

RESPONSIBLE INVESTMENT POLICY
WARREN WILSON COLLEGE ENDOWMENT FUND

OCTOBER 8, 2015

I. Statement of Responsible Investment Beliefs

The Investment Committee (IC) believes it has a responsibility to manage the endowment fund's assets and underlying investments in a manner consistent with the values, culture, and mission of Warren Wilson College. As such, the Investment Committee feels the need and importance to specifically highlight and illustrate within the endowment fund's Investment Policy certain guiding principles and investment guidelines reflecting its responsible investing philosophy.

II. Responsible Investing Philosophy

The Investment Committee intends the integration of environmental, social, and corporate governance (ESG) considerations into investment management strategies, processes and practices in the belief that these factors can benefit the endowment fund's performance, and provide a qualitative impact consistent with the values, culture and mission of Warren Wilson College.

III. Guiding Principles

We will incorporate ESG criteria in the endowment fund's investment analysis and decision-making processes, particularly emphasizing profitable investments with positive social and environmental impacts aligned with the priorities and values of Warren Wilson College.

- A. We will utilize positive screening as a way to proactively benefit the endowment fund's performance.
- B. We will utilize negative screening to limit the endowment fund's involvement in those ESG issues which are antithetical to Warren Wilson College's values, mission, and culture.
- C. We will seek appropriate disclosure on ESG issues by the investment managers and funds in which we invest.
- D. We will work to continually enhance our effectiveness in implementing our responsible investment philosophy and practices.
- E. We will report on the endowment fund's responsible investing activities and progress towards implementing its principles; and provide the necessary disclosures associated with our responsible investing efforts.
- F. Transparency supports adherence to institutional policies and allows for increased stakeholder awareness of endowment fund activities. When institutional investors consider environmental, social and governance criteria, transparency about these processes increases their effects on social and environmental outcomes.

IV. Responsible Investment Guidelines

- A. The IC's goals and intentions are to work towards implementing its Responsible Investing Policy across the entire endowment fund and across asset classes over time. Under the guidance of the endowment fund's Investment Consultant, a strategic approach will be undertaken selecting investment managers opportunistically in asset classes consistent with the endowment fund's overall Investment Policy.
- B. The IC's Responsible Investment Guidelines shall apply only to investments in which the endowment fund's assets are invested in separately managed accounts and which the IC can exercise control of the investment guidelines.
- C. With commingled funds and limited partnerships, the IC cannot exercise control of the investment guidelines because the investment manager or general partner is required to treat all investors and partners under the same set of investment policies. However, the Investment Consultant will strive to include managers or partnerships whose commingled funds or partnerships are invested under responsible investment guidelines as similar as possible to, and consistent with, the IC's Responsible Investment Policy. Further, the IC and the Investment Consultant will seek to utilize a diverse group of investment managers including minority- and women-owned investment management firms.
- D. Responsible investing risk-factors and investment strategies shall span the following assets classes:
 1. Fixed income - community development investing, government debt, and certain corporate debt ("green bonds");
 2. Public Equities - positive or negative screening, ESG integration, and active ownership;
 3. Private Equities - product-focused investments, process-focused investments, economically-targeted investments;
 4. Real Estate - product focused investments, environmental, green and sustainable investments;

Although it reserves subjectivity in its assessment of the endowment fund's investment managers and underlying investments, the IC and the Investment Consultant expects minimum environmental, social and governance standards, as recognized in the industry by the Principles for Responsible Investment (PRI), will be adhered to by the underlying investment managers the Investment Consultant selects to manage portions of the endowment fund. The Investment Consultant will advise the Investment Committee of new responsible investing products that investment managers develop, which may be relevant for the endowment fund

V. Responsible Investment Strategies to be Employed

- A. Positive Screens:** Investment managers who are investing in companies involved in the industries and promotion of renewable energy, organic food, local food, sustainable agriculture, community development, diversity, and generally, invest in companies and investments that demonstrate commitment to:
1. environmental sustainability, including reducing greenhouse gas emissions and sustainable forestry;
 2. community / economic development and/or investment, particularly in communities with minority or low-income residents;
 3. social diversity in hiring, executives and boards with respect to race, ethnicity, gender, sexual orientation;
 4. transparency and accountability in corporate governance.
- B. Negative Screens:** To the extent possible while protecting the endowment fund from excessive costs and maintaining adequate diversification, investments in companies involved in the production and distribution of oil, gas, and other fossil fuel sources will be avoided.
- C. Monitoring separately managed investments.** The IC and its Investment Consultant will monitor the endowment fund's investment managers and the underlying investments in the portfolio on an annual basis.
- D. Shareholder advocacy.** In cases in which there are concerns about issues of corporate responsibility, then the IC, acting on its own behalf or in concert with other investors, may engage corporations to change that behavior. An example of such engagement is the sponsoring of shareholder resolutions. The IC may participate with external organizations designed to advocate issues of corporate responsibility.

An ESG advisory committee established by the Investment Committee, and comprising students, faculty, staff and administrators, will assist the Investment Committee on issues relating to the endowment fund's Responsible Investing Policy.

VI. Reporting

On an annual basis, the IC and its Investment Consultant will provide a report illustrating the Responsible Investment Activities of the endowment fund's portfolio. The underlying separate account or all investment managers will be requested to provide information related to ESG characteristics for the underlying investments. Each investment manager will be asked to communicate openly about its implementation of environmental, social and governance criteria. The report will be made available to the Warren Wilson College Board of Trustees and the Administration. At the discretion of the WWC IC, Board of Trustees and Administration the report may be made public under the terms of the aforementioned endowment fund stakeholders.

VII. Reviewing the Responsible Investment Policy

On an annual basis, the IC will review the Responsible Investment Policy to measure the effectiveness of the endowment fund with the use of selective performance indicators. Specifically, the assessment will seek to determine: how well it is working; what progress towards goals have been made; how is the implementation working; what issues are we facing and need to address; what adjustments or revisions, if any, need to be made; has anything changed that requires the IC to make changes to the policy; are there new approaches to responsible investing that could be considered; are the policies consistent with the values, mission and culture of WWC.

VIII. Credits

Document contains narrative and information obtained from third party sources including, but not limited to, UN's PRI - Principles for Responsible Investment, Earlham College, and Harvard University.