

Carleton College

One North College Street
Northfield, Minnesota 55057

February 6, 2014

Dear Mr. Weitz and members of the Investment Committee,

Please find enclosed the 2014 Report to the Trustees from the Committee on Responsible Investment at Carleton (CRIC). CRIC has continued its primary role of actively reviewing shareholder resolutions as well as gathering information on the views of the Carleton community. The proxy voting process was aided by a pre-approval policy that was approved at last year's meeting. This report will discuss shareholder resolutions not encompassed by the policy and review a large study done on behalf of CRIC about the investment beliefs of members of the College.

Proxy Voting Policy

In February 2012, the Investment Committee of the Board of Trustees granted CRIC permission to operate under a proxy voting pre-approval policy. The policy allows for CRIC to make its recommendations on shareholder resolutions in a more efficient and streamlined manner. The policy is stated as follows:

For all resolutions and issues that appear on a PROXY VOTING LIST approved by the Investment Committee, the College will vote YES, assuming that CRIC has done due diligence to determine that there are no extenuating circumstances.

The proxy-voting list currently includes the following six resolution types, approved by the Board of Trustees:

- (1) Greenhouse Gas Emission Reduction Goals
- (2) Hydraulic Fracturing (Toxic Chemicals)
- (3) Executive Compensation (Say on Pay)
- (4) Political Contributions
- (5) Separate Chair and CEO
- (6) Equal Employment Opportunity

The proxy voting pre-approval policy facilitates Carleton's shareholder participation on resolution types that have been approved by the Board of Trustees as being in line with the College's core values and interests.

2014 Resolutions Not Covered by Proxy Voting Policy

Shareholders of companies in which Carleton is invested filed several resolutions not covered by the proxy voting pre-approval policy. CRIC is recommending that the Trustees approve a vote of “yes” on each of the the following seven resolutions:

- (1) Board Diversity (Nabors Inc.)
- (2) Human Trafficking (Con-Way Inc.)
- (3) Educate on Health of Tobacco (Altria Group Inc.)
- (4) Establish Board Committee on Human Rights (Coca-Cola Company)
- (5) Report on Land Rights (PepsiCo Inc.)
- (6) Post-Consumer Product Manufacturing Recycling (Mondelez)
- (7) Post-Consumer Product Manufacturing Recycling (Safeway)

Summary

We hope that the board accepts our recommendations concerning how Carleton should vote on these shareholder resolutions. Please let us know if you require any additional information. Thank you for your time and your consideration.

COMMITTEE MEMBERS

Bakhtawar Chaudhary (Co-Chair, '15)
Duncan Sallstrom (Co-Chair, '15)
Daniel Groll (Co-Chair, Faculty)
Jason Decker (Faculty)
Danette DeMann (Staff)
Melissa Thomas (Staff)
Fred Rogers (Ex Officiate)
Graeme Harten ('15)
Max Esslinger ('16)
Ben Strauss ('16)
Claire Milsted ('14)

REPORT TO THE TRUSTEES

CARLETON RESPONSIBLE INVESTMENT COMMITTEE (CRIC)

February 6, 2014

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1 Proxy Voting Pre-Approval Policy

Two years ago, the Investment Committee of the Board of Trustees granted CRIC the freedom to operate under a proxy voting pre-approval policy on a trial basis. The policy has allowed the committee to be more effective in its handling of corporate resolutions. It is stated as follows:

For all resolutions and issues that appear on a PROXY VOTING LIST approved by the Investment Committee, the College will vote YES, assuming that CRIC has done due diligence to determine that there are no extenuating circumstances.

The proxy voting list looks to align Carleton's values with its investments, currently encompassing the following categories of resolutions:

PROXY VOTING LIST

- (1) **Greenhouse Gas Emission Reduction Goals:** Resolutions requiring disclosure of GHG emissions and on resolutions requiring reasonable action to reduce GHG emissions.
- (2) **Hydraulic Fracturing (Toxic Chemicals):** Resolutions requesting disclosure to stockholders of information about the risks and impacts of hydraulic fracturing and policy options for dealing with any potential risks and impact.
- (3) **Executive Compensation (Say on Pay):** Resolutions requesting an advisory vote on executive compensation.
- (4) **Political Contributions:** Resolutions requesting reporting on political contributions.
- (5) **Separate Chair & CEO:** Resolutions requesting that the Board adopt a policy requiring the Chair of the Board of Directors to be an independent member of the Board.
- (6) **Equal Employment Opportunity:** Resolutions requesting the adoption and reporting of anti-discriminatory policies based on race, gender, gender identity, sexual orientation, and national origin.

The pre-approval policy allows CRIC to recommend votes on certain types of resolutions to the investment office with the expressed permission of the Board of Trustees. This removes the repetitive step of having to regain approval on the same types of resolutions every year, saving both CRIC and the Board of Trustees time. Furthermore, it allows Carleton to vote on policy-approved resolutions that arise between January and shareholder meetings occurring later in the spring. Carleton would not have been able to vote on these resolutions if not for the proxy voting policy.

2 Report on 2013 Resolution Voting

2.1 2013 Resolutions Falling Under the Pre-Approval Policy

In 2013, CRIC used the proxy voting pre-approval policy to request that the Investment Office vote on a number of resolutions. The resolutions are listed below, along with any information that CRIC has been able to gather on the outcome of the resolution.

2013 RESOLUTIONS COVERED UNDER THE PRE-APPROVAL POLICY		
Company	Ticker	Votes
Equal Employment Opportunity		
Mondelez International Inc.	MDLZ	Not Available
Greenhouse Gases		
ONEOK INC	OKE	38.20% in favor
Lobbying Expenditures Disclosure		
PepsiCo Inc.	PEP	Withdrawn – Pepsi agreed to disclose its lobbying.
Altria Group Inc.	MO	21.80% in favor
Goldman Sachs Group Inc.	GS	6.30% in favor
United Health Group Inc.	UNH	24.6% in favor
Devon Energy Corp.	DVN	29.70% in favor
Separate Chair & CEO		
Devon Energy Corp.	DVN	Not Available
News Corp.	NWSA	Not Available

2.2 2013 Resolutions Not Falling Under the Proxy Voting Pre-Approved Policy

At the February 2013 meeting of the Board of Trustees, CRIC asked the Investment Committee to approve CRIC's recommendations for voting on a number of resolutions that fell outside the Proxy Voting Pre-Approved Policy. The following table shows the results of the voting on these additional resolutions:

2013 RESOLUTIONS NOT COVERED UNDER THE PRE-APPROVAL POLICY			
Company	Ticker	Resolution	Votes
Dow Chemical Company	DOW	Genetically Modified Organisms: Herbicide Resistant	Withdrawn – In exchange for dialogue.
Wells Fargo	WFC	Payday Lending	Omitted – Ordinary business.
Walmart Stores, Inc.	WMT	Electronics Recycling	Withdrawn – The company agreed to two in-depth meetings.

2.3 Conclusion

At the 2013 Investment Committee of the BOT Meeting, it was agreed that the Proxy Voting Pre-Approval Policy would continue in 2013 and beyond. In brief, this policy allows the Responsible Investment Committee to be more effective in expressing positions that the College has already endorsed.

3 2014 Resolutions Falling Under the Pre-Approval Policy

As part of its regular activities, CRIC has been tracking shareholder resolutions for the 2014 season and has determined that the following resolutions fall under the Proxy Voting Pre-Approval Policy:

2014 RESOLUTIONS FALLING UNDER THE PRE-APPROVAL POLICY			
Company	Ticker	Resolution	Pre-Approval Category
Altria Group Inc.	MO	Lobbying Expenditures Disclosure	Political Contributions
Consol Energy	CNX	Climate Risk	Greenhouse Gas Emission Reduction Goals
Devon Energy Group	DVN	Lobbying Expenditures Disclosure	Political Contributions
Devon Energy Group	DVN	Climate Risk	Greenhouse Gas Emission Reduction Goals
Google Inc.	GOOG	Lobbying Expenditures Disclosure	Political Contributions
Morgan Stanley	MS	Lobbying Expenditures Disclosure	Political Contributions
ONEOK	OKE	Report Methane Emissions	Greenhouse Gas Emission Reduction Goals
Raytheon	RTN	Lobbying Expenditures Disclosure	Political Contributions
Walmart Stores, Inc.	WMT	Lobbying Expenditures Disclosure	Political Contributions

CRIC intends to ask the Investment Office to vote 'yes' on these items. Full text of the resolutions is available upon request.

4 2014 Resolutions Not Falling Under the Pre-Approval Policy

While the resolutions discussed below do not fall under the pre-approval policy, CRIC feels that they reflect values that are broadly shared by members of the Carleton community. (The full texts of each of the resolutions can be found in Appendix A of this report).

4.1 Board Diversity – Nabors Industries, Inc.

Carleton owns 42,020 shares worth \$713,920 as of 12/31/13

As one of the largest fossil fuel explorers in the world, Nabors Industries Ltd has a large amount of influence in many parts of the world. Nabors currently does not have any women or minorities on its Board of Directors. Currently, more than 80% of companies in the Russell 1000 Index have at least one woman on their board, as do 90% of companies in the S&P 500 Index. In the current global marketplace, different views, opinions, and experiences are critical to both a company's growth and success. This resolution calls for Nabors Industries Ltd to adopt a policy on Board diversity that:

- (1) Includes women and minority candidates in the pool from which Board nominees are selected.
- (2) Expands director searches to include nominees from both non-executive corporate positions and non-traditional environments such as government, academia, and non-profit organizations.
- (3) Periodically reviews the composition of the Board to ensure it accurately reflects the knowledge, experience, skills, and diversity required to fulfill its duties.
- (4) Reports to shareholders, at reasonable expense and omitting proprietary information, its efforts to encourage diversified representation on the Board.

CRIC's Position

Boardroom diversity is a problem still seen in many business sectors and across international borders. The so-called “glass ceiling” is still very much alive all around the world, despite the massive gains made for gender equality in the last century. A thorough study conducted by the SEC in 2010 showed that women and minorities only accounted for 28.5% of Fortune 100 company board seats.¹ The Credit Suisse Research Institute, which evaluated the performance of 2,360 companies globally over the six years ending December 2011, showed that companies with one or more women on the board delivered higher than average returns on equity, lower leverage, better average growth and higher price/book value multiples.²

Considering Nabors' high visibility as a global fossil fuel explorer, we feel that it is reasonable to ask the company to adopt the aforementioned policy on Board diversity. Such a report would improve the company's image in the American public and help highlight an important issue that is still prevalent in the business world today. Furthermore, the report would be produced “at reasonable cost” and thus would not be a financial burden on the corporation.

4.2 Human Trafficking — Con-Way Inc.

Carleton owns 8,900 shares worth \$353,419 as of 12/31/13

As an international transportation and logistics provider, Con-Way Inc. operates in parts of the world where human trafficking remains prevalent. Con-Way currently has a statement on human rights that “strictly prohibits human trafficking or similar conduct within our supply chain.” However, the Company has not produced a report showing the actions it has taken to prevent human trafficking within its operations. This resolution calls for Con-Way Inc. to produce more information regarding those actions, specifically calling for:

- (1) a statement of company policy on commercial sexual exploitation;
- (2) an overview of employee awareness of—and education and training on—human trafficking issues; Supplier contracts stating a common repudiation of trafficking;
- (3) a plan for communicating information to customers, Methods of informing truckers of local “key persons” at destinations; and
- (4) an annual progress report.

¹<http://www.sec.gov/news/speech/2010/spch110410laa.html>.

²https://www.credit-suisse.com/newsletter/doc/gender_diversity.pdf.

CRIC's Position

Human trafficking is an unsolved problem both internationally and in the United States. According to the International Labor Organization's most recent global estimate, there are at least 20.9 million victims of forced labor, trafficking, and slavery in the world today.³ Of those exploited by individuals or enterprises, 4.5 million are victims of forced sexual exploitation.⁴ While human trafficking is less of an issue in the United States than in developing countries, the ILO notes that victims of human trafficking are often transported across the United States' borders. Thus, Con-Way could unknowingly play a role in the issue.

Considering Con-Way's position as a leading transportation and logistics provider, we feel that it is reasonable to ask the company to produce more information regarding human trafficking. Such a report would improve the company's image in the American public and shed light upon an important issue. Furthermore the report would be produced "at reasonable cost" and, thus, would not serve as a financial burden on the corporation.

