Investment Committee **Whitman College**
November 2019

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2019 Divestment Update

In November 2018 the Whitman College Board of Trustees approved steps to begin divesting the College's endowment from fossil fuels. The Board of Trustees defined this exposure through the Carbon Underground 200, an index of the top 200 publicly–traded fossil fuel reserve holders globally. This report provides an update of the actions made by the Investment Committee since that commitment towards divestment.

At the time of that decision, the College's endowment had an approximate 0.92% exposure to those fossil fuel companies. As of 6/30/2019 this exposure has dropped to 0.51%.

	6/30/2018 Carbon 200 Fossil Fuel Exposure	6/30/2019 Carbon 200 Fossil Fuel Exposure
Marketable Investment Managers	0.50%	0.30%
Non-Marketable Investment Managers	0.42%	0.21%
Total Portfolio Exposure*	0.92%	0.51%

*Approximately 15% of investment holdings in the portfolio are confidential and not disclosed by managers

The Investment Committee and College staff made the following actions after divestment was approved:

- The College made several new investments to investment managers that do not currently have or intend to have exposure to the Carbon Underground 200 companies. This included approximately $25 million in fossil-fuel free indices and committing $10M to a sustainability focused private equity fund.

- College staff notified all investment managers regardless of their exposure to fossil fuel companies of the College's new divestment policy. Although this does not preclude them from investing in these assets, it alerts them that doing so would require divestment action by the College.

- The Investment Committee reviewed quotes for selling to other investors the College's interests in non-marketable investments with fossil fuel exposure. Although the Board of Trustees did not commit to selling these assets before their investment terms end, the Investment Committee felt it prudent to evaluate it as a potential option. Based on these quotes the College would need to sell interests in these managers for a 15% discount. The Investment Committee felt this discount was too significant for these managers, but would review again at a later date. If the Committee does not sell these assets to another investor, they will gradually be cashed out based on the term of the fund (approximately 10 years).

- College staff contacted the marketable investment managers who held interests in the Carbon Underground 200 to discuss creating a fossil fuel free fund that would not have exposure to these assets. These managers were unwilling to create this separate fund as it would significantly complicate their investment processes. However, two of these managers subsequently sold their interest in these companies for investment related reasons and no longer have exposure.

Next Steps

The investment portfolio has one remaining marketable investment manager within the College's portfolio. The Investment Committee is currently working with College staff and the investment consultant to evaluate a suitable replacement.

The Investment Committee will continue to monitor the College's exposure to these Carbon Underground 200 companies and take appropriate steps towards divestment.