# Final Report

# The Investment Policy Disappearing Task Force

# February 26, 2025

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# Background

**Memorandum of Understanding and Charge.**

On April 30, 2024, The Evergreen State College and the Evergreen Gaza Solidarity Encampment came to an agreement, memorialized in the Memorandum of Understanding (Appendix A), to establish four committees. Among these was the Investment Policy Disappearing Task Force. Quoting from the Memorandum, President Carmichael charged the Task Force to propose:

> …revisions to investment policies, including new proposed language on socially responsible investments/divestments. The task force will develop a definition of socially responsible investing. The DTF will address divestment from companies that profit from gross human rights violations and/or the occupation of Palestinian territories.

The Task Force was charged (Appendix C) to include in its work plan:

1. Research
    a. Identify readings and other educational resources needed to become familiar with institutional investing and socially responsible investing.
    b. Gather information from college staff on current college and foundation investments and investment policies.
    c. Examine investment policies from other institutions.
2. Modeling
    a. To the extent possible, estimate the impact of proposed changes in investment policies on investment returns and scholarship budgets.
3. Consultation
    a. Before finalizing recommendations, seek input from members of the Evergreen community.
    b. Provide quarterly progress reports to the Geoduck Student Union, the Faculty Agenda Committee, and the Executive Leadership Team
4. Recommendations
    a. Deliver recommendations to the President by the end of Fall Quarter 2024. The President will respond in Winter Quarter 2025. The President's response will include a clear statement of the process for final decisions that would allow for implementation to begin in Spring 2025 and be completed by Spring 2026.

**Membership**

The DTF comprised three students, two faculty members, and four administrators. The students were selected by the Geoduck Student Union; the faculty members, by the Agenda Committee; the administrators, by the College President. Members of the DTF come from a variety of religious backgrounds, including Judaism and Islam, have had varied life and family experiences in war, and hold a variety of positions on issues relevant to the DTF's charge. All members of the DTF, however, share a commitment to fulfilling the DTF's charge through evidence-based reasonable discussion and collaboration, in the spirit of Evergreen's pedagogical and governance models.

**Work Process**

The DTF began meeting on July 1, 2024, and met biweekly through the summer and weekly through fall quarter and the month of January 2025. As part of our work, we gathered feedback from the community through an online comment link, a survey sent to all members of the Evergreen community, a set of small-group discussions at the faculty meeting, and a discussion with the members of the advancement division.

Members of the DTF conducted research through three subcommittees: Socially Responsible Investing, The College and The Foundation's Investment Profile, and Investment Policies at Other Institutions. The findings of each of these subcommittees are to be found in the three major sections of this report.

# Summary

The DTF reviewed the history and the current landscape of socially responsible investing, as well as the history and current state of campaigns for divestment and other means of addressing gross injustices through investing. Particular emphasis was placed on recent such campaigns, including that concerning the current conflict in Gaza that gave rise to the DTF. The DTF explored different approaches to divestment and socially responsible investing. Please see the section on "Socially Responsible Investing" for details.

The DTF also canvassed all College and Foundation investments, the differing restrictions on various funds, and the advantages and disadvantages of their present disposition. Please see the section on "College and Foundation Investment Profile" for details.

Also, the DTF reviewed investment policies at other institutions of higher education, attending particularly to other four-year institutions in the state of Washington but giving attention also to several other institutions, both public and private. Please see the section on "Survey of Investment Policies at Other Institutions of Higher Education" for details.

The DTF, after considering all of this work as well as the responses received through engaging with students, staff, and faculty through several outreach efforts, developed a set of seven recommendations. On three of these recommendations, the DTF came to a consensus position. On the remaining four recommendations, the DTF was unable to reach a consensus but there was a clear majority in favor. Therefore, we came to a majority position. Please see the introduction to the Recommendations section for further details.

# Evergreen's Investment Profile

The sub-committee's task taken from the DTF charge was to: Gather information from college staff on current college and foundation investments and investment policies

**College Investments**
The college has two distinct types of funds that can be invested, state funds and endowed funds consisting of private donations matched with state funds. Each fund type has different funding sources, policies, objectives, and investment strategies.

## State Funds

**Purpose of College State Funds**
The purpose of these funds is to support the mission of the college.

**Sources of State Funds**
State funds include all monies (except for endowed funds) received by the college. The college invested an average of $28 million of state funds throughout FY24. The list of state fund sources includes:

- State operating appropriations
- State capital appropriations
- Tuition
    - Auxiliary funds (housing, CRC, bookstore, parking, conference services)
- Miscellaneous fees
- Interest

**Investment Objectives for State Funds**
The College Investment Policy includes the following investment objectives for state funds:

1. The college's investment management priorities are safety, liquidity, yield and social responsibility and

2. The overall objective of the college's investment policy is to construct, from the investment options listed below (eligible investments), investments that are optimal and efficient.

**Investment Strategy for State Funds**

The College Investment Policy identifies eligible investments as only those securities and deposits authorized by statute (RCW 39.58, 39.59, 43.84.080 and 43.250). Eligible investments include:

- Obligations of the U.S. government;
- Obligations of U.S. government agencies, or of corporations wholly owned by the U.S. government;
- Obligations of government sponsored corporations which are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve;
- Banker's acceptances purchased on the secondary market rated A1 or P1 by Standard and Poor's Ratings Services and Moody's Investors Service;
- Commercial paper, provided that the college comply with policies and procedures of the State Investment Board regarding commercial paper (RCW 43.84.080(7));
- Certificates of deposit with financial institutions qualified by the Washington Public Deposit Protection Commission;
- Obligations of the state of Washington or its political sub-divisions.

To comply with the College Investment Policy and State law, the college invests its state funds with the Office of the State Treasurer's Local Government Investment Pool (LGIP). Investments made by the LGIP comply with applicable state law and with the College Investment Policy.

The LGIP policy can be found here: https://tre.wa.gov/sites/default/files/2023-10/LGIP-Investment-Policy-December-2018.pdf.

The College Investment Policy can be found here:

https://www.evergreen.edu/policies/collegeinvestment

## College Endowed Funds

**Purpose of College Endowment Funds**
The purpose of these funds is to provide scholarships and fellowships, mostly for faculty.

**Source of College Endowment Funds**
The college endowed funds were derived from private donations that were then matched by the state using state funds. The college had approximately $2.7 million of endowed funds at the end of FY24.

**Investment Objectives for College Endowments**
The College Endowment Investment and Spending Policy includes the following investment objectives for college endowment funds:

1. The overall objective of the college's investment policy is to construct investments that are optimal, efficient, and socially responsible.

2. The college's endowment investment objective is to provide reasonable assurance that the future growth of each endowment fund is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the fund.
3. The college strives to achieve intergenerational equity through enhancing the real (inflation adjusted) purchasing power of the endowments while providing a relatively predictable, stable and constant stream of earnings for current use.
4. The investment program has a long-term horizon and allocates assets accordingly. The assets will be managed on a total return basis, recognizing both yield (from dividends and interest) and market value change.
5. The average total return is expected to equal or exceed the average of appropriate capital market indices over rolling five-year periods.

**Investment Strategy for College Endowment Funds**
To meet the objectives of the policy, The College Endowment Investment and Spending Policy includes a portfolio composition with a targeted asset allocation reflecting the long-term risk and return objective of the portfolio. Within each asset class, the range between the minimum and maximum weight allows for tactical shifts among asset classes in response to the changing dynamics in the market.

**Strategic Asset Allocation**

| | Long-term Target | Policy Range |
|---|---|---|
| Equity Securities | 50% | 35%-65% |
| Fixed Income Securities | 30% | 20%-50% |
| Cash & Cash Equivalents | 20% | 5%-35% |

To meet the above objective, the college contracts with an investment management advisory firm to manage the investment of the college endowments. The College Endowment Investment and Spending Policy has been shared with advisors. Per Section H. Investment Managers/Advisors of the policy, the advisors will:

- Provide investment services and monthly reports of portfolio balances, activity, and performance to college management;
- Comply with the guidelines contained within this policy,
- Meet with the Committee on an as-needed basis.
- Maintain frequent and open communication with college management and staff on all significant matters pertaining to the endowment investments, including, but not limited to the following:

* Major changes in the Investment Manager's investment outlook, investment strategy, process, or portfolio structure;
* Significant changes in ownership in the Investment Management Company, its organizational structure, financial condition, or senior personnel;
* All pertinent issues which the Investment Manager deems to be of significant or material importance.

To ensure compliance with the policy, college staff meet annually with the investment managers to review performance, asset allocation, and other policy requirements.

The College Endowment Investment and Spending policy can be found here:
https://www.evergreen.edu/policies/collegeendowmentinvestmentandspending

## Foundation Investments

The foundation has three distinct types of funds, unrestricted funds, restricted funds, and endowed funds. Each fund type has different funding sources, policies, objectives, and investment strategies.

**Restricted Funds**

Restricted funds are derived from donations from the general public or through grants from private foundations and are restricted for a specific purpose or period of time. Examples include donations for reentry student support, KAOS, media internships, athletics, public service center donations, and gifts to scholarships. Most of these funds are either held in a foundation bank account or invested alongside the unrestricted funds discussed below.

**Unrestricted funds:**

Sources of Unrestricted Funds

Unrestricted funds are discretionary funds from private donations, earnings on non-endowed funds, earnings on board-designated endowments, the 5% gift assessment fee, and the 1% endowment management fee.

Purpose of Foundation Unrestricted Funds

Unrestricted funds are used to cover the foundation's operating costs, support fundraising and alumni expenses, provide scholarships, discretionary college funds, support college initiatives, etc.

Investment Objectives for Unrestricted Funds

The investment management objectives for non-endowed funds are safety, liquidity, return and making investments that are optimal or efficient.

Investment Strategy for Unrestricted Funds

To meet the objectives of the policy, The Foundation Investment and Spending policy includes the following general investment guidelines:

1. Non-endowed funds, except as needed for daily operations, will be placed in low risk short-term investments. The Finance and Investment Committee has the authority to invest those funds in:

a. FDIC insured banking accounts
b. bank certificates of deposits
c. short-term government bonds
d. U.S. Treasury and agency obligations
e. Local government bonds
f. marketable securities
g. Bond or equity mutual funds
h. Other low risk, short-term funds

2. Funds shall only be invested in vehicles that allow for a significant degree of liquidity should unexpected needs arise.

3. Staff shall provide periodic reviews of funds and make recommendations to the Finance and Investment Committee. Tracking shall appear in quarterly reports as appropriate and available.

4. All earnings from non-endowed investments shall accrue to the unrestricted reserve fund of the Foundation.

5. Direct investment in companies doing business in Sudan whose business activities support the Sudanese government in its continuing sponsorship of genocidal actions and human rights violations in Darfur is prohibited.

6. Direct investment in tobacco companies is prohibited.

Investment Advisor

To meet the above objective, the foundation contracts with an investment management advisory firm to manage the investment of its unrestricted funds.  A copy of the Foundation Investment and Spending Policy has been provided to the investment advisors.  To ensure compliance with the policy, foundation staff meet with the investment managers as needed to review performance, asset allocation, and other policy requirements.

**Foundation Endowment Funds**

Sources of Endowment Funds

The foundation endowed funds are derived from gifts and donations from private donors.

Purpose of Foundation Endowment Funds

The majority of endowed funds are dedicated to student aid. The purpose of these funds is to provide permanent funding for scholarships to students and support programs at Evergreen such as lecture series, the House of Welcome, media interns, and faculty development.

Investment Objectives for Endowment Funds

The Investment and Spending Policy includes the following investment objectives for unrestricted foundation funds:

- To provide permanent funding for endowed programs.  This objective addresses the need to ensure intergenerational equity by providing a consistent level of program support in the future
- To maintain the purchasing power of any endowments after spending and inflation.  The Objective of preserving purchasing power emphasizes the need to take a long-term perspective in formulating spending and investment policies.
- To provide a predictable and stable source of income for endowed programs.  This objective is achieved through the spending policy
- To provide a maximum level of return consistent with prudent risk levels.  This objective assumes the construction of a global equity-oriented, diversified portfolio coupled with active risk management.