4.3 Educate on Health of Tobacco — Altria Group Inc.

Carleton owns 15,500 shares worth \$503,921 as of 12/31/13

Altria, the parent company of Philip Morris USA, is the world's largest tobacco company. In the United States, partly due to various tobacco control programs, smoking rates have declined among all demographic groups, including adults and children, except two: people who are poor and those who are less-educated.

The New York Department of Health has shown "the decline in smoking has not occurred among the poor." Among those with household incomes less than \$15,000 a year, the smoking rate has not changed in the past 10 years, a period during which tobacco use significantly declined among all other groups with higher educational attainment. Those with less than a high school education now smoke at a rate three times that of college graduates.⁵

The resolution asks that the Board of Directors of Altria initiate efforts within six months of the annual meeting to prepare appropriate materials (similar to those that have been used to great effect in decreasing youth smoking) informing poor and less formally educated tobacco users of the health consequences of smoking these products along with market-appropriate cessation materials. A report on the preparation of these materials and the planned method of distribution shall be made available to requesting shareholders, at an appropriate cost, within one year of the 2014 annual meeting.

CRIC's Position

Philip Morris International, a subsidiary of Altria, is an international tobacco company that has seven of the top 20 global cigarette brands. In 2010, it had a total revenue of \$16.9 billion. Altria should be more proactive in educating all potential smokers of the health risks involved with smoking. Similar to the campaign created for young people, the poor and less formally educated tobacco users need to be aware of the health consequences of smoking the company's products through the establishment of market-appropriate cessation materials. This resolution is related to issues of demonstrated importance to the Carleton community. For example, Carleton's own campus handbook for students, faculty, and staff

³<http://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>.

⁴Ibid.

⁵http://www.health.ny.gov/prevention/tobacco_control/docs/who_is_quitting_in_ny.pdf.

emphasizes the College’s concerns for the health of tobacco users and that exposure to second-hand smoke poses a health risk to non-smokers.⁶

For the aforementioned reasons, CRIC recommends that we vote in favor of Altria Group Inc.’s “Educate Re: Health Consequences of Tobacco Products” shareholder proposal.

4.4 Establish Board Committee on Human Rights — Coca-Cola Company

Carleton holds 32,400 shares worth \$1,338,444 as of 12/31/13

Coca-Cola has been accused of human rights abuses and unethical practices around the world, including involvement in the killings of pro-union workers in Latin America,⁷ discriminatory hiring and promotion practices,⁸ and the overuse of water resources in rural India (resulting in harm to surrounding farms and villages).⁹

While Coca-Cola has a statement on human rights,¹⁰ it does not, like its closest competitor PepsiCo, have a distinct board that considers the implications of company practices for human rights protection. This resolution calls for Coca-Cola to establish such a board, with the principal purpose of issuing “periodic reports” to shareholders and the public on the connection between Coca-Cola’s practices and human rights protections (and abuses). Crucially, the resolution explicitly states that this board shall not “restrict the power of the Board of Directors to manage the business and affairs of the company.”

CRIC’s Position

Carleton has, as a liberal arts college, an inherent interest in encouraging companies it invests in to adopt practices that respect human rights. But quite apart from this inherent interest, there is good reason to think that Coca-Cola’s relative lack of attention (to put it generously) to human rights issues is not in the company’s, and so shareholder’s, financial interest. As the resolution points out, numerous colleges and universities having removed Coca-Cola products from their campuses, including the City University of New York, population 580,000.¹¹ Moreover, Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) divested 1.25 million shares of Coca-Cola stock in July 2006 from its CREF Social Choice Account, the nation’s largest socially screened fund for individual investors. Coca-Cola remains banned from the fund.¹² Finally, Coca-Cola’s relative lack of attention to human rights issues has led to bad publicity for the company: it’s human-rights undermining practices have been the subject of various programs, movies, books and websites.

It is worth emphasizing that this resolution is fairly minimal in its demands. It is not asking Coca-Cola to change any of its business practices. It is, rather, asking Coca-Cola to establish a board that reports on how the company’s business practices relate to human rights protections (and abuses). While the hope, naturally, is that such reports will influence Coca-Cola’s business practices, there is no reason to think

⁶http://apps.carleton.edu/handbook/healthsafety/?policy_id=22002.

⁷<http://www.nytimes.com/2001/07/26/world/union-says-coca-cola-in-colombia-uses-thugs.html>.

⁸<http://www.businessinsurance.com/article/20120319/NEWS07/120319876?tags=%7C70%7C75%7C303>.

⁹http://www.pbs.org/newshour/bb/asia/july-deco8/waterwars_11-17.html.

¹⁰<http://www.coca-colacompany.com/our-company/human-rights-statement>.

¹¹<http://www.nytimes.com/2013/08/14/nyregion/pepsi-wins-battle-in-cola-wars-with-a-21-million-city-university-deal.html>.

¹²<http://www.commercialfreechildhood.org/coke-no-longer-social-choice-tiaa-cref-removes-coca-cola-socially-screened-fund>.

that adopting this resolution would negatively impact Coca-Cola's bottom line. Indeed, as the considerations above suggest, there is some reason to think that it might, if not immediately, then in the long run, improve it by leading Coca-Cola to adopt business practices that may help it avoid the kind of lawsuits, boycotts, and divestment initiatives highlighted above. Finally, it is worth emphasizing that Coca-Cola's main competitor, PepsiCo, has the kind of board that this resolution is asking Coca-Cola to form.

For the aforementioned reasons, CRIC recommends that we vote in favor of Coca-Cola's "Establish Board Committee on Human Rights" shareholder proposal.

4.5 Report on Land Rights — PepsiCo Inc.

Carleton holds 13,400 shares worth \$1,111,396 as of 12/31/13

Since 2000, there have been over 885 large-scale land acquisitions covering approximately 79 million acres globally that have been recorded. About a third of these deals involve investment in cash crops such as sugar cane, palm oil, and soy. This resolution concerns the methods by which some of this land has been acquired. More specifically, the resolution is prompted by a concern that much of this land has been acquired via so-called "land grabs." Land grabs are, according to Oxfam, land acquisitions which, amongst other things, "Violate human rights," "Flout the principle of free, prior, and informed consent of the affected land users," and "Avoid transparent contracts with clear and binding commitments on employment and benefit sharing."

Many of these large-scale land acquisitions involve evicting traditional land holders, through coercion or fraud ("land grabs"). According to the resolution, "Land grabbing primarily affects small-scale farming communities in developing countries and has been linked to loss of livelihoods, hunger, and violence."

The resolution asks that PepsiCo "publish by November 1, 2014, and on an annual basis thereafter, a report focused on the issue of land rights along the company's supply chains. Among other important disclosures, the report should (i) disclose from whom and where PepsiCo sources its sugar cane, palm oil, and soy, and whether PepsiCo and its suppliers have adopted a zero tolerance policy on land rights violations and (ii) provide an objective assessment of how PepsiCo's supply purchases impact rural communities' land rights."

CRIC's position

In evaluating this resolution, CRIC focuses on the following three questions:

- (1) Are the kinds of land acquisitions referred to in the resolution ethically dubious?
- (2) Are these kinds of land acquisitions contrary to PepsiCo's stated values and commitments?
- (3) Is it reasonable to request that PepsiCo do what the resolution asks?

Our answer to all three questions is "yes." While it is of course impossible to catalogue all the instances of land acquisitions that fall under the label "land grab", they typically involve land that has long been settled being sold without consulting the people living on the land. In some cases, the selling entity claims to represent the people on the land, when in fact it does not.¹³

¹³See <http://www.oxfam.org/sites/www.oxfam.org/files/bp151-land-power-rights-acquisitions-220911-en.pdf> for particular examples.

With respect to the second question, PepsiCo is a member of Bonsucro, “a global multi-stakeholder non-profit organization dedicated to reducing the environmental and social impacts of sugarcane production while recognizing the need for economic viability.”¹⁴ Bonsucro’s members agree to hold themselves to various standards in doing business. A good number of these standards, and their attended “indicators” and “notes” explicitly forbid the kinds of practices that constitute land grabs.¹⁵ Since PepsiCo is a member Bonsucro, any involvement it may have in acquiring land via land grabs clearly runs counter to its stated values and commitments.

With respect to the third question, PepsiCo’s membership in Bonsucro is again relevant because of the Bonsucro member standard that, “Each economic operator in the chain of custody is responsible for the data supplied in the product declarations submitted to the next economic operator.”¹⁶

While the resolution at hand asks for more than mere traceability, such traceability is a central part of the resolution. Inasmuch as PepsiCo is already committed to the traceability of its sugar, we conclude that the resolution’s request is not unreasonable, at least not in that regard. More generally, we take PepsiCo’s commitment to the Bonsucro standards to be good evidence that it does not deem it unreasonable to comply with the other parts of the resolution which, in effect, call for PepsiCo to hold itself accountable for determining whether it is, in fact, living up to those standards.

Finally, it is worth noting that this resolution has received a considerable amount of public attention. National Public Radio recently ran a story about the resolution and Oxfam’s public support for it.¹⁷

4.6 Post-Consumer Product Manufacturing Recycling – Mondelez International, Inc. and Safeway Inc.

Carleton holds 32,200 shares worth \$1,136,660 as of 12/31/13 in Mondelez;

Carleton holds 29,360 shares worth \$956,255 as of 12/31/13 in Safeway

Mondelez International uses a significant amount of non-recyclable brand product packaging. For instance, their Oreo and Chips Ahoy brands are sometimes packaged in non-recyclable plastic. Many of these brands could be sold in recyclable fiber or plastic packaging. Indeed, Mondelez already sees itself as being “...committed to reducing the environmental impact of our activities, preventing pollution and promoting the sustainability of the natural resources upon which we depend...” Mondelez’s factories have sent 40% less waste to landfills between 2005 and 2010 but those factories still produce products with packaging that will end up in landfills.

This resolution asks the company to file a report to assess (i) the environmental impacts of continuing to use non-recyclable brand packaging, (ii) the reputational, financial, and operational risks associated with continuing to use non-recyclable brand packaging and, (iii) to the extent possible, establish goals and a timeline to phase out non-recyclable packaging.

Safeway also uses a significant amount of non-recyclable packaging and has increased its use of this packaging. Over 35 countries and a few provinces in Canada have laws mandating extended producer responsibility, which shift the costs of managing post-use products from the government to the company. The United States has lagged behind in this but legislation has been proposed in several states. In Addition, Coca-Cola Company and Nestle Waters NA have called for extended product responsibility in the United

¹⁴<http://bonsucro.com/site/>.

¹⁵See <http://bonsucro.com/site/production-standard/> and <http://bonsucro.com/site/chain-of-custody-standard/>.

¹⁶<http://bonsucro.com/site/production-standard/>.

¹⁷<http://www.npr.org/blogs/thesalt/2013/11/23/246753281/pepsi-pressured-to-fight-big-sugar-s-land-grab>.

States. Safeway considers its policy as “[minimizing] waste and [reducing] pollution sources in our stores, corporate offices, and manufacturing and distribution facilities” but it has yet to fully act on those words.

The Safeway resolution requests that the company issue a report developing a policy position on the company’s responsibility for post-consumer product packaging and accessing possible alternative approaches to increase packaging recycling.

4.7 CRIC’s Position

Plastic packaging remains an important problem. Consumer packaging accounts for 20% of landfill waste according to a report by researchers at Duke University.¹⁸ The Carleton community deeply cares about the environment. According to Carleton College’s Climate Action Plan, “Carleton College is a recognized leader of higher education sustainability initiatives as evidenced by the College’s Environmental Statement of Principles, Carbon Neutrality Value Statement, environmental studies major, two commercial-sized wind turbine projects, investments in central plant efficiency, and numerous ongoing campus sustainability initiatives.” Carleton College has already committed to becoming carbon neutral by 2050 and can continue to act on its values by voting for these two resolutions.

5 CRIC Survey

5.1 Introduction

Every two years, CRIC does a campus-wide survey to gauge community beliefs and attitudes about issues surrounding Carleton’s endowment and the role of CRIC on campus. This Fall, we were lucky enough to receive some assistance from Professor Katie St. Clair and one of her statistics courses in surveying the campus community.

