WELLESLEY COLLEGE

PROXY VOTING POLICY

January 2019

The Wellesley College Board of Trustees is responsible for the investment of the College's endowment. One aspect of fulfilling this responsibility is voting the proxies of securities held in the endowment. The College has long been active in voting proxies in the belief that the proxy voting process is a means of encouraging corporate actions that enhance shareholder value and promote sound and principled corporate governance. Wellesley College is committed to discharging its fiduciary duty and being a responsible shareholder by voting the proxies of shares held in the endowment in a way that is consistent with the College's ethics and principles.

Proxies are voted in accordance with the College's Proxy Voting Policy which is overseen by the Subcommittee on Investment Responsibility (SIR), a subcommittee of the Investment Committee of the Board of Trustees. The SIR is made up of trustees, faculty, and students, and is staffed by members of the Investment Office. The Subcommittee is not a socially responsible investment group but rather a group charged with the responsibility of voting proxies on behalf of the College. Wellesley's commitment to exercising its rights as a responsible shareholder distinguishes it from these peers; most institutions rely on their investment managers to vote proxies for them.

The Proxy Voting Policy reflects the long proxy voting history of the SIR and before that the Investment Committee. The policy is evolutionary. The SIR reviews the policy annually to ensure that aspects related to corporate governance reflect best practices. Many issues related to socially responsible investing are voted on a case-by-case basis, as experience has shown that a thoughtful approach requires attention to the specifics of the situation, the language in the proposal, and the latest thinking in science and human rights actions.

Issues not explicitly covered in the policy are voted on a case-by-case basis by the SIR. When an exception is identified on a proxy, an email containing the proposal and arguments in favor and against the proposal is sent to all members of the SIR. Members of the SIR respond with their votes via email. In the case of a tie vote, the SIR Chair casts the deciding vote. If the SIR Chair has not voted, then the Board Chair, ex-officio member of the SIR, will be solicited to vote.

If a proxy containing an exception is received outside of the normal proxy season, the Chief Investment Officer may vote the proxy; wherever possible, her vote will be informed by the direction the SIR has leaned in previous similar votes.

ISSUE	VOTE	RATIONALE
I. **Corporate Governance**		
a. Directors		
1. Elect board of directors	ISS	-Proposed board includes female representation (any percentage greater than zero) **– vote for all** -Proposed board has no female representation **- vote against nominating committee** - Proposed board has no female representation, and nominating committee info is not available – **vote against board**
2. Director's Indemnification (limiting director liability)	For	
3. Set number of directors proposed by the Company(Proxy access)	For	Includes an increase in proxy access and set numbers of directors proposed by shareholders.
4. Board Diversity	For	Specific proposals outside of the vote for current directors, relating to increasing board diversity For example: -Ensuring that Women and members of minority racial groups are among those considered for nomination to the board -Proposing that companies publicly commit to a policy of board inclusiveness -Proposing that companies prepare a report on board diversity and board diversity policies
5. Classified Boards	Against	On a classified board, the board members' terms are staggered in different classes, so that only part of the board is up for election in a given year. Classified boards are used as a means of resisting hostile takeovers. On a non-classified or annually elected board, the entire board stands for re-election each year. Non-classified boards have come to be considered best practice by governance experts.
6. Separate Chairman/ CEO	Against	The board should choose its own chair from the membership of the board.
7. Certain directors forced to resign	SIR	
8. Limit directors to two boards	Against	
9. Institute term limit for board members	Against	
10. Require a majority vote for the election of directors	For	This provision also is used when proposals are made to have a majority vote cast rule for the removal of directors
11. Cumulative voting in director elections	Against	Cumulative voting in the election of directors allows a shareholder to vote based on the number of shares multiplied by the number of directors up for election and distribute these votes in any manner the shareholder chooses, including voting all the votes for one director. Proponents say this maximizes shareholder-voting power and may allow minority shareholders to gain board representation. Opponents say minority shareholders may get too much power and divide the board into conflicting special interest groups, undermining the board's ability to work in the best interest of all shareholders and the company.
b. Approval of Auditors/ Accountants and other general administrative matters	For	The policy here has been expanded to accommodate other administrative approvals such as the approval of minutes, financial statements, annual reports and other similar approvals typically seen in non-US companies' proxy ballots.

