



Stanford University

**Social Issue Proxy Voting
Policy Statements and Guidelines**

Stanford University
Social Issue Proxy Voting Policy Statements and Guidelines

Diversity and Non-discrimination
Policy Statement

In general, the University **will support** reasonable¹ shareholder resolutions asking companies to take action(s) likely to bring the company, its operations, and/or its subsidiaries, agents, contractors, subcontractors, suppliers, vendors, licensees, and/or joint venture partners into closer compliance with principles, policies and standards of best business practices based on or consistent with (a) the UN Global Compact, (b) the US Equal Employment Opportunity Commission (EEOC), and (c) Stanford's own policies where appropriate. Where appropriate when reviewing allegations of substantial social injury by potential Stanford portfolio companies, the APIRL will also consider California State Law.

In general, the University **will oppose** shareholder resolutions that are inconsistent with these principles, policies, and practices.

In evaluating appropriate action with respect to a proposed shareholder resolution, Stanford may consider information made by its proxy research service(s) and other recognized and respected research and advisory groups.

Additionally, if a remedy for gross violations of Diversity and Non-discrimination Principles, Policies and Standards is not achieved through proxy voting, and the consensus of the Stanford Community is that further action is required, then the University will seek other possible remedies including:

Engaging companies to (a) adopt policies that protect Diversity and Non-discrimination Principles, (b) change business practices that violate Diversity and Non-discrimination Principles, and/or (c) monitor and report to shareholders the progress of achieving an end to violations of Diversity and Non-discrimination Principles; consider

Disinvestment – notification to companies of Stanford's intent to hold current company securities while not purchasing additional securities; or as a last resort consider

Divestment by sending a letter of Stanford's intention to divest within 90 days unless (a) the company alters its policy or (b) the company persuades the University that its activities do not constitute substantial social injury in cases where the company does not adhere to Diversity and Non-discrimination Principles.

12/8/09
Amended 6/9/11

¹ Reasonable also refers to the inclusion of the phrase "at reasonable cost and omitting proprietary information" in shareholder resolutions that ask companies to develop and report to shareholders the cost and/or financial impact of their actions.

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SUBISSUE: Report Equal Employment Opportunity (EEO) Statistics

DESCRIPTION: Resolutions asking companies to report to shareholders and employees statistical data on the company's work force and compensation under each of the major categories as defined by the Equal Employment Opportunity Commission; report on pay equity across gender and minority categories; to summarize affirmative action policies and programs; to describe policies and programs directing purchase of goods and services from women- and minority-owned businesses; and/or to report on any material litigation in which the company is involved concerning discrimination.

PROPONENTS' ARGUMENT: Proponents believe that reports containing basic information as requested keep the issue high on management's agenda and reaffirm corporate public commitment to Equal Employment Opportunities

OPPONENT ARGUMENT: Corporate recruiting, hiring, training and promotional policies commit to equal opportunity for the most qualified individuals at all job levels. Employees are judged only on the basis of their contribution to the company. The key to non-discrimination is a qualitative rather than a quantitative methodological approach. Preparing the reports requested is costly and distracts management.

DISCUSSION: Stanford believes that companies should comply with reasonable shareholder requests to issue reports that enhance corporate transparency on issues related to equal employment opportunities, diversity and non-discrimination of employees.

VOTING POLICY: Stanford votes "Yes" on reasonable² resolutions requesting that a company report on issues related to equal employment opportunity, equitable compensation, diversity and non-discrimination of employees.

4/8/94
Amended 11/5/99, 12/8/09, 6/13/13

² Ibid

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SUBISSUE: Adopt an explicit Equal Employment Opportunity Policy to Prohibit Discrimination

DESCRIPTION: Resolutions ask companies to adopt, amend or implement explicit Equal Employment Opportunity (EEO) policies that prohibit discrimination on the basis of race, religion, national origin, medical condition, marital status, gender, age, sexual orientation, gender identity, and/or gender expression, or any other characteristic protected by law. Resolutions may also request that programs developed to implement these policies be based on identified best practices. Occasionally, resolutions will ask companies to take actions that would have the effect of reducing protections against discrimination.

PROPONENTS’ ARGUMENT: Proponents believe that by implementing Equal Employment Opportunities policies that prohibit discrimination, companies ensure a respectful and supportive atmosphere for all employees, and enhance their competitive edge. Such policies help in recruiting from the widest talent pool, protect and improve morale and productivity, avoid costly litigation and protect their reputation.

OPPONENT ARGUMENT: Management often contends that the adoption or amendment that is requested is not necessary since the company’s policies already treat all employees and applicants equally and according to their qualifications and employment standards. Policies have general statements prohibiting discrimination, and it is not practical or possible to list all categories on which to prohibit discrimination.

DISCUSSION: The Civil Rights Act, US Equal Employment Opportunity Laws and Stanford University’s own published personnel policies (see Administrative Guide memo 23, December 15, 2007), explicitly prohibit discrimination on the basis of various characteristic. Stanford believes that to the extent that specific populations have suffered from discrimination, it is important to prohibit such discrimination explicitly, in order to ensure that it does not occur intentionally or unintentionally.

VOTING POLICY: Reflecting its own values on non-discrimination, Stanford votes “**Yes**” on reasonable resolutions requesting a company to adopt equal employment opportunity policies that explicitly prohibit discrimination.

Stanford votes “**No**” on resolutions asking companies to weaken policies prohibiting discrimination.

12/8/09
Amended 6/9/11, 6/14/12

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SUBISSUE: Adopt a public commitment and amend Nominating and Governance Committee Charters ensure that all reasonable efforts are taken to ensure women and minority Board of Director Candidates in the nomination process

DESCRIPTION: The resolution asks that the Board of Directors or the Nominating or Governance Committee of the Board take reasonable steps to ensure that women and minority candidates are in the pool from which Board nominees are chosen. Further, the resolution asks that such Committees publicly commit themselves to Board inclusiveness by amending their charters to ensure that women and minority candidates are routinely sought as part of every Board search; that Board composition is reviewed periodically; and that it is reported to shareholders its efforts to encourage diversified representation on the Board.

PROPOSERS' ARGUMENTS: Proponents believe that, by implementing an Affirmative Action element to a Board's search for candidates, a Board is able to bring greater diversity to its thinking and decision-making process, thus enhancing a Company's competitive edge. Such a practice would help ensure recruitment to the Board comes from the widest talent pool, as well as enhances a company's reputation.