We believe that the results of this survey will allow us to forward two distinct goals, namely, assessing awareness of CRIC and the endowment in the Carleton community, as well as investigating community attitudes towards Carleton’s endowment and CRIC’s effectiveness in communicating these attitudes to the Board of Trustees. As the movement toward socially conscious investing is gaining momentum at small private liberal arts colleges across the country, it has never been more important to share and promote CRIC’s commitment to striking the balance between maximizing the value of Carleton’s endowment while also pursuing socially conscious goals. The 2014 CRIC survey strengthens our appreciation for this commitment and will not only help CRIC determine its future agenda but also convey to the Trustees the thoughts of the campus when it comes to issues surrounding Carleton’s investments.

5.2 Methodology

In order to obtain a representative sample of the Carleton community, Professor St. Clair’s class chose to survey based on whether respondents were students, alumni, faculty, or staff. They chose this design because they expected each of these groups to have different levels of awareness about CRIC and Carleton’s endowment. The population size of each stratum is as follows: 1,858 students, 616 staff, 238 faculty, and 20,498 alumni. Once Professor St. Clair’s class defined these strata, they decided to take a simple random sample of 500 alumni, 150 staff, 100 faculty, and 200 students. They emailed a survey out to each sampled individual on October 25th, 2013, and each respondent was given a one-week window to respond. The

¹⁸http://center.sustainability.duke.edu/sites/default/files/documents/us_waste.pdf.

response rates were as follows: 56% for staff, 53% for faculty, 34% for alumni, and 38.5% for students. These response rates gave a total sample size of 384 respondents.

5.3 Summary and Key Findings¹⁹

The survey results indicate that, on the whole, the Carleton Community is largely unaware of CRIC and its responsibilities and lacks anything beyond general knowledge of the endowment. Faculty and staff tend to be more aware of CRIC and its responsibilities, while alumni are the least aware. It is particularly striking that only 5.88% of alumni, and 11.69% of students are aware of CRIC's responsibilities.

The Carleton Community is much more aware of the Carleton endowment than they are of CRIC. Professor St. Clair's class estimated that 93.75% of people are aware of the endowment. However, beyond basic recognition, many people were unaware of the endowment size and composition. For example, only 20% of students reported they could name a stock that Carleton has shares in. Professor St Clair's students hypothesized that those who do have this awareness probably are getting it from reading Carleton publications or from general word of mouth among students (as the data suggested that most weren't getting it from the Investment Office's website).

When considering resolutions, most people support efforts to increase disclosure but there was less support for requiring corporate action in other areas and practices. For example, although about 70% of respondents expressed a desire for transparency from companies on specific issues, this did not indicate an agreement on the particular issues themselves.

Furthermore, while nearly all respondents expressed a desire to promote positive social change, not all believe that the endowment is the right battlefield for these issues. This is reflected in opinions about divestment (as discussed in the next section).

6 Campus views on divestment in general and divestment from fossil fuels in particular

Over the past couple of years, a movement to have colleges divest their holdings from companies that produce fossil fuels (henceforth, "FF companies") has gained momentum across the United States, with a number of colleges and municipalities deciding to divest from FF companies.²⁰ Several of Carleton's peer institutions, including Middlebury and Pomona, have issued lengthy, formal reports responding to requests from the student body to divest from FF companies (both colleges declined to divest). A portion of the Carleton community is also pushing for divestment. A group made up of alumni, called Divest Carleton,²¹ is actively working to get Carleton to divest the portion of its holdings that is in FF companies.

In light of this effort, both across the nation and among at least a segment of the Carleton community, CRIC decided to ask a general question about divestment on the campus-wide survey as well as a specific question about divesting from FF companies so that we, and indeed the Trustees, could get a snapshot of campus attitudes on this contentious issue. The survey found that a substantial majority, roughly 70%, of community members, think that divestment *could be* an appropriate strategy in certain circumstances. Interestingly, the percentage of those who think that the main point of divestment would be to bring about change in company practices is roughly equal to the percentage who think that the main point

¹⁹See Appendix B for full text of the survey report.

²⁰<http://gofossilfree.org/commitments/>.

²¹Divest Carleton has a web presence here: <http://divestcarleton.wordpress.com/>. They have written a response to the climate survey, which can be found here: <http://divestcarleton.wordpress.com/updates/>.

would rather be to have Carleton avoid being implicated in, or profiting from, ethically dubious practices. This suggests that should the time come that the College needs to respond, formally or informally, to a push for divestment, it should make its response sensitive to the rather different concerns animating those who would support divestment.

Only about 12% of the community think that Carleton should have a general policy against divestment. But while there is broad support for the idea that divestment could in principle be appropriate, there is far less support in the community for the idea that FF companies are an appropriate target for divestment. Overall, only a shade under 34% of the community agrees or strongly agrees with the idea that Carleton should divest from FF companies. However, views on this issue vary considerably amongst different segments of the community. About 53% of students think that Carleton ought to divest from FF Companies, while only about 32% of alumni and faculty think so. There is even less support among staff, at roughly 25% supporting divestment from FF. Taken as a whole, it is clear that the pro-divestment view does not reflect the views of the *majority* of the Carleton community. Even so, it reflects the views of a substantial portion of the community, and a little over half of the student body. Though not directly related to divestment, the survey also asked community members whether they would like to see a portion of the endowment invested in ESG funds,²² *even if* this meant that Carleton received a smaller return on the endowment. The Carleton community is about evenly split on this idea, with roughly 43% saying that they would like to see Carleton engage in some ESG investing and roughly the same amount saying they would not (the remainder didn't know). It is worth noting that several respondents complained that the question was too vague (they wanted to know more about the hypothetical loss on return).

Beyond asking questions about divestment on the survey, CRIC adopted the following official statement on the FF divestment initiative:

At the present time CRIC does not advocate for or against divestment from fossil fuel companies. CRIC does, however, see itself as well positioned to foster dialogue among members of the Carleton Community and to report to the Trustees on community views about divestment from fossil fuel companies.

The committee felt that this statement reflects CRIC's role as a committee that is, a) primarily concerned with voting on shareholder resolutions, and b) a conduit for dialogue in the community about responsible investing by Carleton.

7 Other CRIC Activities

One of the first issues CRIC dealt with this year was signing the petition to the SEC to require companies to disclose political contributions to their shareholders. Unfortunately, despite the widespread popularity of this petition, the SEC has not acted on this issue. CRIC has had more success in its general campaign of letter writing, informing companies of why we voted for certain shareholder resolutions. We received several replies from representatives of companies that we contacted, seeking to address our concerns. CRIC also sent two members to the 3M shareholder meeting in May 2013, but in a purely observational role since CRIC did not vote for any resolutions at 3M this past year.

CRIC has been trying to increase its visibility on campus, publishing an article in the Carletonian as well as hosting an informational meeting for potential new members in spring 2013.

²²http://www.esgmanagers.com/Sustainable_Investing/What_is_ESG.

CRIC has also been in communication with SRI professionals from outside of Carleton, including Rose Espinola of the Reponsible Endowments Coalition and Argus Cunningham of ShareGate. CRIC registered for a one-year free trial of ShareGate, a service that allows shareholders to post questions for corporations and corporations to answer those questions.

Finally, CRIC spent part of this past year discussing how to increase student awareness of Carleton's direct holdings. Independently of CRIC, the CSA recently passed a resolution calling for the full list of Carleton's direct holdings to be available to the student body through CRIC. After discussion with the Treasurer's office, it was decided that these holdings would instead be made available on the Treasurer's office website to those with a Carleton ID and password.

8 Conclusion

CRIC has had a productive year of engagement with Carleton's investments, the Carleton Community at large, and other organizations which advocate for ethical investment. We hope that the Investment Committee will approve the voting recommendations included in §4 of this report.

Appendix A: Full Texts of Proxy Resolutions

Board Diversity — Nabors Industries, Inc.

RESOLVED, Shareholders request that the Board of Directors of Nabors Industries, Ltd. adopt a policy on Board diversity that requires the Governance and Nominating Committee of the Board (the “Committee”), consistent with its fiduciary duties, to:

- (1) include women and minority candidates in the pool from which Board nominees are chosen;
- (2) expand director searches to include nominees from both non-executive corporate positions and non-traditional environments such as government, academia, and non-profit organizations;
- (3) review periodically the composition of the Board to ensure it reflects the knowledge, experience, skills, and diversity required to fulfill its duties; and
- (4) report to shareholders, at reasonable expense and omitting proprietary information, its efforts to encourage diversified representation on the Board.

Supporting Statement: Nabors Industries, Ltd. does not have any women or minorities on its Board of Directors. More than 80% of companies in the Russell 1000 Index have at least one woman on their board, as do 90% of companies in the S&P 500 Index.

In an increasingly global marketplace, the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to a company’s success, as it increases the likelihood of making the right strategic and operational decisions. This is especially important for corporate boards, given the range, complexity and significance of their responsibilities and decisions.

We believe diversity, inclusive of race and gender, is therefore an essential measure of sound governance and a critical component of a well-functioning board that can help to ensure that different perspectives are brought to bear on issues. We also share SEC Commissioner Luis Aguilar’s belief, expressed in September 2010, “that companies that expand their search for new directors to include more women and minorities will find a breadth and depth of talent that will serve to improve their performance and increase the wealth of their investors.”

A growing body of empirical research indicates a significant positive relationship between firm value and the percentage of women and minorities on boards. According to an August 2012 report by Credit Suisse Research Institute, which evaluated the performance of 2,360 companies globally over the six years ending December 2011, companies with one or more women on the board delivered higher average returns on equity, lower leverage, better average growth and higher price/book value multiples. (<https://infocus.creditsuisse.com/data/productdocuments/shop/360145/csrigenderdiversityandcorporateperformance.pdf>.)

Many other large institutional investors share our view that diversity is a critical component of an effective board, including those who successfully petitioned the SEC to require board diversity disclosures aimed at informing proxy voting decisions. We believe our company’s current board diversity policies and disclosures limit its definition and understanding of diversity and do not sufficiently respond to growing investor interest in, and demand for, substantive improvements in this critical dimension of corporate governance.

We urge shareholders to vote for this proposal.

Human Trafficking — Con-Way Inc.

WHEREAS: Human trafficking is the act of recruiting, harboring, transporting, providing, or obtaining a person for compelled labor or commercial sex acts through the use of force, fraud, or coercion. The U.S. Department of State has emphasized the importance of training for individuals who may encounter victims of human trafficking, and has identified transportation professionals as being particularly well-placed to identify trafficking

victims.

According to ILO's most recent global estimate, there are at least 20.9 million victims of forced labor, trafficking, and slavery in the world today; globally 2.4 million people are victims of trafficking at any given time. In the United States, 200,000 children are at risk of being exploited by human trafficking, and according to National Incidence Studies of Missing, Abducted, Runaway, and Thrownaway Children, an estimated one out of every three U.S. children that run away is lured into sex trafficking within 48 hours of leaving home.

Trafficking victims are often hidden in plain view at construction sites, restaurants, agricultural fields, and rest or truck stops. Since its creation, the National Human Trafficking Resource Center (NHTRC) has received 364 reports from callers who self-identified as truckers, and 57

Con-way prohibits human trafficking in its Code of Business Ethics; however, reporting on the implementation of this policy, as well as resources, training, or other company programs to combat trafficking, are not available to shareholders. In addition, other companies in the trucking industry, such as Ryder and CR England, have publically partnered with organizations like Truckers Against Trafficking and provide resources and training to combat human trafficking. Con-way's publically available reporting does not indicate any such partnerships.

We believe a company associated with incidents of human trafficking or child sex exploitation could suffer substantial negative impacts in terms of reputation and adverse publicity. We believe commercial advantages may accrue to our company by adopting a more extensive policy addressing the commercial sexual exploitation of children, and by promoting training and programs to combat trafficking.

RESOLVED: The shareholders request that the Board of Directors prepare a report on the implementation of Con-way's ban on human trafficking internally and in its supply chain, at reasonable cost and omitting proprietary/confidential information, and provide the report to shareholders by November 2014.

Supporting Statement: We believe Con-way's report should be comprehensive, transparent, and verifiable, and we request that it address the following:

- A statement of company policy on commercial sexual exploitation,
- An overview of employee awareness of - and education and training on - human trafficking issues,
- Supplier contracts stating a common repudiation of trafficking,
- A plan for communicating information to customers,
- Methods of informing truckers of local "key persons" at destinations, and
- An annual progress report.

Educate on Health of Tobacco — Altria Group Inc.

