

# Carleton

One North College Street  
Northfield, Minnesota 55057

January 27, 2016

Dear Mr. Weitz and members of the Investment Committee,

Please find enclosed the 2016 Report to the Trustees from the Carleton Responsible Investment Committee (CRIC). CRIC continues its work of reviewing shareholder resolutions as well as gathering information on the views of the Carleton community concerning issues related to investment. The proxy voting process has been aided by a proxy voting pre-approval policy that was approved during the February 2012, Trustees' meeting. Much of this report will discuss shareholder resolutions on issues not covered under the policy. In addition to offering CRIC's recommendations on those resolutions, we also seek the Investment Committee's approval to add four new resolution categories to the current pre-approval proxy voting list.

## 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 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

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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.

In the spirit of CRIC's original proposal for a pre-approval policy, this year CRIC seeks approval to add four types of resolutions to the current proxy voting list:

- (1) Post-Consumer Recycling and Waste
- (2) Tobacco Health Risks
- (3) Non-Recyclable Packaging
- (4) Climate Change Risk

These categories correspond to resolutions the Investment Committee has already approved in at least two previous years. Resolutions falling in these categories have come up again in 2016.

#### 2016 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 following resolutions:

- (1) List Health Consequences of Additives in Products (Altria Group, Inc.)
- (2) Reduce E-Waste (Amazon.com, Inc.)
- (3) Climate Risk Disclosure (Anadarko Petroleum)
- (4) Climate Risk Disclosure (Noble Energy)
- (5) Carbon Legislation Impact Assessment (Occidental Petroleum Corporation)
- (6) Executive Compensation: No Oil/Gas Reserve Addition Metric (Devon Energy)
- (7) Recycle Food & Beverage Packaging (Mondelez International, Inc.)
- (8) Neonicotinoid-Containing Products & Pollinator Decline (PepsiCo, Inc.)
- (9) Human Rights Policy Stressing Right to Health (Philip Morris International)
- (10) Pay Disparity (TJX Companies, Inc.)

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## Summary

We appreciate this opportunity to report to the Investment Committee on our activities and to make recommendations. We hope that the board accepts the proposed additions to the proxy voting list as well as our recommendations on the shareholder resolutions not covered under the existing pre-approval policy. Please let us know if you require any additional information. Thank you for your time and your consideration.

### Committee Members

Anil Methipara (Co-Chair, '16)	David Alberg (Co-Chair, Fac., '85)	Douglas Marshall (Faculty)
Emily McAdam (Staff, '08)	Fred Rogers (Ex Officio, '72)	David Coleman ('17)
Janna Wennberg ('19)	Chenoa Schatzki-McClain ('18)	Boluwatife Johnson ('18)
Nathan Edwards ('17)		

# Report To The Trustees

Carleton Responsible Investment Committee (CRIC)

January 27, 2016

## Contents

1 Report on 2015 Resolution Voting	1
2 Current Proxy Voting Pre-Approval Policy	3
3 2016 Resolutions Falling Under the Pre-Approval Policy	4
4 2016 Resolutions Not Falling Under the Pre-Approval Policy	5
5 Proposed Additions to the Proxy Voting List	16
6 Other CRIC Activities	21
7 Conclusion <sup>1</sup>	22

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<sup>1</sup>This report reproduces resolution statements from the Ethvest Database, which is available to Carleton College users and to other members at <http://www.onlineethicalinvestor.org/eidb/login.html>. The full text of all 2016 resolutions discussed in this report, including arguments and supporting statements, is reproduced in Appendix A to this report at [https://apps.carleton.edu/governance/cric/assets/CRIC\\_2016\\_Report\\_Appendix\\_A.pdf](https://apps.carleton.edu/governance/cric/assets/CRIC_2016_Report_Appendix_A.pdf). The full text of all resolutions discussed in this report which were voted on prior to 2016 is reproduced in Appendix B to this report at [https://apps.carleton.edu/governance/cric/assets/CRIC\\_2016\\_Report\\_Appendix\\_B.pdf](https://apps.carleton.edu/governance/cric/assets/CRIC_2016_Report_Appendix_B.pdf).

# 1 Report on 2015 Resolution Voting

## 1.1 2015 Resolutions Falling Under the Pre-Approval Policy

In 2015, 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.

### 2015 Resolutions Covered Under the Pre-Approval Policy

Company	Ticker	Outcome
<b>Greenhouse Gases Emission Reduction Goals</b>		
3M Company	MMM	Withdrawn. Company committed to setting quantitative goals for the sourcing and production of renewable energy.
Amazon.com, Inc.	AMZN	26.2% in favor
Dominion Resources, Inc. (Adopt GHG Reduction Targets)	D	5.8% in favor
Dominion Resources, Inc. (Report on Methane Emissions and Reduction Targets)	D	25% in favor
HD Supply Holdings, Inc.	HDS	25.8% in favor
Occidental Petroleum Corporation	OXY	33% in favor
Wal-mart Stores, Inc.	WMT	1.8% in favor
<b>Equal Employment Opportunity</b>		
Discovery Communication	DISCA	23.1% in favor
<b>Political Contributions</b>		
Goldman Sachs Group, Inc.	GS	Omitted
Google, Inc. (Report on Lobbying)	GOOGL	9.57% in favor
Google Inc. (Review/Report on Political Spending)	GOOGL	Omitted
Wells Fargo and Co	WFC	22% in favor
<b>Executive Compensation</b>		
TJX Companies, Inc.	TJX	Withdrawn in exchange for dialogue
Wal-mart Stores, Inc.	WMT	Omitted

## 1.2 2015 Resolutions Not Falling Under the Proxy Voting Pre-Approved Policy

At the February 2015 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:

2015 Resolutions Not Covered Under the Pre-Approval Policy			
Company	Ticker	Resolution	Outcome
Altria Group, Inc.	MO	Tobacco Health Risk Communications	4.67% in favor
Anadarko Petroleum	APC	Report on Climate Change	59.4% in favor
Consol Energy	CNX	Report on Climate Change	47% in favor
Devon Energy	DVN	Report on Climate Change	23.2% in favor
Dominion Resources, Inc.	D	Report on Climate Change	23.6% in favor
Noble Energy	NBL	Report on Climate Change	20.33% in favor
Dominion Resources, Inc.	D	Report on Coal Ash Risk	Omitted
Dominion Resources, Inc.	D	Report on Energy Efficiency/Renewable Programs	22% in favor
Mondelez International	MDLZ	Report on Packaging	27.88% in favor
PepsiCo	PEP	Report on Supplier Pesticide Use	7.5% in favor
Target	TGT	Report on Palm Oil Supply Chain	Withdrawn. Company committed to have all palm oil in its private label products be fully traceable and sustainably sourced by 2018 or sooner.

