

**DARTMOUTH COLLEGE
ADVISORY COMMITTEE ON INVESTOR RESPONSIBILITY**

**EXECUTIVE SUMMARY PREPARED FOR THE DARTMOUTH
COMMUNITY
FISCAL 2018**

Executive Summary

Fiscal 2018 saw the Advisory Committee on Investor Responsibility (ACIR) formally reconstituted with a full set of members. Although the new members of the ACIR were not able to vote on every proxy this year, nearly 70% of the recommendations were made through the committee with the remaining proxy votes based on the historic voting precedents.

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. The committee is also to address the desirability of disclosing information regarding the College's investment portfolio to its constituencies and the possibilities for education of students and other interested parties regarding the goals and constraints of the College's investment portfolio.

Early in the calendar year, prior to being able to convene the fully reconstituted ACIR members, proxy votes were 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. The following principals were used to guide decisions on new or novel topics:

1. **Transparency:** the ACIR has been 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 January 31, 2018, there were 169 directly held publicly traded equities, 27 of which had environmental, social, or governance proxy votes. There were 43 total proxy recommendations made to the Investment Office in fiscal 2018, 14 of the recommendations were based on the prior precedents, with the remaining 29 being recommended through a vote of the members.

The table below provides a summary of the recommendations by subject area in fiscal 2018:

Topic	Proxy Resolution Recommendations			Total Voted
	Support	Oppose	Abstain	
Animal Welfare			1	1
Board Diversity	1		1	2
Board Oversight	1			1
Climate Change	3		1	4
Corporate Political Activity	16	1		17
Environmental Management	1		3	4
Health			1	1
Human Rights	1			1
Pay Linked to ESG Metrics			1	1
Sustainability Oversight	1	1	7	9
Workplace diversity	2			2
Total	26	2	15	43

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

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 Operations Office, located at 12 South Street, Suite 1, Hanover NH.

ACIR Membership

There were 10 voting members of ACIR during 2018 who were recruited from the College's faculty, administration, undergraduate and graduate schools.

In 2018, James D. Feyrer, Associate Professor of Economics and Vice-Chair of the Economics Department, served as the Chair of ACIR. Other members included: Rosalie E. Kerr, '97 Sustainability, Tracy L. Dustin-Eichler, Sustainability, Robert M. Baum, Departments of Religion, AAAS, WGSS, John D. Trout, Department of Mathematics, Shrinivas R Potty, T'19 Tuck Student, Alexander R. Miller Jr., '20 Dartmouth Undergraduate, Brandon E. Teixeira, '20 Dartmouth Undergraduate, Kayla N. Rivera-Hoskinson, '20 Dartmouth Undergraduate, and Alexander S. Tewksbury, '20 Dartmouth Undergraduate. Scott Frew, a non-voting member, served as ACIR's Executive Administrator.

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 each fiscal year 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.

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. Fiscal 2018 saw a renewed interest in the group and a full committee was able to again discuss, debate, and vote on proxies. Although some proxies are similar from year to year, there are always new topics, such as the legalization of marijuana, and the landscape for shareholders seeking accountability has grown with there now being over 400 shareholder resolutions filed on environmental, social and sustainable governance issues in 2018.

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

*: votes based on prior voting record

Company	Action	Rec.	Status
AbbVie	Report on executive pay links to ESG metrics	F	24.3%
AbbVie	Report on lobbying	F	21.8%
Amazon.com	Adopt board diversity policy	F	W
Ameriprise Financial	Review/report election spending	F *	38.8%
Amgen	Report on executive pay links to ESG metrics	O	25.8%
Berkshire Hathaway	Publish sustainability report	A	11.6%
Berkshire Hathaway	Report on methane emissions/reduction targets	F	8.5%
BlackRock	Report on lobbying	F	20.9%
Bristol-Myers Squibb	Report on executive pay links to ESG metrics	A *	22.6%
Chevron	Nominate environmental expert to board	F	26.4%
Chevron	Report on lobbying	F	31.5%
Chevron	Report on methane emissions/reduction targets	F	44.9%
Chevron	Report on changed carbon asset mix options	A	8.1%
Chevron	Report on anti-genocide policy	F	7.2%
Comcast	Report on lobbying	F	19.1%
DowDupont	Report on Bhopal accident	A *	4.8%
DowDupont	Report on executive pay links to ESG metrics	A *	7.7%
DTE	Report on benefits of early nuclear plant closure	A *	5.7%
Eli Lilly	Report on lobbying	F	20.1%
Eli Lilly	Support legalization of marijuana	A	1.5%
Eli Lilly	Report on executive pay links to ESG metrics	A	17.7%
Eli Lilly	Revise contract animal lab policies and report	A *	3.2%
Exxon Mobil	Report on lobbying	F	26.2%
Exxon Mobil	Report on board diversity	A	16.4%
Home Depot	Review/report election spending	F	W
Home Depot	Report on EEO and affirmative action	F	48.2%
Honeywell Int.	Report on lobbying	F *	40.6%
Illinois Tool Works	Adopt GHG reduction targets	F	24.5%
Kraft Heinz	Report on packaging	A *	13.5%