WHEREAS, tobacco-use, poverty and lower-educational levels are intrinsically linked. The World Health Organization states: "Tobacco and poverty have become linked in a vicious circle, through which tobacco exacerbates poverty and poverty is also associated with higher prevalence of tobacco use. Several studies from different parts of the world have shown that smoking and other forms of tobacco use are much higher among the poor" (www.who.int/tobacco/research/economics/rationale/poverty/en/index.html)

In the United States, partly due to various tobacco control programs, smoking rates have declined among all demographic groups, including adults and children, except two: people who are poor and less-educated.

The New York Department of Health has shown "the decline in smoking has not occurred among the poor—those least able to afford the cost of cigarettes and the consequences of addiction." Among those with household incomes less than \$15,000 a year, the smoking rate has not changed in the past 10 years.

Regarding those with less education, it stated:

Smoking rates have not changed for the less educated, poorer segments of society. Smoking among those

with less than a high school education was unchanged between 2000 and 2010, a period during which tobacco use significantly declined among all other groups with higher educational attainment. Those with less than a high school education now smoke at a rate three times that of college graduates.

On the day of Altria's 2013 Annual Meeting of Shareholders, The Richmond Times Dispatch, carried a "Letter to the Editor" stating: "The Centers for Disease Control holds that almost 40% of adult smokers in Virginia make less than \$15,000 a year." A shareholder noted the letter and asked: "Is there discussion in the company about how to reduce usage among the lower income who also are less educated around such things as the health consequences of their behavior?" In response Mr. Barrington noted the Company's success in reducing underage tobacco use but did not address the question asked. When asked again by the same shareholder, Mr. Barrington again did not address the specific question about the use of our Company's tobacco products by poorer and less-educated people. Instead he pointed to other actions to "communicate the health effects of our tobacco products" and the company's "cessation information."

Because it seems that Altria has not addressed the critical social and moral issue of the sale of its harm-causing products to precisely those who are most vulnerable, the poor and less-educated . . .

RESOLVED, the Board of Directors of Altria initiate efforts within six months of the annual meeting to prepare appropriate materials (similar to the success that has been noted with parallel materials for youth) informing poor and less formally educated tobacco users of the health consequences of smoking our products along with market-appropriate cessation materials. A report on this material's preparation and method of distribution shall be made available to requesting shareholders, at an appropriate cost, within one year of the 2014 annual meeting.

Establish Board Committee on Human Rights — Coca-Cola Company

RESOLVED: Shareholders amend the Bylaws, by adding the following new section at the end of Article III: Section 4. Board Committee on Human Rights. There is established a Board Committee on Human Rights, which is created and authorized to review the implications of company policies, above and beyond matters of legal compliance, for the human rights of individuals in the US and worldwide.

The Board of Directors is authorized in its discretion consistent with these Bylaws, the Articles of Incorporation and applicable law to (1) select the members of the Board Committee on Human Rights, (2) provide said committee with funds for operating expenses, (3) adopt regulations or guidelines to govern said Committee's operations, (4) empower said Committee to solicit public input and to issue periodic reports to shareholders and the public, at reasonable expense and excluding confidential information, including but not limited to an annual report on the implications of company policies, above and beyond matters of legal compliance for the human rights of individuals in the US and worldwide, and (5) any other measures within the Board's discretion consistent with these Bylaws and applicable law.

Nothing herein shall restrict the power of the Board of Directors to manage the business and affairs of the company. The Board Committee on Human Rights shall not incur any costs to the company except as authorized by the Board of Directors.

Supporting Statement: The Coca-Cola Company, including its bottlers and suppliers have been associated with human rights controversies, leading to:

- Numerous colleges and universities having removed Coca-Cola products from their campuses, including the City University of New York, population 580,000, costing the Company hundreds of millions of dollars;
- Coca-Cola facing numerous racial discrimination lawsuits in New York filed by black and Latino workers in Coca-Cola plants and warehouses;
- Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) divesting 1.25 million shares of Coca-Cola stock in July 2006 from its CREF Social Choice Account, the nation's largest socially screened fund for individual investors. Coca-Cola remains banned from the fund;

- Community campaigns for human rights in India shutting down Coca-Cola bottling plants in Plachimada and Balia because of overexploitation and pollution of scarce water resources;
- Scathing documentary films, books, reports and artistic creations damaging Coca-Cola's image, brand and sales.

In the opinion of the proponents, the company's existing governance process does not sufficiently elevate human rights issues within the company or serve the interests of shareholders in expediting effective solutions. The proposal would establish a Board Committee on Human Rights that could review and make policy recommendations regarding human rights issues raised by the company's operations activities and policies.

In defining 'human rights,' proponents suggest that the committee could use the US Bill of Rights and the Universal Declaration of Human Rights as nonbinding benchmarks or reference documents.

Report on Land Rights – PepsiCo Inc.

WHEREAS: Since 2000, over 885 large-scale land acquisitions covering approximately 79 million acres globally have been recorded. Approximately a third of the deals involve investment in cash crops such as sugar cane, palm oil, and soy. Many of these large-scale land acquisitions involve evicting traditional land holders, through coercion or fraud ("land grabs").

Land grabbing primarily affects small-scale farming communities in developing countries and has been linked to loss of livelihoods, hunger, and violence. PepsiCo's sources of sugar include suppliers that have been linked to land grabs, which poses risk to the company and shareholder value; PepsiCo must urgently recognize this problem and take steps to ensure that land rights violations are not part of its supply chain.

By preparing an annual report regarding land rights and applying the results as part of its supply chain management, PepsiCo would strengthen its ability to assess its own and its suppliers' performance on this important issue and hold its suppliers accountable; enable shareholders to better understand and assess potential reputational and operational risks; and, consistent with the principle that "what gets measured gets managed," prompt more responsible business practices by suppliers.

There is a clear and growing consumer interest in understanding the impacts made by the supply chains of the brands they purchase. Improved transparency by PepsiCo regarding policies and practices that secure future commodity supplies and reduce social and environmental risks are a part of the process of building a sustainable business model for the company and its shareholders.

As one of the world's largest food and beverage companies, PepsiCo through its global supply chains is positioned to be a leader in promoting respect and support of land rights, fair resolution of land conflicts, and sharing of investment benefits; PepsiCo also has a unique opportunity to encourage government and the wider food industry to do the same. Indeed, PepsiCo's membership in Bonsucro serves as an acknowledgement of land rights violations as a sustainability issue resulting from sugar production.

RESOLVED: Shareholders request that the Board of Directors cause PepsiCo to publish by November 1, 2014, and on an annual basis thereafter, a report focused on the issue of land rights along the company's supply chains. Among other important disclosures, the report should (i) disclose from whom and where PepsiCo sources its sugar cane, palm oil, and soy, and whether PepsiCo and its suppliers have adopted a zero tolerance policy on land rights violations and (ii) provide an objective assessment of how PepsiCo's supply purchases impact rural communities' land rights. The report should be prepared at reasonable cost, omitting proprietary information, and using a phased, tiered, or other approach that PepsiCo deems reasonable and practical.

Supporting Statement: Annual reporting would strengthen PepsiCo's ability to assess its own and its suppliers' performance on the issue of land rights, to hold its suppliers accountable, and enhance shareholder value by enabling shareholders to better understand and assess potential reputational and operational risks.

Post-Consumer Product Manufacturing Recycling – Mondelez International, Inc.

WHEREAS: Mondelez International’s environmental policy states the company “is committed to reducing the environmental impact of our activities, preventing pollution and promoting the sustainability of the natural resources upon which we depend...” yet a significant amount of brand product packaging is not recyclable and new studies suggest plastic packaging that reaches the ocean is toxic to marine animals and potentially to humans.

Mondelez’ iconic brands like Oreo and Chips Ahoy are increasingly packaged in flexible film or other plastic packaging, such as pouches, that are not recyclable. Using non-recyclable packaging when recyclable alternatives are available wastes valuable resources that could be recycled many times over. Instead, many billions of discarded package wrappers and pouches representing significant amounts of embedded energy are incinerated or lie buried in landfills. Many of these brands could be sold in recyclable fiber or plastic packaging.

Non-recyclable packaging is more likely to be littered and carried into waterways. Millions of plastic wrappers are swept into waterways annually. A recent assessment of marine debris by a panel of the Global Environment Facility concluded that an underlying cause of debris entering oceans is unsustainable production and consumption patterns including “design and marketing of products internationally without appropriate regard to their environmental fate or ability to be recycled in the locations where sold...”

California spends nearly \$500 million annually preventing trash, much of it packaging, from polluting beaches, rivers, and oceanfront. In the marine environment, plastics break down into small indigestible particles that birds and marine mammals mistake for food, resulting in illness and death. McDonald’s Corp. is replacing plastic foam beverage cups with degradable paper cups due to such concerns.

Further, studies by U.S. Environmental Protection Agency Region 9 suggest a synergistic effect between persistent, bioaccumulative, toxic chemicals and plastic debris. Plastics concentrate and transfer toxic chemicals such as polychlorinated biphenyls and dioxins from the ocean into the marine food web and potentially to human diets, essentially forming a “toxic cocktail” increasing the risk of adverse effects to wildlife and humans. One study of fish from various parts of the North Pacific found one or more plastic chemicals in all fish tested, independent of location and species.

Making all packaging recyclable, if possible, is the first step to reduce the threat posed by ocean debris. Companies who aspire to incorporate sustainability yet use these risky materials must explain why they market non-recyclable instead of recyclable packaging. Companies must also work with recyclers and municipalities to assure that recyclable packaging actually gets collected and recycled.

BE IT RESOLVED THAT: Shareowners of Mondelez International request the Board to issue a report at reasonable cost, omitting confidential information, by October 1, 2014 assessing the environmental impacts of continuing to use non-recyclable brand packaging.

Supporting Statement: Proponents believe the report should include an assessment of the reputational, financial, and operational risks associated with continuing to use non-recyclable brand packaging and, to the extent possible, goals and a timeline to phase out non-recyclable packaging.

Post-Consumer Product Manufacturing Recycling – Safeway Inc.

WHEREAS, post-consumer packaging and printed paper comprises nearly half of U.S. landfill waste and is a significant consumer of natural resources, energy and source of greenhouse gas emissions. Half of printed paper and packaging is landfilled or burned rather than recycled. Plastic packaging debris migrates to oceans where it damages fisheries, tourism and marine life. There is a growing link between ineffective waste management and plastic debris piling up in Earth’s oceans and waterways, where it injures and kills marine animals, transports invasive species and poses a threat to human health. California spends nearly \$500 million annually to prevent trash, much of it packaging, from polluting beaches, rivers and ocean frontage.

The estimated market value of wasted packaging that could be recycled is \$11.4 billion. Increased recycling provides more efficient use of valuable resources. It generates less pollution, and requires less energy than using virgin raw materials. In the U.S., taxpayers pay to recycle packaging, but poor infrastructure and strapped

municipal budgets have yielded lagging recycling rates: 38% for aluminum, 34% for glass, and only 12% for plastic. Further, Safeway's house brands, among other products, are recently increasing use of non-recyclable flexible plastic packaging, such as pouches.

More than 40 countries have shifted some or all costs of packaging recycling onto producers. Safeway is already required to contribute to packaging recycling costs in parts of Canada. U.S. producers of packaging-intensive brands can expect to be asked to take more responsibility for recycling of packaging in the future. We believe some measure of responsibility for packaging is a key component of a corporate environmental sustainability policy.

Extended Producer Responsibility (EPR), a corporate and public policy that shifts accountability for financing recycling of materials from taxpayers to producers, is a promising potential solution. Two major brands, Coca-Cola and Nestle Waters NA, have called for producers to adopt EPR programs in the U.S. Legislation is pending in several states. Taking an active role in planning for mandated producer responsibility for packaging will reduce risk, ensure continued high quality packaging, reduce wasted resources, and increase program efficiencies. The company has not moved decisively to lead or participate in such an effort nor addressed its responsibility for post-consumer packaging for its brands.

BE IT RESOLVED THAT shareowners of Safeway request that the board of directors issue a report by September 1, 2014, at reasonable cost and omitting confidential information, developing a policy position on the company's responsibility for post-consumer product packaging of its private label brands, and assessing whether alternative approaches could lead to substantially increased packaging recycling.

Supporting Statement: Options reviewed in the report should include analyses of company-based actions that will increase recyclability of packaging materials, and participation in policy and technical development of EPR or other producer responsibility strategies in collaboration with sector peers, policymakers and suppliers with a goal of greatly increased U.S. recycling rates and reduced energy use and pollution.