Investment Strategy for Unrestricted Funds

To meet the objectives of the policy, The Foundation Investment and Spending policy includes the following investment guidelines:

1. The charitable purposes of the institution and the purposes of the institutional fund.

2. General economic conditions.

3. The possible effect of inflation or deflation.

4. The expected tax consequences, if any, of investment decisions or strategies.

5. The role that each investment or course of action plays within the overall investment portfolio of the fund.

6. The expected total return from income and the appreciation of investments.

7. Other resources of the institution.

8. The needs of the institution and the fund to make distributions and to preserve capital.

9. An asset's special relation or special value, if any, to the charitable purposes of the institution.

10. While fiscal goals are of central importance, due consideration will be given to the degree of corporate responsibility exercised by the companies in which direct investments are made.

11. Generally, funds donated to establish endowments, and their earnings accounts, will be placed in long-term investments with the Investment Manager(s) at the end of the quarter following receipt of sufficient funds to establish an endowment under the Foundation’s Endowment Policy.

12. Funds donated to The Evergreen State College Foundation intended for endowments will be placed in short-term investments until the Finance and Investment Committee determines the disposition of those funds based on prudent economic analysis.

13. Where donations are received for endowments that do not yet meet the minimum requirements for establishment of endowment under the Foundation’s endowment policy, funds shall be placed in short-term investments until those minimums are met. All earnings on funds intended for endowments shall accrue to the specific fund.

14. Direct investment in companies doing business in Sudan whose business activities support

the Sudanese government in its continuing sponsorship of genocidal actions and human rights violations in Darfur is prohibited.

15. Direct investment in tobacco companies is prohibited.

Investment Advisor

To meet the above objectives, the foundation has an agreement with the University o0f Washington to manage the foundation's endowments as a unit of the UW Combined Endowment Fund (UWCEF). As a requirement for participation in UWCEF, the foundation must follow the investment guidelines of the UWCEF, relinquishing control over how the money is invested. In exchange, the management fee charged by the UWCEF to manage the foundation assets is .018% or $33,000 for FY24. The low fee is largely a result of the UWCEF portfolio totaling over $5 billion in assets. In contrast, our research indicates that choosing a different investment manager, for example the one the college currently uses, would result in a fee between 1 and 2% or about $220,000 a year in fees.

The University of Washington's Combined Endowment Fund (UWCEF) overview can be found here:
https://finance.uw.edu/treasury/CEF.

The UWCEF investment policy and ESG guiding principles can be found here:
https://www.uwinco.uw.edu/policies/,

# Socially Responsible Investing

Evergreen's mission statement states that the College "supports and benefits from local and global commitment to social justice, diversity, environmental stewardship, and service in the public interest." These values can shape guiding principles for Socially Responsible Investing by the College and its Foundation, to consider environmental and social screens on their investments. Evergreen's ethical principles do not stop at the boundaries of the College or of the United States.

Socially Responsible Investing (SRI) is a broad term that encompasses a diverse range of principles and practices, but it can generally be described as an approach that seeks to integrate personal or organizational values and commitment to environmental and social goals in the investment process. Three primary principles of the modern SRI movement are screening, the integration of Environmental, Social, and Governance (ESG) factors into the investment process, and shareholder engagement.

SRI emerged in the 1970s in North America with the catalyst of the Vietnam War, as well as burgeoning environmental movements. Early investors, many of which were faith-based organizations, were looking for ways to avoid war profiteering in their portfolios. The first socially responsible mutual fund in the United States, the Pax World Balanced Fund, was created in 1971 as an option for investors who did not want to invest in the supply chains of the military chemical defoliant Agent Orange.

SRI investors "push the industry. They are not pulled. Over time, their stances have seldom been judged harshly in the eyes of history. Whether on slavery, Apartheid, tobacco, private prisons, conflict minerals, or coal, these early investors did not require quantitative validation before making their choices. The decision was a matter of principle and very much reflected the aspirational zeitgeist of the 1960s and 1970s" (Townsend 2020, 3).

## Defining SRI practices

**Negative screening** (also known as avoidance or exclusionary screening) is the practice of excluding particular industries and/or companies from one's investment portfolio based on a set of criteria. The practice allows socially responsible investors to build portfolios that behave like the broad market, but without investing in industries that do not align with the asset owner's values. Negative screening was the cornerstone of traditional SRI and remains an integral part of modern SRI; in 2018, negative screening was deployed across $19.8 trillion in assets globally (Global Sustainable Investment Alliance 2019). Some of the most common negative screens include weapons, fossil fuels, tobacco, alcohol, gambling, pornography, and nuclear energy (Townsend 2020).

Negative screening policies may fully exclude companies with any involvement in particular sectors, or they may be based on a materiality threshold. For example, a policy may allow for investment if a company earns less than 10 percent of its revenue from firearms sales, which would permit investment in some sporting goods companies but not firearms manufacturers. In addition to sectors, negative screening is also commonly used to exclude investment in companies that do business in particular regions (CFA Institute et al. 2023).

**Norms-based screening** is a subcategory of negative screening that excludes companies which fail to meet minimum standards of practice based on international norms. Globally recognized frameworks frequently used in norms-based screening include (but are not limited to) the International Bill of Human Rights, the UN Global Compact, the Kyoto Protocol, International Labour Organization standards, and the OECD Guidelines for Multinational Enterprises (CFA Institute et al. 2023).

**Positive screening** is the practice of prioritizing investment in (or limiting investment exclusively to) companies that meet certain desirable criteria. One common approach to positive screening is best-in-class screening, which prioritizes investment in companies that lead their industries in environmental, social, and/or governance practices. Another form of positive screening is thematic screening, where investors curate their portfolios around specific issues or movements, such as renewable energy or ecological regeneration (CFA Institute et al. 2023).

**ESG integration**, or simply "ESG," refers to the consideration and incorporation of environmental, social, and governance factors into the investment process. Utilizing both quantitative and qualitative metrics, ESG draws attention to factors that have been customarily overlooked in conventional investing, such as greenhouse gas emissions reduction, waste management improvement, labor practices, community relations, transparency and accountability reporting, and board composition. These are only a few examples of the many metrics used to analyze ESG risks and opportunities, built upon the idea of "what can be measured, can improve" (Townsend 2020, 7).

ESG originated in Europe in the mid-2000s and has gained significant traction worldwide over the last two decades. The "ESG ecosystem" now consists of a wide network of firms providing services relating to ESG integration. All major asset managers offer ESG products, and ESG assets under management globally surpassed $30 trillion in 2022 (Bloomberg Intelligence 2024). In the mainstream finance world, ESG integration as a strategy on its own has seen more widespread acceptance and integration than SRI, but ESG alone has major blind spots and is most effective when thought of as one tool within the broader SRI toolkit. This will be expanded upon in the "ESG & Human Rights" section.

**Shareholder engagement** (also known as corporate engagement or shareholder advocacy) includes a variety of tactics, but the main idea is to use one's leverage as a shareholder to try to influence corporate practices. This could involve proxy voting, engaging in dialogue with management, or filing shareholder resolutions.

## Fiduciary Duty and SRI

Two questions have been fiercely debated since the beginning of the SRI movement; are SRI practices (including ESG integration) legally compatible with fiduciary duty, and how does the financial performance of socially responsible portfolios measure up to non-socially responsible portfolios?

SRI and ESG integration are generally consistent with the legal obligations of fiduciary duty. Modern portfolio theory, which is the standard in the US, establishes that fiduciaries are not legally obligated to obtain the greatest possible returns on each investment. Rather, fiduciaries have a duty to implement an overall investment strategy that is rational and appropriate to the fund. While fiduciaries themselves are not permitted to make investment decisions solely in the interest of their own personal views, SRI and ESG considerations may be integrated to express the views of the beneficiaries of a fund on issues beyond financial return. Some degree of ESG integration may in fact be obligatory, as there is a credible body of evidence showing that ESG factors play a role in the proper analysis of an investment's value; not integrating ESG could therefore lead to investments being incorrectly valued (Freshfields Bruckhaus Deringer 2005).

As for the financial performance of ESG portfolios, a meta-analysis of 2,000 studies between 1970 and 2014 found that "the business case for ESG investing is empirically very well founded. Roughly 90% of studies find a nonnegative ESG–CFP (corporate financial performance) relation. More importantly, the large majority of studies reports positive findings" (Friede et al. 2015, 210). Blaine Townsend, the director of Bailard's Sustainable, Responsible, and Impact Investing Group, analyzes that "with modern investment and portfolio construction techniques, modern SRI portfolios can be constructed with very similar characteristics as their benchmarks, which should result in an expectation of similar risk and return behavior" (Townsend 2020, 12). The business case for ESG is bolstered by reports indicating that the intergenerational transfer of wealth between baby boomers and millennials (frequently estimated at $30 trillion over the next several decades) will lead to a greater demand for ESG investing, as millennial investors on average have a significantly higher interest in ESG than the overall average (Ruggie & Middleton 2018).

## ESG and Human Rights

ESG integration as an exclusive strategy, as it is commonly deployed in the mainstream financial world, is not sufficient to address issues of human rights and sovereign rights in investment. A comprehensive socially responsible investment strategy must integrate respect for the United Nations Guiding Principles on Business and Human Rights (UNGPs), a framework unanimously endorsed by the UN Human Rights Council in 2011 that outlines the duty of both states and corporations to protect human rights, and the critical importance of human rights due diligence in fulfilling that duty. In 2015, UN High Commissioner for Human Rights Zeid Ra'ad Al Hussein stated that the UNGPs are “the global authoritative standard, providing a blueprint for the steps all states and businesses should take to uphold human rights” (Al Hussein 2015).

As business actors, investors have a responsibility to respect human rights; while this responsibility is being increasingly recognized, a lack of clarity on the definition of human rights and their relevancy across ESG factors persists, according to the United Nations Working Group on Business and Human Rights (2021). This lack of clarity is exacerbated by the fragmented and inconsistent ways ESG frameworks are applied in investing, and in particular, poor conceptualization and handling of social factors.

One major issue with the “standard” ESG approach is its lack of standardization. In an industry with hundreds of different firms offering ESG data and advisory services, the indicators selected upon which to rank companies, how those indicators are measured and weighed relative to one another, and the (usually proprietary) algorithms used to determine company rankings vary wildly. From a social responsibility perspective, perhaps the biggest issue with ESG integration as it is commonly practiced today is its weakness on social factors. Environmental issues tend to be more readily quantifiable, and the governance category “has national standards on the basis of which overarching common elements can be constructed” (Ruggie & Middleton 2018, 5). Social indicators, on the other hand, are more likely to be “homemade” by different ESG rating agencies; the indicators used and the resulting ranking of companies on social issues are therefore the least consistent.

A 2017 New York University study that examined 12 leading measurement frameworks found several issues with the way social factors are defined and measured. The study defines social performance of companies to be “the operational effects of a company on the labor and other human rights of the people and communities it touches” (O’Connor & Labowitz 2017, 1). But only 8% of the over 1,700 social indicators examined measured the real-world *effects* of company practices, while 92% measured internal company *efforts* instead. The absence of standards defining social measurement “contributes to the proliferation of data that does not lead to clear conclusions about which companies are performing well, simply because there is no agreed-upon definition of what ‘good’ looks like” (25).

Practically all of the commonly used social indicators represent business and human rights issues; many common environmental indicators also have clear human rights impacts, such as water management and raw materials sourcing. Despite this, it is widespread practice to include “human rights” as its own separate indicator. This disconnect illustrates how issues that should be considered holistically are often siloed within the standard ESG approach. Furthermore, it suggests that “well established human rights standards that include many if not most of the elements the S covers are ignored or applied haphazardly” (Ruggie & Middleton 2018, 5). International human rights standards “can and should inform what analysts, data providers and raters should aim to measure, and what investors should care about, when it comes to the S—the ‘risk to people’ dimension— in ESG” (6).

The UNGPs and supporting resources have established a framework for the integration of a human rights approach into business activities, including investment. The human rights approach would go a long way in addressing the issues with the standard ESG approach. Human rights and business activities with the potential to adversely impact them are represented across many ESG indicators, but particularly in the social category; the handling of these factors could be strengthened, and inconsistencies could be resolved, by drawing upon internationally recognized human rights standards and processes. Much of the responsibility for enacting these changes falls upon financial institutions and ESG service providers (not to mention investee companies themselves). Asset owners, however, also have an incredibly important role to play as the holders of capital that can be leveraged to drive positive change in business and society more broadly.

