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**Proxy Voting Guidelines for External Managers**

**Topic:** Human Rights  
**Subtopic:** Anti-Genocide Policies  
**Approved:** July 19, 2019

**Description:**

Resolutions related to this topic may ask a company to report on the alignment of stated corporate values with investments or business activities in countries with regimes tied to genocide or crimes against humanity. Proposals may also ask companies to institute (or evaluate the feasibility of instituting) procedures for avoiding business relations with governments that are implicated in genocide or crimes against humanity or with companies whose business activities materially support such regimes.

**Topic background:**

These proposals originate from shareholder concerns about business operations or investments in countries whose governments either promote, or appear to be complicit in, genocide or crimes against humanity. For example, in the past, shareholder resolutions targeted organizations which maintained investments in PetroChina, a company that, in partnership with governments in Sudan and South Sudan, continues to operate oil production facilities in those countries. Civil wars between the two regions and, since South Sudan's independence, within them have resulted in well-publicized human rights abuses, including genocidal activities in the Darfur region.<sup>i</sup> More recently, resolutions have been prompted by corporate activity in Myanmar, where the government has conducted a harsh military offensive against the Rohingya people, driving hundreds of thousands from their homes. Proponents of these proposals believe that companies that continue to operate directly (or indirectly through investments) in enterprises in such countries may be perpetuating significant human rights issues by providing financial support to the implicated regimes. In addition, by associating themselves with these regimes, these companies may incur significant reputational risk.

**Considerations for voting:**

- Given the grave ethical and reputational consequences for entities implicated in the support of genocide, proposals requesting reports on investments, or on policies on business activities in countries with regimes implicated in genocide, or requesting information on the feasibility of instituting such policies, are clearly in shareholder's best interests.
  - Such reports might usefully serve to inform shareholders of a company's exposure to reputational risk without intruding upon the management of the company.
  - In addition, these reports may help inform shareholders about the alignment between a company's stated corporate values, its adherence to the principles of any recognized human rights policies it endorses, and its business activities.

- Finally, such reporting may help direct management’s attention to these issues.
- In considering such proxies, we recommend careful attention to each company’s current human rights policies, its position on recognized global human rights standards such as the UN Declaration on Human Rights, and its record of performance in regard to issues surrounding activities in regions where human rights abuses exist.
- It should be noted that investment banking firms which manage not only their own investments, but clients’ holdings as well, may be limited in their ability to address client holdings in companies with ties to problematic regimes.
- Proposals which appear to prescribe the policy and procedural steps management might take to address the risk of investing in businesses, or conducting business, in regions with human rights abuses may be viewed as overly intrusive. However, consideration of these more prescriptive proposals might benefit from close attention to the specifics of a company’s activities in regions of concern.

### **Illustrative examples of votes:**

1. Vote in support of resolutions requesting that a company report on the feasibility of adopting a policy of not doing business with governments that are complicit in genocide and/or crimes against humanity as defined by the U.S. Department of State or the appropriate international body.
2. Vote in support of resolutions requesting that a company perform an analysis and report on how the company’s published corporate values align with its policies regarding investments in companies tied to genocide or crimes against humanity.
3. Vote in support of resolutions requesting that a company perform an analysis of and report on how the company’s published corporate values align with its policies regarding business arrangements with CNPC<sup>ii</sup> or PetroChina.

*Harvard offers broader general guidance on its recommended approach to considering shareholder resolutions in “Overview of Harvard University’s Proxy Voting Guidelines for External Managers” (follow [link](#) to download full text). When determining votes on resolutions, we consider each resolution in light of this general guidance as well as in light of a resolution’s specific request and contextual information about the relevant company and its approach to the issue.*

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<sup>i</sup> In 2005 Harvard University instructed Harvard Management Company to divest the University’s endowment from holdings in PetroChina Company Limited and Sinopec Corporation. For more information see [CCSR Statement on PetroChina](#) and [CCSR Statement on Sinopec](#).

<sup>ii</sup> China National Petroleum Corporation (CNPC) is the parent company of PetroChina.