



CASE STUDY

Hampshire College

NOVEMBER 2017



Intentional
Endowments
Network

An initiative of www.CraneSustainability.org

COVER PHOTO: Hampshire College's R.W. Kern Center, built with the goal of certification under the world's most advanced green building standard, the Living Building Challenge: generating its own electricity, collecting its own water, and built avoiding toxic "red list" chemicals using materials mainly from local and regional sources.

I. Introduction

Many educational institutions are grappling with the question of how to align their endowment's investment holdings with their missions as thought leaders and socially responsible institutions. Hampshire College has spent considerable time and effort in this area and has taken action to accomplish two objectives: aligning its endowment with its mission and incorporating its emphasis on sustainability with how its endowment is invested.

This case study details Hampshire's background and why it decided to go down this path, how the college accomplished these goals, the challenges it faced, and its achievements in undertaking this effort.

II. Hampshire College's History of Sustainability

Located in rural Amherst, Massachusetts, Hampshire College has been a modern leader in intentional investment practices and sustainability. With an enrolled student body of about 1,400 students and an endowment worth of just under \$50 million, Hampshire College is well positioned to make impactful structural, cultural, and policy-oriented changes due to its small size.¹

Over the last several years, Hampshire has made large strides to evidence a commitment to sustainability on campus, including the construction of the R.W. Kern Center, a "living building"² that is energy, water, and waste neutral.³ The Kern Center serves as a laboratory for courses offered throughout the year, an experiential learning opportunity for students, and as a physical reminder of Hampshire's commitment to making the campus carbon neutral by 2022, as part of its Climate Action Plan.⁴ The construction of the Kern Center also served as an engagement opportunity for students, allowing them to get deeply involved with the planning process from beginning to end.⁵

Additionally, the college has enacted other smaller-scale operational and cultural changes to further sustainability on campus, including:

- Halting the sale of plastic water bottles on campus
- Creating an LED light bulb exchange, where incandescent bulbs are actively replaced with greener and more cost-efficient LED bulbs⁶
- Implementing an environmentally focused revolving fund for on campus improvements.

III. Hampshire College's History of "SRI" and "ESG" Investing

The college's investment policy is closely tied to Hampshire's principles and the culture of sustainability on campus. In 2011, the Board of Trustees updated the college's investment policy to explicitly align Hampshire's investments with environmental, social, and governance (ESG) criteria. Hampshire's investments have long been mission-driven and re-writing the policy simply clarified the college's alignment with these ESG principles.

Hampshire College has a history of socially responsible investing (SRI). In 1976, Hampshire made a statement on social justice by beginning the movement to divest from South Africa.⁷ In 1977, seven years after it opened, the college established its official investment policy.

Subsequently, in 1982 Hampshire adopted a comprehensive socially responsible investment policy and moved to divest from weapons contractors due to student concerns.^{8,9}

Over the last ten years, Hampshire's leadership has come to the conclusion that sustainability is not just imperative from an operational standpoint, but is a principle that must guide the college's actions holistically. With this in



*As a college,
our business
is investing
in the future."*

JONATHAN LASH
PRESIDENT, HAMPSHIRE
COLLEGE



Because of the benefits the college derives from its status as a non-profit institution... all of the college's actions should be aligned with its mission."

mind, the Board saw it as essential that Hampshire's approach to investing align with its mission. In 2011, the college officially aligned its investment policy with ESG criteria.

The 2011 updated policy established the college's favored and disfavored investments, proxy voting guidelines, and emphasized positive screening as a strategy to align investments with the college's mission.

David Dinerman, Trustee and Chair of the Investment Committee, states that, at its core, this policy "requires the college to favor investments that do right by the environment, employees and supply chains, and are governed with transparency and fairness."¹⁰ Spurred by student activism in 2014-15, the Board subsequently updated the

policy to detail several industries which are disfavored, clarifying the investment policy to ensure compliance by investment managers.