Appendix B: CRIC Survey Report (Full Text)

Carleton Responsible Investment Committee Review

Katrina Harper, Eddie Schermerhorn, John Stromme, Huaiyu Wang

SUMMARY OF KEY FINDINGS

- The Carleton Community is largely unaware of CRIC, its responsibilities, and anything beyond general knowledge of the endowment.
- When considering resolutions, most people support efforts to increase disclosure but there is less support for requiring corporate action in other areas and practices.
- Nearly all respondents share a desire to promote positive social change, but not all believe that the endowment is the right battlefield for these issues.
- Community opinions about divestment are mixed.

INTRODUCTION

Every two years, CRIC does a campus wide survey to gauge community beliefs and attitudes about issues surrounding Carleton's endowment and the role of CRIC on campus. This fall, we surveyed the campus community in continuation of this data collection process. The results of our research will not only help CRIC determine its agenda but also convey to the Trustees the thoughts of the campus when it comes to issues surrounding Carleton's investments.

We have two main goals for this study. The first is to assess awareness of CRIC and the endowment in the Carleton community. We want to answer questions such as: What percentage of the community is aware of CRIC and its purpose? How would people like to interact with CRIC? How knowledgeable is the community of the endowment? The second goal is to investigate community attitudes towards Carleton's endowment, and how CRIC can best communicate these attitudes to the board of trustees. We wish to answer how people want Carleton to vote on certain corporate resolutions, and also to what extent the community wants the college to pursue socially conscious investment strategies.

In order to obtain a representative sample of the Carleton community, we chose to survey students, alumni, faculty, and staff. This population does not include friends of the college such as parents, or other non-alumni donors who have invested interest in Carleton and its endowment. However, due to the difficulty of obtaining contact information for these parties, we chose to exclude them from our study. We feel that surveying the four groups mentioned above will give us a generally representative opinion of the Carleton campus.

A movement towards socially conscious investing is gaining recognition across many small private liberal arts college. Other schools such as Dickinson, Middlebury, Pomona, Amherst, among others also have committees similar to CRIC, and are also striving to strike a balance between maximizing the value of their endowments, while still pursuing socially conscious goals. At each of these schools, the investing committees appear to have varying amounts of responsibility and recognition on campus, and as a part of this study we seek to discover how respected and renowned CRIC is on Carleton's campus.

The Responsible Endowments Coalition is an organization dedicated to promoting socially conscious investing by university endowments. To date, it has worked with and supported students on over 300 campuses. Their primary campaign encourages divestment of certain industries, and also reinvestment in local community businesses and initiatives. However, there is also a strong movement which argues that divestment is not the proper forum for addressing social issues. A study performed on Pomona's endowment demonstrates that were Pomona to pursue divestment of fossil fuels, in the next ten years there would be a negative impact of \$419 million on the endowment. As part of our study, we seek to understand how Carleton views the tradeoff between divestment and a strong endowment.

METHODOLOGY

In order to answer this question, we decided to use a stratified sampling design, stratifying by whether respondents are students, faculty, staff, or alumni. We chose this design because we expected each of these groups to have different levels of awareness about CRIC and Carleton's endowment. For example, maybe alumni have a higher level of awareness about Carleton's endowment because they have more exposure to investment while maybe Carleton students simply have not been exposed to this yet. The population size of each stratum is as follows: 1,858 students, 616 staff, 238 faculty, and 20,498 alumni. In our population we only counted alumni who graduated after 1960 and before 2010.

Once we defined these strata we decided to take a simple random sample of 500 alumni, 150 staff, 100 faculty, and 200 students. When choosing these sample sizes we took into consideration four main factors: the population size of each group, each group's estimated non-response rate, survey fatigue, and the desired precision of our survey. These sample sizes are not proportional but we think that they are optimal because it allowed us to survey enough people from each group without having to inconvenience or pester too many people. Notice, however, that from our largest strata we took our largest samples and from our smallest strata we took our smallest samples.

Finally, we emailed our survey out to each sampled individual on October 25th, 2013. The survey was conducted using Survey Monkey and each respondent had about a one-week window to respond. A basic assumption that our survey is based on is the independence between whether people responded to our survey and their opinion of CRIC. In other words, we assume that the people who responded are representative of the entire population and are not just people with extreme views. In the end, our response rates were as follows: 56% for staff, 53% for faculty, 34% for alumni, and 38.5% for students. These response rates gave us a total sample size of 384 respondents. In general, most surveys have a response rate of around 30%, so we feel pretty good about our success. Our lowest response rate was from alumni, which could be because they check their emails less frequently than the other strata. See Appendix II for a detailed breakdown of response rates and sample sizes.

RESULTS

Knowledge of CRIC, Carleton's Investments, and the Endowment:

We find that Carleton's community at large is not very aware of CRIC and its responsibilities. Table A gives a breakdown of CRIC awareness in the community. Faculty and Staff tend to be more aware of CRIC and its responsibilities, while Alumni are the least aware. It is particularly striking that only 5.88% of alumni, and 11.69% of students are aware of CRIC's responsibilities.

TABLE A	Students	Alumni	Faculty	Staff	Total
Proportion who have heard of CRIC	35.07% (5.36%)*	16.47% (2.84%)	64.15% (5.93%)	55.95% (5.06%)	19.53% (2.55%)
Proportion who know CRIC's responsibilities	11.69% (3.61%)	5.88% (1.8%)	39.62% (6.05%)	28.57% (4.61%)	7.32% (1.62%)
Proportion who have visited CRIC's website	6.49% (2.77%)	1.18% (.83%)	3.77% (2.36%)	15.48% (3.69%)	2% (.77%)

*Number in parentheses is the SE for all tables

It is encouraging that many respondents expressed interest in CRIC and wanted to become more involved. Table B displays data showing to what extent people wish to interact with CRIC. Additionally, Appendix I includes in depth comments about other suggestions for how people would like to get involved.

TABLE B	Info Session	Town Hall Meetings	Advertise for and direct people to CRIC's website	Attend CRIC meetings
Percent Interested	34.05% (3.22%)	10.34% (1.91%)	10.04% (1.85%)	4.65% (1.37%)

The Carleton Community is much more aware of the Carleton endowment than CRIC. We estimate that 93.75% of people are aware of the endowment, and we are 95% confident that the true percentage of people who are aware of the endowment lies between 90.56% and 96.93%. However, beyond basic recognition, many people were unaware of the endowment size and composition.

Faculty and Staff were fairly accurate in their estimates of the total value of Carleton's endowment, while students' estimates were the most variable and alumni estimates tended to most undervalue the endowment. Figure 1 shows a box-plot for estimated endowment size, while Table C provides summary data. Staff demonstrate the highest rates of people who visited the endowment website. We hypothesize that this is because many staff work in the business office or administrative positions in which they would visit the investment office website at some point or another as part of their job duties. We broke down the Staff visitation rate even further and found that no staff identified as union members have visited the investment office website, while 42.55% of exempt workers have visited it with a standard error of 6.74%.

TABLE C	Students	Alumni	Faculty	Staff	Total
Average guess of endowment	\$392,606,349 (\$81,493,417)	\$326,080,688 (\$53,952,892)	\$549,906,410 (\$36,166,795)	\$545,692,150 (\$35,899,535)	\$339,758,706 (\$48,024,858)
Proportion who have visited the investment office's website	6.49% (2.77%)	5.88% (1.8%)	7.55% (3.27%)	30.95% (4.72%)	6.61% (1.61%)
Proportion who can name one of Carleton's top 10 stock holdings	20.78% (4.56%)	4.71% (1.62%)	11.32% (3.92%)	19.05% (4.01%)	6.46% (1.48%)

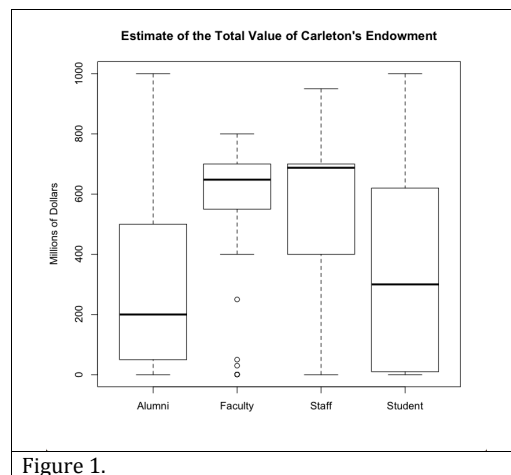


Figure 1.

We found it surprising that over 20% of students reported they can name a stock that Carleton has shares in, while only 6.49% are estimated to have visited the investment office’s website. It is unclear as to where students are receiving information about stock holdings, but we hypothesize that they may have this awareness due to reading Carleton publications or general word of mouth among students.

Table D summarizes how effective people think CRIC is at carrying out their responsibilities. Notice the large percentage of people who “Don’t Know” (72.4%). We believe that this is because this question was asked to everyone, regardless of whether they had even heard of CRIC or not. We also asked people to estimate what percentages of CRIC’s suggestions on resolutions the Board of Trustees adopted. Figure 2 displays the trimodal distribution of responses, revealing that most people either said that CRIC was very effective, not effective, or somewhat effective. In other words, it seemed like people were giving a general guess as to the percent approved, and either chose an extreme or the middle.

TABLE D	Very Effective	Effective	Neutral	Ineffective	Don’t Know
Percentage of people who think CRIC is:	2.15% (.091%)	10.846% (2.10%)	6.98% (1.63%)	.386% (.0158%)	72.4% (2.98%)

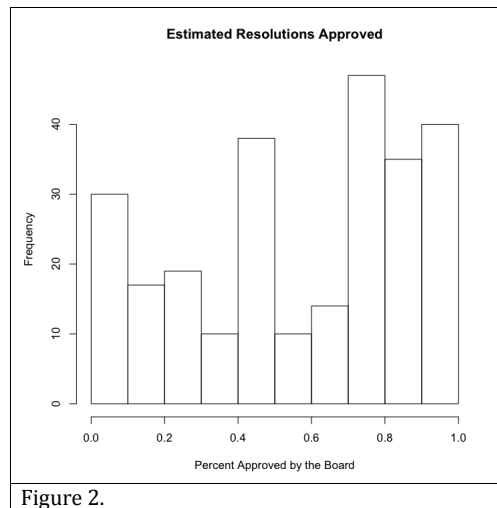


Figure 2.

Stances on Issues:

Resolutions

People seemed to strongly favor companies being more transparent about their practices. Although about 70% of people desire transparency from companies on specific issues, this does not necessarily mean that they agree or disagree with the issue. For example, 73.36% of people want companies to disclose their greenhouse gas emissions, but more people thought Carleton shouldn’t divest from fossil fuels than should (see Table H). Therefore, we see Table E as simply

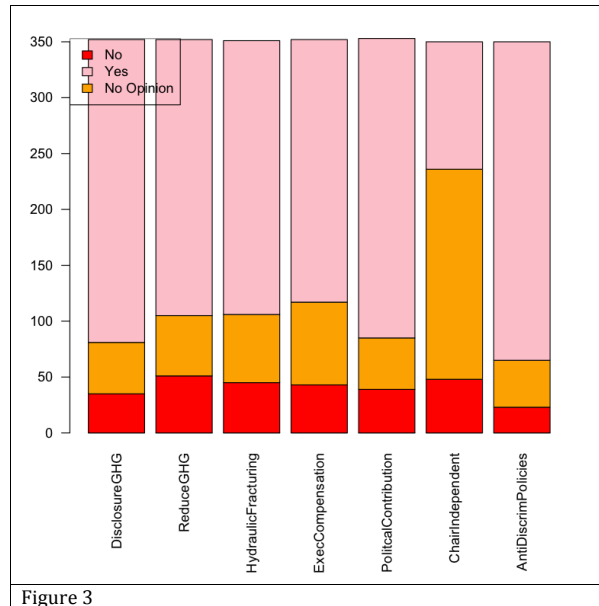
representing a strong desire from the Carleton Community to have as much information as possible.

TABLE E Disclose:	Green house gas emissions	Fracking	Political contributions	Anti-discrimination Policies
Percentage who said "Yes"	73.36% (3.01%)	66.72% (3.21%)	72.12% (3.04%)	77.18% (2.85%)

Table F reveals that almost 70% of people want companies to require a vote on executive compensation. This seems to represent a strong displeasure people have with current executive compensation levels, a sentiment that came out in many respondents comments, which are included in Appendix I.

