	F	23.9%
Travelers	Report on Lobbying	F	37.3%
Wells Fargo	Report on Lobbying	F	8.3%
Wyndham Worldwide	Review/report on political spending	F	37.7%

## Decent Work

Company	Action	Rec.	Support
Amazon	Report on background checks in hiring	A	7.3%
Bank of America	Report on Female pay disparity	F	14.7%
Exxon Mobil	Report of female employees compensation	F	7.9%
Mondelez Inter.	Report on plant closure impacts	A	5.2%
Travelers	Report on Female pay disparity	F	18.2%
Wells Fargo	Report on Female pay disparity	F	15.9%



## Environmental Management

<b>Company</b>	<b>Action</b>	<b>Rec.</b>	<b>Support</b>
Kraft Heinz	Report on packaging	A	13.0%
Mondelez International	Report on packaging	F	27.4%

## Financial Services

<b>Company</b>	<b>Action</b>	<b>Rec.</b>	<b>Support</b>
Wells Fargo	Reports on ethics and oversight	A	21.9%

## Human Rights

<b>Company</b>	<b>Action</b>	<b>Rec.</b>	<b>Support</b>
Chevron	Report on anti-genocide policy	A	5.7%
Coca-Cola	Report on country selection/assessment	F	1.7%
Merck	Implement Holy Land Principles	A	2.5%
Merck	Report on conflict zone operations	A	23.5%
Pepsico	Implement Holy Land Principles	A	3.0%
Pfizer	Implement Holy Land Principles	A	0.0%
Wells Fargo	Report on indigenous pay policy	A	18.0%

## Industrial Agriculture

<b>Company</b>	<b>Action</b>	<b>Rec.</b>	<b>Support</b>
Dr Pepper Snapple Gr.	Report on supplier pesticide use	A	31.5%
Pepsico	Report on supplier pesticide use	A	9.1%

## Sustainability Reporting

<b>Company</b>	<b>Action</b>	<b>Rec.</b>	<b>Support</b>
Amazon	Link executive pay to sustainability metrics	A	4.8%
ConocoPhillips	Link executive pay to sustainability metrics	A	6.7%
Kraft Heinz	Publish a report on sustainability	F	0.0%
T. Rowe Price Group	Review and report on proxy voting	A	9.0%

## Workplace Diversity

<b>Company</b>	<b>Action</b>	<b>Rec.</b>	<b>Support</b>
Home Depot	Report on EEO and affirmative action	F	33.6%
PNC Financial Services	Report on EEO and affirmative action	F	11.1%
T. Rowe Price Group	Report on EEO and affirmative action	F	36.8%
Travelers	Report on EEO and affirmative action	F	36.4%

### APPENDIX III – SUDAN NO HOLD LIST

- Bharat Electronics Limited (military)
- China Petrochemical Corporation (Sinopec Group) (oil)
- China National Petroleum Corp. (oil)
- China North Industries Group Corporation (military)
- China Poly Group Corporation (oil)
- Dongfeng Motor Group Ltd. (military)
- Egypt Kuwait Holding Company (oil)
- Establishments Maurel & Prom (oil)
- GAZ Group (military)
- Indian Oil Corporation Limited (oil)
- Jiangxi Hongdu Aviation Company Limited (military)
- MAN SE (multiple)
- Oil and Natural Gas Corporation Limited (oil)
- Oil India Limited (oil)
- ONGC Videsh, Limited (oil)
- Pertamina Persero PT (oil)
- PetroChina Company Limited (oil)
- Petronas Gas Berhad (oil)
- Petroleum Nasional Berhad (oil)
- Scomi Berhad (oil)
- Statesman Resources Limited (oil)

