Investment Committee **Whitman College**
November 2021

Peter Harvey, Chief Financial Officer
Justin Rodegerdts, Manager of Investments

2021 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 6/30/21 this percentage is down to approximately 0.35%, but flat compared to last year. However, following deliberations in FY 2021, in September 2021 the Investment Committee redeemed fully from a manager with CU200. Not including this manager in 6/30/21, exposure to CU200 would have dropped to 0.30%.

	6/30/2018 Carbon 200 Fossil Fuel Exposure	6/30/2019 Carbon 200 Fossil Fuel Exposure	6/30/2020 Carbon 200 Fossil Fuel Exposure	6/30/2021 Carbon 200 Fossil Fuel Exposure
Marketable Investment Managers	0.50%	0.30%	0.26%	0.19%
Non-Marketable Investment Managers	0.42%	0.21%	0.09%	0.16%
Total Portfolio Exposure*	0.92%	0.51%	0.35%	0.35%

*Approximately 10% 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 2021:

- The College made three new investments to investment managers that do not currently have or intend to have exposure to the Carbon Underground 200 companies. The investment committee previously committed to two funds with Generation Investment Management making active investments towards sustainable companies in 2014 and 2019. The 2019 fund is actively making investments in the space.

- As was done in 2020, the College reviewed quotes for selling to other investors the College's remaining interests in non-marketable investments with fossil fuel exposure in May 2021.

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. Unfortunately, the secondary market for energy investments remains soft and the College would need to sell these interests for an approximate 50% discount. This discount is too significant to be viable, but the Investment Committee will continue to review this option. If the Committee does not sell these assets to another investor, they will gradually be cashed out based on the term of the funds (approximately 5-10 years). The portfolio's exposure in non-marketable funds rose marginally in 2021 from 0.09% to 0.17%. This was not due to any new investments, but through an increase in the underlying value of those existing non-marketable investments.

- The Investment Committee deliberated during several meetings in FY 2021 on a replacement for Silchester, a marketable manager with exposure to the CU200. Although not reflected in the above 6/30/21 valuations, the committee made a full redemption from Silchester in September 2021.

Next Steps

The portfolio currently has one marketable manager with exposure to the CU200. The investment committee will review options for this manager during the fiscal year and continue to monitor the portfolio's holdings and take any appropriate further steps towards divestment.