One resource that lays out a roadmap for asset owners seeking to strengthen their commitment to human rights is the *Investor Toolkit on Human Rights* (Blackwell et al. 2020). This resource was created by the Investor Alliance for Human Rights (IAHR), an initiative of the Interfaith Center on Corporate Responsibility described as “a collective action platform for responsible investment that is grounded in respect for people’s fundamental rights,” (2). Rather than attempting to summarize the entire roadmap, we suggest reviewing the Executive Summary of the *Investor Toolkit on Human Rights*.

## Risks of Neglecting Social Responsibility

Exposure in an investment portfolio to companies with practices that undermine human and sovereign rights (or otherwise run counter to principles of social responsibility) carries a number of risks to the investor, including financial losses and reputational damage. First Peoples Worldwide, a partnership between faculty at the University of Colorado Law School and the Center for Ethics and Social Responsibility at Leeds School of Business, published a study in 2018 that quantified the material costs incurred by investors when companies failed to respect the rights of Indigenous peoples in the construction of the Dakota Access Pipeline; a total cost of at least $7.5 billion (Fredericks et al. 2018). Fossil fuel companies are responsible for major human rights abuses as well as degradation of the environment and our planet’s climate (Savaresi & McVey 2020). There is a large body of research demonstrating that fossil fuel companies are risky investments that are only getting riskier, with such companies facing threats of stranded assets, pricing volatility, advancements in renewable energy technologies, and policy initiatives to reduce carbon emissions (Moody's Investors Service 2017). A report published by the Center for International Environmental Law (2016, 1) states:

> The potential financial cost of physical impacts due to climate change, the inability to generate revenue from fossil fuel reserves already held or in development, the costs of transitioning to a low-carbon economy, and legal liabilities related to climate change must be taken seriously by investors.

Brishni Mukhopadhyay and Michael Zelouf of Western Asset note an "exponential increase in interest and awareness by [asset owners'] beneficiaries who are keen that their fiduciaries ensure portfolios incorporate sustainability considerations to 'do good as well as do well,'" (2022, 1). The Task Force conducted a survey in December 2024 to gauge the positions of Evergreen students, faculty, and staff on various issues pertaining to SRI and the work of the Task Force. The results show broad support for deeper integration of social responsibility into Evergreen's investment practices. 96.4% of respondents reported wanting the College and Foundation's investments to contribute to positive outcomes for society, and 88.9% of respondents reported wanting the College and Foundation's endowments to be invested in a socially responsible manner, even if it reduces their financial returns. 94.9% of respondents agreed that Evergreen should encourage investments guided by ESG policies, such as human rights, workplace diversity, clean energy, and ecological regeneration.

In our context at Evergreen, the reputational risks associated with exposure to companies undermining human rights are the most relevant and should warrant particular concern. The potential threat of negative publicity if Evergreen were to implement stronger SRI policies is genuine, but so too is the potential threat of negative publicity if Evergreen were to remain invested in companies responsible for or profiting from human and sovereign rights abuses.

Evergreen students care about these issues: Our survey found that 100% of student respondents (and 91.4% of all respondents) agreed that Evergreen should not invest in companies or financial institutions whose activities facilitate or profit from gross violations of human rights, occupation of foreign territory, degradation of the environment or climate, extreme violations of public health and safety or labor standards, discrimination based on ethnic, national, racial, religious, or sexual and gender identities, or violations of Indigenous self-determination. Prospective students attracted to our unique learning model and "local and global commitment to social justice" mission may notice if Evergreen's values are not aligning with its practices, as could donors who deeply value the social justice mission of the College.

The reputational risks should Evergreen not adopt stronger SRI policies are twofold: Prospective students attracted to Evergreen's social-justice mission may be less likely to attend if Evergreen's practices are misaligned with its expressed values, and donors with similar sentiments may be less likely to donate, or to donate as much as they might otherwise give.

## Why Divest?

The UN Guiding Principles (UNGPs) and the Organization for Economic Cooperation and Development (OECD) offer guidance on the appropriate steps to take as an entity invested in companies responsible for adverse human rights impacts. As summarized in the *Investor Toolkit on Human Rights* (Blackwell et al. 2020, 33):

> The UN Guiding Principles clarify that, in situations where an enterprise lacks the leverage to prevent or mitigate adverse impacts and is unable to increase its leverage, the enterprise should consider ending the relationship. The OECD elaborates on this point for investors by stating that, while divestment should in most cases be a last resort or reserved only for the most severe adverse impacts, divestment from a company may be an appropriate response after continuous failed attempts at mitigating the harm, where mitigation is unfeasible, or because of the severity of the adverse impact warrants it.

This returns us to the concept of shareholder engagement, wherein investors utilize their leverage to attempt to promote change in a company's practices. Most shareholder engagement comes from traditional asset managers and hedge funds. Advocacy groups and "activist investors" most commonly make use of shareholder proposals, particularly as an escalatory tactic when engaging in dialogue with management does not show results.

Unfortunately, there has been a major trend of declining support for environmental and social proposals over the last few years. An early review of the 2024 annual general meeting (AGM) season observed that only 1 out of 170 environmental proposals passed, and 0 out of 338 social proposals passed (Moote & Buthe 2024). Also in the 2024 AGM season, BlackRock (the world's largest asset manager) voted in favor of just 4.1% of shareholder proposals linked to environment and social issues. The company's June 2024 global voting spotlight stated, "In our assessment, the majority of these [proposals] were overreaching, lacked economic merit, or sought outcomes that were unlikely to promote long-term shareholder value," echoing the reasons it had given the previous year (BlackRock 2024). ShareAction, a nonprofit focused on advocating for responsible investment, called BlackRock's voting record "disappointing but not surprising," (PA Future 2024).

The scale of Evergreen's investments severely limits its ability to impact corporate practices through shareholder engagement, whether it be shareholder proposals or other engagement tactics. According to the guidance from the UNGPs and the OECD as described above, it would be appropriate for Evergreen to consider divestment from companies responsible for adverse human rights impacts as an alternative method of utilizing its leverage. Evergreen would not be alone in considering divestment from socially irresponsible companies; in the PricewaterhouseCoopers (PwC) 2021 Global Investor ESG Survey, 49% of investors surveyed expressed "willingness to divest from companies that aren't taking sufficient action on ESG issues."

In a 2021 addendum report to the UNGPs, the concept of responsible divestment is expanded upon to include going beyond sector- or operating context-based negative screening "to an approach that includes divestment decisions based on the assessment of corporate human rights performance, including progress over time, regardless of sector or operating context," (UN Working Group on Business and Human Rights 2021, 21). Also of note is guidance in the *Investor Toolkit on Human Rights* to issue a press release upon committing to or completing divestment; publicizing the decision and explaining why "impos[es] greater pressure on the company and creat[es] leverage for others who have not divested" (Blackwell et al. 2020, 33).

Given its mission to support "local and global commitment to social justice," the rich history of student activism, and the importance of honoring Rachel Corrie's legacy, Evergreen has the opportunity to develop a replicable model of SRI and responsible divestment to spur collective action amongst academic institutions. Taking decisive action to join the handful of colleges that have already divested from companies facilitating and profiting from the Israeli occupation could result in Evergreen becoming a leader, setting a strong standard of linking fiduciary duty to ethical and moral responsibilities for other schools to follow.

One institution divesting a small amount of money could be considered symbolic, but a wave of institutions divesting has real material impact. The most powerful precedent is the U.S. student divestment movement in 1977-94 that contributed to the South African people's victory over apartheid, and other divestment movements centered on human rights have followed in the 21st century.

## Precedent of divestment from South Africa apartheid.

The best-known college divestment movement was in the 1980s, against the apartheid (racial separation) policy instituted in 1948 by white minority-ruled South Africa. Anti-apartheid activism in the U.S. grew after the massacres in Sharpeville (1960) and Soweto (1976), leading to calls for corporations to sever ties with the South African military, sports and cultural boycotts, and calls for state portfolios to divest in apartheid's oppression of the Black majority.

In 1977, College students persuaded their Board of Trustees to divest $39,000 in stockholdings of companies that did business in South Africa (Rogin 2021).

At the time, U.S. corporations attempted to redefine the issue as the level of Black employment in their subsidiaries and followed the "Sullivan Principles" to reform apartheid. But their claims were roundly debunked as "corporate camouflage" (Schmidt 1980). Calls intensified for university divestment in corporations doing business in South Africa after the 1985 Uitenhage / Langa massacre and the apartheid state's creation of Bantustans (Black reservations or "homelands"). By 1988, 155 colleges had divested, and the global divestment movement was credited for speeding negotiations to end apartheid in 1990-94 (Rogin 2021).

At Evergreen, students organized the Evergreen Anti-Apartheid Alliance, which secured divestment in South African-linked banks and companies in 1984-85. The "Think Globally" program (taught by Llyn De Danaan) passed a September 1984 divestment resolution based on its "Report of the South African Investment Committee," stating that because South Africa "is the only country in the world which constitutionally separates its people solely on the basis of their color," and that Evergreen should divest "from banks which invest or have interest in doing business in South Africa," and that "improved conditions for workers…do not substitute for legislated rights of the individual" (Think Globally 1984).

Three weeks later, a proposed addition to the Board of Trustees objectives stated that besides the "maximation of return," the Board "also holds the responsibility for making decisions, as a shareholder, to encourage corporate responsibility" and "may solicit…information concerning corporate activities" (Board of Trustees 1984). The Investment Policy Study Group identified several "specific concerns," including "Is it appropriate for the Board to address this issue?", "Should the policy be limited to investments in South Africa, or should other countries be identified?", "Should the policy address direct or indirect financial involvement?", and "Should we consider agreement to the Sullivan Principles to be satisfactory for our investment purposes?" (Investment Policy Study Group 1984).

In January 1985, the Board of Trustees passed Resolution No. 1-85, which concluded that regardless of corporate internal policies, Evergreen "shall not invest its funds, and shall prudently divest its assets and funds, if any, in any company or financial institution having a direct involvement in the Union of South Africa" (Board of Trustees 1985). The Evergreen Anti-Apartheid Alliance, started by the student group EPIC, then focused attention on compliance to the resolution, including the college vehicles' use of Shell gasoline, and the campus contractor "SAGA Foods … owned by Marriott Hotels, which also does business in South Africa" (Cooper Point Journal 1986).

## Recent divestment campaigns for human and sovereign rights

In the 21st century, global divestment campaigns have targeted the policies of other countries engaged in egregious human rights violations, or the armed occupation of foreign territory. These campaigns shed light on the current campaign against the Israeli occupation of Palestinian territories, and their goals could also be folded into a larger Evergreen commitment to human and sovereign rights in our investment policy. This subsection examines these campaigns in a roughly chronological order.

**Burma (Myanmar) military junta atrocities.** A military junta took control of Burma in 1962 and renamed the country Myanmar in 1989. Rule by the Tatmadaw (military junta) has been marked by harsh crackdowns on dissent among the majority Bamar ethnic group (who are Buddhist), but especially the armed repression of rebellions among the numerous ethnic and religious minorities in the country's peripheral regions.

The country entered a period of democratic rule in 2012, under Bamar dissident leader Aung San Suu Kyi, but it was marked by military genocide against the Rohingya Muslim ethnic minority in 2016-17, resulting in one million refugees fleeing the country. The Tatmadaw re-detained Suu Kyi in a 2021 coup and has since killed thousands of civilians and rekindled the civil war. In 2022, U.N. Security Council Resolution 2669 condemned military violence and arbitrary detention in Myanmar, and the U.N. defines the country as a "human rights abyss" (Cumming-Bruce 2024).

The Free Burma Coalition was formed at the University of Wisconsin in 1995 and quickly grew into a national boycott campaign that successfully caused about 40 corporations to withdraw from the country, including PepsiCo and the oil giants ARCO, Unocal, and Texaco, which had buttressed the country's oil-export economy (Meyer & Thein 2014). After internal splits in 2003, the boycott and divestment strategies were taken on by the U.S. Campaign for Burma (USCB 2024). Numerous U.S. universities, including campus dining facilities, have divested from corporations buttressing the military junta (Dalnodar 1998; FBC 2001; CAUT Bulletin 2006).