c. Bundled Proposals	Conditional/ SIR	By combining a proposal that would likely get majority approval with a more controversial one, managements and shareholders try to increase to odds of passage of the later. If the policy supports the same vote on both proposals, then vote according, otherwise refer to the committee.
II. Compensation		
a. Executive/Director Compensation Plans	Risk Metrics	Executive compensation plans are complex. Risk Metrics considers multiple aspects of a plan when recommending a vote, including the level of total compensation, the composition of compensation, the vesting period for share grants, clawback provisions, and executive perqs.
b. Advisory Vote on Executive Compensation (Say on Pay)		
1. Advisory resolution on executive compensation (Say on Pay)	Risk Metrics	Executive compensation plans are complex. Risk Metrics considers multiple aspects of a plan when recommending a vote, including the level of total compensation, the composition of compensation, the vesting period for share grants, clawback provisions, and executive perqs.
2. Advisory vote on frequency of Say on Pay votes	Risk Metrics	Dodd-Frank financial institutions to hold an advisory vote on whether say-on-pay votes be held every 1, 2, or 3 years.
c. Executive Compensation Limits		
1. Require shareholder approval for any severance package in excess of a certain dollar amount.	Against	
2. Limit of executive compensation to the increase in the value of the stock.	Against	
3. Freeze salaries and/or issuance of options when dividends are cut until dividend is restored.	Against	
4. Cap wages of highest paid executives to no more than 5 times that of the median wage	Against	
5. Prohibit executive option exercise within six months of announcement of a reduction in work force	Against	

6. Freeze executive pay during downsizing	Against	
7. Determine executive compensation excluding earnings related to pension fund.	Against	
8. Require executive to retain shares granted as compensation for some period following their departure	Against	Retain shares upon retirement?
9. Repricing of Underwater Options	Against	
10. Adopt a policy limiting severance payments to any senior executive to not more than 2.99 times the executive's taxable compensation.	For	Severance payments in excess of 2.99 times are not allowed as compensation expense by the IRS so the payment comes out of after tax profits.
11. Link executive compensation to social proposals	Against	
d. Director Compensation		
1. Eliminate non-employee director pensions	Against	After discussion, the SIR decided to vote against the proposal because, in general, it agrees that management needs to maintain maximum flexibility in determining executive and director compensation. (1998)
2. Require that up to 50% of directors pay be in stock.	For	
e. Stock Option/ Purchase Plans	Risk Metrics	Collecting language examples on a spreadsheet.
III. Share Issuance		
a. Recapitalization	For	Also include share repurchase/cancellation of repurchase, increase authorized shares, issuance of bonds, convertible bonds, and matters related. And reverse stock splits
b. Poison Pills	Risk Metrics	Accelerated vesting of equity awards
c. Blank Checks	Risk Metrics	

IV. Corporate Control		
a. Anti-Greenmail	For	Greenmail benefits only the recipient of the payments and not the company or the other shareholders. Therefore, anti-greenmail proposals should be supported.
b. Fair Price Provision	For	Fair price proposals require all shareholders receive the highest price paid in an acquisition.
V. Voting		
a. Adjournment to solicit further votes, if necessary	For	
b. Repeal Super-majority provision	For	Super-majority provisions generally require a level of shareholder participation that is far above normal levels. This provision makes passage of a proposed action highly unlikely.
c. Require that signed but unmarked proxies be voted as abstentions	Against	The rule of voting unmarked proxies with management adheres to SEC regulations
d. Create a dual class capitalization	Against	Companies may multiple classes of stock to defend against takeovers.
e. Schedule annual meetings so that it does not conflict with religious or cultural observances	Against	
f. Allow special shareholder meetings to be called by shareholders representing less than 25% of capitalization	Against	The SIR has agreed that the minimum percent of ownership to call a special meeting is 25%. Proposals to reduce the percent of ownership needed from a higher number to 25% or more will also be supported.
g. Shareholder action by written consent	Against	The SIR has agreed that action by written consent can be disruptive to the company's ability to conduct its business and is redundant to other shareholder avenues to be heard.
VI. Other Governance Issues		
a. Grant management a proxy for Any Other Business that comes before an annual meeting	Against	"During the meeting"
b. Reincorporation or Creation of a Holding Company	Risk Metrics	
c. Revert to traditional defined benefit plan from new cash-balance plan	SIR	

