

TASK FORCE ON FOSSIL FUEL DIVESTMENT AND CLIMATE IMPACT

Report of the Grinnell College
Board of Trustees
April 28, 2018

Task Force on Fossil Fuel Divestment and Climate Impact

Michael Kahn '74, Chair
Kathryn Mohrman '67
Ed Senn '79

ADVISORY COMMITTEE

Wayne Moyer, Chair, Rosenfield Professor of Political Science

Chris Bair '96, Environmental and Safety Manager

Sayles Kasten '19

Debra Lukehart, Vice President for Communications

Kent Messer '94

Lucy Nelson '20

Liz Queathem, Senior Lecturer in Biology

Jessica Roff '93

Sarah Smith, Program Manager, Community Enhancement and Engagement

Zach Steckel '18, Student Government Association Treasurer

Jim Swartz, Dack Professor of Chemistry

Summer White '18, Student Government Association President

All photo images in this report were taken at the Grinnell College Conard Environmental Research Area (CERA), located eleven miles from campus. The 365-acre CERA field station is an exceptional resource for engaging students in environmental inquiry and serving as a model for land preservation and ecological restoration. CERA is open to the public.

TABLE OF CONTENTS

Executive Summary

Background	1
Key Findings	2
Recommendations.....	4

Full Report

Introduction	6
Overview of the Endowment.....	8
The Divestment Debate	11
Addressing Climate Change and Sustainability at Grinnell	18
Accountability	23
Acknowledgments	24

Appendices

Special Campus Memo from Patricia Jipp Finkelman '80, Chair of the Board of Trustees, announcing the formation of the Task Force, April 24, 2017	26
Special Campus Memo from President Raynard Kington on divestment, February 7, 2017	28
Invitation from President Raynard Kington to participate in the advisory committee, May 31, 2017	30
Detailed list of Campus Dialogue presentations, with links to video-recorded sessions and PowerPoint presentations.....	31
Grinnell Student Resistance's Day of Action schedule of events for November 6, 2017	33
Board of Trustees' Divestment Sub-Policy	34
Divestment Decisions by Peer Institutions of Grinnell College (Peer 16)	36



Executive Summary

BACKGROUND

For several years, a substantial number of Grinnell College students, along with members of the faculty, staff, alumni, and parents, have advocated for divestment of all endowment funds invested in the fossil fuel industry. This activism reached a peak when 125 to 150 students occupied the President’s Office in February 2017 to demonstrate their commitment to the issue.

In response, the Grinnell College Board of Trustees established a task force in April 2017. Board Chair Patricia Jipp Finkelman ’80 appointed three trustees, Michael Kahn ’74 (chair), Kathryn Jagow Mohrman ’67, and Ed Senn ’79, to the Task Force on Fossil Fuel Divestment and asked them “to conduct a detailed examination of the issue of fossil fuel divestments through a review of research related to the topic and discussions with experts and advocates representing a wide range of perspectives, and make a recommendation regarding the question of fossil fuel divestment at the board’s annual meeting in spring 2018.”¹

President Raynard Kington appointed an advisory committee of faculty, staff, students, and alumni to assist the Task Force, chaired by Wayne Moyer, Rosenfield Professor of Political Science. Among the student members were two leaders of the activist group Divest Grinnell.² The charge from President Kington included identifying and recommending “a wide variety of resources for the task force to review and consult during the 2017–2018 academic year. Besides written research reports and position papers, these resources will include experts and advocates who will present information to the task force in a series of public meetings.... [T]he advisory committee will not be making policy recommendations.”³

1 See Appendix 1.

2 The complete membership list is included on page i of this report.

3 See Appendix 3.

The Task Force made two important decisions at the outset. There was strong agreement among the members that climate change is a critical global threat, with the use of fossil fuels as a primary contributor. As such, they expanded the title and charge of the Task Force to investigate actions that Grinnell College could take to have a positive impact on climate. The new name became the Task Force on Fossil Fuel Divestment and Climate Impact. Though fossil fuel divestment was the principal reason for the creation of the Task Force, it was not the exclusive focus in evaluating potential actions for addressing climate change.

The Task Force did not know at the outset of this process whether it would conclude that divestment would be effective in addressing climate change or could even be accomplished without adverse impact on the ability of the College to carry out its mission for future generations. But the members all agreed that identifying and taking meaningful actions to reduce Grinnell's carbon footprint and improve sustainability efforts would clearly have a positive impact on climate, regardless of the outcome of the divestment question.

The second decision was to structure the work of the Task Force as a learning experience for the entire college community. To that end, the Task Force and advisory committee organized a three-part series of campus dialogues, open to all members of the campus and local community, with speakers offering many perspectives and with different responsibilities related to fossil fuels. The dialogues were purposefully structured to make the process open and transparent, and to model evidence-based inquiry and civil discourse.⁴ All events were live-streamed for anyone who could not attend in person, and the videos are available on the College's [website](#).⁵

KEY FINDINGS

The Task Force reached a number of conclusions as a result of its evaluation and learning process that have formed the basis for the recommendations in this report:

- With overwhelming scientific evidence that climate change is a global threat requiring immediate responses, the Task Force believes that as a good global citizen, Grinnell College should take meaningful actions that directly contribute to reducing the impact of climate change. These actions can include reducing the use of fossil fuels in the operations of the College, acting on recommendations in Grinnell's well-developed *Sustainability Plan* and exploring possible curricular enhancements with regard to climate and sustainability. The Task Force acknowledges that the College already has significant sustainability initiatives under way and that having a *Sustainability Plan* in place is a best practice.
- The Task Force believes that fossil fuel divestment campaigns have been successful in raising public awareness, but it has not found any compelling evidence that the action of divesting fossil fuel stocks has an impact on climate change, particularly as a result of financial pressure. Nor has the Task Force found any clear evidence that divestment actions have changed the policies or behavior of fossil fuel companies.
- The Task Force finds that investor engagement and activism has recently shown increasing effectiveness in driving actual policy and behavior changes among fossil fuel companies, presenting a viable alternative to divestment for those who believe college endowments can play a positive role in climate impact.

4 "Dialogue 1, Session 1: Introducing the Fossil Fuels and Climate Impact Task Force," Grinnell College, September 28, 2017, <https://www.youtube.com/watch?v=XPUcgu53b3M&feature=youtu.be>.

5 Schedule of Events, Fossil Fuels and Climate Impact Task Force, Grinnell College, accessed April 13, 2018, <http://www.grinnell.edu/about/trustees/fossil-fuels-task-force/schedule>.

- The Board of Trustees has a fiduciary responsibility to make sure that Grinnell sustains its mission for the long term. In his campus dialogue presentation, trustee Barry Thomas defined this responsibility as looking after the financial well-being of the College, assuring its long-term health, and providing financial oversight so that Grinnell will exist in perpetuity.⁶ In meeting its fiduciary responsibility, the Board controls endowment investment decisions.
- Grinnell College funds a much higher percentage (54%) of its operating budget with endowment distributions than its peer average (32%), making the College highly sensitive to potential adverse impacts on investment performance.⁷ The Task Force recognizes that these endowment distributions are fundamental to supporting generous financial aid to Grinnell's students and are necessary to the educational excellence that is at the core of the College's mission.
- Most of Grinnell's endowment (85%) is managed by outside managers, selected for their expertise in delivering excellent investment returns over extended periods.⁸ These managers have full discretion in how the money is invested and make investments where they have the strongest convictions. Approximately 2.4% of Grinnell's endowment, or \$46 million, is invested in fossil fuel holdings, entirely overseen by external managers. Half of this amount is held in private investments with long-term obligations and the other half is in the liquid (publicly tradable) portion of the endowment. The Task Force believes requiring those managers with the publicly tradable fossil fuel holdings to divest these holdings would fundamentally change the nature of the terms under which they work. The Task Force agrees with the Investment Committee and the College's internally-staffed Investment Office that imposing a requirement to divest fossil fuel holdings would very likely result in the College having to replace these managers. This would then result in the need to liquidate and reinvest approximately \$500 million of the endowment with a new set of managers.
- The Task Force believes that having to reinvest such a significant portion of the endowment would introduce a very substantial level of investment and return risk that could have serious long-term consequences that adversely affect the mission of the College in the years ahead. The Task Force further believes that taking actions that could diminish the endowment distributions that support the College's mission would be inconsistent with the Board's fiduciary responsibilities.
- The Task Force agrees that climate change is likely to introduce increasing levels of risk across a number of industries and sectors of the global economy, requiring the application of effective environmental, social, and governance (ESG) methodologies in the management of Grinnell's endowment. These methodologies can include ESG-based risk assessments, an active proxy voting process for pro-climate shareholder resolutions, affiliations with like-minded investors, and other similar tactics. The Task Force acknowledges that some of these methodologies are already employed by Grinnell's Investment Office and the College's external investment managers, but it believes an augmented approach would be appropriate.

6 "Dialogue 1, Session 2: The Board of Trustees' Fiduciary Responsibility," Grinnell College, September 28, 2017, <https://www.youtube.com/watch?v=W-sSChYsFxQ&feature=youtu.be>.

7 "Dialogue 1, Session 4: The Role of the Endowment in the College's Annual Budget," Grinnell College, September 28, 2017, <https://www.youtube.com/watch?v=S-z3t9Uc2pQ&feature=youtu.be>.

8 Andrew Choquette and Angela Clement, "Fossil Fuels and Climate Impact Task Force," Grinnell College, September 19, 2017, <http://www.grinnell.edu/sites/default/files/documents/2017-09-19%20Presentation%20for%20Fossil%20Fuels%20and%20Climate%20Impact%20Task%20Force%20Panel.pdf>. See also "Dialogue 1, Session 3: How the College Manages Its Endowment," Grinnell College, September 28, 2017, <https://www.youtube.com/watch?v=V1DSt80vBtY&feature=youtu.be>.

RECOMMENDATIONS

DIVESTMENT

The Task Force recommends that the College should not divest from fossil fuel holdings. The Task Force has concluded that divestment would introduce significant investment risk in the endowment while having little, if any, direct impact on climate change.