## 2 Current Proxy Voting Pre-Approval Policy

Four 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:

### Current 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.

### 3 2016 Resolutions Falling Under the Pre-Approval Policy

2016 Resolutions Falling Under the Pre-Approval Policy			
Company	Ticker	Resolution	Pre-Approval Category
Amazon.com, Inc.	AMZN	Political Contributions	Political Contributions
Bank of America Corp.	BAC	Lobbying Expenditure Disclosure	Political Contributions
Citigroup, Inc.	C	Gender Pay Gap	Equal Employment Opportunity
Comcast Corp.	CM-CSK	Lobbying Expenditures Disclosure	Political Contributions
Devon Energy	DVN	Lobbying Expenditures Disclosure	Political Contributions
Devon Energy	DVN	Review Public Policy Advocacy	Political Contributions
Discovery Communications	DISCA	Board Diversity	Equal Employment Opportunity
Dominion Resources, Inc.	D	Greenhouse Gas Reduction	Greenhouse Gases Emission Reduction Goals
Ecolab, Inc.	ECL	Board Diversity	Equal Employment Opportunity
Freeport-McMoRan Copper and Gold, Inc.	FCX	Shale Energy Operations—Quantitative Risk Management	Hydraulic Fracturing (Toxic Chemicals)
MasterCard Incorporated	MA	Greenhouse Gas Reduction—Science-based Targets	Greenhouse Gases Emissions Reduction Goals
Occidental Petroleum Corporation	OXY	Review Public Policy Advocacy	Political Contributions
Raytheon Company	RTN	Lobbying Expenditures Disclosure	Political Contributions
TJX COS INC.	TJX	Executive Pay: Incorporate Diversity Metrics	Equal Employment Opportunity
TJX COS INC.	TJX	Renewable Energy Goals	Greenhouse Gases Emissions Reduction Goals
Wells Fargo & Co.	WFC	Lobbying Expenditures Disclosure	Political Contributions

CRIC has been tracking shareholder resolutions for the 2016 season and has determined that the preceding resolutions fall under the Proxy Voting Pre-Approval Policy. CRIC intends to ask the Investment Office to vote “yes” on the items listed. See Appendix A for full text of the resolutions.<sup>1</sup>

## 4 2016 Resolutions Not Falling Under the Pre-Approval Policy

While the resolutions discussed below do not fall under the pre-approval policy, CRIC believes that they reflect values that are broadly shared by members of the Carleton community.

### 4.1 List Health Consequences of Additives in Products — Altria Group, Inc. Carleton holds 27,525 shares worth \$1,602,230 as of 12/31/15

#### Resolution Summary

Altria is one of the largest producers of tobacco products in the United States. These tobacco products include traditional cigarettes, smokeless tobacco, and now e-cigarettes. Whereas the dangers of tobacco use are relatively well known, the dangers of other chemicals in tobacco products are less well understood, nor is it clear which chemicals are or are not ingested when Altria customers use its tobacco products as intended. Among the potentially harmful chemicals that may be so ingested are lead, cadmium, formaldehyde, diacetyl, and 2,3-pentanedione.

The issue of chemical additives in tobacco products, particularly liquids in e-cigarettes, has recently risen to prominence because some such additives are likely harmful, yet Altria and the e-cigarette industry is unregulated by the U.S. F.D.A. Producers of e-cigarettes are not yet required to list ingredients in their products, and Altria’s own testing methods may be insufficient to detect harmful levels of chemical ingredients the users of its products ingest when they use its tobacco products as intended. This is partly because Altria restricts its attention to ingredients put into the products as opposed to chemical compounds created when those products are smoked, chewed, or vaped.

#### Resolution Statement

“RESOLVED: shareholders request Altria Group, Inc. undertake a thorough analysis, engaging chemical and pharmacological experts as needed, of all the harmful liquids, additives and chemicals and their potential health consequences when each brand of our tobacco products is used as intended by consumers and report the results of the analysis on the Company’s website.”<sup>2</sup>

<sup>1</sup>Appendix A contains the full text of all 2016 resolutions discussed in this report and is available on CRIC’s website at <https://apps.carleton.edu/governance/cric/reports/>.

<sup>2</sup>Source: Ethvest. For the full text of this resolution and indeed all 2016 resolutions discussed in this report, see Appendix A at <https://apps.carleton.edu/governance/cric/reports/>.

## CRIC's Position

Altria acknowledges serious health risks of tobacco use<sup>3</sup>, and Carleton has in the past voted in favor of resolutions requesting that Altria provide education about the health risks of tobacco. On the other hand, the issue of liquids and other chemical additives in e-cigarettes is relatively new. There are reports of serious health consequences stemming from the use of certain liquid additives in e-cigarettes.<sup>4</sup> Our judgment is that Altria owes it to its customers to investigate the medically relevant properties of the chemicals ingested as a consequence of using its products as intended and to be transparent about the results of those investigations. Altria has already signaled a willingness to have e-cigarettes regulated by the U.S. F.D.A.<sup>5</sup> However, we believe Altria would be well served by taking the lead and informing its customers of the health risks not just of tobacco but also of other chemicals it uses. Failure to do so could expose Altria to significant liabilities. CRIC therefore recommends a vote in favor of the resolution proposed.