In addition to the investment policy, Hampshire is a founding member of the Intentional Endowments Network (IEN), a non-profit peer-learning network that seeks to help endowments align their investments with their missions and consider material ESG risks and opportunities. In April 2014, working with the non-profit Second Nature, Hampshire co-hosted the initial Forum on the *intentionally designed endowment*, which led to the creation of IEN. In 2016, Hampshire became a "Leadership Level," founding member of IEN, another demonstration of the college's commitment to integrating sustainability into all spheres of its operations.¹¹

Hampshire's progress toward investing intentionally reflects the college's desire to be a thought and action leader in the field of sustainability. President Jonathan Lash notes that since investments were realigned, the endowment has "outperformed its benchmarks, and has been above the average compared to similar endowments" and that ESG investing has "given us an opportunity for learning, innovation, and change."¹²

Hampshire's results demonstrate that ESG investing can be fiscally responsible *and* incorporate institutional values. Throughout this transition, the college has set an example for other institutions of higher education, showing that mission-driven decisions can encourage student engagement, thoughtful dialogue, and real change on campus and beyond.

IV. Why Is ESG Investing Important to Hampshire College?

The Board's ongoing decisions to invest the endowment with specific regard to ESG criteria are an extension of the college's mission, albeit not in explicit terms. The 2011 rewriting of the investment policy was driven by Hampshire's conviction to invest consistently with its mission as a non-profit educational institution. After the policy's adoption, further change was prompted by student action.

DUTY AS A NON-PROFIT TO MAKE MISSION-DRIVEN DECISIONS

The Board's decision to formally align the investment policy with ESG principles was driven by a desire to clarify its alignment with Hampshire's values and mission. The 2011 update is rooted in the belief that it is important for Hampshire to act in accordance with its mission because of the benefits the college derives from its status as a non-profit institution. Hampshire acknowledges that non-profits have a duty to serve the public – a *quid pro quo* for tax-favored status. This trade-off strongly suggested to the Board that all of the college's actions should be aligned with its mission. This includes how it sources its food, qualifies and admits its students, and how it invests its endowment.

This thought process led Hampshire's Board to resolve any questions about how this decision was affected by its board's fiduciary duties to the institution. The discussion worked through issues related to the two principal elements of this duty – that of loyalty to the institution, and prudence as to

where the endowment is invested. The board quickly became comfortable with the notion that an ESG-based approach is consistent with the requirements of fiduciary duty, as direction of the law in this area at least allows, if not overtly supports an ESG-based approach to investing the endowment.

Further, as a non-profit, Hampshire is duty-bound to serve a longer-lived, multi-generational constituency of students, alumni, their families and society at large. The college's constituency is the public, to whom its duties run.

The college decided that it was appropriate and consistent with its mission to be fully transparent as to its endowment investments, publishing its holdings to the Hampshire community on a quarterly basis. This both supports its academic mission and enables a high level of accountability within the community of compliance with the college's investment policy.

RESPONSIBILITY OF THE COLLEGE AS AN INSTITUTION OF HIGHER EDUCATION

The decision to codify an ESG investment policy was also rooted in Hampshire's mission as an institution of higher education. While this policy is fiscally responsible, it also aligns well with the college's overall mission to educate students and provide them with tools to thoughtfully and effectively contribute to society, with the highest set of principles possible. Colleges and universities play a unique role in being thought leaders and making impactful decisions that affect the future. Leading by example is not only consistent with the college's mission, but provides a strong message of learning for its students.

President Jonathan Lash emphasizes this, stating that the college has the responsibility to "teach by what we do as well as what we say," adding that "our educational mission and responsibility to the future offer compelling reasons to invest in accord with our values."¹³ Enhancing the college's sustainability on campus through structural, operational, financial and cultural changes are necessary, and investing responsibly is a crucial part of a comprehensive sustainability initiative. In doing so, Hampshire not only affirms its stated values, but also actively demonstrates the viability of this kind of investment approach and a long-term commitment to a more sustainable future.

STUDENT ACTION

In addition to the college's proactive initiatives, student activism spurred the evolution of the policy's implementation. In 2009, students spoke against potential endowment holdings linked

"There are many important considerations in managing endowments. Increasingly, investors are coming to see climate change, human rights abuses, and other social and environmental challenges as material investment risks. Regardless of how endowments ultimately decide to address these risks, all should be intentional in considering them and fostering educational dialogues on campus about them."