The Task Force recommends that Grinnell’s Investment Committee and Investment Office staff take actions to enhance existing environmental, social, and governance (ESG) capabilities as well as the degree of shareholder engagement, where appropriate, and that they report back to the full Board of Trustees with a plan for accomplishing this goal. In recognition that Grinnell has a small investment team with limited resources for direct shareholder engagement, and that the College’s relatively small investment stake in any portfolio company may translate into limited influence, the Task Force further recommends that the investment team leverage alliances with like-minded investors through organizations such as the Intentional Endowments Network and Ceres.

In response to a request made by President Kington, **the Task Force recommends that the Investment Committee assess the feasibility of creating a separately managed fund within the endowment that would allow future contributions to be managed in a fossil fuel-free portfolio at the request of the donor.**⁹ The Task Force further recommends that the Investment Committee consider additional socially responsible investment criteria in the construction of such a fund.

⁹ See Appendix 2.



CLIMATE CHANGE AND SUSTAINABILITY

The Task Force believes that the most effective way for Grinnell College to have a positive impact on climate change is to reduce its carbon footprint, thus lessening pressure on the environment. To this end, **the Task Force strongly endorses the *Grinnell College Sustainability Plan*** and recognizes that President Kington has already expressed his support for advancing many of the plan's recommendations.

Since energy consumption is the largest single source of greenhouse gas emissions at the College, **the Task Force particularly recommends the continuation of efforts, referenced in the *Sustainability Plan*, to replace the College's fossil fuel-based electricity supply with renewable energy alternatives.**

The Task Force recommends the creation of a standing Sustainability Committee to coordinate the efforts of College offices and individual professors, students, staff, and alumni. This Committee can bring greater focus, visibility, and momentum to the many excellent recommendations embedded in the *Sustainability Plan*.

The Task Force encourages the College to continue to make donors aware of opportunities to directly support Grinnell's sustainability efforts, building upon two alumni-endowed green funds already in place.

The Task Force recommends annual progress reports to the Board of Trustees and the College community on the implementation of the *Sustainability Plan* and other campus climate actions outlined in this report.

In addition, the Task Force has throughout this report highlighted a number of climate action ideas identified through research or raised by presenters in the Task Force's campus dialogue series. While not presented as Task Force recommendations, they are areas the College is encouraged to consider.



Full Report

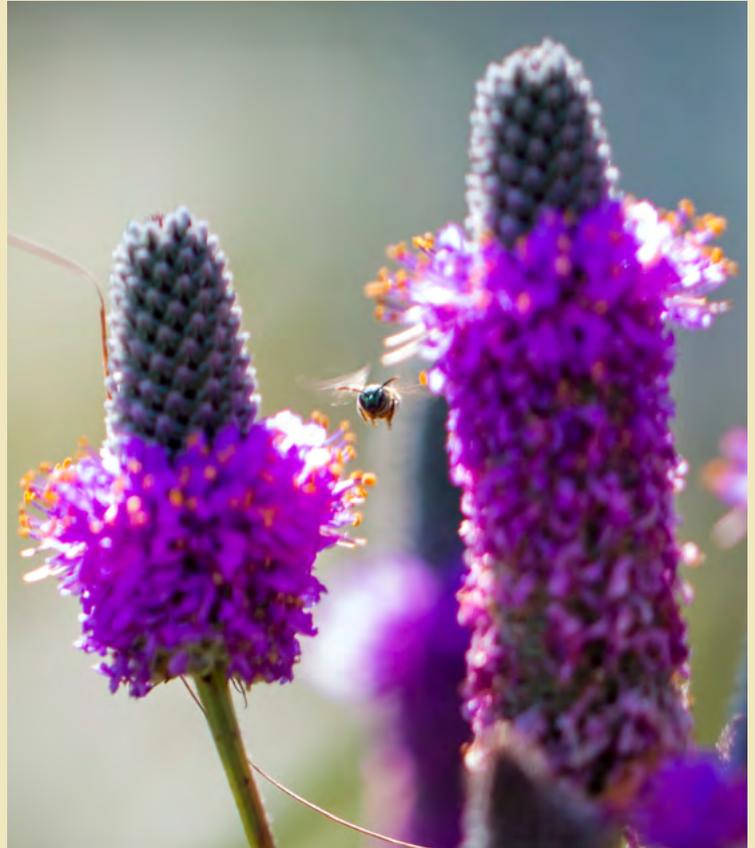
INTRODUCTION

On April 21, 2017, Grinnell College Board of Trustees Chair Patricia Jipp Finkelman '80 announced the appointment of a Board task force to address the question of whether the College should divest fossil fuel holdings from the endowment. The Task Force on Fossil Fuel Divestment was asked to make a recommendation to the full Board, with the understanding that the creation of the Task Force would not supersede the divestment policy that was adopted by the Investment Committee during the February 2017 board meeting.¹⁰ However, it was fully expected that the work of the Task Force would inform any subsequent decision on a formal divestment request.

Members of Grinnell College Student Action met with the Board's Investment Committee at the Fall 2016 meeting, presenting their case for divestment. Following that meeting, the Committee and Board recognized the need for a divestment policy to guide those who wanted to make formal divestment requests and to create a procedure by which the Committee and Board could consider such requests. Members of Grinnell College Student Action then occupied the President's office in February 2017 to demonstrate their support for divestment and to ask for further action by the College and the Board. The creation of the Task Force was a response to several years of student activism calling for divestment and an acknowledgment by the College and Board leadership that this was an issue that merited serious and focused Board attention.

An important early step was the appointment of a broadly inclusive advisory committee, chaired by a highly respected member of the faculty, Professor Wayne Moyer. The committee included two other faculty members who have led campus sustainability efforts, two leaders of the Divest Grinnell student group, two members of student government, two alumni, and three staff members. Though it was not the role of the advisory committee to recommend policy, it contributed extensively to the work of the Task Force and played a primary role in developing the series of expert dialogues that contributed fundamentally to the Task Force's findings and recommendations.

The Task Force carried out an inquiry-driven process, hearing from many experts, reviewing the reports issued by other institutions that had tackled the divestment issue, and reading through articles and research papers over the course of approximately ten months. The members of the Task Force educated themselves about divestment, Grinnell's endowment, electricity providers in Iowa, organizations dedicated to socially-responsible investment, other college's experiences, and Grinnell's substantial progress in energy efficiency, as well as student and faculty opinion on divestment and climate impact. The key issues and findings are referenced throughout this report.



¹⁰ See Appendix 1.

Every effort was made to make the entire process both open and transparent. A guiding principle for the Task Force was for all interested parties to be able to share in their learning process, hear from the same experts, and read through the same research. All campus dialogue sessions were open to everyone on campus as well as members of the surrounding community. All audience members had the opportunity to ask questions of the speakers and of Task Force members. The sessions were live-streamed for those who wanted to participate remotely. All session recordings and all of the materials reviewed by the Task Force are available on the College website.¹¹

The dialogues were organized around three broad themes with a total of 15 presentations by 30 individuals:

- Managing Grinnell's Endowment, Trustee Stewardship, and Investment Decisions, September 2017
- Arguments in Support of and in Opposition to Fossil Fuel Divestment, October 2017
- Curricular Support and Reducing the College's Carbon Footprint, November 2017

The findings and recommendations in this report were substantially influenced by the insights gained during the dialogue sessions. A number of these speakers are cited throughout this report, but all contributed to a successful educational process. Readers of this report are encouraged to watch the recordings. A complete listing of the speakers and resources reviewed by the Task Force can be found in Appendix 5, including links to videos of all presentations made to the Task Force.

Grinnell students played an important role throughout the process. In addition to the student activism that brought Board-level attention to the question of divestment, the four student members of the advisory committee were active and thoughtful participants throughout and asked the dialogue speakers important questions. All student interactions with outside speakers were respectful and constructive, and civil discourse was the norm. The Task Force sought maximum opportunities to hear from and speak directly with interested students, and the Task Force members, as well as nearly all of the dialogue speakers, met informally with students and others in Spencer Grill in the evenings after formal sessions had ended.

The best-attended Task Force event, with approximately 75 people in the audience, was the Oxford-style debate presented by the Grinnell student Debate Union. The motion before the audience was "The house believes that Grinnell College should divest itself of all its investments in fossil fuels industries" with two students arguing for and two against the resolution. Before the debate began, the moderator asked everyone in the audience to vote their personal opinion on the motion; the result was 30 Aye and 16 Nay (not all attendees voted). After the formal debate, the moderator asked for a second vote on technical merit; in other words, which side was most persuasive. That vote was 22 Aye and 23 Nay.

In addition to the student debate and an additional student-led dialogue session, students who supported divestment conducted a Day of Action on November 6, 2017 (concurrent with Task Force dialogue sessions underway that day), with their own invited speakers and discussion groups. Among the issues they raised were:

- Why does divestment matter to you?
- What is the evidence that shareholder activism is effective?
- Do you think that divestment/climate change is a social justice issue?
- Does the College investment in fossil fuels conflict with its commitment to social justice?

See Appendix 6 for a complete list of student-sponsored activities.

¹¹ Schedule of Events, Fossil Fuels and Climate Impact Task Force, Grinnell College, accessed April 13, 2018, <http://www.grinnell.edu/about/trustees/fossil-fuels-task-force/schedule>.

OVERVIEW OF THE ENDOWMENT

PURPOSE AND IMPACT OF THE ENDOWMENT

The purpose of Grinnell's endowment is clearly stated in the College Investment Policy Statement and Divestment Sub-Policy:

The College intends that its endowment shall be invested to ensure the long-term growth of its capital... [and] to provide predictable and stable financial support for the college's mission as a fine liberal arts college.... In investing the endowment, the perpetual nature of these endowment funds and the significant degree to which the College depends upon endowment distributions shall be taken into account.¹²

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.¹³

The College's mission has been well-served by following an investment approach that has frequently produced outsized returns over the past four decades. Grinnell has had the top-performing endowment returns a number of times over the years, including the 18.8% result from fiscal year 2017. This result compares to the 12.2% average return for all endowments in 2017, as reported by the National Association of College and University Business Officers.¹⁴ Because there are also years where Grinnell's concentrated portfolio approach has led to under-performance, the College uses a 12-quarter moving average as the basis for determining each annual endowment distribution to the operating budget, thereby smoothing out the volatility and producing more predictable distributions.