### 4.2 Reduce E-Waste — Amazon.com, Inc.

Carleton holds 2,095 shares worth \$1,415,990 as of 12/31/15

## Resolution Summary

Amazon.com is one of the largest retailers of consumer electronics. The electronic items it sells are often both difficult to recycle and contain large amounts of toxic materials, particularly lead, mercury, cadmium, flame retardants, etc. When these materials are not properly disposed of, they pose health risks to the public. While Amazon does offer a recycling program for its Kindle and Fire brands, it does not have a more general program for recycling or otherwise disposing of the electronics it sells. In this respect, Amazon lags behind such competitors as Best Buy and Dell, both of which offer general recycling programs. Amazon therefore has reason to investigate its options for safely recycling the electronic products it sells and also for reducing the amount of electronic waste it helps to create.

## Resolution Statement

“RESOLVED: Shareholders request that Amazon.com’s Board of Directors prepare a report, at reasonable cost and excluding confidential information, on the company’s policy options to reduce potential pollution and public health problems from electronic waste generated as a result of its sales to consumers, and to increase the safe recycling of such wastes.

Supporting Statement: The proponent believes such a report should consider, but not necessarily be limited to, support for internal or external strategies to facilitate

<sup>3</sup><http://www.altria.com/our-companies/philipmorrisusa/smoking-and-health-issues/Pages/default.aspx>

<sup>4</sup><http://www.jsonline.com/watchdog/watchdogreports/lab-tests-reveal-popular-e-cigarette-liquids-contain-harmful-chemicals-b99583582z1-334833961.html>

<sup>5</sup><http://www.pressreader.com/usa/milwaukee-journal-sentinel/20151030/283059823246162/TextView>

effective management of consumers' electronic wastes and to prevent improper export of hazardous electronic waste.”

### CRIC's Position

We believe that arguments in favor of the resolution may be made on ethical as well as on prudential grounds. Regarding the ethical grounds, because Amazon is a major retailer of consumer electronics, it is also a major contributor to electronic waste. Electronic waste harms the environment and puts human health at risk. As a company that profits from the sale of consumer electronics, Amazon should investigate its options for reducing electronic waste and for making sure that electronic waste is safely disposed. Waste reduction and safe disposal could both be promoted by adopting a recycling program, though Amazon may also have other options.

Regarding the prudential argument, a major reason why Amazon's competitors (such as Best Buy) have recycling programs in place is that those recycling programs drive new sales. Best Buy reports that five million people have visited Best Buy in order to recycle, and “Many of them stay to shop...Our research shows that our recycling customers are some of our best customers.”<sup>6</sup> CRIC therefore recommends a vote in favor of the resolution proposed.

4.3 Climate Risk Disclosure — Anadarko Petroleum Corp  
 Climate Risk Disclosure — Noble Energy, Inc.  
 Carbon Legislation Impact Assessment — Occidental Petroleum Corporation  
 Carleton holds 4,300 shares of Anadarko Petroleum worth \$208,894, 18,484 shares of Noble Energy worth \$608,678, and 3,730 shares of Occidental Petroleum worth \$252,185 as of 12/31/15

### Resolution Summary

The following resolutions for Anadarko Petroleum, Noble Energy, and Occidental Petroleum—all large U.S.-based oil and gas companies—request a report from each company that explores the risks posed to each companies' business operations by climate change. We have therefore grouped these resolutions together.

With the scientific consensus on the reality of and need to quickly mitigate global temperature increases and other climatic changes already established, there has been growing acknowledgement and commitment from both the business community and policymakers to address the climate change problem.<sup>7</sup> Most notably, in December 2015 at the 21st Conference of the Parties in Paris, 195 countries agreed that there is an urgent need to keep global average temperatures to well below 2 degrees Celsius above pre-industrial levels.<sup>8</sup> Policies and regulations aimed at mitigating climate change, largely by reducing greenhouse gas (GHG) emissions, will therefore have serious impacts

<sup>6</sup><http://www.theguardian.com/sustainable-business/2015/aug/05/amazon-best-buy-electronic-waste-walmart-recycling>

<sup>7</sup><http://www.ceres.org/press/press-releases/68-major-u.s.-companies-join-white-house-climate-action-pledge-today>

<sup>8</sup><http://newsroom.unfccc.int/unfccc-newsroom/finale-cop21/>

on the demand and consumption of fossil fuels, one of the main sources of GHGs. Consequently, this will likely have large impacts on fossil fuel companies and their long-term business models. Given the current climate context and the trend in global regulatory frameworks toward reducing GHG emissions and limiting global temperature increase to below 2 degrees Celsius, it is crucial for fossil fuel companies to be prepared for these changes and adapt accordingly.

The resolution for each company asks that the company publish a report on the climate change risks faced by the company and how the company will address these risks.

## Resolution Statements

### Anadarko Petroleum

“Shareholders request Anadarko to prepare and publish a scenario analysis report by September 2015, omitting proprietary information, describing how the Company will address the risk of stranded assets presented by global climate change and associated demand reductions for oil and gas, including analysis of long and short term financial and operational risks to the company.

Supporting Statement: We recommend the report:

- Evaluate a range of low-carbon, low-demand scenarios, including a scenario where two thirds of current reserves cannot be monetized before 2050;
- Provide a range of capital allocation strategies for such low-demand scenarios, including diversifying capital investment or returning capital to shareholders;
- Provide information on carbon price and crude oil price assumptions used in each scenario.”

### Noble Energy

“Shareholders request that Noble Energy prepare a report by September 2016, omitting proprietary information and prepared at reasonable cost, on whether the company’s short- and long-term business plans align with the global goal of limiting global warming to below 2 degrees, including an analysis of the impact that such a policy would have upon demand for and pricing of the company’s products and options for aligning company goals with such policy, demand, and pricing trends.

Supporting Statement: We recommend the report include:

- A discussion of how the global goal of limiting warming to no more than 2 degrees is factored into the company’s business planning;
- A scenario analysis that considers a range of low-carbon and low-demand scenarios; including the IEA’s 450 Scenario;
- An assessment of different capital allocation strategies in the face of low-demand scenarios.
- The Board of Directors’ role in overseeing capital allocation and climate risk reduction strategies.”