Out of all the resolutions that people were asked about, the only one that a majority did not favor was one that would require the Chair of the Board be an independent member. Only about 36% of people support this resolution, which could be because 42.59% (with a 3.35% SE) of people have no opinion. Compared to the percentage of people who have no opinion on the other resolutions, this could suggest that people did not understand this issue or what the question was asking. Figure 3 displays a breakdown of opinion for all of the resolutions we included on the survey.

TABLE F	
Percentage of people who think that companies should require a vote on executive compensation	67.71% (3.13%)
Percentage of people who think that the Chair of the Board should be an independent member	35.85% (3.3%)



Divestment and ESG Investing

Most people’s primary reason for divestment is a result of one of two reasons: 1) to pressure corporations into changing objectionable practices and 2) not wishing to participate in the objectionable practices. Combined, these two reasons represent about 60% of why people wish to divest. Table G gives a more detailed picture of what people saw as their primary reason for divestment. It is interesting to note that while only about 12% of people thought Carleton shouldn’t divest, more people thought Carleton shouldn’t divest than should when asked about fossil fuels (see Tables H). This could mean that the issue specific questions we asked about divesting did not capture the issues people really care about.

TABLE G	Pressure corporations into changing objectionable practices	Non-participation in the objectionable practices	Make a symbolic public statement about certain practices	Carleton should not divest	Don’t Know
Percentage who agreed with the following as their primary reason for divestment	29.16% (3.12%)	28.6% (3.12%)	11.23% (2.11%)	12.40% (2.28%)	8.96% (1.78%)

It is interesting that when asked about a general reason for divestment, only 12.4% of people reported they think Carleton should not divest. However when asked about divesting from a specific practice (fossil fuels), only 33.93% of Carls support the divestment. This might imply that people may be comfortable with divesting for a certain reason, but people differ in opinion on which companies they are actually willing to divest from. Table H contains summary data on the responses to the question on divesting from fossil fuels.

TABLE H	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Percentage of people who feel the following way about Carleton Divesting from fossil fuels	10.281% (2.05%)	23.65% (2.85%)	16.56% (2.53%)	30.42% (3.17%)	13.16% (2.36%)

Table I shows that opinions are very mixed when it comes to ESG investing. 44.97% of Carls support ESG investing, even in the face of a smaller return, while 34.83% do not. Part of the variability in opinion may be due to the fact that ESG investing is a very complex issue and cannot be fully captured by one question on a survey. In the comments, attached in Appendix I, many people expressed their displeasure on how the survey was overly simplistic, and wanted more information on how significant a smaller return would be. The question as it is posed now is very broad and not well defined. Appendix III contains plots which breakdown the responses for questions on divestment and ESG investing.

TABLE I	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Percentage of people who think Carleton should invest in ESG funds, even if it means a smaller return	9.37% (2.04%)	35.6% (3.27%)	13.74% (2.3%)	23.29% (2.89%)	11.54% (2.2%)

DISCUSSION

Our survey clearly shows that the campus community is largely unaware of CRIC, its work, and the particulars of the endowment. People are generally interested in CRIC’s work and the endowment, and many want to get involved. However, we find that opinions towards the endowment are more mixed. On resolutions, most people support efforts to increase disclosure, but there is less support for requiring corporate action in other areas. Additionally, there is no consensus in the data on divestment. Some people support divestment, while others are vehemently opposed. Looking at the data in total, almost everyone shares a desire to promote positive social change, but not everyone believes that the endowment is the right battlefield for these issues.

These conclusions generally go along with what we expected when beginning this study. The discussion of socially conscious investing in endowments is relatively new, and there is no consensus on what is the proper approach to this topic. This raises a few new questions, which may be worth pursuing in the future. Firstly, we are interested in learning more about why people form their opinions surrounding the endowment. As this is a relatively new issue, we believe that many students, alumni, faculty, and staff are relatively uninformed about how big of an impact socially conscious investing could have, both on the endowment’s value and as a vehicle for social change. Many commenters expressed concern that the survey was ‘too simplistic’ and the issue is far too complex to be captured in a survey. Perhaps a more informed discussion and further research will result in more public consensus on the issues.

One unanticipated issue with our survey is that some faculty and staff members are also alumni of the college. We did not give them an option to identify as a part of multiple groups in our survey. We feel that this is not a significant issue since the percentage of people in our population who would identify with more than one group is small.

In our analysis, we assumed that each person in our sampling frame was equally likely to respond to our survey. Unfortunately, this assumption is probably not true. We hypothesize that people who are more interested in Carleton and its endowment would be more likely to respond. These people are also more likely to know more about investing and endowment issues, suggesting our data could be biased.

Fortunately, when designing our study, we had significant input from CRIC and were able to create a well-crafted survey. We spent a lot of time working to tweak our survey in order to achieve optimal results. However, there is always room for improvement. The least effective part of our survey was on issues surrounding the endowment. The topic of ESG investing and divestment is very complex, and we could have sculpted our questions in a way to receive results with more depth on these issues. In practice we realized this is a very tough topic to survey for since it is complex and not very many people are aware of these endowment/investing issues.

Summary

Carleton is one of many schools currently struggling with the issue of how best to incorporate institutional values into its endowment philosophy and strategy. This survey was designed to help CRIC better understand how the community views endowment issues, as well as how aware people are of CRIC and the endowment. We find that people are generally unaware of

CRIC and its activities, and only relatively aware of the endowment. We also find that most people support corporate resolutions which encourage positive social change, but opinions are very mixed when it comes to divestment and socially conscious investing. We hypothesize that part of this disparity in opinion could partly be attributed to the lack of knowledge people have on the endowment and investing issues. These issues are very complex, and perhaps our survey was too simplistic to fully capture community opinion. We recommend organizing events to engage the community in conversation in order to gain more insight on campus opinion.

Appendix I - Summary of Detailed Responses

How Can CRIC Be More Involved in the Carleton Community?

- Information about CRIC should be made available whenever financial information is shared with the Carleton community
- More active with alumni annual fund and its solicitations
- Keep sending surveys
- Send recommendations to Alumni for approval or disapproval
- Active social media efforts
- Provide occasional email updates
- More publicity (posters, tabling, campus calendar, NNB)
- Feature in the voice
- Make CRIC's recommendations to the board available on the college website
- Show how CRIC's actions affect our lives & institutional direction
- Speak at faculty, forum, and SAC meetings
- Send quarterly or annual report of activities to all
- CRIC should be more involved with alumni - not students. Don't get the kids caught up in vast questions, let them get an education first.
- Invite more student involvement
- Teach community the importance of knowing/understanding investing
- Transparency is key
- Create an opt-in listserv with updates

Other Ideas for Resolutions

- Require 'triple bottom line' reports like Novo Nordisk A/S
- Require independent nomination of corporate directors
- Restructure and limit executive compensation
- Actively pursuing alternative energy
- Request disclosure to about corporate contributions to super-PAC's
- Resolutions to make it easier to suggest and pass more resolutions!
- Request report of proportion of employees covered by health insurance.
- Statement of ratio of CEO compensation to the median compensation in the company/corporation
- Disclose conflict of interest of board members

Other Comments on Divestment

- Divest if companies are doing poorly
- Divesting should be a last resort - work for change as an investor
- If we divest we lose any leverage we may have by being a shareholder
- Carleton should never divest in an effort to pressure a company. Divestment is only a symbolic gesture -- the non-customers who have the most influence over a company's practices are its shareholders, and by maintaining holdings in a company, Carleton retains a voice in the company's practices. It is foolish to think that, by divesting we are pressuring a company in a certain way. This only allows shareholders with lower ethical/social standards to hold more shares in the company (and thus, exert greater control)

On the Endowment and Investment Office

- Investment office is far away, disjoint from campus life and community values also believe non-partisan, smart investing is vital to the strength of the endowment.
- Maximizing opportunities for students (aid), faculty (wealth creation, research) and perpetuating the college (facilities, larger endowment) would be my bias in making investment decisions.

- I work at one of the largest asset management companies in the world. I would like to participate more in the endowment and CRIC
- I think Carleton needs a serious session with experienced alums who have done well and know what's going on, like me, and know that paying people to try to pick stocks is ridiculous. The smart institutions are going to index funds.
- Carleton should be invested only in stock index funds. Trying to do better than the market is nonsense. Trying to time the market, pick stocks, etc., only lines the pockets of investment advisers. What Carleton needs to divest is the idea of managed stock accounts.
- I think it's great that people are thinking about how we invest, and it's even greater that you're trying to engage the community. But with a lot of our investment operations way up in the Twin Cities, and with trustees really not interacting much with the community (there used to be a "trustee in residence" program, I think back in the 90s), and with lots of pressure on us to increase economic diversity in the student body (which requires aid) and generally do everything we want to (including give everyone pay increases), with key advancement officers out in left field down at 200 Division, it just feels as though we may be at cross purposes - although I know so little about CRIC that I really can't say.
- I don't believe there is any evidence that companies that pay attention to the triple bottom line are any less profitable than those that don't. I used to work at Roche and we had an MBO based on the carbon footprint of the company.
- I'm not entirely certain we can ever reasonably expect full disclosure of what public companies the endowment is invested in. My understanding of the investment office's practices indicates that a lot of the endowment is invested with other investment offices (like hedge funds) who may or may not disclose what public companies they invest in.
- Rather than prohibit certain investments, I favor that the endowment measure its ESG performance alongside its risk/return measures. And the ESG should be measured by an independent entity that also considers the extent to which the public sector has already addressed these social externalities through tax/regulatory policies, which I consider the primary actor for setting of fair "rules of the game".

Comments on Separation between Endowment and Social Issues

- I am well known as a campaigner for renewable energy, e.g., methane or hydrogen from seaweed, micro-hydro instead of dams, BUT I do not therefore believe in mixing this professional practice, which is plainly against Big Oil, with any college-wide campaign to renounce any ties with Big Oil. I campaign to replace fossil fuels. But I don't think that should also be the job of endowments, which have a fiduciary responsibility to earn money. Endowments build up capital. Business enterprises like mine carry on the struggle to change environmental impacts. Don't get endowments mixed up in what is business. If one does that, one would have to "divest" shares in airline companies that burn fossil fuels, in agribusinesses, that use fossil fuels widely, or in the chemical industry, which makes both "good" products and "bad" ones. Endowments are no place for crusades.
- There should be a firm separation between Endowment and Politico-environmental Belief. This should be similar to the Constitution-guaranteed separation between Church and State. Colleges should not be battlegrounds. The battles start with Commencement. I turned down Columbia University in 1968 for precisely this reason. As for the 350 people: I met them in New Zealand. I don't like their proselytizing, and I don't see that it achieves any significant change. When Rockefeller and Pratt and other businessmen changed the kerosene source from whales to oilfields, they did not do this with campaigns to save the whales. They did it with better delivery of a then-better product. I would be happy to issue opinions against politically or environmentally-principled divestiture of investments. Only in cases of blatant criminality should a divestiture occur. My record on environmental activism, if one were to call it that, is

strong. I believe that environmentalism will be more effective in doing what Rockefeller and Pratt: develop and deliver a better line of products that people will buy; i.e., compete in the market.

- Nothing personal, but I think the purpose of the CRIC is mixing purposes in an ineffective manner. Have the Carleton endowment maximize returns. If there is to be some social aspect that you think should be associated with the money, do it directly, not indirectly through investment selection. I'm all for "doing good", I just think that trying to accomplish that through investment selection is a very ineffective way of doing so.
- I don't think investing is the proper format for these issues. I think global warming is a highly dangerous reality. However, unless you think the campus should stop using fossil fuel based vehicles, accepting students who must travel by plane, or car, I see no reason to stop owning stocks in companies who provide these services. I hope this CRIC is not presenting itself as representative of the Carleton community, and I do appreciate the chance to participate in this survey.