OPPOSERS' ARGUMENTS: Management often contends that adoption of such a practice is not needed since a company would, of course, always seek out the best candidate to serve on its Board. In addition, since there are already policies in place to prohibit discrimination in employment and hiring practices, it is unnecessary to add an additional policy just for the Board.

DISCUSSION: While Stanford currently votes "Yes" on reasonable Proxy Resolutions related to non-discrimination in a company's hiring practices, it does not have a policy with respect to company boards; nor does it have a policy specifically focused on Affirmative Action. Current Policy Statements and Proxy Guidelines are specifically targeted toward EEOC compliance and Stanford votes "Yes" on such Proxy Guidelines. Adding a Proxy Guideline specifically focused on the creation of pools of applicants (as distinct from hiring) is a natural extension of the philosophy Stanford currently applies, as is applying Stanford's current philosophy to a company's board.

VOTING POLICY: Stanford votes "Yes" on reasonable³ resolutions requesting that a company adopt affirmative action policies in their hiring pools, including a company's Board. This reflects Stanford's own values of affirmative action, inclusiveness, diversity and non-discrimination.

Stanford votes "No" on resolutions that ask companies to exclude affirmative action in its candidate outreach and practices.

6/9/11

³ Ibid

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Environmental Sustainability
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In general, the University **will support** reasonable⁴ shareholder resolutions asking companies to take action(s) which are likely to bring the company, its operations, and/or its subsidiaries, agents, contractors, subcontractors, suppliers, vendors, licensees, and/or joint venture partners into closer compliance with principles, policies and standards of best business practices based on or consistent with (a) the United Nations Global Compact, (b) the Ceres Principles, (c) the G3 Sustainability Reporting Guidelines, and (d) Stanford's principles and policies.

In general, the University **will oppose** shareholder resolutions (a) which are inconsistent with these policies, principles, and practices, (b) which are already adequately covered by existing relevant law, (c) which interfere with the company's compliance with local laws, unless those laws are inconsistent with Stanford's policies and principles and the G3 Sustainability Reporting Guidelines or (d) which impose an unreasonable cost or administrative burden on the company when weighed against the potential benefit.

In evaluating appropriate action with respect to a proposed shareholder resolution, Stanford may consider information made by its proxy research service(s) and other recognized and respected research and advisory groups.

Additionally, if a remedy for gross violations of environmental sustainability is not achieved through proxy voting, and the consensus of the Stanford Community is that further action is required, then the University will seek other possible remedies including:

Engaging companies to (a) adopt policies that protect environmental sustainability, (b) change business practices that violate environmental sustainability, and/or (c) monitor and report to shareholders the progress of achieving an end to violations of environmental sustainability; consider

Disinvestment – notification to companies of Stanford's intent to hold current company securities while not purchasing additional securities; or as a last resort consider

Divestment by sending a letter of Stanford's intention to divest within 90 days unless (a) the company alters its policy or (b) the company persuades the University that its activities do not constitute substantial social injury in cases where the company does not adhere to the Ceres Principles and/or the G3 Guidelines.

12/8/09
Amended 6/9/11

⁴ Ibid

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Environmental Sustainability
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SUBISSUE: **Alternative/Renewable Energy**

RESOLUTIONS: Adopt renewable energy research, development and sourcing policies, and report on the company's progress to investors.

DESCRIPTION: Resolutions ask companies to develop internal policies regarding the research, development, and deployment of low-carbon energy sources/technologies but leave companies to determine those policies' content and form.

PROPONENTS' ARGUMENT: Given the large impact of corporate decision-making on climate change and environmental sustainability and the potential of private sector responses to climate change, companies should be required to develop internal policies regarding low-carbon energy sources/technologies. The articulation of these policies will provide investors clear signals as to the ways in which a company plans to address the global environmental crisis. Furthermore, it is important to note that these resolutions do not mandate the content of such policies, but rather merely their development.

OPPONENTS' ARGUMENT: Requiring companies to develop internal policies regarding low-carbon energy sources/technologies is too affirmative a step in that it interferes with the proper exercise of managerial authority. Although the effects of climate change are widely recognized, there is little agreement as to the best means of mitigating these effects.

DISCUSSION: In 2007, the United Nations Intergovernmental Panel on Climate Change released its Fourth Assessment Report, in which it concluded that global warming is unequivocal, that it is mostly due to an increase in the concentration of (man-made) greenhouse gases, and that its effects could be catastrophic. Although Stanford University generally restricts its support to resolutions requiring the disclosure of information, it recognizes that in certain situations and with respect to certain types of companies, affirmative action may be called for. Stanford University therefore supports additional measures beyond disclosure with respect to companies that have a particularly significant impact on climate change and environmental sustainability problems and solutions.

VOTING POLICY: Stanford University votes "Yes" on resolutions filed with companies that have a particularly significant impact on climate change and environmental sustainability problems and solutions requesting that companies adopt policies regarding the research, development, and deployment of low-carbon energy sources/technologies. Stanford University votes "No" on resolutions that not only request that companies adopt policies regarding the research, development, and deployment of low-carbon energy sources/technologies, but also mandate the content and form of those policies.

12/8/09

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SUBISSUE: Community Impacts of Hydraulic Fracturing

RESOLUTIONS: Report on reputational, financial, legal, and regulatory risks associated with the community, environmental, and public health impacts of hydraulic fracturing (fracking) operations.

DESCRIPTION: Resolutions ask that companies report on short-term and long-term risks to the company's operations, finances and gas exploration associated with community concerns, known regulatory impacts, moratoriums, and public opposition to hydraulic fracturing and related natural gas development.

PROPONENT'S ARGUMENTS:

Individuals and communities have a right to clean water. In its April 2011 report titled "Chemicals Used in Hydraulic Fracturing," which relied on data submitted by 14 oil and gas service companies, the Congressional Committee on Energy and Commerce determined that some chemicals used in hydraulic fracturing fluids are toxic or contain known carcinogens: "Between 2005 and 2009, the oil and gas service companies used hydraulic fracturing products containing 29 chemicals that are (1) known or possible human carcinogens, (2) regulated under the Safe Drinking Water Act for their risks to human health, or (3) listed as hazardous air pollutants under the Clean Air Act." While many companies practice sound wastewater management that prevent chemicals from contaminating drinking water, there have been cases of hydraulic fracturing fluids linked to water contamination. In its 2011 report entitled "Investigation of Ground Contamination near Pavillion, Wyoming," the EPA concluded that hydraulic fracturing fluids were the most likely cause of water contamination: "The presence of synthetic compounds such as glycol ethers...and the assortment of other organic components is explained as the result of direct mixing of hydraulic fracturing fluids with ground water in the Pavillion gas field."