## APPENDIX IV – TOBACCO NO HOLD LIST

- AL-EQBAL INVESTMENT COMPANY PLC
- Alliance One International, Inc.
- Altria Group, Inc.
- American Heritage International Inc
- Bangladesh Leaf Tobacco Co Ltd
- BRITISH AMERICAN TOBACCO (MYS) BERHAD
- BRITISH AMERICAN TOBACCO BANGLADESH CO. LTD.
- British American Tobacco Kenya Ltd
- BRITISH AMERICAN TOBACCO P.L.C.
- British American Tobacco Uganda
- British American Tobacco Vranje
- British American Tobacco Zimbabwe Ltd
- Bulgartabac holding AD
- CEYLON TOBACCO COMPANY PLC
- Coka Duvanska Industrija ad Coka
- CONG TY CO PHAN NGAN SON
- CTO PCL
- Duvanska industrija ad Bujanovac
- Duvanski Kombinat ad Podgorica u stecaju
- Eastern Co SAE
- ELECTRONIC CIGARETTES INTERNATIONAL GROUP, LTD.
- FABRIKA DUHANA SARAJEVO D.D. SARAJEVO
- GODFREY PHILLIPS INDIA LIMITED
- Golden Tobacco Ltd
- Gotse Delchev Tabac AD
- HEALTHIER CHOICES MANAGEMENT CORP.
- Hrvatski Duhani dd
- HUABAO INTERNATIONAL HOLDINGS LTD
- Icon Vapor Inc
- IMPERIAL BRANDS PLC
- ITC LIMITED
- JAPAN TOBACCO INC.
- Jerusalem Cigarette Co Ltd
- Karelia Tobacco Company Inc SA
- Khyber Tobacco Company Ltd
- Kimree Inc
- KT&G Corporation
- MEDIGREEN HOLDINGS CORPORATION
- Newgen Concepts Inc
- Nicotiana BT Holding AD
- NTC Industries Ltd
- Pakistan Tobacco Company Ltd
- Pazardzhik BTM AD
- PHILIP MORRIS (PAKISTAN) LIMITED
- Philip Morris CR as
- Philip Morris International Inc.
- Philip Morris Operations a.d. Nis
- PT Bentoel Internasional Investama Tbk
- PT Gudang Garam Tbk
- PT Hanjaya Mandala Sampoerna Tbk
- Reynolds American Inc.
- SCANDINAVIAN TOBACCO GROUP A/S
- SCHWEITZER-MAUDUIT INTERNATIONAL, INC.
- SHANGHAI INDUSTRIAL HOLDINGS LIMITED
- Shumen Tabac AD
- SILA HOLDING Plc
- Sinnar Bidi Udyog Ltd
- Slantse Stara Zagora Tabak AD
- Smokefree Innotec Inc
- Societe Ivoirienne des Tabacs SA
- Swedish Match AB
- Tanzania Cigarette Co Ltd
- THE WEST INDIAN TOBACCO COMPANY LIMITED
- TURNING POINT BRANDS, INC.
- Tutunski Kombinat AD Prilep
- Union Tobacco and Cigarette Industries Company
- UNIVERSAL CORPORATION
- Vapor Hub International Inc
- VECTOR GROUP LTD.
- Virat Crane Industries Ltd
- VPR Brands LP
- VST INDUSTRIES LIMITED
- Wee-Cig International Corp
- Wismilak Inti Makmur Tbk PT

## APPENDIX V – DIVEST FOSSIL FUELS

Board of Trustees' original response to requests to divest in fiscal 2014:

“The primary purpose of the endowment and other investment pools is to support Dartmouth's mission in preparing students for a lifetime of learning and of responsible leadership, through a faculty dedicated to teaching and the creation of knowledge. The values inherent in Dartmouth's mission are academic excellence and independence of thought within a culture of collaboration. Dartmouth supports vigorous open debate of ideas within a community marked by mutual respect, as well as a culture of integrity, self-reliance, collegiality and a sense of responsibility for each other and for the broader world. The use and management of Dartmouth's resources are to advance this mission and these values.

Dartmouth's endowment represents funds donated to Dartmouth which have been invested and stewarded over the years to support current students and faculty as well as future generations of students and scholars. The primary investment objective of the endowment is to generate long-term, inflation-adjusted investment returns in excess of the annual distribution to preserve intergenerational equity for the institution. Dartmouth's position regarding its investment assets is to maintain a flexible investment mandate to maximize the earning power of these resources.

In limited circumstances, there may be social, environmental or governance related factors to consider regarding Dartmouth's investments. The Advisory Committee on Investor Responsibility (ACIR) is comprised of members of the Dartmouth community including students, faculty, alumni and staff, and was formed by the President's Office to study and make voting recommendations for Dartmouth regarding social issues on proxy ballots for shares of publicly held companies. The ACIR also offers a forum for the Dartmouth community to present socially driven investment concerns while recognizing the need for Dartmouth to continue to maximize investment returns in support of its mission. In cases of broader socially-driven investment matters, the Advisory Committee may be engaged for an initial review of the issue and may make a recommendation to the Board of Trustees if the President determines that action is warranted. Dartmouth's Board ultimately has sole responsibility for all investment matters, including determination of socially-driven investment issues that arise as a result of Dartmouth's investments.”

Additional Links:

March 2014.

Report to the President on the Considerations Involved in Divesting the Dartmouth College Endowment from Directly Help Fossil-Fuel Related

Assets: [http://www.dartmouth.edu/~president/announcements/divestment\\_report\\_final.pdf](http://www.dartmouth.edu/~president/announcements/divestment_report_final.pdf)

May 2016

Statement on the Challenge of Climate Change and Proposed Fossil-Fuel Stock Divestment:

<http://www.dartmouth.edu/~president/announcements/2016-0513.html>

Overview of arguments for and against Divestment:

[http://www.dartmouth.edu/~president/announcements/carbon\\_pro\\_and\\_con.pdf](http://www.dartmouth.edu/~president/announcements/carbon_pro_and_con.pdf)

April 2017

Our Green Future: The Sustainability Road Map for Dartmouth (see Leveraging our Influence on page 17):

<http://www.dartmouth.edu/~president/announcements/2017-0422.html>