JONATHAN LASH
PRESIDENT, HAMPSHIRE COLLEGE

to the Israeli-Palestine conflict. At the time, the endowment was guided by Socially Responsible Guidelines, which were a bit ambiguous and last updated in 1994. On the advice of their investment consultant, Prime Buchholz, Hampshire engaged KLD to assist them in what became a multi-stakeholder process to update the college's investment policy. The members of the Investment Committee, the Board of Trustees, representatives from CHOIR¹⁴ and Prime Buchholz engaged in a multi-month process to revise both the Investment Policy Statement and the Socially Responsible Guidelines. The outcome of that effort was the corpus of the 2011 Investment Policy Statement and Environmental Social and Governance Policy that the college utilizes today.

Students further encouraged Hampshire's Board to re-evaluate the college's investment policy and its implementation. In 2014 and 2015, the student group, Decolonize Media Collective (DMC), raised concerns that private prisons were not explicitly called out as a disfavored industry.

In response, the Investment Committee and the college's investment advisor met with students about their concerns. At the meetings, there was a constructive exchange of information. The students explained their perspectives on the misalignment of incentives in the private prison industry; the Committee, administration, and investment advisor helped the students understand the investments within and management of the endowment portfolio, and that the policy was working as it should.

An analysis of the endowment portfolio showed that there was no exposure to companies that developed or managed private prisons in the endowment. However, in reviewing the policy, the Board unanimously voted to modify the investment policy to remove all industries from the body of the policy, making it

more principle based, and added three disfavored industries to a list supplementing the policy. Additionally, the Board agreed that a quarterly report that includes the investment managers and securities that make up the endowment portfolio would be published to the Hampshire community.¹⁵ Prime Buchholz now regularly provides Hampshire with this exposure analysis to ensure alignment with the policy, as part of the Board's commitment to transparency.

V. Taking Direct Action

Hampshire's fiscal interests in sustainability, ethical principles, and student action prompted the Board to take direct action with the 2011 update of the investment policy. The policy favors positive screening and active selection of investments aligned with Hampshire's values and goals.

1. ESG INVESTING

Hampshire uses a positive screening strategy for its investments instead of a negative screen or divestment approach. The policy highlights principles about the kinds of favored businesses that the college would seek to invest in. These favored companies and managers that align with the following criteria:

- Providing beneficial goods and services such as food, clothing, housing, health, education, transportation, and energy
- Pursuing research and development programs that hold promise for new products of social benefit and for increased employment prospects
- Maintaining fair labor practices including exemplary management policies in such areas as non-discriminatory hiring and promotion, worker participation and education, and in policies affecting their quality of work life
- Maintaining a safe and healthy work environment including full disclosure to workers of potential work hazards
- Demonstrating innovation in relation to environmental protection, especially with respect to policies, organizational structures, and/or product development; giving evidence of superior performance with respect to waste utilization, pollution control, and efforts to mitigate climate change risk
- Using their power to enhance the quality of life for the underserved segments of our society and encourage local community reinvestment
- Having a record of sustained support for higher education

Instead of negative screens, the Board instead identified characteristics of businesses it would not favor, such as industries:

- Having significant operations in countries with human rights violations
- Engaging in unfair labor practices
- Practicing oppression or discrimination based on race, gender, identity, ethnic origin, sexual orientation, or disability, or promote or profit therefrom
- Demonstrating substantially harmful environmental practices
- Marketing abroad products that are banned in the United States because of their impact on health or the environment
- Having markedly inferior occupational health and safety records
- Manufacturing or marketing products that in normal use are unsafe
- Refusing to make their performance records concerning above guidelines available upon reasonable request

As a small endowment, the majority of Hampshire's monies are invested in commingled funds and with investment managers who are aligned with the policy.¹⁶ As a result, most investment decisions are made at the manager level, and not in individual issues or securities. This policy enables the Board to invest in funds that align with the college's clearly stated mission.

2. INVESTMENT MANAGERS

Investing through managers creates a degree of attenuation, which the Board and Investment Committee constantly monitor to ensure alignment. As fiduciaries, the Board has control over its investment decisions and managers, and the policy states that these managers must be aligned with Hampshire's ESG principles. While the college does not have direct oversight of its holdings in commingled funds, the Board and Investment Committee works with investment managers who closely embody Hampshire's ESG values and iteratively assesses the college's holdings to confirm alignment.