**Sudan's genocide in Darfur.** Sudan came under the rule of General Omar Bashir after a 1989 coup, and he dominated subsequent military and civilian governments that repressed dissent among the majority Arab population and the country's large non-Arab regions, including South Sudan and the western region of Darfur. In 2003, a rebellion erupted in Darfur, and the military and the Janjaweed Arab militia began the following year to systematically raze villages, launching a mass campaign of murder, rape, and "ethnic cleansing" that the U.S. defined as "genocide." The Darfur genocide took at least 300,000 lives and was condemned in numerous United Nations resolutions, and in 2009 the International Criminal Court (ICC) issued an arrest warrant against President Bashir (ICC 2009).

In 2005-08, at least 61 colleges and universities divested from companies "helping to fund the genocide," and in 2010 TIAA-CREF sold $58 million of its holdings in four companies tied to the genocide (Investors Against Genocide 2018). The Student Anti-Genocide Coalition (STAND) led a national divestment movement, "lobbying universities and states to pull their investments out of companies directly or indirectly aiding the government to carry out the atrocities. Ultimately, 35 states, including California and Texas, divested from Sudan" (Warren 2024).

A 2019 coup by the military and the Rapid Support Forces (RSF) militia ousted President Bashir and handed him over to the ICC. A popular revolution (often led by women) then forced the military to share power with civilians. In 2023, civil war erupted between the military and the Russia/UAE-backed RSF (tied to the Janjaweed), causing massive destruction of the capital of Khartoum, restarting violent repression in Darfur, and renewing calls for divestment.

STAND leader Scott Warren offers two lessons for today's student divestment activists: "First, a targeted approach to divestment is crucial to any potential campaign victory" (to focus on the complicity of individual corporations in human rights abuses), and "secondly, divestment on its own, while potentially important, is ultimately an insufficient tool in materially changing the situation on the ground, especially without long-term, sustained activism and engagement" (Warren 2024).

**Chinese genocide of Uyghur Muslims in Xinjiang**. About 11 million Turkic-speaking Uyghur Muslims live in the Xinjiang region of northwestern China. Since 2017, supposedly in response to Islamist terrorist attacks within China, the Chinese government has been cracking down on Uyghur cultural and religious identity, imprisoning more than one million in "re-education camps," and "subjected those not detained to intense surveillance, religious restrictions, forced labor, and forced sterilizations. The U.S. determined that China's actions constitute genocide, while a U.N. report said they could amount to crimes against humanity" (Maizland 2022).

The accusations of genocide are notable in that they do not condemn China for seeking the physical extermination of Uyghurs, but for trying to eliminate their cultural and religious existence as a people. This policy fits the definition in the 1948 U.N. Genocide Convention, which requires an "intent to destroy, in whole or in part, a national, ethnical, racial or religious group." The re-education camps also have a distinct profit motive, as the detainees engage in forced labor that produces goods, including for the benefit of at least 82 Chinese and foreign corporations (Krach 2022). In 2021, President Biden signed the Uyghur Forced Labor Prevention Act to prevent the importation of these goods (Blinken 2021).

College divestment campaigns have not called for cutting ties with corporations doing business in China, which would be an impossibility in the modern global economy, but specifically with companies profiting from the repression of Uyghurs, such as those providing surveillance technologies to China (Bawaan 2022). Yale and the Catholic University of America were among the first to examine their portfolios for ties to such companies, driven in part by a Uyghur Human Rights Project report that documented the detention of at least 312 Uyghur intellectual and cultural leaders (Choudhary 2022). The student movement for divestment from the Uyghur genocide is “taking the lead because our political and business class have abdicated responsibility for stopping the Chinese government’s human rights abuses” (Rogin 2021).

**Russian invasion and occupation of Ukraine**. The February 2022 Russian invasion of Ukraine came after President Vladimir Putin repeatedly questioned the existence of Ukrainians as a people and used Nazi atrocities in World War II to justify 21st-century occupation. His forces had already occupied Crimea, and parts of Donetsk and Luhansk provinces, but extended that control to parts of Kherson and Zaporizhzhya provinces. Russian forces have pulverized cities and killed about 12,000 Ukrainian civilians (including 551 children) by June 2024 (Ostiller 2024). The ICC issued an arrest warrant for Putin in March 2023 for his “unlawful deportation” of displaced or orphaned Ukrainian children from the occupied territories to Russia (ICC 2023).

Although few institutions of higher education “are heavily invested in Russian assets…college officials say divestment is one symbolic step that institutions can take to protest Russia’s invasion of Ukraine.” The University of Arizona system, for example, “has about $4 million invested in Russian assets, which is just a small fraction of its $1.2 billion endowment,” so any divestment is “meaningful, but not impactful” (Whitford 2022).

But in a larger sense, this global sanctions effort has been one of the most successful in history, because so many companies have withdrawn from Russia. More than 1,000 companies “have publicly announced they are voluntarily curtailing operations in Russia to some degree beyond the bare minimum legally required by international sanctions — but some companies have continued to operate in Russia undeterred” (Yale School of Management 2024).

## Divestment in the context of global campaigns

Effective divestment campaigns targeting particular sectors of industries can and have made a difference by shaping national and global policies, for example against the tobacco industry, the fossil fuel industry (particularly in coal), conflict minerals (particularly in “blood diamonds”), military weapons manufacturing, domestic gun manufacturing, and private prisons that are run for profit (Vaughan 2014; UTS 2014).

In 2012, Evergreen’s Investment Policy Committee issued a “list of criteria for socially responsible investing,” focused on “human rights [and] treatment of local populations,” advocating for “diversity and women in the workforce, environmental issues, labor rights, workplace practices, product safety, [and] indigenous people’s rights,” and excluding companies based on “tobacco, weapons, alcohol, [and] nuclear” (Investment Policy Committee 2012).

The argument could be made that many foreign countries violate human rights, exercise authoritarian control over their own population, or militarily occupy pieces of foreign territory, and question why an institution would divest only from particular countries. The U.S. Congress has recently passed resolutions criticizing the human rights records, for example, of Saudi Arabia, Venezuela, Nicaragua, Iran, and the Democratic Republic of the Congo. But the opposition parties and civil society in these countries have not yet specifically called for college divestment as a tool to meet their goals.

Economic strategies are not always chosen as tools for the cause of peace or justice, such as in cases where they may actually end up punishing the population (especially the working class) of a country, or where they may not be feasible in the larger context of international power relationships. International sanctions against Iraq in 1991-2003, for example, not only blocked the Iraqi people’s access to food and medical aid, but the resulting black market actually enriched Saddam Hussein’s family and strengthened his regime (Gordon 2020). Dissidents in Saudi Arabia understand that the Saudi regime could use its oil wealth to withstand any foreign sanctions, and dissidents in Iran have not called for foreign universities to divest from Tehran because such holdings are minimal or nonexistent.

The DTF recognizes a principle in the international human rights discourse that divestment policies should be adopted only when the civil society of a particular country ask for them, through an active global divestment campaign, or a campaign focused on particular industries or corporations in multiple countries. A lesser divestment action that is not part of a global campaign will be symbolic, isolated, and ineffectual.

The divestment campaigns against companies doing business in Myanmar, Sudan, and China for gross human rights violations within the borders of those three countries, and against companies doing business in Russia and Israel that benefit from those two countries occupying adjacent foreign territories and violating human rights, constitute global divestment campaigns requested by civil society, and made effective by their global reach. In the long run, they have the potential for shaping corporate or national policies regarding these countries, much like the South Africa divestment campaign in the 1980s.

Because more divestment campaigns may be formed in the future against other countries violating human and/or sovereign rights, Evergreen should adopt guiding principles that could consistently apply to these future circumstances rather than have to reinvent the wheel and repeatedly generate polarization rather than resolution.

The current circumstance identified in the MoU is Israel's on-going occupation of Palestinian territories, and "gross violations of human rights" (TESC 2024). President Carmichael has urged "each of us to learn about the history of the conflict, the current conditions in Gaza and to speak about what we learn. Given the role that United States arms play in the conflict, we can do no less" (Carmichael 2024a).

## Palestine in Context

In 1947, the United Nations' General Assembly's partition plan for the region known as historic Palestine awarded 55 percent of the territory for the creation of a new state, Israel, and 45 percent to the Palestinians. At the time, Jewish residents of historic Palestine owned 6 percent of the land. Palestinians rejected the U.N. partition plan when the British colonial mandate expired in 1948, resulting in a power vacuum and a war involving neighboring Arab states. At least 13,000 Palestinians died, and 750,000 Palestinians were forcibly displaced from their homes and villages in 1947-48, in what they term the *Nakba*, or "Catastrophe" (U.N. 2024).

In the 1967 War, the Israel Defense Forces (IDF) occupied the West Bank, Gaza Strip, East Jerusalem, and Syria's Golan Heights. Israel later annexed the latter two territories. Today, the State of Israel comprises 78 percent of historic Palestine, and the remaining 22 percent of the area makes up the Occupied Palestinian Territories (OPT). About 80 percent of the Gaza Strip's population is descended from refugees who fled their homes in 1947-48.

Subsequent Israeli governments have promoted the construction of illegal settlements throughout the West Bank and East Jerusalem, which have taken the choicest hilltop real estate. The Israeli settlement clusters and the Israeli "separation wall" increasingly splinter the West Bank into a patchwork of Palestinian villages and towns, where Palestinians face checkpoints and movement restrictions between their homes, farms, and workplaces (Weizman 2007). These facts on the ground have effectively undermined the possibility of a sovereign Palestinian state. Israeli advocates of the settlements oppose Palestinian statehood and support the annexation of the West Bank by Israel.

The Palestinian Authority (P.A.) was designated as the legitimate Palestinian self-government in the 1993-95 Oslo Accords and administered Gaza and parts of the West Bank. When Evergreen student Rachel Corrie was killed by an Israeli military bulldozer in Rafah in 2003, Gaza was still under P.A. administration. But after the 2005 Israeli withdrawal from Gaza, the elected Islamist party Hamas seized the territory from the secular P.A. in 2006-07.

Gaza has since been subject to a siege and blockade by Israel and Egypt, and it has been subjected to repeated Israeli military offensives, in 2008, 2012, 2014, and 2021. Israeli military analysts have referred to the periodic assaults on Gaza as "mowing the grass" (Taylor 2021). The United Nations Office for the Coordination of Humanitarian Affairs documented that from

2008 to September 2023, 6,407 Palestinians and 308 Israelis were killed in the conflict—a factor of 21 Palestinian lives lost for each Israeli life, even before the current war began (UN OCHA 2024).

For 18 years, Gazans have been living under restrictions on the movement of people, food, and medicine across the borders with its neighbors, leading to dire economic conditions, worsening poverty, and high rates of unemployment. Human Rights Watch has said those policies amounted to “crimes of apartheid and persecution” (HRW 2021), and the United Nations has said the blockade in particular amounted to the “collective punishment” of civilians – a form of mass punishment that violates international law (UN News 2024).

Prime Minister Benjamin Netanyahu’s 18 years of right-wing governments have further polarized the region, as it passed the 2018 Nation-State Law that defined Israel as a Jewish “national homeland,” a law seen by Palestinian Muslims and Christians as codifying their second-class status within Israel and the OPT (Green 2018). Netanyahu has developed strong bonds with other right-wing authoritarian leaders around the world, such as Hungary’s Viktor Orbán, even if they exhibit anti-Semitism (Dezso 2023).

Netanyahu’s far-right ministers have been aggressively committed to expanding and annexing settlements, and to authoritarian rollbacks of liberal democratic aspects of Israeli society, such as judicial independence and LGBTQ rights. They have defended their harsh policies against Palestinians (including the blockade, wall, and enforced separation), as necessary security measures to stop infiltrating terrorists, and define U.S. and international criticism of Israel as “anti-Semitic.” Their provocative stance toward Palestinians and their religious sites reinforced the increasing militancy of Hamas, as hardliners in both camps fed off each other’s rhetoric and actions.

## War since October 2023

The Hamas attack on Israel on October 7, 2023, was not the beginning of the conflict, but it immensely intensified the conflict. The horrific slaughter of civilians, missile attacks, and taking of hostages provoked a war marked by the Israeli reoccupation and destruction of Gaza. At least 1,700 Israelis and 47,000 Palestinians have since been killed— a factor of 27 Palestinian lives lost for each Israeli life (UN OCHA 2025).

