2023 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 (CU200), an index of the top 200 publicly–traded fossil fuel reserve holders globally. This list of companies is updated periodically to account for changes in companies and their underlying reserves and the College's exposure is updated to reflect these changes. This report provides an update of the actions made by the Investment Committee since that commitment towards divestment.

At the time of the decision to divest, the College's endowment had an approximate 0.92% exposure to those fossil fuel companies. As of 6/30/23 this percentage is down to approximately 0.57%, but increased compared to FY 2022. This increase was not due to any new investment in fossil fuel companies, but from a company merger within the college's non-marketable investment managers and an increase in the valuation of those companies.

	6/30/2018 CU200 Fossil Fuel Exposure	6/30/2019 CU200 Fossil Fuel Exposure	6/30/2020 CU200 Fossil Fuel Exposure	6/30/2021 CU200 Fossil Fuel Exposure	6/30/22 CU200 Fossil Fuel Exposures	6/30/23 CU200 Fossil Fuel Exposures
Marketable Investment Managers	0.50%	0.30%	0.26%	0.19%	0.13%	0.17%
Non-Marketable Investment Managers	0.42%	0.21%	0.09%	0.16%	0.20%	0.40%
Total Portfolio Exposure*	0.92%	0.51%	0.35%	0.35%	0.34%	0.57%

*Approximately 9% of investment holdings in the portfolio are confidential and not disclosed by managers

The Investment Committee and College staff made the following actions regarding divestment during FY 2023:

- 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.
- As was done in 2022, the College discussed with brokers selling the College's remaining 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. Significant discounts still exist in the secondary market for energy investments and the College would need to sell these interests for an approximate 50% discount as of the spring of 2023. This

discount is too significant to be viable, but the Investment Committee will continue to review this option. Regardless, no new investments in fossil fuel companies are being made by these funds. If the Committee does not sell these assets to another investor, they will gradually be cashed out based on the fund's terms. The last fund will be fully redeemed in approximately 5-6 years.

Next Steps

The portfolio currently has one marketable manager with exposure to the CU200. The Investment Committee reviewed and approved the full redemption of this manager at its October 2023 meeting. This redemption effectively reduces the College's exposure by 0.17% and brought total exposure down to 0.30% of the portfolio. The College will continue to monitor its portfolio holdings during the fiscal year.