Requiring hydraulic fracturing companies to disclose information about public health impacts is a reasonable request to protect individuals' and communities' right to clean water. Despite assuming most of the negative externalities of hydraulic fracturing, most local communities neither have access to information about potential impacts to water quality nor protections from existing regulations or laws. The U.S. government has exempted the hydraulic fracturing industry from the Safe Water Drinking Act since 1974. In addition, according to the National Resource Defense Council, many U.S. states do not require hydraulic fracturing companies to disclose information about fracking fluids or wastewater disposal practices.

Lack of transparency about potential negative impacts of hydraulic fracturing could jeopardize a company's license to operate. According to Jonathan Lash, former President of the World Resources Institute: "A community ignored or scorned can exact a significant financial price in the present and impose opportunity costs for a company in the future...as a principle and practice, free, prior, informed consent is a key part of legitimacy." According to the U.S. Department of Energy's Shale Gas Production Subcommittee: "There is a real risk of serious environmental consequences causing a loss of public confidence that could delay or stop this activity." Notable examples of sharp declines in market capitalization as a result of moratoria on hydraulic fracturing include Treador Resources, Questerre, and Norse Energy.

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Informing communities about other negative externalities of hydraulic fracturing, including traffic noise and land use, allows communities to better prepare and absorb these impacts. According to the U.S. Department of Energy's Shale Gas Production Subcommittee: "Shale gas production brings both benefits and cost of economic development to a community, often rapidly and in a region that it is unfamiliar with oil and gas operations. Short and long term community impact range from traffic, noise, land use, disruption of wildlife and habitat, with little or no allowance for planning or effective mechanisms to bring companies, regulators, and citizens to deliberate about how best to deal with near term and cumulative impacts. The Subcommittee does not believe that these issues will solve themselves or be solved by prescriptive regulation or in the courts."

Failure to appropriately disclose risks to shareholders and communities could result in future litigation. Companies have a fiduciary responsibility to disclose long-term financial risks of hydraulic fracturing, such as public health costs and environmental degradation. The BP Deepwater Horizon spill, a well-known analog, resulted in approximately \$8 billion in payments to claimants.

OPPONENTS' ARGUMENTS:

Hydraulic fracturing has not been proven to cause substantial negative environmental impacts. While some chemicals used in some fracking fluids are toxic, most companies have developed safe and rigorous water disposal practices. Additionally, there is wide consensus in the scientific and business community that natural gas emits fewer greenhouse gases than coal and oil.

Disclosing information on a community-by-community basis could be an excessive burden in terms of time, money, and resources. First, public companies are already required by the SEC to disclose basic information about risks associated with operations. Second, fracking fluids and water disposal practices can vary by region due to differences in land and well types. As a result, the information gathering and dissemination processes might have to be customized in part for each region. And third, resources could be better allocated to other initiatives, such as researching and developing safer fracking fluids or water dumping practices.

Providing such information to shareholders could arouse unnecessary concern among investors and communities. Information disclosed by companies could be misconstrued by special interest groups, for example, to achieve a political goal. This could potentially result in a decline in the company's reputation and stock price, as well as broader public support for hydraulic fracturing.

DISCUSSION: This guideline supports information disclosure about practices that have the potential to cause "substantial social injury," which is in line with the APIRL's charter, the Subcommittee's existing guidelines, and Stanford's mission. Stanford also believes that providing communities with information about potential impacts of hydraulic fracturing, including the composition of the hydraulic fracturing fluids, is reasonable because communities disproportionately assume the negative externalities of these activities and because this request is neither over burdensome for companies nor largely duplicative of existing regulations or laws. It is also reasonable that information on potential impacts to ground water, air quality, land, and local infrastructure also be provided. Companies likely already have this information; this resolution would simply ask that companies provide the information in a way that is more concise and digestible for the public. In addition, disclosing additional information to

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shareholders could, over time, build the public's trust and engender support for hydraulic fracturing, which would benefit the Company and its shareholders.

VOTING POLICY: Stanford University votes “Yes” on reasonable⁵ resolutions requesting that companies report on foreseeable short-term and long-term risks to the company's operations, finances and gas exploration associated with community concerns, known regulatory impacts, moratoriums, and public opposition to hydraulic fracturing and related natural gas development.

Stanford University also votes “Yes” on reasonable⁶ resolutions requesting that companies report on community impacts of hydraulic fracturing, including but not limited to impacts on water quality, air quality, land, and local infrastructure.

6/13/13

⁵ Ibid

⁶ Ibid

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Environmental Sustainability
Proxy Voting Guideline

SUBISSUE: Develop and Report on Corporate Global Warming Policies

DESCRIPTION: Resolutions ask companies to assess and report the possible financial impact of current corporate global climate change policies and develop and report actions taken to reduce those risks.

PROPONENTS ARGUMENT: Proponents share the concerns of the scientific community that greenhouse gas emissions are contributing significantly to global warming and destabilizing changes in the global climate. Further, proponents believe that it is necessary for corporations to evaluate their current policies, develop plans and take action to reduce those emissions now. If corporations wait to take action until scientific evidence is confirmed and consensus is established between all parties, remediation may not be possible.

OPPONENTS ARGUMENT: Quantifying costs or liabilities for future reductions of greenhouse gas emissions or damages resulting from climate change would be highly speculative in the absence of reduction requirements. It is not possible to quantify such potential effects with any accuracy.

DISCUSSION: While there is still uncertainty about how the climate will change at the regional and national level, scientists have stated that, “The balance of evidence suggests a discernable human influence on global climate” and immediate action is necessary. According to Klaus Toepfer, Executive Director of the United Nations Environment Programme (UNEP) “Record warming and severe summer heat waves in the US, India, China, and elsewhere are a wake-up call. We cannot afford to wait several years for the Kyoto Protocol to enter into force before making significant emissions cuts.” Stanford recognizes the economic and environmental importance of early corporate action to mitigate global climate change. To these ends, Stanford supports inquiries on a company’s business or political activities vis-à-vis global climate change.

VOTING POLICY: Stanford votes “Yes” on resolutions requesting companies analyze levels of greenhouse gas emissions, develop action plans to reduce greenhouse gas emissions, report on significant actions by the company on the issue of greenhouse gas emissions, and continually assess and report on material impacts due to company action and/or inaction with respect to greenhouse gas emissions.

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SUBISSUE: Energy Efficiency

DESCRIPTION: Resolutions ask companies to set goals, monitor and report on progress towards increasing the energy efficiency of operations or improving the energy efficiency of companies' products.