Taking into account people killed directly in Gaza (many of whose bodies have not yet been found under the rubble), as well as indirect deaths due to the lack of drinking water, food. and health care, and the destruction of hospitals, *The Lancet* medical journal estimates that the death toll in the Gaza war has actually risen to 186,000 Palestinians (Khatib et al 2024). Meanwhile, Israeli families of the hostages criticized Netanyahu for repeatedly stymieing a deal that would free the hostages (*Times of Israel,* 2024).

In the same period, at least 717 Palestinians and 15 Israelis have been killed by violence in the West Bank, as documented by the U.N. and the Israeli human rights group B'tselem (ISPI 2023; UN OCHA 2024). IDF targeting of West Bank civilians has doubled, settler use of firearms against civilians has increased sevenfold (ACLED 2024), and local Palestinian insurgents have fought IDF and P.A. forces in Jenin and other cities. The *New York Times* reported that Israeli militarized bulldozers have flattened "mile after mile" of commercial streets in West Bank cities, sparking new accusations of "collective punishment" of civilians (Solomon et al 2024).

The conflict is often termed the "Israel-Hamas War," yet it began long before Hamas was founded or ruled Gaza and extends into the West Bank that is under secular P.A. administration. Because the global divestment movement has historically been focused on the Israeli occupation of the West Bank, and the prolonged siege of Gaza, the ceasefire in the Gaza war does not significantly alter its demands. In fact, the January 2025 ceasefire was followed by ramped-up IDF operations in the West Bank (Kershner & AbdulKarim 2025), and renewed calls for the annexation of both the West Bank and Gaza and mass expulsion of Palestinians (Mazzetti & Kingsley 2025).

Poverty in Gaza was already severe before the current war, with 64 percent of the population considered below the poverty line in 2023 (World Bank Group 2024). Unemployment in the Gaza Strip has reached nearly 80 percent after Israel reoccupied Gaza in October 2023 and again displaced most impoverished Gazans from their homes. About 2 million people have faced starvation, thirst, disease and constant threat of death, as the bombardment, ground invasion, and siege have deepened, displaced Gazans are struggling to find access to minimum basic human needs of water, food, hygiene, shelter, or even a modicum of safety from bombs (HRW 2023; CARE 2024). The U.N. Secretary General's deputy spokesman said in October 2024 that Palestinians "continue to endure unspeakable horrors under siege" in northern Gaza (UN Press 2024).

Numerous U.N. and media reports have documented Israeli attacks on mosques, Christian churches, schools, journalists, relief workers, food aid convoys, hospitals, ambulances, and health workers, in incidents that the IDF has often justified as "accidental" or due to Hamas using the sites as "human shields" (ReliefWeb 2023; HRW 2024a; Reporters Without Borders 2024; Chekuru 2024). The CBC reported that satellite technology reveals bombing of the small territory "more intense than in Ukraine, Syria or even the Second World War" (Dyer 2023).

Geographically the Gaza Strip is a narrow enclave 25 miles long (the distance from the Tacoma waterfront to Olympia) and has an area of 141 square miles (about the size of Las Vegas). Confined to one of the most densely populated spaces on Earth, without access to clean water, without a proper sewage system, and a sporadic supply of electricity, Gazans have been facing famine and disease on such a scale such that one U.N. official stated that “Gaza has simply become uninhabitable” (AP 2024).

Gaza’s population of 2.2 million is one of the youngest in the world. Nearly half (47.3 percent) are under 18, so have lived their entire lives under the siege. Israel’s bombing and ground invasions of the past year has therefore disproportionately affected children. About 70 percent of the casualties have been of women and children (UN OCHA 2024). Interviews with foreign medical workers published in the *New York Times* reveal horrific bullet injuries to children’s heads (Sidhwa 2024). The death of more than 16,000 children turned Gaza into a “graveyard for children” (UNICEF 2023).

## Interventions by international legal bodies

Since October 2023, there have been a number of interventions by international legal bodies of the United Nations. The International Court of Justice (ICJ) is the principal judicial organ of the U.N., as established by the 1945 United Nations Charter. The ICJ is composed of 15 judges elected for a nine-year term by the General Assembly and the Security Council and is on equal footing with those bodies.

On December 29, 2023, South Africa filed legal proceedings against Israel at the ICJ, alleging violations of the Convention on the Prevention and Punishment of the Crime of Genocide in Gaza (ICJ 2023). Israel and South Africa are both parties to Genocide Convention, in which genocide refers to any of a series of acts – such as the killing or the transfer of children — undertaken with “intent to destroy, in whole or in part, a national, ethnical, racial, or religious group” (U.N. 1948). Historically, courts have struggled to prove intent - a concerted policy to destroy a people as a whole, whether physically or culturally. For South Africa to win this case, it will need to find and provide evidence that the Israeli government’s intent was not merely to prevent attacks (such as those of October 7) or to degrade the capability of Hamas, but rather to “annihilate the Palestinian people as a whole” (Burke-White 2024).

South Africa has since been joined by Mexico, Spain, Turkey, Ireland, Nicaragua, Colombia, Bolivia, Libya, and Palestine, highlighting international support for its case. The ICJ has found it “at least plausible” that Israel’s actions fall within the scope of the Convention. This ruling requires Israel to improve the humanitarian situation in Gaza, and Israel’s failure to comply with these orders means it is in violation of international law (Amnesty International 2024). In May 2024, the ICJ ordered Israel to immediately halt its military offensive in the city of Rafah, in southern Gaza (ICJ 2024).

In November 2024, The UN High Commissioner on Human Rights reported that “Israel’s warfare in Gaza is consistent with the characteristics of genocide, with mass civilian casualties and lifethreatening conditions intentionally imposed on Palestinians there" that "strip Palestinians of the very necessities required to sustain life — food, water, and fuel" (UN OHCHR 2024c).

Human Rights Watch reported that 86 percent of Gaza's population had been subject to systematic "forced displacement," and "statements by senior [Israeli] officials with command responsibility show that forced displacement is intentional and forms part of Israeli state policy and therefore amount to a crime against humanity. Israel's actions appear to also meet the definition of ethnic cleansing" (HRW 2024b). The "ethnic cleansing" claim was soon afterwards echoed by former Israeli defense minister Moshe Yallon (Rasgon et al 2024). In February 2025, current defense minister Israel Katz endorsed a plan for "a large portion of Gaza's population to relocate to various destinations worldwide" (Lilleholm et al 2025).

In December 2024, Amnesty International indicated "sufficient evidence" that Israel has committed genocide in Gaza, with Secretary General Agnès Callamard saying, "Month after month, Israel has treated Palestinians in Gaza as a subhuman group unworthy of human rights and dignity, demonstrating its intent to physically destroy them" (Bashir 2024).

**International Criminal Court.** A second international intervention has come from the International Criminal Court (ICC). On May 20, 2024, Prosecutor Karim Khan called on the ICC to issue arrest warrants for Hamas leaders, Israeli Prime Minister Benjamin Netanyahu, and Israeli Minister of Defense Yoav Gallant, both for the October 7 atrocities committed by Hamas, and the IDF's "war crimes and crimes against humanity committed on the territory of the State of Palestine." Khan listed as "war crimes" the starvation of civilians as a method of warfare, intentional attacks against a civilian population, and willfully causing great suffering (ICC 2024). A panel of ICC judges issued the warrants for Netanyahu, Gallant, and the Hamas military chief in November 2024 (Gritten 2024).

Separately, on July 19, 2024, the ICJ issued an advisory opinion, declaring Israel's "prolonged occupation, settlement and annexation" of territories captured in 1967 (West Bank, East Jerusalem, and Gaza Strip) as "in violation of international law," and amounting to *de facto* annexation (ICJ 2024; Corder 2024). The ICJ called for an end to Israel's presence in the OPT "as rapidly as possible," ruling that Israel was "under an obligation to provide full reparation for the damage caused by its internationally wrongful acts to all legal persons" (ICJ 2024). In response to the ICJ advisory opinion, Netanyahu said "the Jewish people is not an occupier in its land — not in our eternal capital Jerusalem and not in the tracks of our forefathers in Judea and Samaria" [West Bank] (Bigg 2024). His extreme-right Finance Minister Bezalel Smotrich (who has advocated for settling and annexing all or part of Gaza), has ordered preparations for the annexation of settler areas of the West Bank (Shpigel 2024).

The United States is not a party to the ICJ or ICC, citing constitutional norms protecting due process for U.S. citizens (and disagreeing with a 1986 ICJ ruling against arming Nicaraguan Contra insurgents and mining Nicaraguan harbors). Many human rights groups accuse the U.S. of seeking to shield U.S. and allied personnel from prosecution for war crimes committed abroad.

**United Nations General Assembly.** Lastly, on September 17, 2024, the United Nations General Assembly passed a resolution demanding that Israel "brings to an end without delay its unlawful presence" in the Occupied Palestinian Territories. Furthermore, 146 of the 193 U.N. member states (and the Vatican) have recognized the State of Palestine in the West Bank, Gaza, and East Jerusalem (Wilson et al 2024). The United States and many Western European countries have not recognized Palestine. In contrast, the U.S. has recognized the unilateral independence of the State of Kosovo (Grossman 2011), as one of 114 countries to do so.

All these rulings draw attention to the fact that Israel's war in Gaza, the increasing escalation of hostilities between Israeli settlers and Palestinians in the West Bank, and the widening of the war into Lebanon, Syria, Yemen, and Iran, are contributing to a destabilization of the international system. The events of the past year have done much to undermine the United Nations framework of international law, the universal discourse on human rights and territorial sovereignty, and legal responsibilities in conflict situations.

A group of U.N. experts recently issued a dire warning: "Failure to act now jeopardizes the entire edifice of international law and rule of law in world affairs. The world stands upon the edge of a knife: Either we travel collectively towards a future of just peace and lawfulness – or hurtle towards anarchy and dystopia, and a world where might makes right" (UN OHCHR 2024b).

Given the failure of Israel's allies and arms suppliers to curb the actions of the Netanyahu government, the war reinvigorated the global movement callings for divestment of holdings enabling the Israeli occupation, as requested by Palestinian civil society. The movement was inspired by the success of the South African anti-apartheid movement of the 1980s in gaining international support for its nonviolent strategy of economically and culturally isolating the apartheid state. But it recognizes that, like in South Africa, divestment is a gradual process, not done overnight, and "the only path to justice is an incremental, strategic approach with patience and ethical commitment" (PACBI 2024).

Like in the 1980s, Christian churches have taken the lead in U.S. campaigns, as the Methodist, Presbyterian, and Congregationalist denominations divested from the Israeli occupation in 2014-15 (Wagner 2024) and divested from Israeli financial systems during the current war (Shimron 2024; Vaughan 2024; UMKR 2024; Hertzler-McCain 2024). A Quaker-led campaign has pressured companies to divest from the occupation, for example for Generals Mills to stop producing Pillsbury products in an illegal West Bank settlement (AFSC 2022).

In the contemporary divestment movement, churches have been joined by cities and towns, some colleges and universities, and other governments and institutions (Dhenin 2024). The first college to divest from South African apartheid, Hampshire College, was also the first to divest from the Israeli occupation (Teng 2009).

Calls for sanctions against the Netanyahu government have been echoed by thousands of Israeli citizens (Israelis for International Pressure 2024). Because the second Trump Administration is expected to drop even minimal restraint measures toward Netanyahu's military offensives, mass expulsions of Palestinians, and illegal settlement expansion, Americans have few other options than divestment to exercise their democratic voice.

## Divestment options

Institutions have three options for divestment in the Israeli occupation. The first option would be divestment in any companies doing any business within the boundaries of the State of Israel (as established in 1948) and the Occupied Palestinian Territories (the West Bank, East Jerusalem, Gaza Strip, seized in the 1967 War). A second option would limit divestment to companies doing any business in the Occupied Palestinian Territories. Both options would divest from an extremely wide range of foreign companies involved in the civilian sector.

As the DTF understands President Carmichael's charge to "address divestment from companies that profit from gross human rights violations and/or the occupation of Palestinian territories" (Carmichael 2024b), the investments at issue are those of companies and banks *specifically profiting from the occupation* of the Palestinian territories seized in 1967, and/or companies contributing to "gross human rights violations" in either the 1967 or 1948 territories. In this sense, it would apply to companies that contribute to violating the human rights of Palestinian-Israelis (also called "Israeli Arabs") who are citizens of the State of Israel, or for that matter crackdowns on the rights of Israeli Jewish dissidents or foreign workers in the 1948 territory.