Grinnell funds an uncommonly high 54% of its operating budget with endowment distributions versus an average of only 32% funded by the 16 peer institutions it tracks itself against.¹⁵ To put this in perspective, this translates into an **additional \$27 million** of funding in fiscal year 2017 that relied on the endowment rather than tuition. Funding such a high percentage of the budget from the endowment is what makes Grinnell's need-blind admissions policy possible. Historically strong investment returns have enabled Grinnell to maintain the highest standards of excellence in liberal arts education, to provide generous financial aid that overcomes socioeconomic barriers in providing access to a first-rate education, to fund additional programs and faculty appointments, and to support outstanding global experiences and career preparation. Any material change in the way these investments are managed creates real risk for fulfilling the College's mission with this degree of excellence for future generations of students. This fiduciary responsibility is one of the key purposes of the Board of Trustees at Grinnell and other higher education institutions.

12 "Grinnell College Investment Policy," Grinnell College, May 3, 2013, <https://www.grinnell.edu/sites/default/files/documents/Investment%20Policy%20%28FINAL%29%28Approved%20May%203%202013%29.pdf>.

13 "Divestment Subpolicy," Grinnell College, February 3, 2017, <https://www.grinnell.edu/sites/default/files/documents/Divestment%20Sub-Policy%20%28FINAL%29%20%28February%202017%29%20to%20web.pdf>.

14 National Association of College and University Business Officers, Public NCSE Tables, April 5, 2018, <https://www.nacubo.org/Research/2009/Public-NCSE-Tables>.

15 Choquette and Clement, <http://www.grinnell.edu/sites/default/files/documents/2017-09-19%20Presentation%20for%20Fossil%20Fuels%20and%20Climate%20Impact%20Task%20Force%20Panel.pdf> and <https://www.youtube.com/watch?v=V1DSt80vBtY&feature=youtu.be>.



MANAGEMENT OF THE ENDOWMENT

The Grinnell endowment portfolio is managed by an internal Investment Office, with a staff led by a chief investment officer and overseen by the Investment Committee of the Board. Eighty-five percent of the endowment is managed by external managers, selected by the Investment Office following a comprehensive review process. Once hired by the College, external managers select the stocks, bonds, and other investments in the portion of the portfolio they manage; Grinnell's Investment Office has no discretion in which securities are chosen. In some cases, the College directly owns these securities through separately managed accounts, while in other cases the College owns interests in commingled accounts. In commingled accounts, the College owns an interest in an investment partnership, along with other investors, and none of the securities are held directly by the College.

Grinnell has a long history of favoring value investing, following a course set by one of the College's great leaders and benefactors, Joe Rosenfield '25, and his good friend Warren Buffett. Continuing this approach, Grinnell hires managers who focus on making investments in equities that are typically trading at deep discounts to their intrinsic value. The managers conduct extensive research on the companies they invest in and typically follow an active engagement approach.

The College works with about 30 external managers, which is a relatively small number for an approximately \$2 billion endowment. These managers tend to invest in a limited number of positions, leading to an endowment that is more concentrated than most. Selecting and working with the best managers globally has been critical to the endowment's success and to the financial success of the College. The College benefits from long-term relationships with its external managers (averaging seven years with some longer than 20 years).

But working with some of the world’s best external managers comes with a number of constraints. These managers prefer to work with clients who place no restrictions on them and, once hired, operate with full discretion over investment decisions. The Investment Office staff review thousands of managers and investment opportunities to end up with the best of the best; the College could not simply take its capital and reinvest with other managers and expect the same results. Top managers can easily raise capital and their capacity to take on new clients is often scarce, so it is not easy to move in and out relationships with the best managers. As a result of these constraints, the Grinnell Investment Office and Investment Committee believe that it would very likely be necessary to replace all three managers who hold publicly tradable fossil fuel investments if the College were to make a decision to divest. These three managers oversee about \$500 million—or about one quarter—of the endowment.

Fossil Fuel Exposure

As of June 30, 2017, fossil fuel holdings (as identified by the Carbon Underground 200 list of the largest oil, gas, and coal companies) represented 2.4%—or about \$46 million—of Grinnell’s endowment. This compares to a 6% energy sector weighting in the S&P 500 and the 5% –10% fossil fuel weighting that Cambridge Associates typically found in their client portfolios, according to a 2014 report.¹⁶ About half of Grinnell’s fossil fuel company holdings are in illiquid investments (effectively locked up for several years). Though the balance are liquid (can be sold in public markets), they can be sold only at the discretion of the external managers who hold them in their portion of the endowment portfolio.

In addition, Grinnell owns mineral rights that were gifted by the estate of alumnus Fred Darby in 1956. These mineral rights have generated cumulative net income of about \$20 million since 1956 and over the past five years have generated slightly more than \$1 million per year.¹⁷

The Role of Environmental, Social, and Governance Investment Factors in Grinnell’s Endowment

Many investors incorporate environmental, social, and governance (ESG) criteria into investment decisions to better manage risk, align with values, and generate sustainable long-term returns. Environmental criteria examine how a company’s activities impact the natural environment. Social criteria look at how a company manages relationships with its employees, customers, suppliers, and the communities where it operates. Governance deals with matters such as a company’s leadership, executive pay, shareholder rights, and internal controls.¹⁸

In their presentation to the Task Force during the campus dialogue sessions, Grinnell’s investment staff stated that careful oversight of ESG:

- is consistent with the core values of Grinnell College,
- provides opportunities for the College to be a positive actor,
- is integral to good investing, and
- is in the best long-term interests of the College.¹⁹

These views are consistent with the Investment Policy of the College which states, “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.”²⁰

16 Ibid.

17 Ibid.

18 “Internal Controls,” Investopedia, accessed April 13, 2018, <https://www.investopedia.com/terms/i/internalcontrols.asp>.

19 Choquette and Clement.

20 Grinnell College, “Grinnell College Investment Policy.”

Though the Grinnell Investment Office already focused on ESG factors in selecting external managers and in considering investment opportunities, this Task Force initiative has resulted in a significant increase in both attention and actions that expand upon this foundation. The investment staff have begun augmenting their ESG diligence and monitoring by reviewing the ESG policies of all existing and prospective managers, incorporating ESG questionnaires into the team’s diligence process, meeting with all managers on an annual basis for an ESG update, and monitoring the existence of fossil fuel companies in the portfolio, including companies on the Carbon Underground 200 list. These efforts include steps to hire a firm that specializes in identifying specific shareholder resolutions that are of particular interest to the College, so that it can work with its external managers on related proxy votes.

Following the guidance of many of the experts the Task Force heard from during the campus dialogues, the Investment Office is pursuing opportunities to leverage affiliations with several organizations that have been effective in focusing endowments and other institutional investors on a number of best practices with respect to ESG. These include memberships with the Intentional Endowments Network (IEN) and Ceres. IEN works with a number of endowments and asset managers to support education and training on a variety of sustainable investing strategies, such as ESG integration, impact investing, and shareholder engagement, which “will make a significant and critical contribution to creating a healthy, just, and sustainable society.”²¹ Ceres works with numerous institutional investors to effect sustainability and positive climate impact through well-coordinated investor activism and engagement.²²

Grinnell’s investment staff is also exploring possibilities for setting up a “green” fund for contributions from donors who wish to have their gifts invested in a fossil fuel-free alternative fund within the endowment. In an open letter to the College’s Board of Trustees on the subject of divestment, President Kington asked the Board in February 2017 “to create a donor-requested fund that would enable future donors to have their contributions to the endowment invested in a separately managed endowment fund that would be free of all fossil-fuel investments.”²³ A number of institutions have already implemented similar donor options, including Swarthmore College²⁴ and Williams College.²⁵ Grinnell’s Investment Committee has expressed interest in the possibility of including a broader set of socially-responsible investment criteria in the creation of such a fund.

THE DIVESTMENT DEBATE

During deliberations on whether or not to recommend divestment of fossil fuel holdings, the Task Force considered many factors and sought to answer a series of questions. The Task Force concluded the following questions are the most relevant for Grinnell College to address:

- Does divestment from fossil fuel companies directly and effectively impact climate change?
- Would divesting from fossil fuels adversely impact our endowment returns and thereby diminish our ability to fulfill our educational mission?
- Is there a moral imperative to divest from fossil fuel companies?

The Task Force explored these questions through an examination of the reports and findings of several other colleges and universities as well as through many of the dialogues and materials that played a pivotal role in the development of this report and its recommendations.²⁶

21 Intentional Endowments Network, About, accessed April 13, 2018, <http://www.intentionalendowments.org/about>.

22 Ceres, About Us, accessed April 13, 2018, <https://www.ceres.org/about-us>.

23 See Appendix 2.

24 “Sustainability and Investment Policy,” Swarthmore College, May 2, 2015, <https://www.swarthmore.edu/board-managers/sustainability-and-investment-policy>.

25 “Fossil Fuel-free Fund,” Williams College, accessed April 13, 2018, <https://giving.williams.edu/fossil-fuel-free-fund/>.

26 Grinnell College, Fossil Fuels and Climate Impact Task Force Resources, accessed April 13, 2018, <http://www.grinnell.edu/about/trustees/fossil-fuels-task-force/resources>.

Does divestment from fossil fuel companies directly and effectively impact climate change?

Bill McKibben, the noted author, environmentalist, founder of the climate campaign 350.org and outspoken advocate for fossil fuel divestment, believes that “divestment has now begun to take a real and telling toll” by cutting off the money that fuels the fossil fuels industry.²⁷ Most observers, however, believe that divestment from fossil fuels is a largely symbolic act that is unlikely to have any direct impact on climate change as a result of financial pressure on fossil fuel companies. Similarly, many have noted that divestment has not changed the actions or policies of fossil fuel companies.