PROPONENT'S ARGUMENTS:

Reduce Environmental Impact – Energy efficiency improvements in operations reduce companies' impact on the environment and the communities in which they operate. According to the Intergovernmental Panel on Climate Change (IPCC), “decreasing emissions is required to mitigate, stabilize, or reverse the observed increase in global average temperatures. One major way to decrease energy use and global Greenhouse Gas (GHG) emissions is through energy efficiency improvements.”

Net Profit Positive – A large share of energy efficiency improvements in operations are net profit positive. According to a McKinsey study, “A large share of abatement opportunities are net profit positive” because “many of the opportunities would see future energy savings largely compensate for upfront investments, such as through lower energy or fuel spending in the future.”

Shareholder Value Creation – Operational energy efficiency improvements create value for shareholders. By undertaking projects that have positive Net Present Value-NPV and a competitive Internal Return on Investments-ROI, companies can increase shareholder value, which management and the Board of Directors of public companies have a fiduciary responsibility to protect and maximize.

Risk Mitigation & Future Risk Avoidance – Operational energy efficiency improvements help companies mitigate risk and prepare for the future. By decreasing their energy consumption while maintaining or increasing outputs, companies can decrease their exposure to fluctuations in energy prices. Contingent on the passage of energy legislation, companies could monetize emission reductions, thereby further capitalizing on competitive internal ROI projects and putting themselves at a competitive advantage.

Reduce Environmental Impacts of Products & Strengthen Product Pipeline – Improving the energy efficiency of products sold by corporations reduces the environmental impact caused by energy use of consumers. Consumers need to be provided with high efficiency options in order to reduce their energy consumption. As energy prices increase, companies providing higher efficiency options will have a competitive advantage. Furthermore, governments are progressively increasing efficiency standards for appliances, automobiles, and building materials. Corporations with a strong pipeline of high efficiency products will be better prepared to compete.

OPPONENTS' ARGUMENTS:

Short-term Financial Burden – According to a McKinsey study, “Finding effective ways to incentivize and finance the (sometimes considerable) additional upfront expenditure may not be

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easy.” Some energy efficiency projects are capital intensive and may require too much free cash flow to be considered a fiscally responsible decision.

Lack of Resources – Companies may not have the resources, whether they be technological, human or financial, to execute energy efficiency plans. For example, the company may lack both the internal capacity to undertake an energy efficiency project and the financial resources needed to hire an outside consultant to complete the project.

Agency Issues – The company and shareholders may not have the opportunity to collect on the investment. According to a McKinsey study, “in many positive-return opportunities, the consumer or company reaping the benefits of lower energy bills are not actually making the upfront investment. For instance, construction companies have limited incentives to insulate homes beyond the level required in building codes, since it is the homeowners and tenants that benefit from lower energy bills.”

Consumer Preference – Consumers may not favor high efficiency products which often have a higher up-front cost, even though over the lifetime of product use overall cost to the consumer will be lower.

VOTING POLICY: Stanford University votes “**Yes**” on reasonable⁷ resolutions requesting that companies set goals, monitor, and report on progress to increase the energy efficiency of operations and products.

Stanford University votes “**No**” on shareholder resolutions (a) which are clearly inconsistent with these principles in whole or in part, (b) which are already adequately covered by existing relevant law, (c) which interfere with the company’s compliance with local laws, unless those laws are inconsistent with the UN Global Compact, the Ceres Principles, the G3 Sustainability Reporting Guidelines, or Stanford’s principles, or (d) which impose an unreasonable cost or administrative burden on the company when weighed against the potential benefits.

Approved 6/14/12

⁷ Ibid

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Environmental Sustainability
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SUBISSUE: Environmental Sustainability Principles, Policies, and Standards

RESOLUTIONS: Adopt and Report on Environmental Sustainability principles, policies and standards such as the Ceres Principles, the GRI-Global Reporting Initiative &/or G3 (GRI-Version 3) or similar Reporting Schemes

DESCRIPTION: Resolutions ask companies to (1) adopt and report on progress in implementing environmental sustainability principles, policies, and standards based on the Ceres Principles; (2) the GRI (Global Reporting Initiative) Guidelines, (3) the G3 (GRI-version 3) Guidelines, or (3) similar environmental sustainability reporting schemes.

PROPONENTS' ARGUMENT: Given the international recognition of anthropogenic (man-made) climate change and the potential magnitude of its effects, a variety of internal and external stakeholders have an interest in corporate sustainability performance.

OPPONENTS' ARGUMENT: Requiring companies to supply information relating to sustainability performance is overly-burdensome, costly, and does not provide value to shareholders.

DISCUSSION: In 2007, the United Nations Intergovernmental Panel on Climate Change (IPCC)⁸ released its Fourth Assessment Report, in which it concluded that global warming is unequivocal, that it is mostly due to an increase in the concentration of anthropogenic (man-made) greenhouse gases, and that its effects could be catastrophic. Stanford University recognizes the important role that disclosure of information relating to sustainability performance can play in mitigating these effects. For this reason, Stanford University supports the disclosure of information according to the Ceres Questionnaire, G3 Sustainability Reporting Guidelines, and similar environmental sustainability reporting schemes.

VOTING POLICY: Stanford University votes “Yes” on all resolutions requesting that companies report on the Ceres Principles, GRI Standards, G3 Sustainability Reporting Guidelines, or similar environmental sustainability reporting schemes.

4/1/94
Amended 11/5/99, 12/8/09

⁸ Established in 1988 by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP), the IPCC provides decision-makers and others interested in climate change with an objective source of information about climate change. Its role is to assess on a comprehensive, objective, open and transparent basis the latest scientific, technical and socio-economic literature produced worldwide relevant to the understanding of the risk of human-induced climate changes, its observed and projected impacts and options for adaptation and mitigation.

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Human Rights
Policy Statement

In general, Stanford **will support** reasonable⁹ shareholder resolutions asking companies to take action(s) which are likely to bring the company, its operations, and/or its subsidiaries, agents, contractors, subcontractors, suppliers, vendors, licensees, and/or joint venture partners into closer compliance with principles, policies and standards of best business practices based on or consistent with the United Nations Global Compact. Shareholder resolutions asking companies to take action(s) may include but are not limited to requests asking companies to adopt, review, and/or report to shareholders the company's human rights policies.

The University **will oppose** shareholder resolutions that are not consistent with these principles, policies, and standards of business practice.