Divestment targets corporations, not countries. Just as divestment from corporations profiting from the oppression of Uyghur Muslims does not equate with divestment from China, divestment from corporations profiting from the Israel's occupation and human rights abuses does not equate with divestment from the State of Israel. It is not the location of the investments, but the actions and behavior of the companies that are at issue. An SRI investment strategy would not involve identifying particular countries for divestment, but particular corporations, mutual funds, and other financial institutions whose actions are documented in already-existing research databases.

Beyond direct investments by corporations and banks, divestment campaigns have identified specific corporations that have manufactured weapons for the IDF or provided surveillance technologies and military or police training to Israel. For example, in May 2024, Pomona College faculty voted by 64 percent for the College to divest from Barclays, CAF, Caterpillar Inc., Chevron, Elbit Systems Ltd., HD Hyundai, HIKVision, Intel, JCB, TKF Security and Volvo (Washburn & Hsu 2024). The focus of the campaigns is on *offensive* weapons that harm civilian populations, and not on *defensive* Patriot or "Iron Dome" antimissile systems.

Some colleges have divested in companies whose main profits are derived from weapons manufacturing. For example, the private University of San Francisco's Socially Responsible Investment policy states that it will not invest in "Weapons of Mass Destruction. The principle is to preserve human life by not investing in corporations whose primary business involves research, production, deployment and servicing of weapons of mass destruction" (ASUSF Senate 2024).

The Foreign Assistance Act prohibits security assistance to any government "which engages in a consistent pattern of gross violations of internationally recognized human rights." A 2023 National Security Memorandum specified that the U.S. will not authorize arms transfers if "it is more likely than not that" such arms "will be used by the recipient to commit, facilitate the recipients' commission of, or to aggravate risks that the recipient will commit: genocide; crimes against humanity; grave breaches of the Geneva Conventions of 1949 ... or other serious violations of international humanitarian or human rights law." The stronger "Leahy Laws" prohibit certain U.S. assistance to a foreign security force unit when there is credible information that such unit has committed a "gross violation of human rights" (Congressional Research Service 2024).

In May 2024, the State Department reported that it is "reasonable to assess" that the weapons the U.S. has provided to Israel have been used in ways that are "inconsistent" with international human rights law, but that "there is not enough concrete evidence to link specific U.S.-supplied weapons to violations or warrant cutting the supply of arms" (Borger 2024). This inconsistency has strengthened calls for divestment in weapons manufacturers as another tool to highlight their enabling of human rights violations.

In addition, companies providing surveillance technologies have also been incorporated into divestment demands. A *Seattle Times* exposé documented Washington-based companies that provide biometric scanning technologies at Israeli military checkpoints that violate the rights of Palestinian workers. The "facial recognition scanners were developed by Israeli artificial intelligence (AI) security startup AnyVision, which has ties with Redmond-based Microsoft. Microsoft's venture capital fund, M12, came under fire for participating in a $74 million investment in the AI security company…Seattle and Israel's AI ecosystem have long had close ties, from Microsoft's and Amazon's acquisitions of Israeli startups to ongoing academic collaborations" (Hellman 2020).

## Corporate research

International bodies, churches, and college divestment campaigns have identified particular corporations that benefit most directly from buttressing the Israeli occupation of Palestinian territories and enabling "gross human rights violations" (Wagner 2024). They have used numerous listings and a range of criteria to investigate corporations and mutual funds, examples of which are presented in this section.

Fund managers would not have to research and compile such lists themselves, because extensive research has already been done on corporations complicit with the Israeli occupation of Palestinian territories, just as extensive research has been done on companies enabling human rights abuses by Sudan, Myanmar, China, and Russia.

Evergreen's Investment Committee could develop a final list of corporations, using the guidelines in the DTF's recommendations, but certain corporations have appeared repeatedly on these lists, including those compiled long before the current hostilities, or even when the Palestinian Authority still ruled over Gaza prior to 2006.

The United Nations Office of the High Commissioner for Human Rights (OHCHR) identified 97 companies in 2023 that helped impose "the Israeli settlements on the civil, political, economic, social and cultural rights of the Palestinian people," in the following ways:

> "(a) The supply of equipment and materials facilitating the construction and the expansion of settlements and the wall, and associated infrastructure;
>
> (b) The supply of surveillance and identification equipment for settlements, the wall and checkpoints directly linked with settlements;
>
> (c) The supply of equipment for the demolition of housing and property, the destruction of agricultural farms, greenhouses, olive groves and crops;
>
> (d) The supply of security services, equipment and materials to enterprises operating in settlements;
>
> (e) The provision of services and utilities supporting the maintenance and existence of settlements, including transport;
>
> (f) Banking and financial operations helping to develop, expand or maintain settlements and their activities, including loans for housing and the development of businesses;
>
> (g) The use of natural resources, in particular water and land, for business purposes;

(h) Pollution, and the dumping of waste in or its transfer to Palestinian villages;

(i) Captivity of the Palestinian financial and economic markets, as well as practices that disadvantage Palestinian enterprises, including through restrictions on movement, administrative and legal constraints;

(j) The use of benefits and reinvestments of enterprises owned totally or partially by settlers for developing, expanding and maintaining the settlements" (UN OHCHR 2023).

United Nations experts in 2024 warned that "the transfer of weapons and ammunition to Israel may constitute serious violations of human rights and international humanitarian laws and risk State complicity in international crimes, possibly including genocide … reiterating their demand to stop transfers immediately. In line with recent calls from the Human Rights Council and the independent UN experts to States to cease the sale, transfer and diversion of arms, munitions and other military equipment to Israel, arms manufacturers supplying Israel – including BAE Systems, Boeing, Caterpillar, General Dynamics, Lockheed Martin, Northrop Grumman, Oshkosh, Rheinmetall AG, Rolls-Royce Power Systems, RTX, and ThyssenKrupp – should also end transfers, even if they are executed under existing export licenses" (UN OHCHR 2024a).

The American Friends Service Committee (AFSC), a Quaker social justice group founded in 1917, has identified "companies which consistently, knowingly, and directly facilitate and enable state violence and repression, war and occupation, and/or severe violations of international law and human rights," including those "that facilitate and enable violations of international law and human rights as part of the Israeli occupation of Palestinian and Syrian lands and/or as part of Israeli apartheid" (AFSC 2021).

At Investigate.info, the AFSC's Economic Activism Program maintains a searchable database not only of corporations, but also of mutual funds, enabling institutions to both research direct investment in corporations profiting from the Israeli occupation (as well as other SRI screens), but also to research indirect investments in these companies through pooled mutual funds. The Investigate.info database covers corporations involved in prisons, militarized borders, and armed occupations (AFSC 2024a). The database on occupations lists corporations profiting from the occupation of Palestinian territories, included the settlement industry, exploitation of natural resources, the wall and checkpoints, weapons and military equipment, and discrimination against Palestinians (AFSC 2024b).

The AFSC identified "publicly traded companies that consistently, knowingly, and directly facilitate and enable human rights violations and violations of international law as part of Israel's prolonged military occupations, apartheid, and genocide" for its divestment list. It specifically identified weapons manufacturers arming the Gaza occupation since 2023: BAE Systems, Boeing, Colt CZ Group, Elbit Systems, General Dynamics, General Electric, LsHarris

Technologies, Lockheed Martin, Northrop Grumman, RENK Group, Rolls-Royce Holdings, RTX (Raytheon), Textron, Thyssenkrupp, as well as other companies Caterpillar, Palantir Technologies, Valero Energy, and Paz Oil (AFSC 2024a).

The 2024 Pax for Peace report *The Companies Arming Israel and Their Financiers* identified Boeing, General Dynamics, Leonardo, Lockheed Martin, Rolls-Royce, and RTX as the corporations most implicated in arms transfers to the IDF, as reported in the Stockholm International Peace Research Institute (SIPRI) Arms Transfer Database (Pax for Peace 2024; SIPRI 2024).

Brown Students for Justice in Palestine (or Brown Divest) identified ten of the most egregious violators for divestment, using the following "criteria based on international human rights law" (backed by 87 percent of the student body). The list included companies that

> "1. Provide products or services that contribute to the maintenance of the Israeli military occupation of Gaza and the West Bank, including East Jerusalem;
>
> 2. Provide products or services to the maintenance and expansion of Israeli settlements in the occupied Palestinian territories;
>
> 3. Establish facilities or operations in Israeli settlements in the occupied Palestinian territories;
>
> 4. Provide products or services that contribute to the maintenance and construction of the Separation Wall;
>
> 5. Provide products or services that contribute to violent acts against either Israeli or Palestinian civilians" (Brown Divest 2024).

The targeted companies included Caterpillar, which has provided militarized bulldozers used to demolish 18,000 homes in the OPT to 2019 (Rachel Corrie's life was taken by one of these bulldozers in Rafah in 2003), and since 2023 to level entire swaths of Gaza and West Bank neighborhoods. They also include Boeing, Lockheed Martin, and Northrop Grumman, which provide offensive weaponry such as Hellfire missiles, Apache attack helicopters, and F-15 fighter jets, all of which were central to Israel's assaults on Gaza in 2008 and 2014, when about 5,500 Palestinians were killed (Brown Divest 2024). The list also includes weapons manufacturers Raytheon (missiles), United Technologies (jet fighter engines), Motorola (police/military surveillance and communications systems), AB Volvo (demolition track loaders), and G4S (police training facilities) (ACCRIP 2020).

In October 2024, the Brown Corporation voted 7-2 to reject the proposal to divest in ten companies, citing "institutional neutrality" in its investments. One of the board members is also on the board of Textron, a Providence-based company that manufactures weapons for the IDF. Brown students vowed to keep fighting for divestment, pointing out that claims of "neutrality" in investments would have meant that U.S. colleges and universities would never have divested from South African apartheid (Brown Divest 2024).

Hampshire College, the first U.S. college to divest from South African apartheid in 1977 and the Israeli occupation in 2009, implemented a Policy on ESG Investing with seven Guidelines on positive characteristics of businesses it will invest in, including social benefit, fair labor practices, safe and healthy work environment, environmental protection, and enhancing "the quality of life for the underserved segments of our society" (Hampshire College 2015). It also specifies that the "College *will not* invest in businesses whose products, services, or business practices are inconsistent with the above characteristics, in particular avoiding businesses that:

A. Have significant operations in countries with serious human rights violations as designated by inclusion on the list of countries and regions named and investigated by the United Nations Human Rights Council or by the United Nations Office of the High Commissioner on Human Rights. This list will be updated at least annually.
B. Engage in unfair labor practices.
C. Practice oppression or discrimination based on race, gender identity, ethnic origin, sexual orientation, or disability, or promote or profit therefrom.
D. Demonstrate substantially harmful environmental practices.
E. Market abroad products that are banned in the United States because of their impact on health or the environment.
F. Have markedly inferior occupational health and safety records.
G. Manufacture or market products that in normal use are unsafe.
H. Refuse to make their performance records concerning Guidelines 1–7 and A–G available upon reasonable request" (Hampshire College 2015).

The Union Theological Seminary, founded in 1836 in New York City, has "graduate school of theology where faith, spirituality, and scholarship meet to reimagine the work of justice," and was the first U.S. college to divest from fossil fuels in 2014 (UTS 2014). In May 2024, the UTS Board of Trustees directed its "investment consultants and conferring with other resources to determine a list of those companies substantially and intractably benefiting from the war that may not be captured by existing screens. We are also identifying resources to monitor changes to company activity over time" (UTS 2024).

Current calls for divestment from occupation have historical roots at Evergreen. In Spring 2010, the student body passed two resolutions urging the Evergreen Foundation to "divest from companies that profit from Israel's occupation of Palestine" (passing with 79.5%) and the other for prohibiting the use of Caterpillar Inc. equipment on campus, due to its use "to demolish

Palestinian homes, wells, olive trees, orchards, farmland, and other infrastructure" (passing with 71.8%). The student voter turnout "set a record at Evergreen, and was more than double the average turnout in student elections nationwide… The Geoduck Student Union unanimously passed resolutions supporting the student vote" (TESC Divest 2024).

The text of the first resolution read, "We, the student body of The Evergreen State College, call on The Evergreen State College Foundation to instate a socially responsible investment policy. To this end, we ask them to divest from companies that profit from Israel's occupation of Palestine. As members of the Evergreen community, we stand with conscientious Palestinians, Israelis, and other international figures such as South African Archbishop Desmond Tutu to endorse the non-violent tactic of boycott, divestment, and sanctions for a peaceful and just resolution to the Israel/Palestine conflict."

