Grinnell College
Divestment Sub-Policy
Approved February 3, 2017

The Divestment Sub-Policy is a sub-policy of the Investment Policy.

Objective

The Investment Committee of the Board of Trustees of the College periodically receives requests to divest the endowment of securities based on matters of social policy. This sub-policy is intended to provide a general framework and approach for the divestment process.

Overview

As stated in the By-Laws of the College, the Investment Committee is "responsible for maintaining a policy of prudent investment in stocks, bonds, real assets, non-marketable securities such as private placements and limited partnerships, and other similar financial instruments, interests and/or securities, subject to the approval of the Board of Trustees."

The College's Investment Policy further states that the "Investment Committee recognizes the importance of socially-responsible decisions to the long-term financial performance of business enterprises, and it selects investments and investment managers whose conduct is consistent with the core values of the College."

In the context of a divestment decision, carrying out the mandate set forth in the College's By-laws and meeting the requirements of the Investment Policy requires the following additional guidelines:

> The College's mission, in part, is to "graduate individuals who can think clearly, who can speak and write persuasively and even eloquently, who can evaluate critically both their own and others' ideas, who can acquire new knowledge, and who are prepared in life and work to use their knowledge and their abilities to serve the common good." As such, the endowment funds of the College are to be invested and used to support this mission to the greatest extent possible, and should not be used to influence matters of social and/or public policy.

- There may be extraordinary instances in which the activity of an endowment portfolio company is considered by the Grinnell community to be morally reprehensible, creating a substantial social injury. Divestment will be considered in these cases, according to the policies and procedures set forth below.
- The Investment Committee believes that shareholder engagement is generally superior to divestment in effecting change in portfolio companies. Shareholder engagement may take many forms, including proxy voting and direct communication with company management. Divestment should be pursued only when all possible shareholder engagement efforts have been explored and considered.

Policies/Procedures for Divestment

For the College to divest endowment funds, the following requirements must be met:

- The Investment Committee and investment staff must receive a written proposal for divestment, according to guidelines established by the investment staff. The author/authors of the proposal may be invited to present the proposal to the Investment Committee.
- The written proposal must relate to a specific company or companies, and not to an entire industry.
- The written proposal must explain the activity of a company that is morally reprehensible and the substantial social injury caused.
- The written proposal must explain how divestment will contribute to mitigating the substantial social injury.
- The written proposal must outline all previous shareholder engagement efforts undertaken.
- The College must hold the securities of the portfolio company in question either directly, or through a separately managed account.

The Investment Committee will consider any written divestment proposal received at a subsequent in-person Investment Committee meeting following receipt of the proposal. Each written proposal, once received, will be given serious consideration by the Investment Committee. If the Investment Committee agrees that a divestment decision should be made, a recommendation for divestment will be submitted to the full Board of Trustees. The Board of Trustees will then vote on the divestment.