In evaluating appropriate action with respect to a proposed shareholder resolution, Stanford may consider information made available by its proxy research service(s) and other recognized and respected research and advisory groups.

Additionally, if a remedy for gross human rights violations is not achieved through proxy voting, and the consensus of the Stanford Community is that further action is required, then the University will seek other possible remedies including:

Engaging companies to (a) adopt policies that protect human rights, (b) change business practices that violate basic human rights, and/or (c) monitor and report to shareholders the progress of achieving an end to human rights violations; consider

Disinvestment¹⁰ – notification to companies of Stanford's intent to hold current company securities while not purchasing additional securities; or as a last resort consider

Divestment by sending a letter of Stanford's intention to divest within 90 days unless (a) the company alters its policy or (b) the company persuades the University that its activities do not constitute substantial social injury in cases where the company does not adhere to the United Nations Global Compact Human Rights Principles.

12/8/09
Amended 6/9/11, 6/14/12

⁹ Ibid

¹⁰ 6/10/86 – 1985/1985 CIR South Africa Divestment Recommendation Policy

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SUBISSUE: Country Selection (Revised “Companies doing business in Countries with a history of systemic human rights violations)

RESOLUTIONS: Adopt, Review, and/or Report to shareholders the company’s policies for (a) continuing to do business in, (b) investing in, and/or (c) withdrawing from countries with a history of systematic human rights abuses.

DESCRIPTION: Resolutions ask companies to adopt, review and report to shareholders on human rights policies for the company, its operations, and/or its subsidiaries, agents, contractors, subcontractors, suppliers, vendors, licensees, and/or joint venture partners bringing them into closer compliance with principles, policies and standards of best business practices based on or consistent with the UN Global Compact. Additionally, companies will explain the purpose for maintaining investments and/or operations in countries with a history of systematic human rights abuses; an illegitimate government; and/or when respected global human rights advocates, pro-democracy organizations, or legitimately elected representatives call for economic sanctions and/or the withdrawal of business operations from those countries.

PROPONENT’S ARGUMENT: Proponents are concerned that corporations continuing to do business in countries where governments have a history of systematic human rights abuses may potentially perpetuate the abuses by providing direct or indirect income from the corporation to those governments. Examples of such results include corporate revenues which when to the governments of South Africa, Burma/Myanmar, Sudan, and the Democratic Republic of Congo. Reviewing current and/or developing new human rights policies and reporting those policies to shareholders will encourage companies to be more accountable for their decision to continue operating in such an environment.

OPPONENT ARGUMENT: (1) Some corporations say that they already have a code of conduct in place to help determine whether to enter, continue to operate in, or withdraw from countries. (2) In other cases forcing a company to withdraw its operations from a specific country could cause a significant legal costs as well as large financial losses to the corporation.

DISCUSSION: Stanford agrees that allegations of substantial social injury in countries with a history of systematic human rights abuses, and where ongoing abuses are adequately confirmed, cannot always determine if U.S. companies have been directly involved. However, when a company continues to do business in a country where there are ongoing human rights abuses and they continue to escalate, companies’ operations are at risk. Therefore, it is appropriate for shareholders to ask companies to consider the impact of doing business in those regions while abuses continue.

VOTING POLICY: Stanford votes “Yes” on resolutions asking companies to adopt, review, revise, and/or report to shareholders on the impact of adopting explicit human rights guidelines for doing business in countries when the government has a history of systematic human rights abuses.

10/13/07
Amended 12/8/09
Amended 6/9/11

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SUBISSUE: Conflict Minerals (Expansion of corporate human rights policies for doing business in countries with a history of systemic human rights violations in conflict areas)

RESOLUTIONS: Resolutions acknowledge the issue, and ask companies to actively address this issue, and report to shareholders regarding efforts to end the violence against civilians in the Democratic Republic of the Congo (DRC) by avoiding the use of conflict minerals and their derivatives.

DESCRIPTION: Specifically, resolutions ask companies to make public statements condemning the use of conflict mineral revenues that fuel ongoing human rights abuses. Further, resolutions ask companies to adopt steps, develop policies and procedures, and report to shareholders their efforts and methods for identifying and tracking the source of raw materials; block the introduction of conflict minerals into the supply chain; prohibit the use of conflict minerals in corporate products; work with suppliers throughout the entire supply chain to ensure internal sourcing policies are adhered to, with NGOs, industry associations, investors, and other stakeholders to support diplomatic, political, and economic strategies to address one of the primary causes of the conflict. Conflict Minerals are defined as “minerals mined in conditions of armed conflict and human rights abuses, where there are reasonable grounds to believe that revenue from the sale of the minerals contribute to the funding of those who are committing these human rights abuses” in the Democratic Republic of the Congo (DRC).

PROPONENT’S ARGUMENT: Proponents believe it is essential for companies to acknowledge and take steps in the Democratic Republic of the Congo, to address the egregious human rights abuses that have continued for over two decades resulting in more than 5.4-million deaths to date. By not acting to adopt policies and methods of identifying, tracking, and monitoring source minerals, companies have allowed members of various armed militias to violate the basic human rights of large- and small-scale (Artisanal) miners, mineral transporters, their families including the most vulnerable - women and children – all the time claiming to protect civilians, while actually siphoning off corporate profits and the earnings of individual workers by demanding “taxes” (bribes) from those they are charged with protecting.

OPPONENT ARGUMENT: Some corporations indicate that they have a current Human Rights Policy in place but that it is difficult to hold their supply chains responsible for implementing and monitoring standards, and/or identifying the source of minerals in a conflict area, and that resolutions that mandate avoidance of conflict minerals are premature prior to the establishment of a reliable tracing mechanism. Further, requests to stop buying *any* minerals from the DRC are opposed on the grounds that this would harm those trying to make a legitimate living in the mining industry.

DISCUSSION: It has previously been established that Stanford agrees that companies must be aware of allegations of substantial social injury in countries with a history of systematic human rights abuses, and in which they operate, and that these companies should take appropriate action to adequately confirm and attempt to remedy those abuses in order to reduce financial and reputation risks. As was determined by Stanford with respect to its investments in companies

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doing business in South Africa at the time of Apartheid, it is appropriate to ask companies to take reasonable actions to help end human rights abuses in countries in which they do business.

VOTING POLICY: Stanford votes “Yes” on well-written and reasonable¹¹ shareholder resolutions that ask companies for reports on their policies and efforts regarding their avoidance of conflict minerals and conflict mineral derivatives.