Many subsequent students, staff, faculty, and alumni have concurred that "given their crucial societal role…universities should…take up their human rights responsibility" (Brems et al 2019). The central question is how, and under what circumstances can Evergreen make the first steps toward aligning its investments to the values stated in its mission?

Evergreen's "College Endowment Investment and Spending" policy states that "the overall objective of the college's investment policy is to construct investments that are optimal, efficient, and socially responsible" (TESC 2013a). The "College Investment" policy states that the "college's investment management priorities are safety, liquidity, yield and socially responsibility" (TESC 2013b).

Both policies state that to be "consistent with college values, the [Investment] Committee will select investment options that meet the college's criteria for socially responsible investment," and "the college shall develop its own criteria for socially responsible investing. Because of the difficulties of closely monitoring college's funds and the limitations of using mutual funds, criteria shall consist of guiding principles, not a detailed list of companies." Although social responsibility is named and highlighted as a priority within Evergreen's investment policies, its "criteria for socially responsible investment" is not established either explicitly or implicitly within the policies.

## Direct and indirect investments

Corporations spend billions of dollars on public relations to build, maintain, and repair their public images. Investopedia defines the Triple Bottom Line (TBL) as the concept "that companies should commit to focusing as much on social and environmental concerns as they do on profits. TBL theory posits that instead of one bottom line, there should be three: profit, people, and the planet. A TBL seeks to gauge a corporation's level of commitment to corporate social responsibility" (Kenton 2024a).

Investopedia defines the related concept of the Social License to Operate as "the ongoing acceptance of a company or industry's standard business practices and operating procedures… created and maintained slowly over time as a company builds trust with the community it operates in and other stakeholders. In order to protect and build social license, companies are encouraged to first do the right thing and then be seen doing the right thing" (Kenton 2024b). The realm of human rights is one of key arenas for a company to use its Triple Bottom Line and gain a Social License to Operate.

However, the reputation of individual companies can become blurred in the contemporary investment environment, as investments are pooled within mutual funds. As other sections of this report will discuss, there is a difference between direct investments in individual companies, which can be researched for their culpability in human rights violations, and indirect investments in companies, through direct investments in mutual funds that have holdings in those companies. Furthermore, many mutual funds do not reveal their mix of corporate investments, which they view as "proprietary information," and many fund managers only customize negative screens for institutions holding above a certain financial threshold of investments. Since the South Africa campaign of the 1980s and the Sudan campaign of the 2000s, the landscape of college investments has shifted toward mutual funds that often seem too opaque or appear difficult to influence in an SRI direction.

But concurrently, there has been a dramatic shift toward SRI investing, with ESG Exchange-Traded Funds (ETFs) in 2022-23 alone surging by 53 percent to $2.7 trillion. Companies with strong ESG values "exhibit resilience, outperforming during market downturns," so ESG investment strategies "offer a simple means to align investments with values, potentially achieving competitive returns," as evidenced by Standard & Poor's S&P 500 ESG Index, which "has outperformed the broader S&P 500 for the past 10 years" (Plaut 2024).

A guidance tool for companies, *Doing Business for Human Rights*, offered examples of corporate policy commitments that include "explicit commitment to respect human rights, reference to international human rights standards, other applicable standards, and how they relate," and "gives focus to its human rights due diligence" with priority "on the most severe human rights impacts that a company may be involved with" (Global Perspectives Project 2016).

As another indication of the SRI trend in the investment world, the Investor Alliance for Human Rights is a "collective action platform" to "equip the investment community with expertise and opportunities to put the investor responsibility to respect human rights into practice." More than 240 institutional investors currently represent a total of over $14 trillion in assets under management in 21 countries (IAHR 2024a). The Alliance has recently focused on conflict-affected and high-risk areas (IAHR 2024b).

The Investor Alliance for Human Rights published the *Investor Toolkit on Human Rights*, which provides a checklist for investors' human rights policy commitment "at the most senior level of institution, informed by relevant human rights expertise," with a "commitment to respect all internationally recognized human rights," distinguishing "between legal compliance and human rights compliance… in alignment with the UNGPs." The policy commitment is shared internally and externally and describes "how the investor assesses, engages, and holds accountable portfolio companies based on the quality of those companies' human rights policy commitments, human rights due diligence processes, and, where appropriate, role in enabling access to remedy for business-related human rights harm" (IAHR 2020, 36-37).

This global trend has also included the rapid growth of SRI-influenced mutual funds, some of which use human rights criteria in their investment portfolios. With access to existing databases, a college could have the option to shift its investments in an SRI direction, without having to direct fund managers to customize individual screens or take time to research individual corporations in their portfolios. It could one day potentially join other institutions, such as other colleges and universities, to pool resources to strengthen socially responsible ESG screens.

The *Investors Toolkit on Human Rights* includes a checklist with questions that investors should ask asset managers, such as whether firms in their portfolio assess "investments based on meaningful human rights due diligence processes and outcomes," and "the role of portfolio managers and analysts in assessing portfolio companies' human rights processes and outcomes." Asset managers can be asked whether a firm has "accessible channels for stakeholders to inform its human rights practices," has incorporated human rights "into the firm's strategic planning, at both the operational and investment level," and if it has "processes in place to manage if something goes wrong with its investments in relation to human rights" (IAHR 2020, 39).

Mutual funds designated as "S&P 500 ESG" or "S&P 500 Screened" will generally be divested from harmful sectors such as tobacco and weapons manufacturers, and some from fossil fuels or prisons. Their connections to human rights abuses are not as well documented by fund managers, but other entities have thoroughly researched mutual fund holdings and their complicity, for example, in armed occupations.

As mentioned earlier, the American Friends Service Committee's website Investigate.info maintains a searchable database of both corporations and mutual funds, enabling institutions to both research their direct investment in corporations and indirect investments in companies through pooled mutual funds (AFSC 2024a). The database identifies ESG mutual funds with and without holdings in companies involved in prisons, armed occupations, and militarized borders (AFSC 2024c). The main source for companies profiting from the occupation is the Who Profits Research Center (WPRC 2024). The database also identifies whether any of the companies with these holdings are on the AFSC Divestment List, which is a list it maintains of the companies profiting from the most egregious violations of human rights.

As one example, the TIAA-CREF academic retirement fund, now named Nuveen, operates a Nuveen ESG Large-Cap ETF that has no investments in large weapons manufacturers on the AFSC divestment list, nor in civilian-focused companies (such as Caterpillar) also on the list. It has holdings in one company (Axon Enterprises) on the AFSC divestment list, but not due to its role in the Israeli occupation (AFSC 2024d).

Evergreen holds investments in mutual funds through Pacific Financial Management (PFM) and Morgan Stanley (see "Evergreen's Investment Profile" above for the extent of these investments in Evergreen's portfolio). The Investment Policy DTF Subcommittee on Socially Responsible Investing checked the database of corporate investments in these mutual funds against both the AFSC Divestment List, and the database of companies profiting from the Occupation. Seven of the mutual funds could not be found in the Investigate.info database. Chart A documents the mutual funds contained within Evergreen's PFM and Morgan Stanley portfolios, with the mutual fund names (and stock market tickers) hyperlinked to the database source.

**CHART A:**

**Mutual funds within Evergreen's PFM and Morgan Stanley portfolios, checked against AFSC Investigate.info database.**

| | Divestment list | Occupations list |
|---|---|---|
| **Pacific Financial Management (PFM) mutual funds** | | |
| DFA EMERGING MRKT SOCIAL CHOICE (DFESX) | 2 | 14 |
| DFA INTERNATIONAL SOCIAL CORE (DSCLX) | 28 | 56 |
| DFA US SOCIAL CORE (DFUEX) | 13 | 28 |
| JOHNCM INTERNATIONAL SELECT (JOHIX) | 1 | 3 |
| NEUBERGER BERMAN SOCIAL RESP (NBSRX) | 0 | 2 |
| **Morgan Stanley mutual funds** | | |
| ARTISAN MID CAP INV (ARTMX) | 0 | 0 |
| BLACKROCK EQUITY DIVIDEND A (MDDVX) | 4 | 7 |
| CONGRESS MID CAP GROWTH INSTL (IMIDX) | 2 | 0 |
| DELAWARE SMALL CAP VALUE A (DEVLX) | 1 | 1 |
| FIRST EAGLE OVERSEAS A (SGOVX) | 2 | 1 |
| HARDING LOEVNER EMERG MKTS ADV (HLEMX) | 0 | 0 |
| JOHN HANCOCK DISC VAL MDCP A (JVMAX) | 5 | 5 |
| OAKMARK FUND INVESTOR (OAKMX) | 0 | 2 |
| PGIM JENNISON GROWTH A (PJFAX) | 2 | 7 |
| T ROWE INT US SMCP GRW EQ INV (PRDSX) | 3 | 2 |
| TCW SEL EQUITIES N (TGCNX) | 1 | 4 |
| THORNBURG DEVELOPING WORLD A (THDAX) | 0 | 0 |
| THORNBURG INTL GROWTH A (TIGAX) | 0 | 0 |
| TOUCHSTONE MID CAP VALUE A (TCVAX) | 3 | 1 |

The Investigate.info database can be used to document other holdings managed by current Evergreen and U.W. fund managers, and the Investment Committee could make such information directly available to the Evergreen community, in the interest of transparency.

As a precedent for transparency, San Francisco State University (SFSU) and its Foundation directed its Investment Committee to continually work "with our investment advisor to ensure that our endowment reflects the Foundation's and the University's institutional values…. Equally important is our commitment to maximizing the transparency of our endowment," and providing "quarterly information on the aggregate performance and overall composition of our endowment. Where possible, we also provide holdings information at the specific fund-manager level on a quarterly or annual basis," including an "Endowment Mission Alignment Dashboard" (SFSU 2024a).

SFSU's Investment Policy Statement aligns with the principles of environmental sustainability and climate action, social and racial justice, and participatory governance, and in 2024 added the components of human rights and divestment from the weapons industry (SFSU 2024b; Kaur 2024). SFSU President Lynn Mahoney and the AFSC's Noam Perry "sat on the task force established by the university, which included students, faculty, investment consultants, and foundation representatives" (Perry 2024). Perry reported that college investments send "a powerful message about what business practices we consider ethical or unethical," and create "reputational impacts" on the companies (Perry 2024).

Evergreen's Investment Policy Study Group (1984) described divestment from South Africa in similar terms that are still relevant in the 21st century: "There are several purposes for implementing an investment policy that requires consideration of human rights. We believe that it is important to state publicly our concerns about violations of human rights and further to implement a practical, operational policy that is consistent with our beliefs… Our style of education emphasizes the importance of not only providing a theoretical education but also providing opportunities to participate in and observe practical applications of theory. Lastly, implementation of such a policy will allow us to participate in a forward-looking movement that includes leading academic institutions in an attempt to educate this nation…and have some influence on regimes which by law violate the human rights of their citizens."

# Survey of Investment Policies at Other Institutions of Higher Education

The subcommittee on investment policies at other institutions shared their findings with the full Task Force on July 29. In and outside Washington, higher education institutions do not have investment policies in common, but there are a number of common themes. The subcommittee reviewed the policies of both Evergreen's peer institutions, and institutions with more significant differences with Evergreen (such as private institutions, those with different endowment size, and location in another state) to assess where our policies stand in relation. Information was gathered from public information, conversations, and email exchanges with appropriate staff primarily through the end of summer 2024. Some additional institutions declined to engage in more substantive conversations. Please see Appendix D for a summary of the policies of all institutions surveyed.

The Evergreen State College Foundation has $21.5 million invested with the University of Washington's Consolidated Endowment Fund (UWCEF), making it of particular interest.

- The fund is considered by endowment experts to be low cost and high yielding, producing more investment returns than Evergreen would earn if it was investing on its own. Investment returns go to support a variety of Evergreen student scholarships, the student emergency fund, and various other programmatic areas. Funding areas are designated in agreements executed with the donors funding the endowments.