3. PRINCIPLES FOR THE DELEGATION OF PROXY VOTING

Similarly, while investment managers must be aligned with the college's ESG mission, the investment policy also delineates guidelines for proxy voting. The college requests that its

investment managers vote in accordance with Hampshire’s principles and stated interests:

- The votes will normally be cast for the election of qualified persons who bring to their board independence, greater diversity of background, and concern for the public interest.
- Where a finding has been made that certain of a company’s activities have caused some ESG injury (noted above, “characteristics not favored”), the votes will normally be cast for a proposition which seeks to eliminate or reduce the injury, and against a proposition which seeks to prevent such elimination or reduction.
- The votes will normally be cast for disclosure of a company’s policies and practices in areas of public interest, to the extent that such disclosures do not cause a company competitive disadvantage.

Additionally, a number of Hampshire’s fund managers engage the companies in their funds around environmental, social and governance issues more directly, either through face to face meetings with company management or through shareholder letters or proposals.

4. LIST OF EXAMPLES OF INDUSTRIES NOT FAVORED ¹⁷

This list was developed as a way to provide examples of disfavored industries and to deepen the understanding of guiding principles and thereby improve execution of the policy. Although the college did not have any holdings in private prisons, the Board removed the one industry that had been in the investment policy (armament manufacturers), and added a

list that supplemented the policy as a way to provide additional guidance, and to improve the policy itself by making it entirely principle driven. This list was published in 2015, and includes:

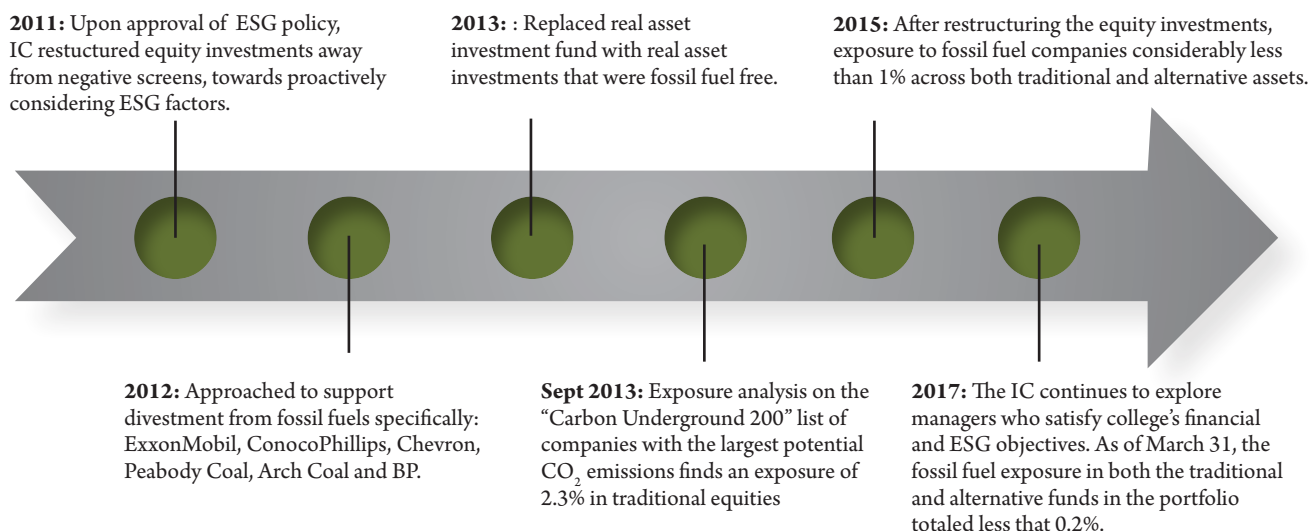
- Fossil fuel/carbon producers and related businesses
- The weapons and firearms industry
- Private prison industry and related businesses

VI. Implementation of the Policy: How Has the Portfolio Changed?

Following the approval of the ESG Policy in 2011, Hampshire’s investment advisor recommended, and the Investment Committee subsequently approved, a restructuring of the college’s equity investments away from an approach focused on negative screens toward an approach that proactively considered the ESG factors set out in the investment policy.