## Occidental Petroleum

“Shareholders request that commencing in 2016 Occidental Petroleum Corporation (Occidental), with board oversight, publishes an annual assessment of long-term portfolio impacts of public climate change policies, at reasonable cost and omitting proprietary information. The report should explain how current capital planning processes and business strategies incorporate analyses of the short- and long-term financial risks of a lower carbon economy. Specifically, the report should outline how the company is evaluating the impacts of fluctuating demand and price scenarios on the company’s existing reserves and resource portfolio—including the International Energy Agency’s “450 Scenario,” which sets out an energy pathway consistent with the internationally recognized goal of limiting the global increase in temperature to 2 degrees Celsius.”

## CRIC’s Position

Carleton has already made a strong stance for the need to both mitigate global climate change as well as account for climate risks in its own operations. By signing the American College and University Presidents Climate Commitment in 2007, the College has recognized the need to reduce global GHGs emissions by 80% by 2050, which is generally in line with keeping below a 2 degree Celsius global temperature increase. In its 2011 Climate Action Plan, Carleton noted its dedication to environmental stewardship through proposed actions to reduce its carbon footprint while also conducting its own climate risk analysis, stating that the Climate Action Plan also “serves as a risk mitigation strategy against future energy price volatility and the potential for direct or indirect costs to Carleton due to future carbon regulations.”<sup>9</sup> Similarly, we believe that fossil fuel companies should also look both at their own operations to evaluate the long-term financial and operational risks associated with different climate and policy scenarios and align their business practices with climate goals and policies. We believe that, as long-term investors, we have the right to know how these companies envision themselves in a low-carbon scenario. Current public statements or reports issued by these companies about their environmental stewardship or emissions fail to fully answer the question of long-term operational risk. This transparency to shareholders is key as it demonstrates that the companies have taken the long-term view and are planning on being competitive in the long-run.

For the aforementioned reasons, CRIC recommends that the College vote “yes” on these resolutions.

4.4 Executive Compensation: No Oil/Gas Reserve Addition Metric — Devon Energy  
Carleton holds 5,490 shares worth \$190,080 as of 12/31/15

## Resolution Summary

Given current market conditions, the supply of oil and natural gas is increasing faster than the demand. In addition, awareness around climate change and the development in alternative energies

<sup>9</sup>[https://apps.carleton.edu/sustainability/assets/11.06.13\\_CarletonClimateActionPlan.pdf](https://apps.carleton.edu/sustainability/assets/11.06.13_CarletonClimateActionPlan.pdf), p. 3.

have affected the long-term demand outlook for these products. In the midst of this, reserves have also been increasing. According to the U.S. Energy Information Administration, reserves increased by 3.4 billion barrels from 2013 to 2014, cumulating the year with 39.9 billion barrels. This is the first time since 1972 that reserves have exceeded 39 billion barrels.<sup>10</sup> This resolution addresses the effect of reserves additions on executive compensation, which is given to high-ranking executives partially to incentivize good performance.

Devon Energy has used reserve additions as a factor when determining the amount of senior executive compensation, and shareholders ask that Devon cease to do so. In the supporting clause of the resolution, shareholders express their concern that (i) fossil fuel companies are adding reserves instead of more significantly re-evaluating their oil production and (ii) using these reserves as a metric will be an incentive for Devon to continue adding reserves during a more environmentally conscious time.<sup>11</sup> The resolved clause is as follows:

### Resolution Statement

“RESOLVED: Shareholders of Devon Energy request that, to help ensure the Company responds appropriately to climate-change induced market changes, the Compensation Committee adopt a policy to not use “oil and gas reserve addition” metrics to determine the amount of senior executives’ incentive compensation.”

### CRIC’s Position

Shareholders are concerned that, given the high costs of adding oil reserves, providing Devon Energy with additional incentive to do so is fiscally irresponsible and that “projects may be cancelled or impairments taken if prices fall due to low demand associated with climate change factors.”<sup>12</sup> It is financially prudent for us to support this resolution because if reserve additions are no longer used in calculating executive compensation packages, there may be an overall reduction in the exploration of costly reserves.

There is an additional opportunity to use our voice as a shareholder on issues pertaining to responsible executive pay and the environment. It would be beneficial for the future of the company if executive compensation is calculated using reasonable metrics, and adjusting the metrics to the changing economy is a viable action to accomplish this. Second, reducing the ill-advised additions to the company’s reserves may result in Devon Energy better adapting to the effects of climate change and keeping the rise of global surface temperatures below the two-degree limit. Therefore, we recommend a vote in favor of the resolution proposed.

<sup>10</sup><https://www.eia.gov/naturalgas/crudeoilreserves/>

<sup>11</sup>See the full text of the resolution in Appendix A to this report: [https://apps.carleton.edu/governance/cric/assets/CRIC\\_2016\\_Report\\_Appendix\\_A.pdf](https://apps.carleton.edu/governance/cric/assets/CRIC_2016_Report_Appendix_A.pdf).

<sup>12</sup>Ibid.

#### 4.5 Report on Packaging — Mondelez International

Carleton holds 25,200 shares worth \$1,129,968 as of 12/31/15

### Resolution Summary

Mondelez International uses a significant amount of non-recyclable brand product packaging. For instance, their Oreo and Chips Ahoy brands are 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.

### Resolution Statement

“RESOLVED: Shareowners of Mondelez International request the Board to issue a report at reasonable cost, omitting confidential information, by October 1, 2016 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.”

### CRIC’s Position

The environmental reasons for using recyclable product packaging are myriad, with two of the most well-known reasons being that the use of recyclable materials reduces the amount of plastics and other non-recyclable materials being dumped into landfills or burned in incinerators (both of which come along with global and human health risks), and it reduces the amount of plastic currently accumulating in the Earth’s oceans, which causes serious harm to marine life. Supporting the resolution on the basis of these concerns falls in line with Carleton’s stated values related to sustainability and protecting the environment.