Carleton College’s Responsible Investment Committee noted, “Fossil fuel companies may be influenced by regulation, product prices, economic conditions, and even shareholder resolutions, but it is highly unlikely they will cease production in response to divestment.”²⁸ Williams College’s Advisory Committee on Shareholder Responsibility stated, “The combined investment by all college and university endowments represents an extremely small fraction of the total capitalization of the top 200 fossil fuel companies. And the majority of these companies are not raising funds through new stock offerings, so it is unlikely divestment will have any effect on the actions of those companies to reduce greenhouse gas production.”²⁹

Robert Stavins, the Albert Pratt Professor of Business and Government at the Harvard Kennedy School, wrote in a *New York Times* opinion piece, “Divestment doesn’t affect the ability of fossil fuel companies to raise capital: For each institution that divests, there are other investors that take its place. As long as the world still continues to rely on fossil fuels, and consumes them at current rates, the companies that supply them will have a ready market for their products.”³⁰

Overall, the Task Force found a general consensus, with Bill McKibben being the most notable exception, that the action of divesting fossil fuel stocks does not directly affect climate change as a result of financial pressure. However, many divestment advocates agree that the true benefit of divestment is the power of drawing attention to the urgent need to deal with climate change. Having distinguished institutions publicly declare a decision to divest, the thinking goes, will influence governments and policymakers to take actions more quickly than would have otherwise been the case. In its report advocating for divestment from climate deniers,

²⁷ Bill McKibben, “We can battle climate change without Washington DC. Here’s how,” *Guardian*, February 1, 2018, <https://www.theguardian.com/commentisfree/2018/feb/01/climate-change-action-trump>.

²⁸ Carleton Responsible Investment Committee, “Report and Recommendation on Fossil Fuel Divestment and ESG Investment,” Carleton College, September 25, 2015, https://apps.carleton.edu/governance/cric/assets/CRIC_Report_Sept_2015.pdf.

²⁹ Advisory Committee on Shareholder Responsibility, “Report on ‘A Proposal for Divestment,’” Williams College, April 12, 2015, <https://committees.williams.edu/files/2015/09/ReportofACSR1.pdf>.

³⁰ Robert Stavins, “Pitching Divestment as a ‘Moral’ Crusade is Misguided,” *New York Times*, August 10, 2015, <https://www.nytimes.com/roomfordebate/2015/08/10/is-college-divestment-from-the-fossil-fuel-industry-worthwhile/pitching-divestment-as-a-moral-crusade-is-misguided>.

Barnard College stated, “The Task Force agrees that fossil fuel divestment may not have a direct impact on the financial condition of fossil fuel companies but can represent a symbolic act that, along with other voices, might ultimately pressure governments and fossil fuel companies to modify their behaviors and make responsible decisions to mitigate the impact of climate change.”³¹

However, as with most aspects of the divestment debate, there is disagreement about whether divestment or investor engagement has greater effect on policymakers or the behavior of fossil fuel companies. Amy O’Brien, managing director and head of responsible investment at TIAA’s Nuveen asset management business—which oversees one of the largest responsible investment portfolios in the country—advocates strongly for engagement. In her presentation at the dialogues, she stated her belief that Grinnell College can have more impact on climate change as an investor than as a divestor. O’Brien has noted that as a result of many shareholders coming together, three climate change shareholder proposals (at ExxonMobil, PPL Corporation, and Occidental Petroleum) passed in 2017 and seven others received at least 40% support.³² Typically, many shareholder resolutions struggle to get more than a few percent of votes cast in their favor, so these recent results demonstrate the power of aligned voices.³³

31 Presidential Task Force to Examine Divestment, “Final Report to the Barnard College Board Of Trustees Committee on Investments,” Barnard College, December 7, 2016, <https://barnard.edu/sites/default/files/bc-divestmentreport2-2016dec.pdf>.

32 Rob Berridge, “Four Mutual Fund Giants Begin to Address Climate Change Risks in Proxy Votes: How About Your Funds?” Ceres, December 21, 2017, <https://www.ceres.org/news-center/blog/four-mutual-fund-giants-begin-address-climate-change-risks-proxy-votes-how-about>.

33 “Dialogue 2, Session 4: How Does Socially Responsible Investing Impact Climate Change?” Grinnell College, October 5, 2017, <https://www.youtube.com/watch?v=4kDOCGJfGIE&feature=youtu.be>.



In a more recent example of effective shareholder engagement, The New York Common pension fund announced that it was withdrawing a shareholder resolution after a large energy company agreed to lower greenhouse gas emissions. The press release from the New York State Comptroller said,

New York State Comptroller Thomas P. DiNapoli today announced that American Electric Power (AEP), one of the largest carbon emitters in the country, has adopted new, long-term targets for lowering greenhouse gas (GHG) emissions consistent with the Paris Agreement's goals. As a result, the New York State Common Retirement Fund's (Fund) has withdrawn the shareholder request it had filed with the company.³⁴

The press release added that the pension fund "established an active shareholder engagement program, urging the substantial GHG emitters in the portfolio to further decarbonize their business operations." This success has continued as DiNapoli announced on April 2, 2018 that three more energy companies had agreed to comply with climate-related requests, adding, "We will continue to monitor and engage with these companies as they report on their efforts to reduce carbon emissions."³⁵

Kirsten Spaulding, senior director, investor network, at Ceres, a non-profit organization that works with investors to advance sustainability initiatives through investor engagement and action, agreed with Amy O'Brien that Grinnell can have more impact if the College retains a seat at the table. "You want to have a voice. If you divest, you've lost an opportunity." Spaulding added that a prestigious endowment can effectively use its investor voice to make a difference, particularly in concert with others. Georges Dyer of the Intentional Endowments Network noted that IEN supports divestment and investor engagement strategies alike and urged Grinnell College to "use your voice and keep using it; make an impact" regardless of which path the College chooses.³⁶

In its sub-policy on divestment, Grinnell's Investment Committee has clearly expressed a preference for first pursuing engagement:

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.³⁷

On the question of whether divestment is effective in combatting climate change, the Task Force found the arguments for investor engagement to be more compelling, with the recent successes with climate shareholder resolutions providing tangible evidence of positive impact.

34 "NYS Comptroller DiNapoli: One of Largest U.S. Carbon Emitters Commits to Lower GHG Emissions," Office of the New York State Comptroller, February 9, 2018, <https://www.osc.state.ny.us/press/releases/feb18/020918a.htm>.

35 "DiNapoli: Energy Companies Agree to Report on Impact of Paris Agreement Goals," Office of the New York State Comptroller, April 2, 2018, <https://www.osc.state.ny.us/press/releases/apr18/040218a.htm>.

36 "Dialogue 3, Session 5: Curricular Support and Reducing the College's Carbon Footprint,," Grinnell College, November 14, 2017, <https://www.youtube.com/watch?v=9B8M2dQvbig&feature=youtu.be>.

37 Grinnell College, "Divestment Sub-Policy."

Would divesting from fossil fuels adversely impact Grinnell College's endowment returns and thereby diminish its ability to fulfill its educational mission?

Middlebury College has concluded that it is impossible to determine whether divestment would impact its endowment returns,³⁸ while other colleges have concluded that such an action would adversely impact their endowment returns. Williams College states, "It is clear...that divestment would have a negative impact on the College's finances. The Williams endowment is principally invested in commingled funds. And while the exposure to fossil fuel companies is modest, to comply with a divestment mandate the vast majority of the endowment would have to be liquidated and reinvested, at a significant cost."³⁹

On this specific question, Grinnell College needs to be guided by its own compass, given the approach to investing its endowment described earlier in this report. Due to its heavily concentrated portfolio, invested with top-performing managers who would view the imposition of investment restrictions as materially changing the terms they signed up for, the Task Force, Investment Office, and Investment Committee all believe that the College would very likely need to replace the three managers who have fossil fuel holdings in their portfolios. This would result in having to turn over about \$500 million of Grinnell's portfolio in order to divest its publicly traded fossil fuel holdings, introducing significant risk of an adverse impact on investment returns.

Is there a moral imperative to divest from fossil fuel companies?

There is widespread agreement among colleges and universities that there is a moral imperative to take action against climate change. However, there is disagreement about what strategies and tactics will be most effective and whether it is appropriate to use an endowment as a tool to influence social policies. Those who advocate for divestment, such as Bill McKibben, claim that investors in fossil fuel companies are part of the problem. Laura

Trombley, the retired president of Pitzer College, explained that institution's divestment rationale to the Task Force by saying that at Pitzer, social justice, environment, and divestment were inextricably linked.⁴⁰ Pitzer's mission statement includes a focus on environmental sensitivity.



38 "Middlebury College Statement on Divestment," Middlebury College, August 28, 2013, http://www.middlebury.edu/newsroom/archive/2013-news/node/459563#fact_sheet.

39 Williams College, "Report on 'A Proposal for Divestment.'"

40 "Dialogue 3, Session 3: Pitzer's Process Leading to Divestment," Grinnell College, November 13, 2017, <https://www.youtube.com/watch?v=xH262WnM96I&feature=youtu.be>.

The Barnard College report on divestment provides a concise statement of the moral argument.

Fossil fuel companies have a financial interest in extracting fossil fuel reserves that would release enough carbon to increase the earth's temperature above the 2 degree C threshold that the scientific community and world leaders consider safe. While Barnard, like the rest of the world, has benefited from advances in society driven by fossil fuels, and is currently a consumer of them, the costs of continued, unfettered use of fossil fuels are becoming too high. Moreover, the argument goes, by investing in fossil fuel companies institutions like Barnard both *support* the industry's destructive practices and *profit* from them [emphasis in the original].⁴¹

Other institutions have focused on the inconsistency of questioning the moral or ethical behavior of fossil fuel companies while at the same time being active consumers of their products. New York University states, "it seems disingenuous for NYU to, on the one hand, deem the fossil fuel industry morally reprehensible—the clear implication of a decision to divest—while on the other hand continue to regularly and willingly use their products to power and heat our campus and to transport our students and faculty."⁴² Williams College similarly notes "And on the point of divestment as a moral stand to mobilize public opinion, we must acknowledge that as an institution it is inconsistent to call for a divestment of fossil fuel companies on the grounds that these companies are immoral while simultaneously using their products every day. The right thing to do is to reduce the use of the products to the greatest possible extent."⁴³

Stanford University's trustees focused on the fact that some of these fossil fuel companies are advancing the very solutions needed to solve the problem of climate change, as well as on the essential role still played by these companies: "At the present moment oil and gas remain integral components of the global economy, essential to the daily lives of billions of people in both developed and emerging economies. Moreover, some oil and gas companies are themselves working to advance alternative energy sources and develop other solutions to climate change."⁴⁴

During the campus dialogues, Grinnell's Task Force heard directly from the two energy companies that supply power to the state of Iowa. MidAmerican Energy has been a national leader in making the transformation from fossil fuels to renewable energy sources. Cathy Woollums, senior vice president, environmental, and chief environmental counsel, told the Task Force that MidAmerican has publicly committed to use 100% renewable energy to supply electricity to customers and has already transitioned to approximately 48% renewables, a number they expect to exceed 90% by the end of 2020.⁴⁵ Though Grinnell is not invested in MidAmerican Energy, the Task Force pondered whether such a company would fit the definition of morally reprehensible because it still gets about half of its energy from fossil fuels. Would stigmatizing or encouraging such a company have the greater positive impact on climate change?