6/10/10

¹¹ Ibid

Stanford University
Social Issue Proxy Voting Policy Statements and Guidelines

Labor
Policy Statement

In general, the University **will support** reasonable¹² shareholder resolutions asking companies to take action(s) which are likely to bring the company, its operations, and/or its subsidiaries, agents, contractors, subcontractors, suppliers, vendors, licensees, and/or joint venture partners into closer compliance with principles, policies and standards of best business practices based on or consistent with the United Nations Global Compact and the International Labor Organization Declaration on Fundamental Principles and Rights at Work.

In general, the University **will oppose** all other shareholder resolutions related to its labor practices.

In evaluating appropriate action with respect to a proposed shareholder resolution, Stanford may consider information made available by its proxy research service(s) and other recognized and respected research and advisory groups.

Additionally, if a remedy for gross violations of labor principles is not achieved through proxy voting, and the consensus of the Stanford Community is that further action is required, then the University will seek other possible remedies including:

Engaging companies to (a) adopt policies that protect labor principles, (b) change business practices that violate basic labor principles, and/or (c) monitor and report to shareholders the progress of achieving an end to violations of labor principles; consider

Disinvestment¹³ – notification to companies of Stanford’s intent to hold current company securities while not purchasing additional securities; or as a last resort consider

Divestment by sending a letter of Stanford’s intention to divest within 90 days unless (a) the company alters its policy or (b) the company persuades the University that its activities do not constitute substantial social injury in cases where the company does not adhere to the ILO Fundamental Principles and Rights at Work.

12/08/09
Amended 6/09/11

¹² Ibid

¹³ 6/10/86 – 1985/1986 CIR south Africa Disinvestment Recommendation Policy

Stanford University
Social Issue Proxy Voting Policy Statements and Guidelines

Labor
Proxy Voting Guideline

SUBISSUE: Adult and Child Worker Health, Safety & Security

RESOLUTIONS: Adopt, amend, review, and/or report on implementation and progress of ILO-based labor policy standards, practices and codes of conduct for the company, its subsidiaries, subcontractors, suppliers, joint ventures, and vendors for all workers.

Establish a credible third-party monitoring process that assesses adherence to ILO-standards for the company and its affiliates and report to shareholders annually, at reasonable cost, omitting proprietary information.

DESCRIPTION: Resolutions ask companies to adopt, review, independently monitor and report to shareholders on the company and its affiliates employment policies and practices based on ILO Conventions.

PROPONENT'S POSITION: Corporate success and shareholder value depend on ensuring accurate and timely delivery of products and services. To accomplish this, the corporation depends on the stability of its workforce throughout the global network. Adoption of global fair labor practice standards and monitoring of corporate progress would minimize potential risks including work stoppages, poor employee morale, employee turnover, and/or internal or external conflicts with workers and trade unions. This protects corporate reputation as well as company and shareholder value.

OPPONENT'S POSITION: Some corporations say they are committed to fair and equitable treatment of all employees and other stakeholders and that these proposals call for measures that are already in place, effective, and transparent under their Code of Business Conduct which embodies the intent of the ILO standards, is generally consistent with ILO Conventions, and requires suppliers to follow local laws. Further, many companies believe some proposals are burdensome and unnecessary in light of their proven commitment to employees and other stakeholders.

DISCUSSION: A company's commitment to ILO-based employment standards is significant. However, as the number of allegations of Code of Conduct violations increases, third-party monitoring of the success of a company's global commitment and regular reporting back to the company Board of Directors and to shareholders provides the information necessary to enable the corporation to respond to allegations of substantial social injury and protect company and shareholder value.

VOTING POLICY: Stanford votes "Yes" on all reasonable shareholder resolutions which request the company take action(s) to bring its operations in closer compliance with the principles established by the International Labor Organization Declaration on Fundamental Principles and Rights at Work.

Stanford University
Social Issue Proxy Voting Policy Statements and Guidelines

Labor
Proxy Voting Guideline

SUBISSUE: Adopt & Report on Principles, Policies, and Standards

RESOLUTIONS: Adopt, amend, review, and/or report on implementation and progress of ILO-based labor policy standards, practices and codes of conduct for the company, its subsidiaries, subcontractors, suppliers, joint ventures, and vendors.

Establish a credible third-party monitoring process that assesses adherence to ILO- standards for the company and its affiliates and report to shareholders annually, at reasonable cost, omitting proprietary information.

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VOTING POLICY: Stanford votes “Yes” on all reasonable shareholder resolutions which request the company take action(s) to bring its operations in closer compliance with the principles established by the International Labor Organization Declaration on Fundamental Principles and Rights at Work.

Stanford votes “No” on all other shareholder resolutions related to its labor practices.

Stanford University
Social Issue Proxy Voting Policy Statements and Guidelines

Alcohol
Proxy Voting Guideline

SUBISSUE: Report on Beer Marketing

DESCRIPTION: The resolution asks that companies report (1) the degree to which company marketing reaches and is noticed by underage minors, even if unintentional; (2) estimated annual beer consumption, both in dollars and percentage of total sales, by underage minors; (3) plans for monitoring their compliance with the Brewing Industry Advertising code; and (4) proposals for amending current or implementing more stringent standards to comply with the Brewing Industry Advertising Code.

PROPONENT’S ARGUMENT: Proponents believe that beer companies could do much more to curb underage drinking and the problems of alcohol abuse which cause motor vehicle accidents and are linked to violent crime.

DISCUSSION: Stanford believes that despite some industry initiatives to discourage drinking and driving, the beer industry’s widespread marketing and advertising techniques may encourage this type of behavior. Among other things, beer companies continue to sponsor sports cars at sporting events and in television advertising. In general, the beer industry continues to sponsor and promote events during spring break which encourage drinking among the college age population, the majority of whom are under the legal drinking age of 21.

Beer marketing practices and underage drinking continue to be of particular importance and relevance for Stanford and other universities given the number of underage drinkers and unfortunate accidents which occur on college campuses each year. By requesting the company to issue a reasonable report, it may be possible to determine the extent to which company advertisements are aimed at, or designed to appeal to, the underage population, as well as to what degree the company is actually living up to the standards of the Brewing Industry Advertising guidelines which the company voluntarily supports.

VOTING POLICY: Stanford votes “Yes” on resolutions which ask beer companies to report on marketing activities that may attract underage drinkers.

Stanford University
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Tobacco
Proxy Voting Guideline

SUBISSUE: End Tobacco related Business (Non-Tobacco Companies)

DESCRIPTION: The resolution asks non-tobacco companies (e.g., chemical and paper manufacturers, and drug and retail chains) to adopt a policy leading to the gradual cessation of any involvement by the company in production, packaging, and marketing of cigarettes by the year 2000.