It has also been suggested that switching from non-recyclable packaging to recyclable packaging will bring economic benefits.<sup>13</sup> The use of recyclable plastic packaging may help protect manufacturers from the volatility of crude oil prices (crude oil being needed to manufacture plastic packaging) and could help strengthen supply chain security by helping to create a more circular system of manufacturing and consumption. Additionally, as the idea of “conscious consumption”

<sup>13</sup>Szaky, Tom, “7 Reasons Why Recycling Is Not a Waste: A Response to ‘The Reign of Recycling,’ ” October 13, 2015, [http://www.sustainablebrands.com/news\\_and\\_views/waste\\_not/tom\\_szaky/7\\_reasons\\_why\\_recycling\\_not\\_waste\\_response\\_reign\\_recycling](http://www.sustainablebrands.com/news_and_views/waste_not/tom_szaky/7_reasons_why_recycling_not_waste_response_reign_recycling)

grows in popularity, consumers may stop buying products because of their non-recyclable packaging. Another factor to consider is potential legislation, already implemented in some parts of the world that would place a tax on manufacturers for their non-recyclable packaging or make manufacturers responsible for the collection and recycling of their pre- and post-consumer packaging waste, thus increasing costs for using non-recyclable packaging. CRIC therefore recommends that the College vote “yes” on this resolution.

#### 4.6 Neonicotinoid-Containing Products & Pollinator Decline — PepsiCo.

Carleton holds 9,400 shares worth \$939,248 as of 12/31/15

### Resolution Summary

Pepsi is a major purchaser of crops, such as corns, potatoes, and oats, that are pre-treated with neonicotinoids, a type of insecticide. Neonicotinoids are believed to play a role in the declines in the populations of pollinators, and particularly that of bees. The properties of the insecticide are such that once a plant is exposed to it, the insecticide is absorbed by the whole plant, including its nectar and pollen. Residues of neonicotinoids can also persist in the soil for years, and originally untreated plants can absorb the insecticide as well.<sup>14</sup> It is documented that certain neonicotinoids are toxic to honey bees, bumble bees, and certain kinds of solitary bees.<sup>15</sup> This makes them particularly dangerous for pollinating insects near corn fields, for example.

Bees and other pollinators play a key role in agricultural production and the food system. Furthermore, governments have already stepped in to try to address these negative effects on pollinator populations. In 2013, the EU banned three neonicotinoids due to their impact on bees.<sup>16</sup> The EPA has recently proposed restrictions in 2015 on pesticides that are harmful to bees.<sup>17</sup> Protecting pollinators has been recognized as an important public policy to pursue.

### Resolution Statement

“RESOLVED: Shareholders request that within six months of the 2016 annual meeting, the Board publish a report, at reasonable expense and omitting proprietary information on the Company’s options to minimize impacts on pollinators of neonics in its supply chain.

Supporting Statement: Proponents believe the report should include:

- Practices and measures, including technical assistance and incentives, provided to growers to reduce the harms of neonics to pollinators; and
- Metrics tracking key crops grown from seeds pre-treated with neonics.”

<sup>14</sup>[http://www.xerces.org/wp-content/uploads/2012/03/NeonicsSummary\\_XercesSociety.pdf](http://www.xerces.org/wp-content/uploads/2012/03/NeonicsSummary_XercesSociety.pdf)

<sup>15</sup>Ibid.

<sup>16</sup>[http://ec.europa.eu/food/animals/live\\_animals/bees/pesticides/index\\_en.htm](http://ec.europa.eu/food/animals/live_animals/bees/pesticides/index_en.htm)

<sup>17</sup><http://www.epa.gov/pollinator-protection/proposal-protect-bees-acutely-toxic-pesticides>

## CRIC's Position

CRIC believes that this resolution aligns with the College's stated positions and actions with respect to sustainability. Given the bees' and other pollinators' crucial role in the food chain, CRIC views their protection as important to the functioning of a healthy and sustainable world. And given Pepsi's major role and high visibility in the food industry, we feel it is reasonable to ask the company to examine their supply chain and consider ways to protect bees. The report would be produced "at reasonable expense" and thus would not pose an unnecessary burden on the company. Also, because of the recent regulatory attention given to neonicotinoids and protecting bees, it might serve the company well to be pro-active and knowledgeable about managing these issues now rather than being less prepared to comply with potential regulations in the future.

In a letter sent by Pepsi to CRIC last year regarding a nearly identical resolution, Pepsi noted that it has already been recognized as a leader in corporate social responsibility disclosures and has already developed a sustainability report outlining its efforts to address the environmental impacts of its operations. However, regarding the particular issue of pesticides, while recognizing the effects they have on pollinators and mentioning that the company would implement a policy to assess these effects, Pepsi still has not disclosed what exact policy they have implemented. In fact it is unclear to shareholders whether they have implemented anything at all, as they have yet to update their 2014 Sustainability Report or 2014 Global Reporting Initiative Report.<sup>18</sup> This disclosure is important to determine whether their new policies have been effective or not.

4.7 Human Rights Policy Stressing Right to Health — Philip Morris International  
Carleton holds 42,565 shares worth \$32,741,889 as of 12/31/15

## Resolution Summary

Philip Morris International (PMI) is a prominent tobacco company, holding 28.6% of the global market for cigarettes, excluding the U.S. and China. While health-risks associated with smoking are well recognized, PMI has been a leading contributor to a lobbying effort led by the U.S. Chamber of Commerce to prevent antismoking legislation and cigarette-tax increases internationally. This lobbying campaign undermines national efforts to implement anti-smoking legislation, favoring the growth of the tobacco industry over global health.

## Resolution Statement

"RESOLVED: that PMI's directors create and/or review, adapt, and monitor a companywide human rights policy, including the right to health, and work to ensure that its global and national lobbying and marketing practices are not undermining the efforts of sovereign countries to protect their citizens' health."