Other Comments/Suggestions

- Reach out to other similar schools to find common ground and increase leverage. Establish common principles or goals.
- Given the relative size of Carleton's endowment, I feel it is unlikely that any decisions by the college will impact corporate behavior. What is happening so that a coalition of like-minded schools can act together? That seems like where the focus should be at this time. I'm not saying that even that would be enough to attract corporate attention...but it would be more likely to do so than Carleton acting alone.
- Clearly I do not agree with your agenda
- Your survey is way too simplistic. It is much harder to evaluate what determines which companies are "good" and which are "bad" than your survey suggests. Carleton has been around the block on this before when the big issue was divestment in South Africa. A company may be "investment worthwhile" because it goes to great effort to reduce greenhouse gases and at the same time "investment unworthwhile" because it exploits its workers by paying low wages. Who gets to decide this? The world is complicated --- don't pretend it is simple.
- Divestment from South Africa was a huge issue when I was on campus (1987-91). As I recall (it was a long time ago and I don't remember the details), the board made a controversial and unilateral decision to not divest over the objections of the students and faculty. I am glad to see a more thoughtful effort to include participation of the Carleton community and hope that the voice of the community is taken more seriously this time. However, I do not support divestment from all fossil fuel companies. I bet there are few members of the Carleton community who do not rely in important ways on fossil fuels to get to school, heat their homes etc. I would prefer a concerted effort to put a percentage of investments in companies that provide alternative energy sources such as wind and solar power and electric vehicles.
- Although environmental/social investment strategies are laudable, I strongly believe in Carleton's mission. I trust the powers that be to balance economic need with social and environmental statements. For example, nearly all of us use oil for some reason. If oil investments are part of Carleton's portfolio, then I ask that the oil company chosen be one that has the least minuses in the social justice/environmental area.
- Generally, I think that giving people (like students) access to more information (like holdings) is a good thing, but offering too much info is perhaps a problem if students are spending so much time discussing and acting upon college policy that they're not tending to their coursework.
- These are really difficult issues, and this kind of survey doesn't allow for any of the considerations of how to weigh different values. If you want input from alumni like myself, perhaps a more open-ended conversation would be advisable.

Appendix II - Response Rates

Alumni

Decade	Total	F	M	Sample	F	M	Response	F	M
1960s	2313	991	1322	63	28	35	27.0%	16%	37.1%
1970s	3260	1495	1765	79	34	45	40.5%	38.2%	42.2%
1980s	4064	2062	2002	107	48	59	38.3%	50%	27.1%
1990s	4391	2204	2187	147	69	78	29.3%	21.7%	35.9%
2000s	4549	2409	2140	104	60	44	33.6%	31.6%	36.4%
All	20498	10170	10328	500	239	261	34%	31.8%	32.2%

Student

	Population	Sample	Response	Response rate
F	956	102	40*	39.215%
M	902	98	36*	36.735%
Total	1858	200	77	38.5%

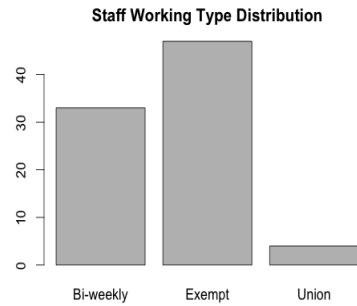
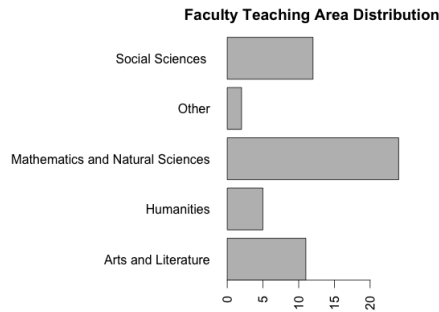
Staff

	Population	Sample	Response	Response rate
F	383	90	52	57.778%
M	233	60	32	53.333%
Total Staff	616	150	84	56%
Bi-weekly	218	45	33	73.333%
Exempt	320	81	47	58.025%
Union	78	24	4	16.667%

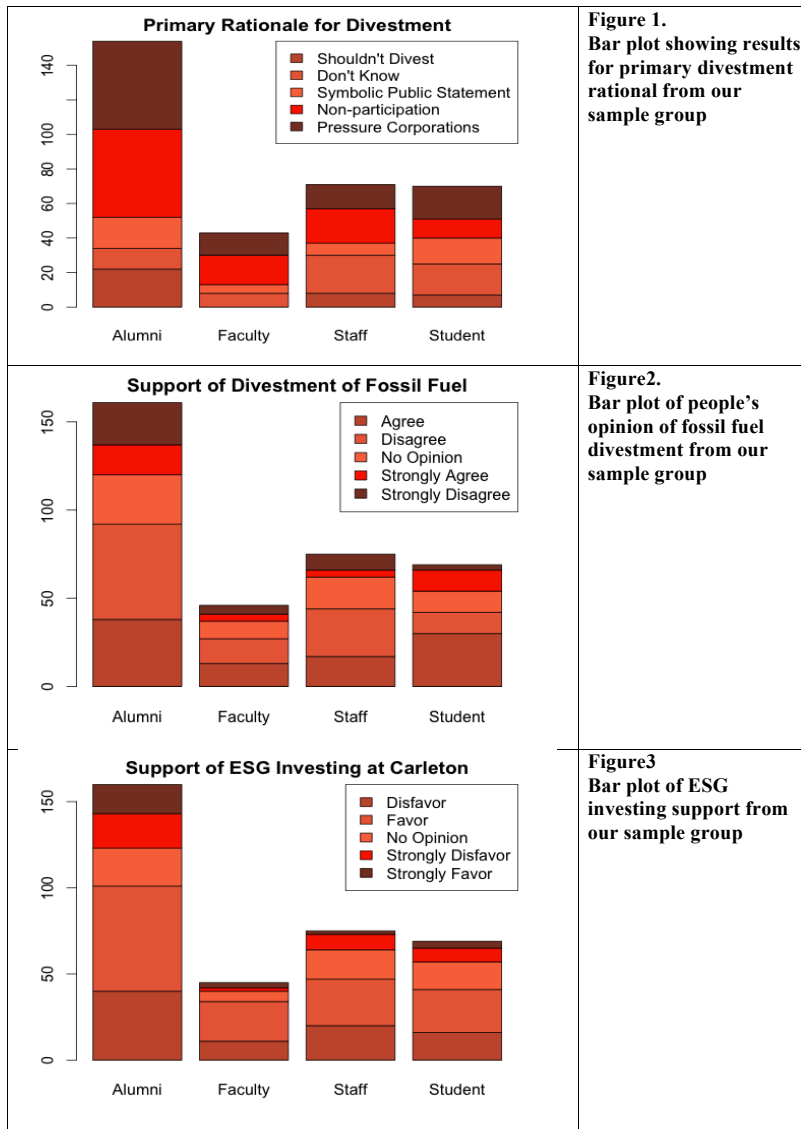
Faculty

	Population	Sample	Response	Response rate
F	120	48	24*	50%
M	138	52	26*	50%
Total	238	100	53	53%

*one faculty member and one student did not identify with either gender



Appendix III - Other Graphs about Divestment and Investment by Group



Appendix IV – Summary Tables for Selected Questions on Survey

Note: SEs are given in parenthesis. If tables do not sum to 100%, the remaining difference is due to non-response for that question.

Q16: Are you aware that Carleton has an endowment?

	Alumni	Faculty	Staff	Student	Total
Yes	94.12% (1.80%)	94.34% (2.86%)	97.62% (1.56%)	88.31% (3.61%)	93.75% (1.62%)
No	3.53% (1.41%)	0%	0%	6.49% (2.77%)	3.63% (1.27%)

Q17: Give your best estimate of the size of Carleton's endowment.

	Alumni	Faculty	Staff	Student	Total
Size (Dollars)	\$326,080,688 (\$53,952,892)	\$549,906,410 (\$36,166,795)	\$545,692,150 (\$35,899,535)	\$392,606,349 (\$81,493,417)	\$339,758,706 (\$48,024,858)

Q18: Have you ever visited the investment office's website?

	Alumni	Faculty	Staff	Student	Total
Yes	5.88% (1.80%)	7.54% (3.27%)	30.95% (4.72%)	6.49% (2.77%)	6.61% (1.61%)
No	90.59% (2.24%)	86.79% (4.19%)	69.05% (4.72%)	90.90% (3.23%)	90.00% (1.99%)

Q19: Have you ever seen the list of Carleton's top ten stock holdings?

	Alumni	Faculty	Staff	Student	Total
Yes	4.71% (1.62%)	7.55% (3.27%)	15.48% (3.69%)	10.39% (3.43%)	5.48% (1.46%)
No	91.76% (2.11%)	86.79% (4.19%)	84.52% (3.69%)	88.31% (3.61%)	91.24% (1.88%)

Q20: Can you name one company that you are sure that Carleton has shares in?

	Alumni	Faculty	Staff	Student	Total
Yes	4.71% (1.62%)	11.32% (3.92%)	19.05% (4.01%)	20.78% (4.56%)	6.45% (1.84%)
No	92.35% (2.04%)	83.02% (4.64%)	80.95% (4.01%)	77.92% (4.66%)	90.79% (1.84%)

Q21: Prior to this survey, have you ever heard of CRIC?

	Alumni	Faculty	Staff	Student	Total
Yes	16.47% (2.84%)	64.15% (5.93%)	55.95% (5.06%)	35.06% (5.36%)	19.53% (2.55%)
No	81.18% (2.99%)	30.19% (5.67%)	44.05% (5.06%)	63.63% (5.40%)	78.22% (2.68%)

Q22: Do you know CRIC's responsibilities as a committee? (only answered by those who said yes to Q21)

	Alumni	Faculty	Staff	Student	Total
Yes	5.88% (1.80%)	39.62% (6.05%)	28.57% (4.61%)	11.69% (3.61%)	7.32% (1.62%)
No	10.59% (2.36%)	24.53% (5.32%)	27.38% (4.55%)	23.38% (4.75%)	12.21% (1.62%)

Q23: Have you ever been to CRIC's website? (only answered by those who said yes to Q21)

	Alumni	Faculty	Staff	Student	Total
Yes	1.18% (0.82%)	3.77% (2.36%)	15.48% (3.69%)	6.49% (2.77%)	2.01% (0.77%)
No	15.29% (2.76%)	60.38% (6.05%)	40.48% (5.01%)	28.57% (5.07%)	17.52% (2.47%)

Q24: Estimated percent of resolution suggestions approved by board.

	Alumni	Faculty	Staff	Student	Total
Size (Dollars)	63.71% (2.96%)	51.74% (6.22%)	62.36% (3.56%)	51.53% (3.43%)	62.56% (2.64%)

Q25: How effective is CRIC?

	Very Effective	Effective	Neutral	Ineffective	Don't Know
Alumni	1.76% (1.01%)	10.59% (2.36%)	5.88% (1.80%)	0.00% (0.00%)	74.71% (3.33%)
Faculty	5.66% (2.86%)	5.66% (2.86%)	11.32% (3.92%)	1.89% (1.68%)	58.49% (6.09%)
Staff	8.33% (2.82%)	19.05% (4.01%)	11.90% (3.30%)	5.95% (2.41%)	45.24% (5.08%)
Student	3.90% (2.17%)	11.69% (3.61%)	16.88% (4.21%)	2.60% (1.79%)	58.44% (5.53%)
Total	2.15% (.091%)	10.846% (2.10%)	6.98% (1.63%)	.386% (.0158%)	72.4% (2.98%)

*0% of people felt CRIC was 'Very Ineffective'

Q26: Opinions on Resolutions

Disclose GHG emissions

	Alumni	Faculty	Staff	Student	Total
Yes	73.53% (3.38%)	69.81% (5.67%)	59.53% (5.01%)	76.63% (4.75%)	73.37% (3.01%)
No	12.35% (2.52%)	7.55% (3.27%)	8.33% (2.82%)	3.90% (2.17%)	11.52% (2.23%)
No Opinion	8.82% (2.17%)	7.55% (3.27%)	21.43% (4.19%)	11.69% (3.61%)	9.37% (1.94%)

Require action to reduce GHG emissions

	Alumni	Faculty	Staff	Student	Total
Yes	64.8% (3.66%)	58.5% (6.09%)	55.96% (5.06%)	76.62% (4.75%)	65.36% (2.10%)
No	18.82% (2.99%)	11.32% (3.92%)	10.71% (31.5%)	5.19% (2.49%)	17.44% (2.65%)
No Opinion	10.59% (2.36%)	15.09% (4.43%)	23.81% (4.34%)	10.39% (3.43%)	10.97% (2.1%)

Disclose risks and impacts of hydraulic fracturing

	Alumni	Faculty	Staff	Student	Total
Yes	67.06% (3.60%)	62.26% (5.99%)	54.76% (5.08%)	67.53% (5.26%)	66.72% (3.21%)
No	17.06% (2.88%)	11.32% (3.92%)	5.95% (2.43%)	6.49% (2.77%)	15.86% (2.55%)
No Opinion	10.00% (2.30%)	9.43% (3.61%)	29.76% (4.66%)	18.18% (4.33%)	11.17% (2.06%)