VII. Reporting on Corporate Governance Issues		
a. Require additional reporting on executive compensation	Against	SEC disclosure rules for executive compensation are adequate.
b. Reporting on board diversity	For	
VIII. Social Responsibility Issues		
1. Environment		
a. Business Conduct		
1. Require endorsement of CERES Principles (formerly Valdez Principles)	Against	
2. Abandon/prohibit drilling in the Arctic National Wildlife Refuge	For	The SIR believes that the economic benefits did not outweigh the potential ecological effects of development in ANWR.
3. Restrict mining in Okefenokee Swamp	For	
b. Reporting		
1. Report on Ceres Principles	For	
2. Provide information on dioxins / environment	For	
3. Provide a list of expected environmental liabilities	Against	SEC rules include disclosure regarding all types of liabilities.
4. Report on plans to convert to use of chlorine-free paper.	For	
5. Report on potential damage caused by oil sands drilling.	For	
6. Review financial venture's impact on climate	For	

2. <u>Human Rights</u>		
a. <u>Business Conduct</u>		
1. Develop guidelines for determining in which countries a company can do business until basic human rights and legal criteria are being fulfilled	Against	Special board committee on human rights?
2. Implement International Labor Organization standards	For	
b. *<u>Reporting</u>*		
1. Report on vendor standards regarding business ethics and labor/human rights standards	For	
2. Report on and/or implement the MacBride Principles in Northern Ireland	For	
3. <u>Military/ Foreign Sales</u>		
a. <u>Business Conduct</u>		
1. Phase out all sales to Israel	Against	
2. Conversion from military to commercial development/ withdrawal from the nuclear weapons business	Against	SIR is reluctant to vote for statements that impose blanket prohibitions on certain businesses or products.
3. Renounce involvement in antipersonnel landmine and cluster bomb production.	Against	
b. <u>Reporting</u>		
1. Report on business practice in Middle	Against	

East		
2. Report on sales of weapons overseas	For	
3. Report on SDI involvement	Against	
4. Report on the risk of offshore sourcing	Against	
4. <u>Other Social Responsibility Issues</u>		
a. *<u>Business Conduct</u>*		
1. Establish employee matching gift program	Against	
2. Establish stockholder matching gift program	Against	
3. Prohibit sales and marketing of abortifacient effect of drugs	Against	
4. Prohibit all animal testing	Against	
5. Restrict distribution of infant formula on the basis of revised WHO guidelines	For	
6. Adopt drug price restraint policy	Against	
7. Allow shareholders to determine allocation of company's charitable contributions	Against	
b. *<u>Reporting</u>*		
1. Report on employment of minorities and sexual orientation.	For	
2. Report on Gender Pay Gap	For	Shareholders have requested a variety of reports evaluating companies' policies and goals to reduce the gender pay gap. SIR typically votes for these proposals.

3. Provide list of employees with rank of VP or above who have served in government.	Against	
4. Report on Political Action Committee support	Against	The Federal Elections Commission requires disclosure of all political contributions already. Any report involving company policies and procedures governing lobbying and grassroot lobbying communications. Also reports involving payments to political lobbying organizations.
5. Report of programming standards related to violence on television	For	
6. Report on collateral in over-the-counter derivatives trading	Against	