<sup>18</sup><http://www.pepsico.com/Purpose/Performance-with-Purpose/Sustainability-Reporting>

## CRIC's Position

Antismoking legislation has played an important role in reducing smoking-related health risks in the U.S., and it follows that other nations should be afforded the same opportunities to improve citizen health. Carleton has historically supported resolutions to improve education regarding the health risks associated with tobacco use. In 2014 and 2015, Carleton voted “yes” on shareholder resolutions requesting that Altria be proactive in educating current and potential smokers about the health risks associated with smoking. Additionally, in the years 2012–2014 the Investment Committee approved a “yes” vote on Political Contribution resolutions for Altria Group Co. These Political Contribution resolutions are tangentially related to the one included above, as their aim was to make transparent Altria’s contributions to lobbying campaigns opposing tobacco-related health reform. By lobbying against anti-smoking legislation, the U.S. Chamber of Commerce stunts improvements in smoking related global health concerns. The close relationship between PMI and the Chamber of Commerce has also been the subject of recent news articles, including several New York Times articles. PMI’s lobbying actions create a negative image for the company. Furthermore, PMI’s positioning against certain antismoking policies in other countries may turn out costly in the long run, as it has historically in the U.S. context with lawsuits against the tobacco industry and ever-increasing regulation. A policy that respects the health of citizens may be the first step to help manage those risks in other countries. CRIC therefore recommends that Carleton vote in favor of the “Human Rights Policy Stressing Right to Health” shareholder resolution.

### 4.8 Report on Pay Disparities — TJX Companies, Inc.

Carleton holds 4,740 shares worth \$336,113 as of 12/31/15

## Resolution Summary

TJX Companies, Inc. is a discount apparel, home furnishings, and housewares retailer that operates in the United States and Internationally. The company has been featured in the press recently for the high compensation paid to its senior executives compared to the median wage paid to its workers.<sup>19</sup> For instance, the compensation paid to CEO Carol Meyrowitz, was 1,095 times the pay taken home by the average cashier in 2014.<sup>20</sup>

The resolution filers cite several recent reports that detail the ever-widening disparity between the compensation of top executives and employees. A New York Times article (Sept. 5, 2015) shows that the real wages of the lowest paid workers have actually declined by 5.7% for the period of 2009–2014.

## Resolution Statement

“RESOLVED: Shareholders request the Board’s Compensation Committee initiate a review of our company’s executive compensation policies and make available, upon

<sup>19</sup>See Bloomberg Business, <http://bloom.bg/1Jxz670>.

<sup>20</sup><https://www.bostonglobe.com/business/2015/08/05/how-much-more-does-ceo-make-you-may-find-out/V15Bz6T3k3jgJNba7gzJAK/story.html>

request, a summary report of that review by October 1, 2016 (omitting confidential information and processed at a reasonable cost). We request that the report include: 1) A comparison of the total compensation package of senior executives and our employees' median wage (including benefits) in the United States in July 2006, July 2011 and July, 2016; 2) an analysis of changes in the relative size of the gap and an analysis and rationale justifying this trend; 3) an evaluation of whether our senior executive compensation packages (including, but not limited to, options, benefits, perks, loans and retirement agreements) should be modified to be kept within boundaries, such as that articulated in the Excessive Pay Shareholder Approval Act; and 4) an explanation of whether sizable layoffs or the level of pay of our lowest paid workers should result in an adjustment of senior executive pay to more reasonable and justifiable levels and how the Company will monitor this comparison annually in the future."

### CRIC's Position

In our 2015 report, CRIC weighed in on two resolutions very similar to this one—one from TJX and the other from Walmart. Like the current resolution, these previous resolutions called for a report from management that includes (1) a comparison of executive pay to median employee pay, and (2) an analysis of, and justification for, any trends in the wage gap. In fact, up through points (1) and (2), the text of all three resolutions is essentially identical. CRIC placed these 2015 resolutions under the Executive Compensation pre-approved proxy category, recommending "yes" votes. The current resolution adds two additional report items. The first (point 3 in the resolution) calls for an evaluation of whether senior executive compensation should be capped relative to the average employee compensation. The resolution cites the Excessive Pay Shareholder Approval Act, introduced in the Senate in 2009. This act, which has not been enacted, would call for a cap on executive compensation of an amount equal to 100 times the average employee compensation. In order to exceed this cap, 60 percent of shareholders would have to vote to approve the excess. The second additional item (point 4 in the resolution) calls for an evaluation of whether large employee layoffs, or the level of pay of the lowest paid worker, should influence the magnitude of senior executive compensation. CRIC felt these two additional requests placed the current resolution outside the Executive Compensation pre-approved proxy category. Nevertheless, CRIC feels that this resolution falls within the spirit of "Say on Pay". We note that in August 2015, the SEC adopted a rule that requires companies to make public the total annual compensation of their executives, compared to the median workers income. The SEC rule is based on the Dodd-Frank act passed by congress in 2010. The rule takes effect in 2018. We feel it is in the shareholders best interest for management to consider placing some limits on executive compensation, relative to the pay of its employees. Likewise, asking for management to justify the magnitude of executive compensation in light of measures of company performance, like large employee layoffs, simply provides the information shareholders need to make informed "say on pay" votes.

For the aforementioned reasons, CRIC recommends that the College vote "yes" on these resolutions.