PROPONENT’S ARGUMENT: Proponents believe that all non-tobacco companies involved in tobacco-related businesses should discontinue their relationships by the year 2000 because cigarettes “cause addiction, illness, misery and death.” Although not specifically manufactured for use by the tobacco industry, their products are still being used in the tobacco production process. Resolutions have been presented to Eastman Chemical, Eastman Kodak, H.B. Fuller, Kimberly-Clark, Mobil, and Walgreen.

Stanford examined the resolution facing Eastman Kodak. Proponents believed that it was in the company’s short term-social and long term-financial interest to phase out tobacco-related products because trends suggested that smoking will be “much less a part of our culture” within the next decade. Paper used in cigarette filters was not designed for, nor exclusively sold to the tobacco industry and could be purchased elsewhere. However, proponents hoped that the company would set a precedent for refusing to do business with tobacco firms.

OPPONENT’S ARGUMENT: The company says that while paper production is an essential part to the company’s whole chain of production its product is peripheral to the tobacco industry. Therefore, ending that relationship would not significantly affect tobacco companies.

DISCUSSION: The definition of “substantial social injury” states that “only actions or inactions by companies that are proximate to and directly responsible for identifiable social injury will be regarded as falling within these guidelines.” “Social injury shall, only in unusual circumstances, include the act of doing business with other companies which are themselves engaged in socially injurious activities.” Although tobacco may be viewed as a significant investment responsibility issue, Stanford believes that a company which sells a variety of products should not be forced to end tobacco-related business because its products are not designed specifically for the tobacco industry.

VOTING POLICY: Stanford votes “No” on resolutions which ask non-tobacco companies to end their tobacco-related business when products produced are not designed specifically for the tobacco industry. Stanford emphasizes that this voting policy applies only to non-tobacco companies. Resolutions asking tobacco companies to “end their cigarette business” should be considered separately.

4/19/93

Stanford University
Social Issue Proxy Voting Policy Statements and Guidelines

Tobacco
Proxy Voting Guideline

SUBISSUE: Stop Challenging Environmental Tobacco (Second-Hand) Smoke Studies and Legislation

DESCRIPTION: The resolution asks companies to refrain from challenging legislation geared to restrict smoking in public places and to stop spending money to challenge legitimate studies which consistently show the health hazards of environmental tobacco smoke (ETS or second hand smoke).

PROPONENT’S ARGUMENT: Proponents want companies to stop fighting health studies and anti-smoking policies, specifically the 1993 EPA report citing ETS as a human carcinogen, responsible for numerous ailments and at least 3,000 lung cancer deaths each year. Citing editorials from major newspapers critical of the lawsuit, the proponents petition companies to “refrain from efforts to oppose legislation geared to restrict smoking in public places and to cease expenditures of funds challenging legitimate studies consistently showing ETS health hazards.”

The proponents believe that, on the strength of EPA’s report and because tobacco companies have not warned of the hazards of second hand smoke, the industry risks a finding of liability and is wasting money by fighting every proposal to restrict smoking nationwide.

DISCUSSION: Stanford recognizes the right of companies to challenge EPA’s study in court; however it also recognizes shareholders rights to oppose such a decision, especially when the resulting legal battle would be costly and the company might lose. Overwhelming evidence supports EPA’s conclusion that ETS is not only harmful, but deadly. *The New England Journal of Medicine*, in 1993 study, estimated that the conditions of 200,000 to 1 million children with asthma have been worsened by exposure to ETS. ETS is also a risk factor for new cases of childhood asthma. Epidemiological studies in New Zealand, Australia, and England also showed a significant increase risk in sudden infant death syndrome and early infant mortality when babies are exposed to passive smoke.

Shareholders have a right to instruct companies on what it they should be doing if management’s actions are likely to have a material impact on costs related to the company. By asking the company not to take action, shareholders are attempting to save both taxpayers and themselves money. Given the overwhelming evidence that ETS has an adverse effect on the health of non-smokers, Stanford believes that voting to support these resolutions is a prudent, economical action for the University and other shareholders to take.

VOTING POLICY: Stanford votes “Yes” on resolutions which ask tobacco companies to refrain from challenging smoking restrictions and health studies on environmental tobacco smoke.

Stanford University
Social Issue Proxy Voting Policy Statements and Guidelines

Tobacco
Proxy Voting Guideline

SUBISSUE: Establish Minimum Warning Label Standards for Cigarettes Sold Abroad

DESCRIPTION: The resolution asks companies to establish a set of minimum standards for health warning labels on the packages of all cigarettes sold worldwide. These standards would be based on the warnings currently required in the U.S. and the European Economic Community.

PROPONENT’S ARGUMENT: Proponents say that tobacco companies currently label their exported cigarette packages only as required by local law. They argue that minimum warning label standards for the company’s cigarettes sold overseas would be “only just” as a caution to “unsuspecting or addicted consumers and that furthermore, such labels would “be helpful to the company in potential lawsuits.”

DISCUSSION: Despite the possible claim of paternalism, Stanford believes that since the U.S. government has already utilized its resources to conduct studies that examine the health effects of smoking, and if it requires warning labels to appear on cigarette packages sold within this country, then it is appropriate for U.S. companies to include warning labels on its products sold all over the world. The University further believes that the lives of individuals living in developing nations are just as valuable as those who reside within the U.S., and that if the inclusion of warning labels can dissuade at least one adult or minor in a developing nation from smoking, then such labels are clearly warranted.

VOTING POLICY: Stanford votes “**Yes**” on resolutions requesting companies to establish a set of minimum standards for health warning labels on the packages of all cigarettes sold worldwide.

Stanford University
Social Issue Proxy Voting Policy Statements and Guidelines

Tobacco
Proxy Voting Guideline

SUBISSUE: Report on Tobacco Industry Investments (Insurance Companies)

DESCRIPTION: The resolution asks companies to report on (1) the estimated impact that smoking has on its payments for smoking-attributable deaths, diseases, or property loss; (2) the estimated annual earnings realized from investments in the tobacco industry from 1986 through 1990; and (3) what investment policies and practices might be implemented to reduce the financial involvement with cigarette companies.

PROPONENT’S ARGUMENT: Proponents would like companies to examine the ethical questions surrounding investment in the tobacco industry because of the hazardous nature of the product. The companies insure customers against some of the results of tobacco use, such as illness and death, and yet continue to invest in and profit from the source of those illnesses and deaths by investing in tobacco companies. Proponents hope to encourage management to “make decisions more consistent with the purpose and mission” of the company.