Request advisory vote on executive compensation

	Alumni	Faculty	Staff	Student	Total
Yes	70.00% (3.51%)	56.61% (6.13%)	59.52% (5.01%)	46.75% (5.60%)	67.71% (3.13%)
No	11.76% (2.47%)	13.21% (4.19%)	8.33% (2.82%)	11.69% (3.61%)	11.68% (2.20%)
No Opinion	12.94% (2.57%)	15.09% (4.43%)	21.43% (4.19%)	33.77% (5.31%)	14.86% (2.31%)

Request reports on political contributions

	Alumni	Faculty	Staff	Student	Total
Yes	72.94% (3.40%)	71.70% (5.57%)	66.66% (4.81%)	64.94% (5.36%)	72.12% (3.04%)
No	12.94% (2.57%)	5.66% (2.86%)	8.33% (2.82%)	9.09% (3.23%)	12.43% (2.28%)
No Opinion	8.82% (2.17%)	7.55% (3.27%)	15.48% (3.69%)	18.18% (4.33%)	9.73% (1.95%)

Request adoption of policy requiring Chair of Board to be an independent member

	Alumni	Faculty	Staff	Student	Total
Yes	37.65% (3.71%)	18.87% (4.84%)	28.57% (4.61%)	20.78% (4.56%)	35.85% (3.30%)
No	16.47% (2.84%)	9.43% (3.61%)	9.52% (2.99%)	9.09% (3.23%)	15.62% (2.52%)
No Opinion	40.59% (3.76%)	54.72% (6.15%)	52.38% (5.09%)	59.74% (5.51%)	42.59% (3.35%)

Request adoption and reporting of anti-discriminatory policies

	Alumni	Faculty	Staff	Student	Total
Yes	77.65% (3.19%)	77.36% (5.17%)	63.10% (4.92%)	76.62% (4.75%)	77.18% (2.85%)
No	10.00% (2.30%)	0.00% (0.00%)	5.95% (2.41%)	1.30% (1.27%)	9.09% (2.03%)
No Opinion	7.06% (1.96%)	7.55% (3.27%)	19.05% (4.01%)	12.99% (3.78%)	7.86% (1.76%)

Q27: Primary Reason for Divestment

	Pressure corporations into changing objectionable practices	Non-participation in the objectionable practices	Make a symbolic public statement about certain practices	Carleton should not divest	Don't Know
Alumni	30.00% (3.51%)	30.00% (3.51%)	10.59% (2.36%)	12.94% (2.57%)	7.06% (1.96%)
Faculty	24.53% (5.32%)	32.08% (5.77%)	9.43% (3.61%)	0.00% (0.00%)	15.09% (4.43%)
Staff	16.67% (3.80%)	23.81% (4.34%)	8.33% (2.82%)	9.52% (3.00%)	26.19% (4.49%)
Student	24.68% (4.84%)	14.29% (3.93%)	19.48% (4.45%)	9.09% (3.23%)	23.38% (4.75%)
Total	29.16% (3.12%)	28.60% (3.12%)	11.23% (2.11%)	9.65% (2.28%)	8.96% (1.78%)

Q28: Do you agree with the following statement? Carleton should divest from fossil fuels.

	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Alumni	10.00% (2.30%)	22.35% (3.19%)	16.47% (2.84%)	31.76% (3.57%)	14.12% (2.67%)
Faculty	7.55% (3.27%)	24.53% (5.32%)	18.87% (4.84%)	26.42% (5.45%)	9.43% (3.61%)
Staff	4.76% (2.17%)	20.24% (4.10%)	21.43% (4.19%)	32.12% (4.76%)	10.71% (3.15%)
Student	15.58% (4.07%)	38.96% (5.48%)	15.58% (4.07%)	15.58% (4.07%)	3.90% (2.17%)
Total	10.28% (2.05%)	23.65% (2.85)	16.56% (2.53%)	30.42% (3.17%)	13.16% (2.36%)

Q29: Do you favor ESG investing even if it results in a lower return?

	Strongly Favor	Favor	No Opinion	Disfavor	Strongly Disfavor
Alumni	10.00% (2.30%)	35.88% (3.67%)	12.94% (2.57%)	23.53% (3.25%)	11.76% (2.47%)
Faculty	5.66% (2.86%)	43.40% (6.13%)	11.32% (3.92%)	20.75% (5.01%)	3.77% (2.36%)

Staff	2.38% (1.56%)	32.14% (4.76%)	20.24% (4.10%)	23.81% (4.34%)	10.71% (3.15%)
Student	5.19% (2.49%)	32.47% (5.26%)	20.78% (4.56%)	20.78% (4.56%)	10.39% (3.43%)
Total	9.37% (2.04%)	35.59% (3.27%)	13.74% (2.30%)	23.29% (2.89%)	11.54% (2.20%)

Q30: Do you support disclosure of Carleton's top ten holdings?

	Alumni	Faculty	Staff	Student	Total
Yes	70.59% (3.49%)	69.81% (5.67%)	60.71% (49.81%)	74.03% (4.92%)	70.59% (3.11%)
No	21.78% (3.16%)	15.09% (44.25%)	27.38% (4.55%)	10.39% (3.43%)	20.93% (2.81%)

Q31: How would you prefer to contribute to the conversation?

Percent Interested	Info Sessions	Town Hall Meetings	Advertise the CRIC website	Attend CRIC Meetings	Don't want to participate
Alumni	33.53% (3.62%)	8.24% (2.11%)	7.65% (2.04%)	4.12% (1.52%)	41.18% (3.77%)
Faculty	41.51% (6.09%)	15.09% (4.43%)	16.98% (4.64%)	15.09% (4.43%)	26.42% (5.45%)
Staff	33.33% (4.81%)	27.38% (4.55%)	19.05% (4.01%)	4.76% (2.17%)	27.38% (4.55%)
Student	38.96% (5.48%)	27.27% (5.00%)	32.47% (5.26%)	9.09% (3.23%)	31.17% (5.20%)
Total	34.01% (3.22%)	10.34% (1.91%)	10.04% (1.85%)	4.65% (1.37%)	39.85% (3.36%)

Appendix V - Survey

You have been randomly selected to participate in a brief, anonymous survey from the Carleton Responsible Investment Committee (CRIC). Every two years, CRIC does a campus wide survey to gauge community beliefs and attitudes about issues surrounding Carleton's endowment and the role of CRIC on campus.

Carleton's Institutional Research Board has approved this study. Although we value your participation very much, the survey is completely voluntary. Demographic data is collected to understand who is responding to this survey. If you choose to participate, you are free not to respond to any questions. All responses we receive will be kept confidential, and your name and email address will not be recorded with your responses. Results will be reported as summaries and used by members of CRIC to better understand community beliefs and attitudes towards Carleton's endowments.

1. Are you an alumni, staff, faculty or student?

- Alumni
- Faculty
- Staff
- Student

If responded "Alumni" to question (1), were given questions (2-5):

2. What is your gender?

- Male
- I don't identify with a single gender
- Female

3. What is your current age?

4. What was your class year? Please enter in YYYY format. (e.g. 1986)

5. What was your major?

- African/African-American Studies
- American Studies
- Archaeology
- Art History
- Asian Languages
- Asian Studies
- Biology
- Chemistry
- Cinema and Media Studies
- Classical Languages
- Classics
- Computer Science
- Dance
- Economics
- English
- Environmental and Technology Studies
- French
- French and Francophone Studies
- Geology
- German
- Greek
- History
- International Relations
- Latin
- Latin American Studies
- Linguistics
- Mathematics
- Mathematics/Statistics
- Music
- Philosophy
- Physics
- Political Science
- Psychology
- Religion
- Russian
- Sociology and Anthropology
- Spanish
- Studio Art
- Theater Arts
- Women's and Gender Studies
- Other/Special Major

If responded "Student" to question (1), given questions (6-9):

6. Same as question (2)

7. Same as question (3)

8. What is your class year?

- 2014
- 2016
- 2015
- 2017

9. What is your major? If you have not yet declared, indicate which major you are most likely to declare.

- Same response options as (6) with the addition of “Undeclared and don’t know”

If responded “Faculty” to (1), given questions (10-12):

10. Same as question (2)

11. Same as question (3)

12. What area do you teach in?

- Arts and Literature
- Humanities
- Mathematics and Natural Sciences
- Social Sciences
- Other

If responded “Staff” to (1), given questions (13-15):

13. Same as question (2)

14. Same as question (3)

15. Are you:

- Bi-weekly
- Exempt
- Union

For all respondents (16-21):

16. Are you aware that Carleton has an endowment (Y/N)?

17. Give your best estimate of the size of Carleton’s endowment in dollars. (Please format your answer as a number)

18. Have you ever visited the Investment Office’s website (Y/N)?

19. Have you ever seen the list of Carleton’s top ten stock holdings (Y/N)?

20. Can you name one company that you are sure that Carleton has shares in (Y/N)?

21. Prior to this survey, have you ever heard of the Carleton Responsible Investment Committee (CRIC) (Y/N)?

If yes to question (21), given questions (22-23):

22. Do you know CRIC’s responsibilities as a committee (Y/N)?

23. Have you ever been to CRIC’s website (Y/N)?

For all respondents (24-33):

24. CRIC’s main responsibility is to recommend votes on “resolutions” to the Investment Committee on the Board of Trustees based on responses to this survey. Corporate “resolutions” are referendums that give shareholders an avenue to influence company policy. Often delving into political issues, they give shareholders the opportunity to steer companies in a responsible direction. With over \$150 million of its endowment invested in public holdings, Carleton is in a position to participate in this process.

In the past five years, CRIC has presented 62 resolutions to the board of trustees. What percentage of CRIC’s recommendations do you believe were approved by the board?

25. Overall, how effective do you think CRIC is as a committee that presents suggestions to the Board of Trustees?

- Very effective
- Effective
- Neutral
- Ineffective
- Very ineffective
- Don’t know

26. Do you think Carleton, as a shareholder, should vote yes or no on the following issues? (For each issue respondents can answer Y/N or No opinion).

- Require corporate disclosure of greenhouse gas emissions
- Require action to reduce greenhouse gas emissions

- Disclose information to stockholders about risks and impacts of hydraulic fracturing
- Request an advisory vote on executive compensation
- Request reports on political contributions
- Request the Board adopt a policy requiring the Chair of the Board of Directors to be an independent member of the Board
- Request the adoption and reporting of anti-discriminatory policies based on race, gender, gender identity, sexual orientation, and national origin.
- Do you have other ideas for resolutions which Carleton should support? (please specify)

27. If you would like to see Carleton divest (remove investments) from certain companies, what would be the primary reason for the divestment?

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • Pressure corporations into changing objectionable practices • Make a symbolic public statement | <ul style="list-style-type: none"> • about certain practices • Non-participation in the objectionable practices | <ul style="list-style-type: none"> • Carleton should not divest • Don't know • Other (please specify) |
|---|---|--|

28. DO you agree or disagree with the following statement: Carleton should divest (remove investments) from fossil fuel companies rather than continuing to hold shares in these companies.

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • Strongly agree • Agree | <ul style="list-style-type: none"> • Disagree • Strongly disagree | <ul style="list-style-type: none"> • No opinion |
|---|---|--|

29. ESG (environmental, social and governance) is a generic term used by investors to evaluate corporate behavior and to determine the future financial performance of companies based on environmental, social, and governance issues.

ESG factors are part of a set of non-financial performance indicators that includes sustainable, ethical and corporate governance issues such as managing the company's carbon footprint and ensuring there are systems in place to ensure accountability.

Suppose that Carleton engaged in ESG investing, but that this resulted in a lower return on the endowment which, in turn, resulted in fewer funds for student aid (for example).

Would you favor that Carleton engage in ESG investing?

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • Strongly favor • Favor | <ul style="list-style-type: none"> • Disfavor • Strongly disfavor | <ul style="list-style-type: none"> • No opinion |
|---|---|--|

30. Carleton only discloses its top ten holdings. Would you support full disclosure of Carleton's public equity to those with a Carleton username and password (Y/N)?

31. How would you prefer to contribute to the conversation over endowment issues? Check all that apply:

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> • I don't want to participate • Information sessions on Carleton's endowment | <ul style="list-style-type: none"> • Town Hall style discussions • More advertisements around campus | <ul style="list-style-type: none"> • directing people to CRIC's website • Attend CRIC meetings • Other (please specify) |
|---|--|--|

32. Do you have any suggestions for how CRIC can be more involved with the Carleton community?

33. Any other thoughts related to CRIC you would like to share?