## 5 Proposed Additions to the Proxy Voting List

This year, CRIC has a new request to update the above Proxy Voting List with four new categories. As stated in CRIC’s original proposal for the Proxy Voting Policy in 2012, “[t]he purpose of the proxy voting policy is to allow CRIC to propose “Yes” votes to the Investment Office year round on those resolutions and issues that the Investment Committee has already approved at least twice in previous years, and subsequently approved for the Proxy Voting Policy.”<sup>21</sup> At that time, the six categories (above) were proposed—and ultimately approved—for the Proxy Voting Policy with the hope that “as the years pass, and more resolutions are approved multiple times at the February meeting of the Investment Committee, a greater number of resolutions and issues will be added to the policy after approval by the Investment Committee.”<sup>22</sup>

The following types of resolution have received at least two “yes” votes from the College in the past, and similar resolutions have come up during the 2016 proxy season. In following with the original rationale and purpose of the Proxy Voting Policy, we request that the Investment Committee approve the inclusion of the following resolutions and issues into the Proxy Voting List:

### Proposed Additions to the Proxy Voting List

- (1) Post-Consumer Recycling and Waste: Resolutions requesting reporting on any of the following issues: (i) the increase of post-consumer recycling; (ii) the safe disposal of waste; (iii) adjusting policy to reflect the goals of increasing post-consumer recycling or safely disposing of waste.
- (2) Tobacco Health Risk: Resolutions requesting actions to inform consumers of health risks associated with tobacco product use.
- (3) Non-Recyclable Packaging: Resolutions requesting reporting on the environmental, reputational, financial, and/or operational impacts and risks of continuing to use non-recyclable product packaging.
- (4) Climate Change Risk: Resolutions requesting analysis and disclosure of the impacts and risks, including short and long term financial and operational risks, associated with climate change and plans to address those risks.

### 5.1 Post-Consumer Recycling and Waste

In the past four years, CRIC has recommended support of two resolutions directed at two companies with respect to reporting on efforts made to increase post-consumer recycling and requesting reporting on adjusting policy to reflect this goal.

The Investment Committee has approved “yes” votes for:

- (1) Safeway Inc. – Post-Consumer Product Recycling (2014)
- (2) Walmart Stores, Inc. – Electronics Recycling (2013)<sup>23</sup>

In both cases, the language of the resolution has been a version of the following:

“THEREFORE BE IT RESOLVED: Shareholders request that the Board of Directors prepare a report by Fall 2017, at reasonable cost and omitting confidential

<sup>21</sup>CRIC 2012 Annual Report, p. i.

<sup>22</sup>Ibid., p. ii.

<sup>23</sup>For the full text of all resolutions prior to 2016 discussed in this report, please see Appendix B to this report at [https://apps.carleton.edu/governance/cric/assets/CRIC\\_2016\\_Report\\_Appendix\\_B.pdf](https://apps.carleton.edu/governance/cric/assets/CRIC_2016_Report_Appendix_B.pdf).

information such as proprietary or legally prejudicial data, detailing 1) efforts made to facilitate post-consumer recycling; and 2) the company's policy options to reduce potential pollution and public health problems from electronic waste generated as a result of its sales to consumers."

The Board of Trustees has approved CRIC's recommendation of support for each resolution upon the basis of these arguments:

- Plastic packaging remains a threat to the environment; consumer packaging accounts for 20% of landfill waste according to a recent study done by researchers at Duke University.<sup>24</sup> In strengthening their post-consumer recycling programs, these companies set themselves above their competition in terms of social responsibility and commitment to a responsible future business model.
- The avoidance of public health problems as a result of e-waste pollution is unquestionably a goal of the community both within Carleton and without. In addition, companies with robust waste-disposal policies are less likely to be the subjects of litigation.
- A disappointingly small percentage of electronics are recycled safely, resulting in dangerous contamination. In addition to this pollution, much of the improperly recycled e-waste is sent to developing countries where the laws and restrictions imposed by the U.S. are not in force. This practice is unethical, and any company found to be contributing to such a problem would be castigated by the public. Such unfavorable press would negatively impact the company's profitability.

Assuming that CRIC has done due diligence to determine that there are no extenuating circumstances, we ask that the College vote YES on all resolutions that request reporting on any of the following issues: (i) the increase of post-consumer recycling; (ii) the safe disposal of waste; (iii) adjusting policy to reflect the goals of increasing post-consumer recycling or safely disposing of waste.

## 5.2 Tobacco Health Risk

The Investment Committee has approved "yes" votes for two resolutions involving the reporting on health risks associated with tobacco use:

- (1) Altria Group, Inc. – Educate on Health of Tobacco (2014)
- (2) Altria Group, Inc. – Report on Tobacco Health Risk Communications (2015)

An example of a typical resolution is as follows:

"RESOLVED, the Board of Directors of the Company 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 tobacco users who live below the poverty line or have little formal education 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

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<sup>24</sup>[http://center.sustainability.duke.edu/sites/default/files/documents/us\\_waste.pdf](http://center.sustainability.duke.edu/sites/default/files/documents/us_waste.pdf)

requesting shareholders, at an appropriate cost, within one year of the 2015 annual meeting.”

This year, CRIC is recommending a “yes” vote for a related resolution for Altria Group.

CRIC has voted in favor of resolutions that encourage transparency and education regarding the risks associated with tobacco use on the basis of the following arguments:

- Tobacco use is a leading cause of preventable disease and death worldwide.<sup>25</sup>
- Research by the World Health Organization suggests that poverty and tobacco-use are closely linked. As evidence, studies indicate that households in low-income countries spend a large proportion of their income on tobacco products.<sup>26</sup>
- Although most consumers in the U.S. are aware of the health risks associated with smoking, consumers lack knowledge of harmful additives in cigarettes.
- Improved education and transparency regarding the risks associated with tobacco product use reduce the likelihood and costs associated with potential future lawsuits.

Assuming that CRIC has done due diligence to determine that there are no extenuating circumstances, we ask that the College vote YES on all resolutions requesting actions to inform consumers of health risks associated with tobacco product use.

### 5.3 Non-Recyclable Packaging

The Investment Committee has approved “yes” votes for two resolutions involving the reports on non-recyclable packaging:

- (1) Mondelez International – Post-Consumer Product Packaging Recycling (2014)
- (2) Mondelez International – Environmental Impacts of Using Non-Recyclable Packaging (2015)

This year, CRIC is recommending a “yes” vote for a similar resolution: Mondelez International – Recycle Food & Beverage Packaging. In each case, the language of the resolution has been a version of the following:

“RESOLVED: Shareowners of the Company request the Board to issue a report at reasonable cost, omitting confidential information, by October 1, 2016 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.”

<sup>25</sup>World Health Organization. Report on the global tobacco epidemic, 2008: The MPOWER package. Geneva: World Health Organization, 2008.

