

BOARD OF TRUSTEES
OF
BRYN MAWR
COLLEGE

August 2013

Dear Lina, Caroline, Eva, Lena, Betsy, Johanna, Karen, Lee, Sofia, and Jacinda,

On behalf of Bryn Mawr's Investment Policy Subcommittee, I want to thank you for meeting with us in the spring to discuss whether the College should immediately divest its investments in the publicly-traded companies that hold the majority of the world's proven coal, oil, and gas reserves and should divest from direct private investments that include fossil fuel public equities or fossil fuel reserves within five years.

We commend you on your preparation and professionalism and for sharpening our sense of responsibility in addressing global warming through our role as stewards of the College's endowment.

In its oversight of the College's endowment, the Investment Policy Subcommittee has two major responsibilities: to provide a return on the investments over time that supports at least a constant proportion of the College's operating budget, and to preserve the purchasing power of the endowment for future generations. The Investment Policy Subcommittee has been charged with these critical responsibilities to guarantee that the endowment will continue to generate significant resources which enable Bryn Mawr to fulfill its mission to provide its students a rigorous education and to encourage the pursuit of knowledge as preparation for life and work.

As fiduciaries of the College we are unable to recommend to the full Board this October the changes to the College's investment strategy that you have called for as they would significantly reduce investment returns and the capacity of the College to fulfill its primary educational mission. To divest of the College's direct private investments in oil and gas partnerships within the next five years would force the College to take, at minimum, an estimated \$10 million loss on these investments.

While divestment would hurt the College financially, we don't believe it would have any impact on the companies targeted by your proposal. The wealth of these companies is primarily generated by the sale of oil, gas, and coal and not by the sale of stock. In addition, we also believe that divestment will not accomplish the larger and central goal of reducing the use of fossil fuels. In fact, divesting from companies based solely on the amount of fossil fuel reserves they own ignores the extent to which they are investing in alternative energy sources and how environmentally friendly their practices are or could be in the future. If management and investor dialogue is progressive and constructive in nature, investors with a "seat at the table" have made and will continue to make a difference in corporate practices.

We do believe, however, that the College can do more as an environmentally conscious investor and that there are opportunities to include students in the investment process.

At the October Board meeting we will make the following recommendations:

1. The Committee on Investment Responsibility should continue to work actively with students who are concerned with global warming and other environmental issues to become activist investors by voting the College's proxies on sustainability issues and by participating in the investor process.
2. The College should continue to invest in alternative energy opportunities.
3. The College should provide regular opportunities for interested students to meet with our investment managers. (We have already arranged for you to meet with our U.S. equity portfolio manager and the manager of our largest private oil and gas holdings.)

We thank you again for the time and effort you have devoted to this issue. We assure you that we will continue to work closely with students as we move forward and look for ways to be both environmentally and financially responsible in our management of the College's endowment.

We also invite you, on behalf of the Board of Trustees, to take part in a meeting of the trustee liaisons to the undergraduate student body at the October Board meeting, when the discussion will focus on various ways in which the College can strengthen its sustainability practices. More details will be sent to you when they are available.

Sincerely yours,



Cheryl R. Holland '80
Investment Policy Subcommittee Chair