Investment Committee **Whitman College**

November 2022

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

2022 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 6/30/22 this percentage is down to approximately 0.34%, but flat compared to last year.

	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	6/30/22 Carbon 200 Fossil Fuel Exposures
Marketable Investment Managers	0.50%	0.30%	0.26%	0.19%	0.13%
Non-Marketable Investment Managers	0.42%	0.21%	0.09%	0.16%	0.20%
Total Portfolio Exposure*	0.92%	0.51%	0.35%	0.35%	0.34%

*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 2022:

- 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.
- One of the last two remaining marketable investment managers with exposure to CU200 companies was fully redeemed in December 2021.
- As was done in 2021, the College reviewed quotes for selling to other investors the College's remaining interests in non-marketable investments with fossil fuel exposure in October 2022. 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 unattractive and the College would need to sell these interests for an approximate 40% 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 2022 from 0.16% to 0.20%. This was not due to any new investments, but through an increase in the underlying value of those existing non-marketable investments compared to the rest of the portfolio.

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.