<sup>26</sup>World Health Organization. “Tobacco-Free Initiative: Poverty.” World Health Organization, 2016. Web. 24 Jan. 2016.

If the Board approves the recommendation for a “yes” vote on this year’s shareholder resolution calling for a report on packaging, this will be the third year in a row the Board has approved such a recommendation upon the basis of these arguments:

- The continued use of non-recyclable packaging, especially when recyclable alternatives are available, is an important problem, as non-recyclable packaging accounts for 20% of landfill waste<sup>27</sup> and poses a serious threat to marine wildlife.
- Mondelez International 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...”. Eliminating the use of non-recyclable packaging would go a long way toward supporting this statement.
- Calling for a report studying the impact of the continued use of non-recyclable packaging falls in line with Carleton’s stated position on, and values related to, environmental issues.

Assuming that CRIC has done due diligence to determine that there are no extenuating circumstances, we ask that the College vote YES on all resolutions requesting reporting on the environmental, reputational, financial, and/or operational impacts and risks of continuing to use non-recyclable product packaging.

#### 5.4 Climate Change Risk

The Investment Committee has approved “yes” votes for six resolutions involving the assessment of climate change risk:

- (1) Dover Corporation, Climate Change Report (2009)
- (2) Anadarko Petroleum, Stranded Assets/Climate Change (2015)
- (3) Consol Energy, Stranded Assets/Climate Change (2015)
- (4) Devon Energy, Financial Risk of Lower Than Expected Demand/Prices for Oil (2015)
- (5) Dominion Resources, Climate Risk Report (2015)
- (6) Noble Energy, Climate Change: Planning for Reduced Demand for Oil/Gas (2015)

This year, CRIC is recommending a “yes” vote for three similar resolutions: Anadarko Petroleum – Climate Risk Disclosure; Noble Energy – Climate Risk Disclosure; and Occidental Petroleum – Carbon Legislation Impact Assessment.

The exact resolution text is often sector-specific. Each resolution asks for companies to assess the risk climate change poses to their business. The majority of these resolutions have been for oil and gas companies and in each of these cases the language of the resolution has been a version of the following:

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<sup>27</sup>[http://center.sustainability.duke.edu/sites/default/files/documents/us\\_waste.pdf](http://center.sustainability.duke.edu/sites/default/files/documents/us_waste.pdf)

“RESOLVED: Shareholders request the Company to prepare a report, omitting proprietary information and prepared at reasonable cost, on the Company’s strategy to address the risk of stranded assets presented by global climate change and associated demand reductions, including analysis of long and short term financial and operational risks to the company.

Supporting Statement: We recommend the report:

- Evaluate a range of low-carbon, low-demand scenarios, including a scenario in which two thirds of reserves cannot be monetized;
- Provide an assessment of different capital allocation strategies for such low-demand scenarios including diversifying capital investment or returning capital to shareholders;
- Provide information on carbon price and coal and natural gas price assumptions used in each scenario.”

The resolution not from the energy sector reads as follows:

“RESOLVED: Shareholders request that the Board of Directors provide a report to shareholders, prepared at reasonable cost and omitting proprietary information, describing how the Company is assessing the impact of climate change on the corporation, and the corporation’s plans to disclose this assessment to shareholders.”

We propose the following arguments in favor of adding a Climate Change Risk category to our proxy voting list:

- Global warming is a scientific fact, and many researchers now warn that a 2-degree Celsius increase in average global temperature will move the world past the safety threshold and lead to irreversible consequences.
- Future emissions standards and carbon pricing are likely to affect the business models of many companies, especially companies in the energy sector.
- If companies are willing to engage in activities and sell products detrimental to our environment and globe, the long term business risks of these actions should be taken into account as well.
- Anadarko Petroleum, Consol Energy, Devon Energy, Dominion Resources, and Noble Energy are leading oil, gas, and utilities firms. Assessing the risks associated to their business model would show that these large corporations are aware of and taking the next important steps towards slowing global warming.
- The reports generated by these resolutions could improve the companies’ public image.

Assuming that CRIC has done due diligence to determine that there are no extenuating circumstances, we ask that the College vote YES on all resolutions requesting analysis and disclosure of the impacts and risks, including short and long term financial and operational risks, associated with climate change and plans to address those risks.

## 6 Other CRIC Activities

CRIC continued its corporate engagement activities last year by writing letters to companies regarding our rationale and support for the resolutions Carleton had voted for during the 2015 proxy season. We received two responses, one from Target Corporation and the other from PepsiCo. Target informed us that the palm oil supply chain resolution that we had voted for had been withdrawn after Target agreed in March 2015 to commit to sustainably sourced palm oil. Pepsi informed us of the company's position against the resolution regarding pesticides in its supply chain.

CRIC has also been engaging with the Carleton community given the interest on campus surrounding the issue of divestment and CRIC's proceedings. The Carletonian has written several stories over the last two and a half terms about CRIC, the fossil fuel divestment movement, and the endowment. For two of these articles, student co-chair Anil Methipara was interviewed to share updates and perspectives on the issue.

Given the work required to compile our annual report on shareholder resolutions, CRIC has not had much time this term to review and discuss the Board's November 2015 response to CRIC, nor have we discussed other correspondence we have received from interested groups in the Carleton community. We plan to discuss this issue as soon as possible so we can work on moving forward.

Finally, CRIC has decided to switch back to the shareholder resolution database service Ethvest. We had experienced challenges last year with the Sustainable Investment Institute (Si2) service with respect to resolution availability before January and the Board Meeting. This current arrangement with the Ethvest service allows CRIC to fulfill its duty to formulate voting recommendations on shareholder resolutions in a timely manner.

## 7 Conclusion

CRIC has had another productive year of engagement with Carleton's investments, the Carleton Community at large, and other organizations advocating for ethical investment. We hope that the Board accepts our recommendations on the shareholder resolutions not covered under the existing pre-approval policy (cf. §4) as well as the proposed additions to the proxy voting list (cf. §5).