Company	Action	Rec.	Status
McDonald's	Report on charitable contributions	O	3.1%
Mondelez	Report on packaging	F	31.2%
Mondelez	Report on plant closure impacts	F	6.0%
NextEra Energy	Review/report on election spending	F	43.2%
Northern Trust	Review/report election spending	F *	23.9%
Pfizer	Report on lobbying	F *	33.4%
Republic Services	Review/report election spending	F	29.1%
Travelers	Report on EEO and affirmative action	F	36.3%
Verizon	Report on executive pay links to ESG metrics	A *	11.5%
Verizon	Report on lobbying	F *	36.2%
Wells Fargo	Link executive pay to sustainability metric	A *	6.0%
Wells Fargo	Report on compensation links to risky practices	A *	21.9%
Wyndham	Review/report election spending	F	42.7%

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

*: votes based on prior voting record

Animal Welfare

Company	Action	Rec.	Support
Eli Lilly	Revise contract animal lab policies and report	A *	3.2%

Board Diversity

Company	Action	Rec.	Support
Amazon.com	Adopt board diversity policy	F	W
Exxon Mobil	Report on board diversity	A	16.4%
Chevron	Nominate environmental expert to board	F	26.4%

Climate Change

Company	Action	Rec.	Support
Berkshire Hathaway	Report on methane emissions/reduction targets	F	8.5%
Chevron	Report on changed carbon asset mix options	A	8.1%
Chevron	Report on methane emissions/reduction targets	F	44.9%
Illinois Tool Works	Adopt GHG reduction targets	F	24.5%

Corporate Political Action

Company	Action	Rec.	Support
AbbVie	Report on lobbying	F	21.8%
Ameriprise Financial	Review/report election spending	F *	38.80%
BlackRock	Report on lobbying	F	20.9%
Chevron	Report on lobbying	F	31.5%
Comcast	Report on lobbying	F	19.1%
Eli Lilly	Report on lobbying	F	20.1%
Exxon Mobil	Report on lobbying	F	26.2%
Home Depot	Review/report election spending	F	W
Honeywell Int.	Report on lobbying	F *	40.6%
McDonald's	Report on charitable contributions	O	3.1%
Mondelez	Report on plant closure impacts	F	6.0%
NextEra Energy	Review/report on election spending	F	43.2%
Northern Trust	Review/report election spending	F *	23.90%
Pfizer	Report on lobbying	F *	33.4%
Republic Services	Review/report election spending	F	29.1%
Verizon	Report on lobbying	F *	36.2%
Wyndham	Review/report election spending	F	42.7%

Environmental Management

Company	Action	Rec.	Support
DTE	Report on benefits of early nuclear plant closure	A *	5.7%
Kraft Heinz	Report on packaging	A *	13.50%
McDonald's	Report on packaging	A	13.5%
Mondelez	Report on packaging	F	31.2%

Health

Company	Action	Rec.	Support
Eli Lilly	Support legalization of marijuana	A	1.5%

Human Rights

Company	Action	Rec.	Support
Chevron	Report on anti-genocide policy	F	7.2%

Pay Linked to ESG Metrics

Company	Action	Rec.	Support
DowDupont	Report on executive pay links to ESG metrics	A *	7.7%

Sustainability Oversight

Company	Action	Rec.	Support
AbbVie	Report on executive pay links to ESG metrics	F	24.3%
Amgen	Report on executive pay links to ESG metrics	O	25.8%
Berkshire Hathaway	Publish sustainability report	A	11.6%
Bristol-Myers Squibb	Report on executive pay links to ESG metrics	A *	22.6%
DowDupont	Report on Bhopal accident	A *	4.8%
Eli Lilly	Report on executive pay links to ESG metrics	A	17.7%
Verizon	Report on executive pay links to ESG metrics	A *	11.5%
Wells Fargo	Link executive pay to sustainability metric	A *	6.0%

Workplace Diversity

Company	Action	Rec.	Support
Home Depot	Report on EEO and affirmative action	F	48.2%
Travelers	Report on EEO and affirmative action	F	36.3%

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
- 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
- British American Tobacco Uganda
- British American Tobacco Vranje
- British American Tobacco Zimbabwe
- 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 LTD
- 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

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

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>