In 2012, having been approached by students to support divestment from fossil fuels, President Jonathan Lash asked the Board to review the college’s portfolio and assess its holdings. Initially, based on the advice of their consultant, the Board focused on the carbon polluters that author, professor, and climate activist Bill McKibben indicated were the most egregious: ExxonMobil, ConocoPhillips, Chevron, Peabody Coal, Arch Coal and BP. The analysis found that the only exposure to these companies in the portfolio was through a real asset investment fund. In early 2013, after some analysis

Figure 1: Timeline of Hampshire College’s Recent ESG Investing Milestones



and debate on the impact of removing natural resource stocks from the real asset allocation, the college exited that investment and replaced it with other real asset investments that had no exposure to fossil fuel stocks.

The Investment Committee, along with their consultant, continued to explore what it meant to divest from fossil fuels over the next six months, and ultimately decided to use the “Carbon Underground 200” list, promoted by 350.org, consisting of companies with the largest potential CO2 emissions based on fossil fuel reserves. Prime Buchholz provided an analysis of their traditional assets (equities and fixed income) to this list in September of 2013. This analysis revealed an exposure of 2.3% in the equity portion of the portfolio (as compared to the S&P 500’s 7.7%). The college’s fixed income investments at the time were entirely invested in sovereign debt. Over the next two years, the college modified or replaced the equity funds that held companies on the 350.org list, with the result that in 2015 the exposure was considerably less than 1% across both traditional and alternative assets.

The Investment Committee continues to explore managers who invest through ESG lens, investing in managers that satisfy both the college’s financial objectives and its ESG objectives. Those investments include managers who invest in companies

that provide solutions to today’s environmental and social challenges. As of March 31, 2017, the fossil fuel exposure in both the traditional and alternative funds in the portfolio totaled less than 0.2%.

VII. Challenges and Opportunities

When implementing the policy, Hampshire College faced many of the same challenges their peers may encounter when aligning the endowment’s investments with the school’s mission:

- Concerns from some of the community about investment performance and risk
- Limited universe of institutional quality investment vehicles with strong ESG experience across asset classes
- Size of endowment limiting ability to access certain private investments and actively managed separate accounts
- Additional time to educate the college community (e.g., students and Board) on ever-evolving ESG issues
- Transparency of endowment holdings at the level of individual securities
- Concerns about resistance from alumni

Table 1: Breakdown of Hampshire College ESG Investments*

	% OF PORTFOLIO	PERFORMANCE RELATIVE TO BENCHMARK				BENCHMARK	INVESTMENT MINIMUM	FEES
		SINCE HAMPSHIRE COLLEGE'S INITIAL INVESTMENT	DATE OF INITIAL INVESTMENT	SINCE FUND'S INCEPTION (ANNUALIZED)	FUND INCEPTION DATE			
Generation IM Global Equity Fund	23%	6.3%	Oct-12	6.9%	Apr-05	MSCI World	\$3 million	1%
Boston Common Intl Sustainable Climate Fund	11.8%	(1.6)%	Oct-16	0.8%	Dec-13	MSCI AC World ex USA	\$2 million	0.95%
Parametric SRI Large Cap Core Index Account	8%	(0.6)%	Jun-09	NA	NA	Russell 1000 Index	\$500,000	0.45%
Highclere Emerging Markets SMID Fund	6.6%	1.4%	Jan-15	1.4%	Jan-14	S&P Emerging Markets \$2-10 Billion	\$2 million	1.25%
Alternative Investments Sustainability	3.3%	3.7 %	Nov-15	0.8%	Jul-15	HFRI FOF: Diversified Index	\$1 million	0.6% + underlying manager fees
Parnassus Core Equity Fund	3.1%	(3.8)%	Jun-16	1%	Aug-92	S&P 500 Index	\$1 million	0.67%
Pax World Global Env Mkts Instl Fund	3%	N/A	Jul-17	1.3%	Mar-08	MSCI AC World Index	\$250,000	0.98%
Walden Small Cap Innovations Fund	2.5%	(2.2)%	Aug-12	(2.2)%	Oct-08	Russell 2000 Index	\$100,000	1%
TOTAL FUND	61.3%							0.91%

*Data as of June 30, 2017. All performance is net of fees and performance for periods greater than one year is annualized.

