The Carleton Responsible Investment Committee (CRIC) is a group of students, faculty and staff who act as an intermediary between the Carleton community and the Investment Committee of the Board of Trustees. Through our access to Carleton’s investment information and contact with the Investment Committee, we hope to improve the transparency of Carleton’s endowment, and to help the Trustees understand “Carleton values.” To this end, CRIC has begun issuing a survey during Spring Term to students, faculty and staff, which asks participants to evaluate the importance of various social, environmental and financial issues. The primary method through which we communicate these values to the Investment Committee is our recommendations on a variety of shareholder resolutions. These shareholder resolutions are usually non-binding and seek to advise the corporation’s management on issues of corporate governance or social responsibility.

The members of CRIC spent the fall carefully sifting through upcoming resolutions that would be voted on during spring shareholder meetings. After consideration and discussion of Carleton values and also weighing economic considerations, we decided to focus on three areas: sustainability, excessive executive compensation, and workers’ rights. The Investment Committee agreed with our reasoning and recommendations, and directed Carleton’s investment managers to support the following resolutions. We strongly feel that our actions here were part of a larger push for positive change.

Our focus on the environment stemmed from Carleton’s public statements about sustainability and environmental stewardship, combined with our 2009 survey that showed over 80% of respondents supported two resolutions that called for companies to be more transparent about the environmental impact of their activities. The Investment Committee agreed with our recommendation to support a resolution asking Dow Chemical to provide a report on environmental clean-up near its Midland headquarters in Michigan. Another issue of recent note is hydraulic fracturing, where a solution of chemicals is injected into the earth to free up deposits of oil and natural gas. Though the science is disputed, there are significant indications that this process negatively affects drinking water and the environment more generally. We therefore asked the Investment Committee to get behind shareholder resolutions that asked several companies to prepare a report on the environmental effects of hydraulic fracturing, and the Investment Committee agreed. At EOG Resources and Williams Companies, this shareholder resolution received 30.9% and 41.8% of the vote, a very significant percentage that should serve as an incentive to these companies’ management to undertake such a report. Quantifiable success was achieved with respect to the El Paso Corporation, where the shareholder resolution was withdrawn before a vote in response to management agreeing to address the relevant issues in the coming year. Arguably the prospect of significant support for this resolution prompted real change.

Given the significant recent decline in Carleton’s endowment and related effects on the operating budget, and combined with over four-fifths support expressed in our survey, we backed a proposal that called for greater transparency with regard to executive compensation. The so-called “Say on Pay” concept, where corporate boards must detail the kind and amount of executive pay and submit this to a non-binding shareholder vote, has been gaining steam in recent years amid allegations that compensation is not properly aligned with the profitability of the corporation. The pressure from such shareholder resolutions encouraged American Express, CVS Caremark, EnCana, Goldman Sachs, and PepsiCo to agree to implement “Say on Pay.” With respect to a Coca-Cola, IBM, Johnson & Johnson, and Raytheon, the resolution received between 34% to 48% support, which puts significant pressure on corporate boards to be more transparent on the issue of executive compensation.

Finally, given Carleton’s “Statement on Diversity,” we decided to recommend support for a Home Depot resolution that asked the company to amend its hiring policy to prohibit discrimination based on sexual orientation and gender identity. Happily, this resolution never came up for a vote, as the Home Depot corporate leadership agreed to implement the proposal. Here again, arguably the support of shareholders like Carleton encouraged the company to change its policy. Overall, CRIC helped to effect real change with respect to issues the Carleton community considers important, as reflected in the CRIC survey as well as official college statements on
diversity and the environment.

Because we feel that student input concerning socially responsible investment is invaluable, we hope to increase the presence of CRIC to the student body. Throughout the year, members of CRIC will be tabling in Sayles-Hill, and we plan to present a debate or series of debates in the Athanaeum about corporate governance and social responsibility in financial affairs. Please consult our website at http://apps.carleton.edu/governance/cric/ to learn more about our activities and mission.

-Submitted by the CRIC

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