

Kalamazoo College
Guiding Principles and Process for
Socially Responsible Investing
Effective 2015-16 Academic Year
Approved by Board of Trustees
October 18, 2014

Introduction

The Investment Committee of the Board of Trustees (“the Board”) of Kalamazoo College has sole responsibility for all investment decisions related to the endowment, including establishing College policy on all investment driven social responsibility issues that may be raised by members of the Kalamazoo College community. The Investment Committee has the fiduciary obligation to invest the College’s endowment in a manner that maximizes the College’s resources and ensures that measures are in place to protect the endowment on an intergenerational basis. The Board recognizes that there may be opportunities to emphasize Kalamazoo College’s core values of commitment to social justice, environmental responsibility and ethical principles by pursuing particular investment options, or choosing not to pursue other investment options. The Board also recognizes that in extraordinary circumstances it may be appropriate to consider divesting the endowment of specific securities based upon a concern that the actions of the underlying issuers are in conflict with core Kalamazoo College values. Additionally, the Investment Committee may choose to pursue certain actions as a shareholder, and to seek input on decisions made by companies that the College has invested in.

Structure

1. The President of Kalamazoo College will appoint a *Socially Responsible Investment Advisory Committee* (“SRIAC”) comprising representatives (i.e. students, faculty, trustees, staff, and College Investment Advisor) from the Kalamazoo College community.
2. The role of the SRIAC will be to:
 - a. Make recommendations regarding financially, socially and environmentally responsible investment opportunities across asset classes.
 - b. Offer other related recommendations as appropriate, including shareholder advocacy and proxy voting.
 - c. Provide recommendations on divestment requests forwarded to it by the President.

Process for Review of Divestment Petitions

1. Upon receipt of a divestment request, the President (after consultation with the Chair of the Investment Committee) will determine whether it merits further consideration.
2. If the petition is deemed worthy of further consideration, the President will forward the recommendation to the SRIAC for further review and analysis.
3. The SRIAC will:
 - a) Determine whether a proposal meets the *Guiding Principles*.
 - b) Determine whether to propose a divestment recommendation to the Investment Committee.
 - c) Propose any investment that qualifies as a *socially responsible investment*.

4. The Investment Committee of the Board will make the final decision related to all recommendations from the SRIAC and/or the President.

Guiding Principles for Consideration of Divestment based on Social Responsibility Concerns

1. There exists clear evidence that the investment compromises a core Kalamazoo College value and that it is creating a substantial social/environmental injury.
2. Only specific companies that have a clear and undeniable connection to a social/environmental injury may be considered. No broad industry can be identified for divestment.
3. The proposal for divestment must have the support of a broad and sustained consensus of the Kalamazoo College community reflected over a sustained period of time.
4. The recommended divestment cannot be expected to produce a long term negative economic impact on the endowment or result in the material dismantling of commingled funds.
5. The Investment Committee reserves the right to approve or reject any recommendation for divestment.

Criteria for Selection of Committee Members

1. Committee members need to have some familiarity and/or interest in investments. This is not to suggest that committee members need to be experts in investments, but instead that members have a basic understanding of investments.
2. Committee members need to become familiar with how the endowment works and how it benefits our students, faculty and staff.
3. Committee members must be able to have an ‘open mind’ about both the benefits of divestment as well as the financial impact divestment might have on the College.
4. Members need to be willing to devote time each quarter for review of petitions. It is not certain at this point how often the committee will be meeting. If there are petitions, the group may need to meet 2-3 times during the quarter.

Committee Composition (7 members plus the Chair)

- ❖ Chair (ex officio): CFO (no voting power)
- ❖ (2) Student representative(s)
- ❖ (1) Faculty representative
- ❖ (1) Administrative representative:
- ❖ (1) Staff representative:
- ❖ (2) Trustees:
- ❖ *Cambridge & Associates will serve as consultant as needed*