In the Grinnell student debate on divestment, the pro-divestment side relied primarily on a moral imperative argument. Yet half of the voting audience declared the anti-divestment side the winner of the debate, illustrating that even among Grinnellians who want to see action taken on climate change, the moral imperative argument for divestment is not universally accepted.

41 Barnard College, "[Final Report to the Barnard College Board of Trustees Committee on Investments.](#)"

42 Danielle Tcholakian, "NYU Board of Trustees Won't Divest From Fossil Fuels," DNAINfo, June 20, 2016, <https://www.dnainfo.com/new-york/20160620/greenwich-village/nyu-board-of-trustees-wont-divest-from-fossil-fuels>.

43 Williams College, "[Report on 'A Proposal for Divestment.'](#)"

44 "Stanford and climate change: A statement of the Board of Trustees," Stanford University, April 25, 2016, <https://news.stanford.edu/2016/04/25/stanford-climate-change-statement-board-trustees/>.

45 "Dialogue 2, Session 1: What Are Energy Companies' Visions for Renewable Energy?" Grinnell College, October 5, 2017, <https://www.youtube.com/watch?v=FgVu5ZX6FHQ&feature=youtu.be>.

Grinnell’s investment policy statement and divestment sub-policy provide a framework for considering what role our values play in the management of our endowment. As previously cited, the IPS states, “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.”⁴⁶

The College carries out this guidance through the application of ESG frameworks and methodologies, including reviewing the use of ESG factors by its external managers. The steps the College’s Investment Office is taking to further enhance the application of ESG factors in managing the endowment, as described earlier, will strengthen the College’s ability to work with its external managers to enhance engagement with portfolio companies on ESG matters, where appropriate.

The divestment sub-policy adds, “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.”⁴⁷

The Task Force finds the reasoning by Williams College and Stanford University, expressed above, to be compelling. There is a moral imperative for individuals and institutions to reduce their use of fossil fuels, but an inconsistency in declaring all fossil fuel companies to be morally reprehensible while they continue to consume their products.

Reasonable people who have a shared desire to combat climate change can disagree about whether divestment is an effective tactic. But there should be little disagreement about the importance and benefits of taking direct individual and institutional action to address climate change at a local level. Energized by student climate activism that played a key role in the formation of this Task Force, Grinnell College will now focus greater attention on reducing its carbon footprint and will increase the scale and pace of overall sustainability efforts. The College is fortunate to already have in place a robust sustainability plan, created by faculty, staff, and students, that provides a roadmap forward for reaching these goals.

46 Grinnell College, “[Grinnell College Investment Policy](#).”

47 Grinnell College, “[Divestment Sub-Policy](#).”



ADDRESSING CLIMATE CHANGE AND SUSTAINABILITY AT GRINNELL

For decades, Grinnell College has demonstrated its concern for the environment and sustainability. Courses dealing with the environment began to be offered as early as 1968; Environmental Studies became a concentration in 1977. The Conard Environmental Research Area was established in 1968, where Iowa's first LEED-certified Gold building was constructed in 2006. And numerous student groups have made significant contributions to the environment.

These and other achievements, described below, are summarized in the College's public commitment to addressing climate change: "Grinnell College believes that as a liberal arts institutions with a strong social commitment, we have a duty to the environment, society, and future generations to be leaders in environmental stewardship, education, and policy. Grinnell College is therefore committed to incorporating environmental responsibility into policies, decisions, and daily life on campus."⁴⁸

PROGRESS TO DATE

Over the past decade, the College has adopted a number of policies to reduce carbon emissions, to increase the amount of locally grown foods served on campus, and to create a framework for environmental responsibility for all new construction and major renovations of buildings at the College.

Grinnell has also joined other higher education institutions in committing to take action to combat climate change. In 2011, President Kington signed the American College and University Presidents Climate Commitment in which the College pledges to be carbon neutral by 2040.⁴⁹ More recently, in light of the proposed withdrawal of the United States from the Paris accords on climate, President Kington joined the "We Are Still In" initiative, along with hundreds of colleges and universities, cities and states, and businesses across the country. This initiative includes pledges to maintain the key goals of the Paris accords of holding global warming to less than 2 degrees Celsius through adoption of alternative energy sources and reductions in institutional carbon footprint.⁵⁰ Colleges and universities also pledge in this initiative to engage their educational resources to promote future leaders in combating climate change.

In 2018, Grinnell joined the Intentional Endowments Network, an organization of colleges and universities, foundations, and other investment entities committed to "aligning their endowment investment practices with their mission, values, and sustainability goals without sacrificing financial returns. In doing so, this broad-based, collaborative network will make a significant and critical contribution to creating a healthy, just, and sustainable society."⁵¹

The College has also mounted a number of initiatives to make practical changes in everyday life on campus. The EcoCampus Committee, founded in 1996, has played a leadership role in promoting environmental projects.⁵² For example, EcoCampus has conducted an environmental audit of Burling Library, created a set of green building guidelines, completed a campus sustainability assessment, and promoted recycling and reducing solid waste.

48 Grinnell College, Environmental Stewardship, accessed April 13, 2018, <http://www.grinnell.edu/about/offices-services/environmental-stewardship/policies>.

49 "President Kington Signs the American College and University Presidents' Climate Commitment," Grinnell College, October 11, 2011, <https://www.grinnell.edu/news/president-kington-signs-american-college-and-university-presidents-climate-commitment>.

50 We Are Still In, accessed April 13, 2018, <https://www.wearestillin.com/>.

51 Intentional Endowments Network, accessed April 13, 2018, <http://intentionalendowments.org>.

52 EcoCampus, Grinnell College, accessed April 13, 2018, <https://www.grinnell.edu/about/committees/ecocampus>.

While improvements in facilities may not be as visible as other sustainability efforts, the College has achieved real progress in reducing energy consumption and in increasing overall efficiency. East Campus residence halls, the Joe Rosenfield '25 Center (JRC), the Robert N. Noyce '49 Science Center, Phase II of the Charles Benson Bear '39 Athletic Center, and the Environmental Education Center at the Conard field station are all LEED-certified buildings. Such certification demonstrates adherence to international standards for environmentally compliant construction.

East Campus residence halls have window sensors to detect when a window is open; consequently heating and cooling are turned off to that room. The JRC and the Noyce Science Center both have heat recovery exhaust systems to reduce energy consumption. Geothermal wells dug in 2017 will heat and cool the new Humanities and Social Sciences Complex and the new Admissions and Financial Aid building, as well as supply supplementary heat to the Noyce Science Center and the JRC. Installation of a water filtration system at the central boiler plant has reduced water consumption by 40 percent. Solar panels are an increasingly common sight and are installed on five campus buildings, further reducing the College's dependence on fossil fuels.

Student activism has also played an important role in sustainability initiatives. For example, Eco House is an intentional living community that seeks to minimize environmental impact through efficiency technology, responsible purchasing, and lifestyle choices. Food for Thought seeks to increase the percentage of food in the dining hall that is local, humane, and ecologically sound. The Food Recovery Network collects uneaten food from the dining hall and distributes it to feed those in need. Other related groups include lowater, the Student Garden, and the Student Government Association's Environmental Committee.

Grinnell is fortunate to have two separate alumni donor-funded sustainability funds that support many of the above and other sustainability initiatives. One of these funds, titled the Green Fund, has been used to support a solar car-charging station and pilot resident hall sub-metering programs, among other activities. The second endowed fund was recently established with the following vision: "The goal of the Fund is to assist the process of making the College ride as lightly as possible upon the land, thus becoming a model for its students, for similar colleges and, indeed, for society at large."⁵³

FUTURE CHALLENGES AND OPPORTUNITIES

Speakers at the dialogue series, regardless of their position on divestment, urged the College community to commit to making significant long-term changes in technology, policies, and behaviors. For example, Laura Trombley, former president of Pitzer College, described the decisions made by her campus community to adjust to more environmentally friendly activities in daily life. "Divestment alone is not enough," she said in her speech at Grinnell. Changes in the Pitzer endowment have been accompanied by significant contributions to reducing the College's pressure on the environment by prohibiting first and second year students from bringing cars to campus, by using sunlight rather than electric clothes dryers and by banning trays in the dining hall to reduce food waste.⁵⁴

Similarly, Amy O'Brien of TIAA cited the "Three Cs" as an approach the College should follow:

- Campus—look for all the ways to reduce carbon emissions in the physical place
- Capital—examine the role of the endowment with respect to climate
- Curriculum—ask how climate change is addressed in the academic program⁵⁵

53 "Andrew Zdechlik '19," Grinnell College, accessed April 13, 2018, <https://alumni.grinnell.edu/sghd/scarlet-and-give-back-day-andrew>.

54 Grinnell College, "Dialogue 3, Session 3: Pitzer's Process Leading to Divestment."

55 Grinnell College, Environmental Studies, accessed April 13, 2018, <http://www.grinnell.edu/academics/areas/environmental>.

All three speakers from power companies emphasized electric power generation as the largest single source of college-related emissions.⁵⁶ The members of the Task Force believe that additional action in all three areas will accelerate progress toward the ambitious goals to which Grinnell is committed.

A major step forward is the *Grinnell College Sustainability Plan*, published in 2017 and endorsed by President Kington in 2018.⁵⁷ The plan analyzes the College's carbon footprint and presents four-year and longer-term strategies and goals in nine areas: energy, travel, water, landscaping, food, solid waste, behaviors, communications, and curriculum.

