

**University of Maine System**  
**Managed Investment Pool, Operating Fund and Pension Fund**  
**Fossil Fuel Divestment Statement**

**May 23, 2022**

The University of Maine System (UMS) Board of Trustees recognizes the grave consequences of climate change, its impact on future generations and our responsibility to address these issues in all our policies. We are mindful of our many fiduciary responsibilities including assuring a sustainable, public University system that provides an affordable education while balancing our policies that address climate.

The UMS has led its peers in divesting in coal and adopting a strategy that applies environmental, social and governance (ESG) factors in investment decision making. This strategy has reduced the Managed Investment Pool's exposure to fossil fuels from 3.2% in 2016 to 1.8% in 2021.

The UMS has chosen an investment strategy that is cost effective to administer and which relies on multiple managers and funds that include many and ever-changing holdings in order to achieve diversification and portfolio risk and return objectives. The fund holdings are at the discretion of the manager, within their particular investment guidelines and may include some fossil fuel investments. While some investments are separate accounts which allow the UMS to provide some direction with regard to the holdings, most investments are commingled and mutual funds, where the UMS does not have the ability to exclude fossil fuel companies. Further, the market availability of funds that exclude fossil fuels has yet to mature. We do, however, have the ability to change managers and will consider alternatives as the market for fossil fuel free energy investments grows.

**On April 28, 2022, the UMS Investment Committee approved the following actions:**

To meet our commitment to address climate change and our portfolios' objectives, the UMS has set the following goals and action steps with the understanding that, at all times, the Board of Trustees acting through the Investment Committee will act in accordance with sound investment criteria and consistent with its fiduciary obligations:

Short-Term Actions: As of May 31, 2022, UMS will divest from direct fossil fuel investments.

1. Divest all direct equity and fixed income investments in fossil fuels by May 31, 2022.
2. To make no new direct investments in fossil fuels.

Long-Term Goals: Divest from actively managed commingled and mutual fund fossil fuel investments by 2030.

The Investment Committee will:

3. Monitor the actively managed commingled and mutual fund fossil fuel exposure and the growth of fossil fuel free alternative investment funds.
4. Assess investment managers with regard to their commitment to sustainable and fossil fuel free investments and, when prudent and appropriate, select managers with such strategies.
5. Select managers who best meet UMS risk, return, diversification, and fiduciary goals while being mindful of ESG and climate goals.

The Investment Guidelines and Objectives for the Managed Investment Pool, Operating Fund and Pension Plan were amended to include these short-term actions and long-term goals. In addition, the Investment Committee will annually provide the Board of Trustees a progress report on divestment from fossil fuels.