DISCUSSION: Stanford believes the central issue is whether insurance companies, as a result of the nature of their business,” under any special obligation to refrain from investing in tobacco-related stocks. The stated purpose of an insurance company is to pay out fewer benefits than they collect. If tobacco stock is known to be profitable, insurance companies are behaving rationally by having in their portfolios stocks that maximize the return on their investments. Unless Stanford has developed the view that tobacco is a de facto evil in society, in which case it would need to ask all companies in its portfolio to divest of any tobacco holdings, there should be no problem allowing insurance companies to conduct business in a rational way, especially when they are dealing with a legal product. Investing in tobacco stocks neither contradicts insurance companies’ stated business purpose, nor condones the use of tobacco products. Stanford also feels that although the resolution simply asks for a report, shareholders need to endorse the underlying concept in order to support the resolution.

VOTING POLICY: Stanford votes “No” on resolutions requesting companies to report on their investments in the tobacco industry.

Stanford University
Social Issue Proxy Voting Policy Statements and Guidelines

Tobacco
Proxy Voting Guideline

SUBISSUE: Report on Marketing to Minorities

DESCRIPTION: The resolution asks companies to report on cigarette promotions to minorities.

PROPONENT’S ARGUMENT: Proponents are concerned about health reports that indicate African Americans tend to die from smoking disorders at significantly higher rates than whites. There is a growing concern about cigarette advertisements that target blacks and other minorities. Proponents believe that companies which have been accused of targeting their products to minorities will help set the record straight by reporting on promotional programs.

DISCUSSION: Stanford approves of policies that do not target children, women, and minorities in their tobacco advertising. The University believes that, despite the company’s stated adherence to the tobacco code, cigarette companies disproportionately advertise their products toward minority communities. Stanford notes that there are a higher percentage of smokers among minorities than in the general population. Some suggest that the large number of tobacco and alcohol billboard advertisements cannot be explained simply by socio-economic status; they note that an individual is likely to find more alcohol and tobacco ads in low-income minority versus low-income white neighborhoods. Stanford concurs with the statement that the marketing practices of tobacco companies are helping to exacerbate health problems among the poorest and least educated populations in society. Despite fears of appearing paternalistic, Stanford takes a strong stand against tobacco marketing practices that target, children, women, and minorities. This common practice among the tobacco industry underscores the importance of adhering to the letter and spirit of the industry’s tobacco ad code.

VOTING POLICY: Stanford votes “**Yes**” on resolutions requesting companies to issue a report on their promotion of cigarettes to minorities.

Stanford University
Social Issue Proxy Voting Policy Statements and Guidelines

Tobacco
Proxy Voting Guideline

SUBISSUE: Report on Compliance with Tobacco AD Code on Marketing to Minors

DESCRIPTION: The resolution asks companies to appoint a review committee of outside directors and experts to report on: (1) Consumer perceptions of the company’s cigarette advertisements including whether (a) children perceive models to be younger than 25, (b) women perceive that models portray smoking as a way to be thin and beautiful, and (c) smokers believe that cigarettes advertised with low tar and nicotine reduce health risks; (2) Whether there are policies and practices the company might adopt to (a) ensure adherence to the cigarette industry’s Code of Advertising, and (b) reduce, modify or eliminate its cigarette advertisements; (3) on donating space for counter-advertising to public health entities, and (4) Whether tobacco advertising is false and misleading insofar as it portrays smoking as supporting health and happiness.

PROPONENT’S ARGUMENT: Proponents are concerned for the health and safety of millions of underage children who regularly and illegally buy and smoke cigarettes. They believe that minors underestimate the health hazards of smoking and do not understand that smoking is addictive. Most importantly, proponents believe that minors are enticed by brand imagery to experiment with smoking and that advertising and promotions contribute to the practice of illegal purchase of tobacco products by minors. Therefore, proponents want proof, not simply claims, that companies abide by the voluntary tobacco ad code.

DISCUSSION: Stanford believes tobacco companies should comply with the tobacco code adopted to prevent cigarette ads from reaching children. Although government enforcement of the code was abolished in 1971, all of the major tobacco companies claim to adhere to it. However, proponents and U.S. health officials assert that companies routinely violate these guidelines. Evidence indicates that tobacco companies continue to advertise in ways directed toward minors, thus influencing their decision to smoke. Stanford strongly objects to any and all tobacco advertising and marketing techniques that target persons under 18 years of age. The information requested by the resolution is available to the company, and they should therefore not mind providing it if they are comply with the code.

VOTING POLICY: Stanford votes “Yes” on resolutions requesting companies to issue a report on their compliance with the tobacco ad code.

Stanford University
Core Issue Proxy Voting Policy Statements and Guidelines

Tobacco
Proxy Voting Guideline

SUBISSUE: Place Warning Labels on All Promotional Advertising Items

DESCRIPTION: The resolution asks companies to place health warnings about the dangers of addiction, disease, and death due to smoking on all promotional and advertising items for tobacco products distributed throughout the world.

PROPONENT’S ARGUMENT: Proponents are concerned that by sponsoring forms of entertainment and sporting events, and providing promotional products bearing company symbols, logos, and brands without warnings about the health hazards connected to smoking, companies encourage young people to smoke to the detriment of their health.

Proponents believe that cigarette companies are using event sponsorship to promote images and symbols connected to their cigarette logos to avoid the embarrassing health warning labels required on print ads, billboards, and direct advertising. They state that direct merchandising efforts using promotional paraphernalia from clothing to toys, sporting goods to watches, are very popular with children. Proponents note that the U.S. Federal Trade Commission requires warning labels on other promotional items such as smokeless tobacco products.

OPPONENT’S ARGUMENT: Companies state that the ad campaigns are aimed at promoting merchandising, not cigarette sales.

DISCUSSION: Through merchandising campaigns and sporting event sponsorship, tobacco companies have been able to circumvent provisions of the voluntary tobacco ad code and federal laws prohibiting advertising on television or advertising in a manner which appeals to youth. As part of an all too familiar pattern, tobacco companies rely on “technicalities” to deflect criticism. However, Stanford notes with great concern IRRC’s statement that “[o]ne of the newest and most controversial trends in the cigarette industry is the use of merchandise incentives to encourage increased consumption. Supporting these resolutions is consistent with Stanford’s belief that cigarette companies follow responsible marketing programs in a manner not appealing to children.

VOTING POLICY: Stanford votes “Yes” on resolutions requesting that tobacco companies place warning labels on tobacco logos.

4/8/94