The Task Force strongly endorses the *Sustainability Plan*, recognizing that it is likely to be modified and amended over time based on experience. Further, the Task Force recommends regular reports from the administration on progress toward the goals outlined in the plan.

The *Sustainability Plan* reminds us that the challenge of reducing Grinnell's carbon footprint is a responsibility, not only of the College administration, but of each member of the campus community. The Task Force encourages students, faculty, and staff to continually ask such questions as:

- What can I do as an individual to reduce fossil fuel usage?
- Can I ride a bike rather than drive a car?
- Can we lower the temperature in our residence hall/apartment?
- Am I taking too much food in the dining hall and throwing away the excess?

Individual behaviors contribute to an environment of awareness, which can reinforce the everyday decisions that help to reduce the carbon footprint of the community.

ENERGY AND EMISSIONS

Just as electricity generation and transportation are the largest contributors to total U.S. emissions,⁵⁸ these are also the main sources of Grinnell's pollutants. The *Sustainability Plan* notes that almost 60% of campus emissions in fiscal year 2016 were due to electricity consumption, with an additional 25% coming from natural gas consumption. Electricity is the first target in the plan, with a series of action steps toward the ultimate goal of achieving carbon neutrality by 2040.

Attention to power generation from renewable sources was the focus of several dialogue speakers. Jeff Hansen of Alliant Energy reported that Alliant has Iowa's largest solar farm on a former brownfield site in Dubuque.⁵⁹ Cathy Woollums stated that Mid-American Energy was initially skeptical about Iowa's aggressive policies on renewables, but came to realize that renewable energy was good for business, good for consumers, and good for the environment. MidAmerican has now gone well past mandated requirements on its own initiative.⁶⁰ Rick Lancaster of Great River Energy said that, because of the problems of inconsistency in solar and wind generation, battery storage of electricity will be an important factor to watch.⁶¹

56 Grinnell College, Fossil Fuels and Climate Impact Task Force, [Schedule of Events](#).

57 *Grinnell College Sustainability Plan*, Grinnell College, July 17, 2017, <https://www.grinnell.edu/sites/default/files/documents/171120SustainabilityPlanFinalPDF%20AW%20edits.pdf>.

58 Sources of Greenhouse Gas Emissions, United States Environmental Protection Agency, accessed April 13, 2018, <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>.

59 "Dialogue 2, Session 2: What's Happening in the Energy World?" Grinnell College, October 5, 2017, <https://www.youtube.com/watch?v=bz3GvUtkX2k&feature=youtu.be>.

60 "Dialogue 2, Session 3: Renewable Energy Legislation Discussion, Grinnell College, October 5, 2017, <https://www.youtube.com/watch?v=2Hs8R25kS90&feature=youtu.be>.

61 "Dialogue 3, Session 2: Transitioning to Renewable Energy—Practical Challenges," Grinnell College, November 13, 2017, <https://www.youtube.com/watch?v=HxQeZh77bw4&feature=youtu.be>.

Both Kirsten Spaulding of Ceres and Georges Dyer of the Intentional Endowments Network urged active engagement with management of fossil fuel companies; they encouraged conversations about rapid progress on solar and wind energy to replace coal, oil and natural gas.⁶² As Amy O'Brien reminded us, energy companies will have to be part of the solution to climate change.⁶³

The focus on reducing the College's reliance on fossil fuels is a key issue in the *Sustainability Plan*. The most important goal in this area is to obtain 60% of campus electricity from renewable sources by 2022. Achieving this goal will require cooperation from Alliant Energy, the College's current energy supplier, plus creative opportunities for other sources of electricity from solar and wind power. Administrative leadership will be required to meet this goal.

A second goal in the *Sustainability Plan* is to reduce energy consumption in residence halls by 15% over the next four years. Here the leadership must come from changes in student behavior, such as turning down thermostats and turning off unused lights, with support from college staff. The ultimate goal is to reduce total electricity and natural gas consumption by 25% from fiscal year 2012 levels within ten years.⁶⁴

The *Sustainability Plan* provides a detailed list of action steps toward achieving these goals. The Task Force applauds the level of specificity in the recommendations, while realizing that the actual implementation may require different strategies than those outlined in the current *Sustainability Plan*.

Grinnell College can have its greatest impact on carbon emissions by addressing its systems for power and heating. The Task Force urges the Grinnell administration to make this area a priority and to move, if possible, even faster than the *Sustainability Plan* recommends.

TRANSPORTATION

In fiscal year 2013, roughly 11% of College emissions were generated from travel. Faculty/staff commuting accounted for almost 6%, directly financed air travel represented slightly more than 5%, and the remainder of directly financed travel was well under 1% of total emissions.

In his dialogue presentation, Rick Lancaster noted that long-term sustainability will require 100% of power generation from renewable sources, plus electric vehicles replacing all combustion engine vehicles.⁶⁵ Similarly, Matthew Welch '96, president of the Sustainability Accounting Standards Board, reminded the Task Force that the transportation sector is a significant source of harmful emissions.⁶⁶

The *Sustainability Plan* suggests a number of ways to reduce driving at Grinnell, including telecommuting, a bike share plan, and preferential treatment for electric vehicles by providing solar-powered charging stations. In addition, the *Plan* addresses airline travel, one of the "dirtiest" forms of public transportation⁶⁷ by suggesting the purchase of carbon offsets for all directly-funded college travel.⁶⁸ The Task Force applauds President Kington for his personal decision to purchase offsets for his airline travel, starting in 2018. The goal, as stated in the *Sustainability Plan*, is to reduce travel-related emissions by 10% over the next four years, and ultimately to eliminate or offset all emissions from College travel.

62 "Dialogue 3, Session 4: Grinnell Sustainability Plan," Grinnell College, November 14, 2017, <https://www.youtube.com/watch?v=9B-8M2dQvbjg&feature=youtu.be>.

63 Grinnell College, "Dialogue 2, Session 4: How Does Socially Responsible Investing Impact Climate Change?"

64 Grinnell College, [Fossil Fuels and Climate Impact Task Force Resources](#).

65 Grinnell College, "Dialogue 3, Session 2: Transitioning to Renewable Energy—Practical Challenges."

66 "Climate: Get the Big Picture," United Nations Framework Convention on Climate Change, accessed April 13, 2018, <http://bigpicture.unfccc.int/#content-the-paris-agreement>.

67 Tatiana Schlossberg, "Flying Is Bad for the Planet. You Can Help Make It Better," New York Times, July 27, 2017, <https://www.nytimes.com/2017/07/27/climate/airplane-pollution-global-warming.html>.

68 Grinnell College, [Grinnell College Sustainability Plan](#).

The Task Force supports the recommendations in the *Sustainability Plan* to give significant attention to transportation in the College's efforts to reduce its carbon footprint. At the same time, the Task Force acknowledges that it is important not to jeopardize important academic priorities, including study abroad and course-related travel, in the desire to achieve carbon neutrality.

CURRICULUM

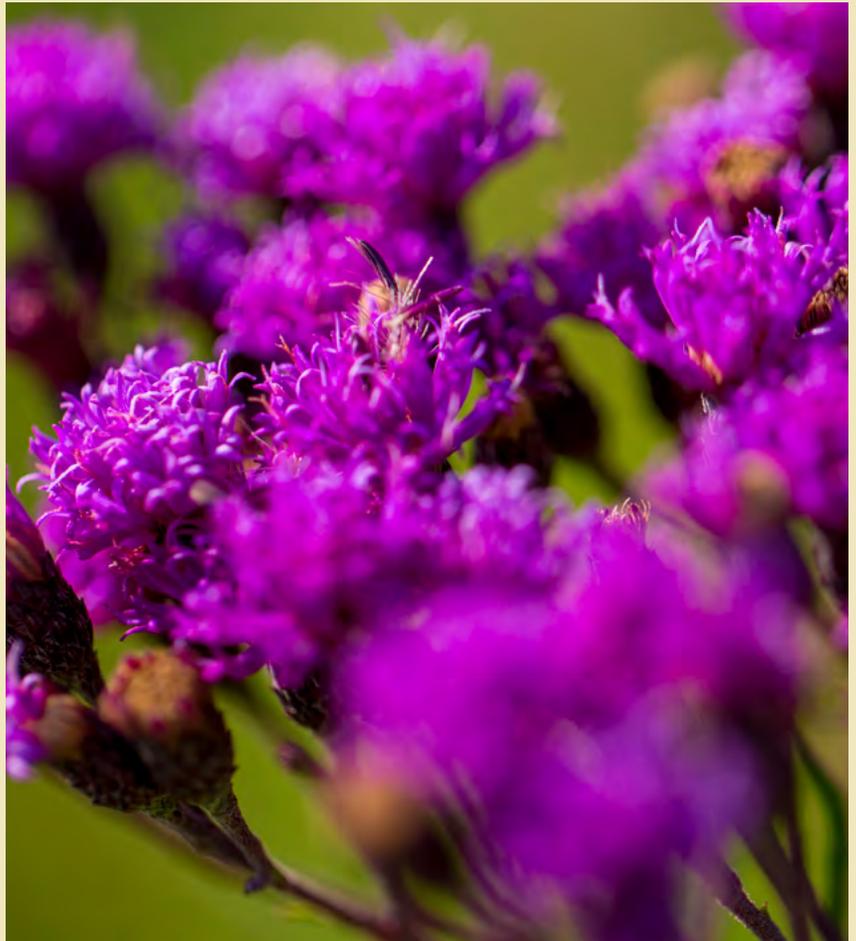
Grinnell offers courses related to sustainability in many different departments. The Task Force applauds these efforts and encourages faculty and students to widen such academic opportunities. Through these courses, the College is fulfilling its mission of providing knowledge and preparing graduates to contribute to the betterment of society, in this case through careers devoted to solving problems affecting the environment, sustainability, and climate change.

In its research the Task Force identified dozens of alumni who now work in fields related to the environment, sustainability, and climate change, some of whom would no doubt be delighted to provide advice, short courses, and other contributions to the College's efforts.