With every challenge comes opportunity. The efforts to develop an asset allocation policy and an implementation plan that married ESG investments with good investment sense led to conversations within the Investment Committee and between Investment Committee members, the consultant, the Board, and students. All of these discussions led to a better understanding of the investments in the portfolio, the investment philosophy that guided the construction of the portfolio, and for the involved students, how investment decisions are made.

The endowment's performance results thus far have been strong. The restructuring of the portfolio to follow the ESG guidelines began in early 2012. In the 5-year period ending June 30, 2017, the portfolio's annualized return exceeded its Policy Index, as well as a 70/30 Global stock/bond benchmark and spending plus inflation (as measured by CPI). The portfolio experienced volatility that was slightly higher than its policy index and about 70% of the volatility of the MSCI ACWI Index, a global equity index.

Limits to ESG options in each asset class have led to a cautious approach to restructuring the investments in some asset classes. It has been important to the college to make asset allocation decisions separate from the quality of investible ESG managers in any particular asset class and to gradually add ESG managers to each asset class as institutional investment quality options become available. For example, the global public equity portfolio was restructured soon after the guidelines were approved, but a dedicated emerging markets manager who actively considered ESG factors came into place later, replacing an emerging markets

manager who provided social screens but did not integrate ESG into its investment strategy.

The imprudence of making private investments given the endowment's size (along with the limitations in the universe) continues to hamper the ability of the college to make investments in environmental and social solutions, but Hampshire has made recent investments in public equity managers who invest in companies with significant revenues coming from products and services that provide solutions to the world's environmental challenges.

The Trustees of the College believe that transparency is a key ingredient of good governance. Accordingly, they have sought to provide transparency on the individual securities held in the endowment to the college community on a regular basis. The issue of security level transparency has been less of a challenge for Hampshire College than it is for some colleges and universities. Its consultant provides a report of equity and fixed-income holdings at an aggregate level on a quarterly basis for approximately 80% of the portfolio. Transparency from the hedge fund managers remains a challenge, but it is improving. The consultant historically requested a report from hedge fund managers of disfavored companies and provided that to the college, but complete transparency from the hedge fund managers remains a work in progress.

Finally, it has been Hampshire's experience that this approach to the endowment has offered marketing opportunities both to socially conscious students and alumni concerned with issues regarding sustainability.

Table 2: Hampshire College Endowment Performance as of 6/30/17

HAMPSHIRE COLLEGE ENDOWMENT PERFORMANCE (AS OF 6/30/2017)	
	5 YEAR ANNUALIZED PERFORMANCE (%)
Total Managed Fund	8.0%
Policy Index	6.8%
CPI + 4.5%	5.9%
70% MCSI ACWI/30% Barclays Global Agg	7.6%

VIII. Iterative Improvements

Hampshire is a leader in sustainability and has paved the way for other college endowments to invest in terms of ESG criteria. Hampshire actively demonstrates that sustainable investing does not have to come at the cost of financial returns.

As the practice of ESG investing becomes more widespread in the asset management industry, Hampshire will continue to integrate ESG factors more fully into its real assets, hedge fund and fixed-income portfolios. Currently, those segments of the endowment portfolio are aligned with the “do no harm” part of the ESG guidelines, but not all investments in those portfolios actively consider ESG factors. This is an area that Hampshire is committed to raising the bar on itself over time.

The college has also expressed an interest, as part of its educational mission, in involving its students in active engagement of companies or managers in the portfolio through joining shareholder letters on sign-on campaigns. This may be explored in the future either through:

- A student led investment portfolio
- A course focused in this area
- The Committee at Hampshire On Investment Responsibility (CHOIR)

Hampshire will continue to pursue progress toward full portfolio transparency, which like the evolving approach to the endowment is an ongoing effort through which the college seeks to continuously improve its performance, both financially and operationally.