The Task Force was inspired by the passion and commitment of today's Grinnell students to address the climate change issue. As a result, the members of the Task Force, as individuals, have created a multi-year sustainability grant program to support student academic activities, such as mentored advanced projects (MAPs) and course-related investigations, with the hope that other donors will join and allow more student projects to be funded. This new program will be administered by the Environmental Studies Program faculty to permit one or more students to pursue sustainability research each year.

The Task Force acknowledges the primary role of the faculty in determining the content of the curriculum, but through its research and dialogues heard several suggestions from faculty that are worthy of broader consideration.

- Since some of the courses that deal with sustainability do not fall into the curriculum of Environmental Studies, it would be useful to have a comprehensive listing or brochure about Grinnell's sustainability offerings, if only for prospective students. Such a publication could also feature non-curricular efforts to promote sustainability and environmental sensitivities on campus.
- Similarly, some courses may have components that address sustainability, even if the entire course does not. For example, a statistics course might analyze data on the pace of global warming; a sociology course could have a unit on climate migrants and refugees. An analysis of the curriculum might reveal more attention to sustainability than course titles alone suggest. A faculty workshop or summer project could bring all interested professors together to share ideas and materials.



OTHER

The *Sustainability Plan* presents thoughtful discussion around issues of water, landscaping, food, and recycling on campus. These recommendations appropriately focus on actions by students, faculty, and staff currently on campus. The Task Force also heard from alumni and friends of the College who care passionately about climate change and sustainability. Donors with this priority could consider designating their gifts specifically for projects that contribute to the goals of the *Sustainability Plan*, or contributing to one of the two existing sustainability funds mentioned earlier in this report.

There were other ideas that the Task Force heard or considered throughout this process that merit further discussion and consideration by the College. These include:

- Reduce the number of student cars or limit cars on campus to third- and fourth-year students. (This is one of Pitzer's actions to address climate change.)
- Investigate the creation of a system, similar to Zipcar, that allows students to rent cars by the hour, rather than bring a car to campus.
- Over time, convert the College's vehicle fleet to all-electric vehicles.
- Lower thermostats in the residence halls and off-campus housing.
- Encourage faculty, staff, and students as individuals to buy carbon offsets for their travel to and from campus.
- Increase the use of window sensors and occupancy sensors in campus buildings.

ACCOUNTABILITY

Environmental action requires constant vigilance if the goals of the *Sustainability Plan* and recommendations in this report are to be realized. The Grinnell community needs to measure its achievements, celebrate its accomplishments, and hold itself accountable for the promises it has made about climate change and sustainability. As each goal is accomplished and as needs change, the College may need to consider other, more ambitious standards. At the present time, there is no formal entity within the College to do the work of serious assessment and accountability.

The *Sustainability Plan* calls for the creation of a permanent, standing Sustainability Committee (an enhancement of the current EcoCampus committee) with members of the faculty, staff from critical areas, and students. It recommends that the committee oversee and update the *Sustainability Plan*, prepare annual reports, solicit community input, communicate progress, and guide decisions that affect components of the plan. Student workers could augment and expand the work of the committee. The Task Force believes a standing Sustainability Committee will provide the greater visibility, prioritization, and momentum required to advance the many excellent ideas called for in the *Sustainability Plan*.

A second form of accountability would come through the Administration's annual progress reports to the Board of Trustees and the College community on how the goals of the *Sustainability Plan* are being accomplished. Since the plan has four-year goals in a variety of areas, it should be updated in 2022 to include new objectives and further steps toward the ultimate goal of carbon neutrality.

Taking actions to address climate change and sustainability at Grinnell is everyone's responsibility, from trustees to first-year students to new employees. But it requires good policies, effective organization, and collective commitment for the College to accelerate its positive impact on the serious issue of climate change. This report is the next step in an on-going effort to achieve the goal of carbon neutrality by 2040.

ACKNOWLEDGMENTS

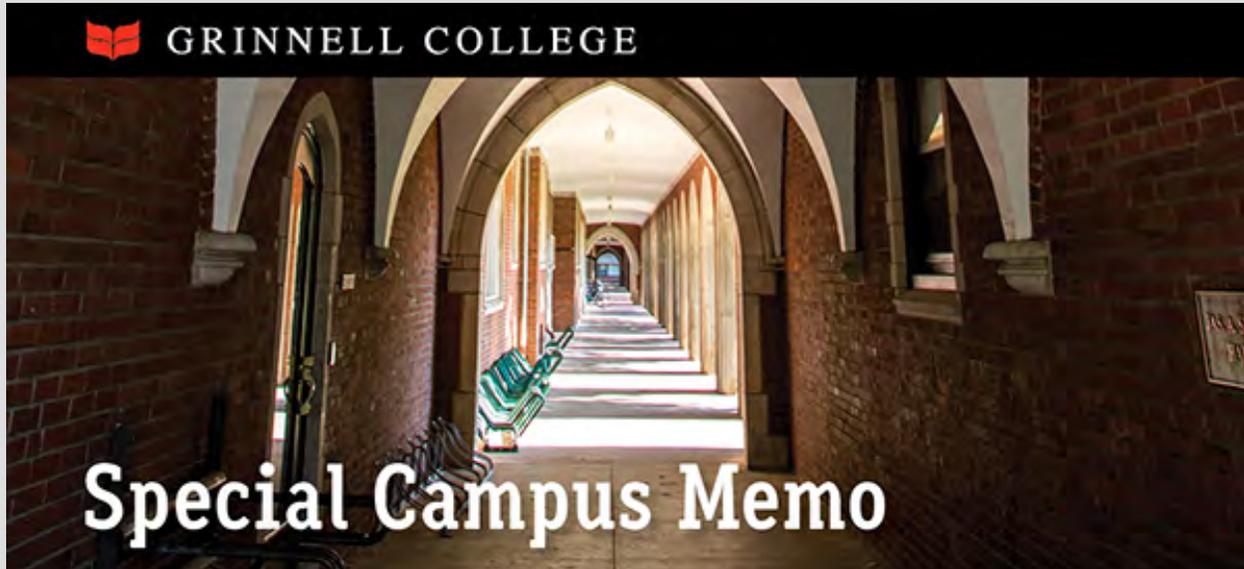
The Task Force would like to thank the members of the advisory committee for their great collaboration on this important work. We would especially like to call out the outstanding partnership and serious dedication of advisory committee chair, Professor Wayne Moyer. Our effort would surely have been diminished without his wisdom and leadership. The Task Force would also like to give our special thanks to Meg Jones Bair and Sarah Smith-Benanti, who have supported our work every step of the way, using their expert skills to manage even the most complex logistical demands. And finally, the Task Force would like to thank the students of Grinnell College whose call to action has served as an essential catalyst in this process.



Appendices

1. Special Campus Memo from Patricia Jipp Finkelman '80, Chair of the Board of Trustees, announcing the formation of the Task Force, April 24, 2017
2. Special Campus Memo from President Raynard Kington on divestment, February 7, 2017
3. Invitation from President Raynard Kington to participate in the advisory committee, May 31, 2017
4. Detailed list of Campus Dialogue presentations, with links to video-recorded sessions and PowerPoint presentations
5. Grinnell Student Resistance's Day of Action schedule of events for November 6, 2017
6. Board of Trustees' Divestment Sub-Policy
7. Divestment Decisions by Peer Institutions of Grinnell College (Peer 16)

APPENDIX 1



Board Task Force on Fossil Fuel Divestment

April 24, 2017

Dear Grinnell students, faculty, and staff:

At first blush, the fossil fuel–divestment issue seemed purely to be a question for the Board of Trustees’ Investment Committee. And as such, the Investment Committee responded at our February meeting with a new policy for board consideration of divestment requests. However, President Kington reports that students are continuing to raise concerns. I believe the continued student activism indicates that, while the Investment Committee responded to the specific question, the underlying issues are broader and of general board concern.

Grinnell is not alone: students across the nation are advocating for meaningful change around a variety of issues while feeling confused and powerless in the face of new political realities. I believe this discontent and activism presents the board with an opportunity to model how transparent governance and civil debate can and should work.

President Kington has suggested a method employed by the University of Denver’s board of trustees to address strategic issues. It lays out a structured set of conversations convened by a board task force, supported by a campus advisory group. From the DU website:

“The Board of Trustees appointed a Divestment Task Force to explore the question of fossil fuel divestment, as advocated by the student group Divest DU....The task force explored the question of divestment in an intellectually serious and transparent way....(They) reviewed a variety of materials and heard from various experts through a series of hearings. Members of the DU community were invited to attend all hearings as observers.”

You can read more about the DU process (<https://portfolio.du.edu/divestment/page/59248>).

With the approval of the Executive Committee, I have appointed a Board Task Force and have requested that President Kington appoint a supporting advisory committee of students, faculty, staff, and alumni. **Michael Kahn '74** will chair the task force, with members **Edward Senn '79** and **Kathryn Mohrman '67**. I anticipate that the task force will begin its work this summer and conclude in advance of our spring 2018 meeting.

Please note that creation of the task force does not supersede the divestment policy adopted by the Investment Committee at our February meeting. Regardless of the task force's recommendation, any formal request that the College divest of fossil fuel holdings will be subject to the Investment Committee policy. It is my expectation that such a request and the resulting Investment Committee recommendation will be better informed by this broad-based, transparent process of intellectual discovery.

Best,

Patricia Jipp Finkelman '80
Chair, Board of Trustees

APPENDIX 2



Divestment

February 7, 2017

Dear Grinnellians:

Over the past weekend several students from Grinnell College Student Action (GCSA) occupied Nollen House to demonstrate their support for the College's divestment of all endowment funds invested in the fossil fuels industry. The issue of fossil fuels divestment has been debated on campus and among the leadership and the Board of Trustees of the College for several years. Student activists have met on several occasions with **Scott Wilson '98**, the College's chief investment officer, and with me.

As a result of those discussions as well as the growing number of industries that are the object of divestment movements, during the recent meeting of the Board of Trustees, the Investment Committee voted on a policy that will determine the process by which the Board will receive, assess, and respond to requests from faculty, staff, students, or alumni to divestment from any category of investments.

Furthermore, largely because of the engagement of GCSA, I will propose to the Investment Committee of the Board that it consider creating a donor-requested investment fund whereby future donors who request that their contributions to the endowment not be invested in fossil fuel-related funds may instead have their donations invested in a separately managed endowment fund that would be free of all fossil fuel investments.

While only the Investment Committee of the Board can decide whether such a fund will be created, I am confident that the committee will give the request the serious consideration that it deserves.

While I fully agree with the student activists about the existence, causes, magnitude, and impact of global warming, I have concluded that divestment of our college's endowment is not a tactic that I can support to address the problem.

There are numerous reasons for this. First, many of the investments in renewable, alternative energy sources, such as wind power, are being made by fossil fuel companies. By way of an independent example, Des Moines-based MidAmerican Energy is the No. 1 owner of wind-powered generation among U.S. rate-regulated energy providers. The energy that MidAmerican generated from wind equaled 47 percent of the energy sold to its retail customers in Iowa in 2015. In addition, MidAmerican plans to invest \$3.6 billion to install more wind turbines in Iowa by the end of 2019, bringing the company's annual renewable energy generation to a level equivalent to approximately 90 percent of Iowa retail customers' annual energy use. The College has a voice as a shareholder in various companies and can encourage them to be a positive force for renewable energy development.

Second, the College relies on endowment earnings to fund about 55 percent of the annual operating budget. If we restructure the investment pool by divestment in fossil fuels, we could seriously endanger investment returns. That will make it more difficult for the College to continue to provide generous financial aid. Approximately one-third of our students have grants that cover all of their tuition, plus our graduates have the lowest outstanding debt among graduates of all colleges and universities in Iowa.

A significant portion of Grinnell's assets are invested in commingled funds where we are choosing the manager and not the underlying investments. No funds are focused solely on energy. However, Grinnell currently has investments in "clean" technology and in green energy, though all investments are chosen based on their investment merits and not as political statements.

One of our College's greatest traditions is one of active social engagement, and civil and thoughtful discussion of complex and contentious issues is essential to the core mission of our College. I admire the students who have taken on this issue.

While I agree that it's imperative to act now to reduce global warming, reasonable people can disagree about the best tactics to use in accomplishing that goal. Rather than divesting from fossil fuels companies, Grinnell will have more impact by continuing to educate thoughtful and engaged citizens who want to solve problems structurally and systematically.

Sincerely,

Raynard S. Kington
President

A P P E N D I X 3

Invitation to participate in the advisory committee

May 31, 2017

Dear _____,

Patricia Finkelman '80, chair of the Grinnell College Board of Trustees, has appointed a Task Force on the Divestment of Fossil Fuels. In support of the board's task force, I am appointing an advisory committee made up of students, faculty, staff, and alumni who represent a range of perspectives on fossil fuel divestment as a means to combat climate change. I invite you to serve on this Fossil Fuel Divestment Advisory Committee.

The board's task force consists of three trustees: Michael Kahn '74 (task force chair), Kathryn Mohrman '67, and Ed Senn '79. The charge of this task force is:

Conduct a detailed examination of the issue of fossil fuel divestment through a review of research related to the topic and discussions with experts and advocates representing a wide range of perspectives, and make a recommendation regarding the question of fossil fuel divestment at the board's annual meeting in spring 2018.

The role of the advisory committee is to identify and recommend a wide variety of resources for the task force to review and consult during the 2017–2018 academic year.

Besides written research reports and position papers, these resources will include experts and advocates who will present information to the task force in a series of public meetings. All members of the Grinnell community will be invited to attend the meetings as observers, and a website will be established where all material presented to the task force will be archived.

Please note that the advisory committee will not be making policy recommendations. Its function is solely to recommend resources for review and consultation by the board's task force. The advisory committee will meet every three weeks during the fall 2017 semester. We will set the meeting times once we know the students' schedules. We will provide video conferencing for those who cannot attend in person.

Please let me know by June 15 whether you are willing and available to serve on the Fossil Fuel Divestment Advisory Committee.

Best regards,

Raynard

Raynard S. Kington, MD, PhD
President
Grinnell College
Nollen House
Grinnell, Iowa 50112
T 641-269-3000
F 641-269-4473
Kington@grinnell.edu

APPENDIX 4

Campus Dialogue presentations, with links to video recordings and PowerPoint

Dialogue 1: Managing Grinnell's Endowment, Trustee Stewardship, and Investment Decisions

September 18, 2017

Joe Rosenfield'25 Center (JRC) Room 101

- 5:30-6:30 p.m. Buffet dinner, opportunity to speak with Task Force members
- 6:30-8 p.m. Task Force member introductions, role of the Task Force ([recorded session](#))
- 8-8:30 p.m. The Board of Trustees' Fiduciary Responsibility, by Barry Thomas ([recorded session](#))

September 19, 2017

JRC 101

- 4-6 p.m. How the College Manages Its Endowment, by Andrew Choquette '00, director of investments, and Angela Clement, associate director of investments ([recorded session](#))
- 7:30-9:30 p.m. The Endowment's Role in Our Financial Sustainability, by Kate Walker, vice president for finance & treasurer ([recorded session](#))

Dialogue 2: Arguments in Support of and in Opposition to Fossil Fuel Divestment

October 3, 2017

Harris Cinema

- 4-6 p.m. A Vision for the Future, by Cathy S. Woollums, senior vice president, environmental & chief environmental counsel at Berkshire Hathaway Energy ([recorded session](#))
- 7:30-8:15 p.m. Alliant Energy's Sustainability Plans, by Jeff Hanson, director, environmental services and corporate sustainability at Alliant Energy ([recorded session](#))
- 8:30-9:30 p.m. How Will Iowa's Renewable Energy Legislation Affect Mid-American Energy's and Alliant Energy's Renewable Energy Plans? A discussion with Cathy Woollums and Jeff Hanson ([recorded session](#))

October 4, 2017

JRC 101

- 4-6 p.m. How Does Socially Responsible Investing Impact Climate Change? Amy O'Brien, managing director, head of responsible investment at TIAA ([recorded session](#))
- 7:30-9:30 p.m. Resolved: Grinnell should divest its fossil fuel stocks. A student debate moderated by Mark Baechtal, the Debate Union's faculty advisor. Government participants: Thompson Teasdale '20 and Manan Pradhan '20. Opposition participants: Joel Katticaran '18 and Sriyash Kadiyala '21. ([recorded session](#))

Dialogue 3: Curricular Support and Reducing the College's Carbon Footprint

November 6, 2017

JRC 101

- Noon-1 p.m. Building Partnerships to Create Social Change, by Matt Remle of MazaskaTalks (recorded session)
- 5:30-6:45 p.m. Transitioning to Renewable Energy—Practical Challenges, by Rick Lancaster '76, vice president for power generation at Green River Energy (recorded session)
- 7:30-9:30 p.m. Pitzer's Process Leading to Divestment, by Laura Trombley, former president of Pitzer College (recorded session)

November 7, 2017

Harris Cinema

- 11 a.m.-1 p.m. Grinnell College Sustainability Plan, by Chris Bair '96, environmental and safety manager, and Liz Queathem, senior lecturer in biology (recorded session)
- 4-6 p.m. How Grinnell College Can Enhance Sustainability in Its Investments, by Georges Dyer, principal at Intentional Endowments Network, and Kirsten Spaulding, director at Ceres (recorded session)
- 7:30-9:30 p.m. Student Panel on Personal, Interpersonal, Communal, and Societal Climate Impact, moderated by Megan Goering '08, CEO/founder at Action Labs Global. Panelists: Lana Katai '21, Clare Magalaner '18, Raghav Daryanai '20, Morgane Garnier '19, and Helena Kleiner '18 (recorded session)

A P P E N D I X 5

Grinnell Student Resistance's Day of Action Schedule of Events, November 6, 2017

Noon-3 p.m. Spencer Grill	Art in the Grill <i>Enjoy live music by student bands and other performers while creating protest art for the trustees</i>
3-3:50 p.m. Spencer Grill	Community Conversations <i>Discussion facilitated by Tim Dobe on the question of the "morally reprehensible" standard in the trustees' divestment policy</i>
SRC in Younker Hall	<i>Spiritual and moral contemplation on divestment with Rabbi Rob Cabelli</i>
4-4:50 p.m. Faulconer Gallery	<i>Discussion with Donnielle Wantatee on the themes of climate justice and indigeneity inside of "Many Visions, Many Versions: Art from Indigenous Communities in India" exhibition.</i>
SRC in Younker Hall	<i>Spiritual and moral contemplation on divestment with Rabbi Rob Cabelli</i>
5-6:30 p.m. Grill/JRC	Rally <i>Get hype with students, faculty, and community members around the issue of divestment</i>
6:30 p.m. Dining Hall	D-Hall-ogues <i>Directly following the rally, meet us outside of D-hall.</i>
7:30 p.m. JRC 101	Pitzer's Successful Divestment <i>Hear from the former president of Pitzer College on their successful divestment campaign</i>
9:30 p.m. Spencer Grill	Coffee with Trustees <i>Share your thoughts with the trustees over coffee in the Spencer Grill.</i>

A P P E N D I X 6

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.

APPENDIX 7

Divestment Decisions by Peer Institutions of Grinnell College (Peer 16)

PEER INSTITUTION	DECISION DATE	DIVESTMENT DECISION
Amherst College	February 2015	No by Board of Trustees
Bowdoin College	February 2013	No by President
Carleton College	November 2015	No by Board of Trustees
Colorado College	May 2013	No by Board of Trustees
Davidson College	April 2014	No by Board of Trustees
Kenyon College	April 2017	No by Board of Trustees
Macalester College	April 2015	Proposal not passed on to Board of Trustees or President by student Social Responsibility Committee
Oberlin College	October 2015	No by Board of Trustees
Pomona College	September 2013	No by Board of Trustees
Reed College	July 2014	No by Board of Trustees
Smith College	October 2017	Currently no coal, and will have no future direct investments in coal
St. Olaf College		Petition started in 2016
Swarthmore College	September 2013	No by Board of Trustees
Vassar College	November 2017	No by Board of Trustees
Washington and Lee University		Petition started in 2016
Williams College	April 2015	No by Board of Trustees

See: <http://www.grinnell.edu/about/trustees/fossil-fuels-task-force/resources>