Table 3: Summary of Challenges and Opportunities Related to Implementing Hampshire College’s ESG Investment Policy

CHALLENGES / CONCERNS:	OPPORTUNITIES / RESULTS:
<ul style="list-style-type: none"> • Strong investment performance since re-aligning portfolio • Limited universe of institutional quality investment vehicles with strong ESG experience across asset classes • Size of endowment limiting ability to access certain private investments and actively managed separate accounts • Additional time to educate the college community (e.g., students and Board) on ever-evolving ESG issues • Transparency of endowment holdings at the level of individual securities • Concerns about resistance from alumni 	<ul style="list-style-type: none"> • Attributed to strong investment performance • Allows for continued and measured approach in monitoring investments and their results in both financial and ESG performance • Encouraged greater transparency and thereby stronger governance practices in managing the endowment • Facilitated greater dialogue among key stakeholders, including students, staff, consultant and the Board

Conclusion

Making the decision to align an institution of higher education’s investments with its mission is a deeply important one, and one that strengthens the institution’s standing in thought leadership and aligns its actions with that mission. For Hampshire College, adding ESG considerations into its endowment construction has proven to be a success from a financial perspective, and has led the college to conclude that this kind of alignment is intellectually, financially and morally compelling.

Once that decision is made, there are a number of challenges and issues to consider and address. These require thought and engagement, and often involve decisions that are nuanced, and which raise further questions. At the same time, this process can be quite rewarding for the institution’s constituencies, all while providing compelling, risk adjusted returns to the endowment.

Footnotes

¹Hampshire College, *Hampshire at a Glance*, 2017 <https://www.hampshire.edu/discover-hampshire/hampshire-at-a-glance>

²More information the Living Building Challenge can be found at: <https://living-future.org/lbc/>

³Hampshire College, *R.W. Kern Center*, 2017 <https://www.hampshire.edu/discover-hampshire/rw-kern-center>

⁴Hampshire College, *Climate Action Plan*, 2012 <https://www.hampshire.edu/sustainable/climate-action-plan>

⁵Laurie Loisel, *At Hampshire College, sustainability efforts reach new level*, February 20, 2016 <https://www.bostonglobe.com/metro/2016/02/20/hampshire-college-sustainability-efforts-reach-new-level/GZNOj27sHcdGxhWAia9fCJ/story.html>

⁶Hampshire College, *Cultural Transition*, 2017 <https://www.hampshire.edu/sustainable/cultural-transition>

⁷Doug Tooley, *Hampshire College Report on Socially Responsible Investing*, 1983

⁸Tooley, 1983

⁹Tim Shary, *A History of Student Activities 1978-1982*, <https://www.hampshire.edu/library/a-history-of-student-activities-1978-1982>

¹⁰David Dinerman, *Statement on Investment Policy and Fossil Fuel and Private Prison Industries*, 19 April 2016 <https://www.hampshire.edu/news/2016/04/19/statement-on-investment-policy-and-fossil-fuel-and-private-prison-industries>

¹¹IEN, *77 Founding Members Launch the Intentional Endowments Network to Support Growing Interest in ESG Investing*, 14 March 2016 http://www.intentionalendowments.org/ien_founding_members_launch

¹²Jonathan Lash, *How Hampshire Invests*, 26 April 2015 http://www.intentionalendowments.org/how_hampshire_invests_blog

¹³Lash, 2015

¹⁴CHOIR is the Committee at Hampshire On Investment Responsibility, and is the Hampshire community body for providing input to the Board's investment committee on issues of concern to the Hampshire community.

¹⁵The published quarterly reports specifically detail alignment with Hampshire's ESG investing policies, guidelines for investment managers, principles for the delegation of proxy voting, and examples of disfavored industries, and offer the Hampshire community an opportunity to assess this alignment, weigh in with the Board and Investment Committee armed with facts about the endowment and offer an opportunity to use the endowment as part of the college's educational mission.

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¹⁷This list is intended to evolve with time, as issues arise, to add color to the policy, while avoiding making the policy a list reflecting the latest concerns expressed on campus.

¹⁸350.org is a non-profit advocacy organization promoting fossil fuel divestment, calling for investors to commit to divesting from the 200 largest fossil fuel companies within five years; the "Carbon Underground 200" list is maintained by Fossil Free Indexes: <http://fossilfreeindexes.com/research/the-carbon-underground/>

¹⁹A custom benchmark consisting of a number of indices, which are weighted based on the asset allocation targets within Hampshire College's investment policy. The index measures the return of the asset allocation strategy if it were implemented using passive portfolios.

²⁰70% MSCI ACWI Index/30% Barclays Global Aggregate Index

²¹As an example, Hampshire has an investment in a hedge fund of funds, which incorporates ESG considerations into its investment decisions.

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