Over many decades, UW regents have made decisions to divest from tobacco companies, companies profiting from wars in Sudan / Darfur, and most recently from fossil fuels. UW maintains an Advisory Committee on Socially Responsible Investing, which convenes when the Board of Regents receives requests to divest that meet certain criteria. The Board Governance committee reviews requests for divestment, and if they meet the criteria, refers the requests to the committee, which convenes as needed.

Beyond UW, policies and practices related to investments varied widely among the public universities in Washington State. Below are common themes:

- Most of the remaining four universities either had committees and/or policies to examine socially responsible investments or were actively exploring their creation.
- Divestment questions commonly centered on fossil fuels and were sometimes integrated into broader institutional climate related strategies.
- Holdings included a traditional mix of equities, fixed income, real estate and other assets.

There was greater variance among the institutions examined from outside the state of Washington, although some similarities did exist.

- Divestment from South Africa in the 1980s and Sudan/Darfur in the 2000s were the most common areas of divestment. Calls for divestment from Israel in relation to state actions in Gaza, West Bank, were present at most of the institutions at different points in time, with most leading to no action taken on divestment. One institution divested from, "companies substantially and intractably benefiting from the war in Palestine," in 2024.

- Industries and sectors that were often identified for divestment included fossil fuels, tobacco, and weapons manufacturing. Each institution varied in its divestment from those fields with fossil fuels and tobacco being the areas most commonly divested from.

- Institutions with relatively larger endowments often utilized ongoing committees to examine questions of socially responsible investing, and environmental, social, and governance (ESG) within their investments. Most stated a desire to increase the level of ESG screening over time by working with their investment managers.

    - These institutions were also more likely to clearly articulate definitions of divestment and criteria for deciding how to act on requests for divestment. Definitions of divestment included divestment of an asset, divestment of derivatives, suspension of further investment, and discussions with fund managers related to commingled funds. Criteria for evaluating whether to divest included economic impact to the investment, and whether divestment was likely to have a meaningful impact on the related harm (i.e. "Directly causing social injury", and "Divestment will clearly diminish the social injury in question"). In one case, a committee declined to recommend divestment stating that the institution's investments were "de minimis" in size.

- Most institutions stressed that investment returns and their fiduciary duty was the priority in which any conversations about investment/divestment were viewed through.

- One institution was unique in its establishment of a separate fund that donors could have their gifts invested in with the goal being stronger environmental outcomes.

- Finding data on where institutions were investing was typically difficult, although a couple of institutions provided varying levels of data. Data included were names and basic characteristics of mutual funds, and more comprehensive listings of companies making up specific portfolios.

In-state peer institutions reviewed include the University of Washington, Washington State University, Western Washington University, Central Washington University, and Eastern Washington University. The subcommittee also looked at out-of-state institutions Reed College, Union Theological Seminary, Brown University, University of California – Berkeley, Oregon State University, and San Francisco State University. Conversations with additional schools were conducted, but they requested not to be named as part of any report. Information on additional institutions was solicited, with no success accessing specific policy information.

# Recommendations

The DTF was able to reach consensus on Recommendations 3, 6, and 7. Please see the footnotes on Recommendations 1, 2, 4, and 5 for the rationale for the minority dissenting position.

## 1. SRI Guiding Principles

***Background:*** Evergreen's mission statement states that the College "supports and benefits from local and global commitment to social justice, diversity, environmental stewardship, and service in the public interest." These values can shape guiding principles for socially responsible investing (SRI) by the College and its Foundation, to take steps to consider environmental, social, and governance (ESG) screens on their investments. Evergreen's ethical principles do not stop at the boundaries of the College or of the United States and are accountable to United Nations Guiding Principles (UNGPs) on Business and Human Rights. Evergreen's "College Investment" and "College Endowment Investment and Spending" policies both commit to "socially responsible investments," but do not define the SRI criteria. The "list of criteria for socially responsible investing" issued by Evergreen's Investment Committee in 2012 focused on "human rights [and] treatment of local populations," advocating for "diversity and women in the workforce, environmental issues, labor rights, workplace practices, product safety, [and] indigenous people's rights," and excluding companies involved in "tobacco, weapons, alcohol, [and] nuclear." Tobacco is part of Evergreen's current investment screen.

***Recommendation:*** The DTF recommends that new SRI guiding principles be added to the College and Foundation's Investment Policies. The SRI guiding principles will direct the College and Foundation to avoid investing in companies or financial institutions whose activities facilitate or profit from gross violations of human rights, the occupation of foreign territory, degradation of the environment or climate, extreme violations of public health and safety or labor standards, discrimination based on ethnic, national, racial, religious, or sexual and gender identities, or violations of Indigenous self-determination. The SRI guiding principles will encourage investments guided by ESG policies, such as human rights, social and workplace diversity, clean energy, and ecological regeneration.[1]

[1] The DTF was unable to reach consensus on this recommendation. Those who dissented cited the lack of a critical mass of feedback from the Evergreen community, specifically from both staff members and donors to the College and the Foundation was lacking. Without support of these constituencies, some members could not support a change to the principles and screens in place for Evergreen investments, particularly Foundation investments.

## 2. Prioritizing Human and Sovereign Rights in SRI

***Background:*** A growing movement of investors with trillions of dollars of holdings are prioritizing human rights in their investments, recognizing their ESG responsibility as part of their fiduciary duty. Gross violations of human rights and/or the illegal occupation of foreign territory are defined under international law, as determined by United Nations bodies including the Security Council, General Assembly, Human Rights Council, International Court of Justice, and International Criminal Court. Gross violations of human rights include the collective punishment of civilian populations, violent persecution based on ethnic, national, racial, religious, or sexual and gender identities, and the forced removal (or "cleansing") of civilians with such identities. Evergreen divested from apartheid South Africa in 1985-1994. Evergreen's current policy prohibits direct investment in companies doing business in Sudan due to the military government's "sponsorship of genocidal actions and human rights violations in Darfur." The illegal occupation of foreign territory may include human rights violations but also precludes sovereign rights and the free exercise of national self-determination by an occupied population. Global human rights investment campaigns are currently focused on corporate violations in Myanmar (Burma), the Uyghur region of China, and the occupations of Palestinian and Ukrainian territories.

***Recommendation:*** The DTF recommends that the College and the Foundation each make an organization-wide policy commitment to human rights, as directed by the UN Guiding Principles on Business and Human Rights, and that the commitment be integrated into the management of our assets wherever possible. The College and Foundation will use existing industry negative screens to exclude investment in firms deriving more than 5% of revenue from military weapons manufacturing, fossil fuels, domestic gun manufacturing, tobacco, and prison sectors. Evergreen's standing policy on Sudan should be extended to firms facilitating or profiting from those gross human rights violations and/or illegal occupation of foreign territory which are subject to action by both international legal bodies and global divestment campaigns.[2]

[2] The DTF was unable to reach consensus on this recommendation. Those who dissented cited the lack of a critical mass of feedback from the Evergreen community, specifically from both staff members and donors to the College and the Foundation was lacking. Without support of these constituencies, some members could not support a change to the principles and screens in place for Evergreen investments, particularly Foundation investments. Another concern was that by including specific examples of global campaigns, many readers might assume the College has already decided on these divestments.

## 3. Investment Committee membership and scope

***Background:*** Pursuant to the current College Endowment Investment and Spending policy, "consistent with college values," Evergreen's Investment Committee will "select investment options that meet the college's criteria for socially responsible investment," using "guiding principles." The College's "set of socially responsible criteria shall be reviewed and updated every three years by an expanded committee with membership including at least two faculty and two students in addition to membership of the standing committee." The standing College Investment Committee meets regularly, but the expanded College Investment Committee tasked with overseeing SRI policy is supposed to exist but has not met in recent years.

***Recommendation:*** The DTF recommends that the expanded College Investment Committee, including at least two faculty and at least two students, be tasked to meet annually, beginning in fall 2025, and that it be empowered to consider proposals and deliver recommendations on investments in companies or financial institutions that it determines violate SRI guiding principles. The expanded College Investment Committee will follow changes to mutual fund screening practices and recommend to the standing College Investment Committee the implementation of new socially responsible practices as they arise, so as to better direct investments in ways that more closely align with Evergreen's values. The expanded College Investment Committee will look for additional opportunities to support and uplift the integration of social responsibility and ESG factors (including human rights and sovereign rights) into investment. The expanded College Investment Committee will propose to meet annually with the Foundation's Finance and Investment Committee to discuss SRI monitoring.

## 4. Relationship to Mutual Funds

***Background:*** The small scale of Evergreen-controlled investments, Evergreen's relationship with the University of Washington Consolidated Endowment Fund (CEF), the complex nature of pooled mutual funds, and state laws that "investment decisions must be guided foremost by its fiduciary responsibility" limits the level of control that Evergreen may have over its portfolio. The *Investor Toolkit on Human Rights* provides checklists for investor and asset managers' human rights policy commitment, based on the UNGPs, and the American Friends Service Committee maintains a human rights database of companies and mutual funds at Investigate.info. Other institutions of higher education, such as San Francisco State University, Union Theological Seminary, and Hampshire College, have implemented collaborative processes with asset managers, to transparently examine college portfolios for exposure to firms profiting from violations of human and sovereign rights.

***Recommendation:*** The standing College Investment Committee will exercise transparency in its examinations of College investments, and account for shifts in the College's investment profile. The expanded College Investment Committee will conduct a public review process with student, staff, and faculty involvement for changing or rescinding SRI policy, and consider future requests by civil society in persecuted or occupied countries concerning firms that become the subject of actions by international legal bodies and global campaigns. If the College and/or Foundation is exposed to firms profiting from adverse human and/or sovereign rights impacts, and those firms are not excluded via sector-based negative screening, the College and/or Foundation will request of its asset manager(s) (including the University of Washington) to reduce Evergreen's exposure to such firms wherever possible, while remaining within the bounds of fiduciary duty. In situations where reducing exposure to such firms is impossible, the expanded College Investment Committee will research alternative mutual funds and consider making a transition in a publicly transparent process that gauges community support.[3]

## 5. Review and Monitoring of Asset Managers

**Background:** The responsibility of investors to integrate respect for human rights (in accordance with the UN Guiding Principles on Business and Human Rights) extends to all of their business relationships, including asset managers. The *Investor Toolkit on Human Rights* directs asset owners to formally communicate their human rights expectations to asset managers, and to use said expectations as the basis for responsible investment. The selection and regular review of asset managers is part of the investment decision-making process and should therefore include the consideration of human rights criteria. The *Investor Toolkit on Human Rights* provides a checklist of questions (Tool #3) that can be used by asset owners to assess asset managers' commitment to human rights and processes for due diligence.

**Recommendation:** The DTF recommends that the College and the Foundation pursue implementation of its SRI Guiding Principles wherever possible and work closely with its asset managers to track the progress of this implementation. The College and Foundation will communicate their SRI Guiding Principles and organization-wide human rights policy commitments to current asset managers (including the University of Washington), and request that they respect and integrate these commitments to the greatest extent possible, while remaining within the bounds of fiduciary duty. If the expanded College Investment Committee determines that any asset managers fall short of the UN Guiding Principles on Business and

[3] The DTF was unable to reach consensus on this recommendation. Those who dissented cited the lack of a critical mass of feedback from the Evergreen community, specifically from both staff members and donors to the College and the Foundation was lacking. Without support of these constituencies, some members could not support a change to the principles and screens in place for Evergreen investments, particularly Foundation investments.

Human Rights' standards or are unwilling or unable to integrate the College's policy commitments, the College should consider ending its relationship to the asset manager. If and when the College seeks to partner with a new asset manager, the expanded College Investment Committee will consider a new manager's ability to implement the College's investment policy, including the SRI Guiding Principles and measures to limit exposure to human and sovereign rights violators. The Foundation's Finance and Investment Committee, in consultation with the expanded College Investment Committee where appropriate, will go through the same process in reviewing the Foundation's asset managers.[4]

## 6. Transparency of Foundation's Financial Documents

***Background:*** The Evergreen State College Foundation is a separate entity from The Evergreen State College. This can create confusion regarding numerous financial-related data. While transparency of the Foundation's fundraising, financial, and investment data is provided to a number of audiences through different communications, including forums open to the public, that information does not often reach the majority of the Evergreen community. More explicit provision of the information would equip the Evergreen community with the ability to more meaningfully ask questions, make requests, and engage in the work and impacts of the Foundation.

**Recommendation:** The Evergreen State College Foundation release annual financial documents, made available to students, staff, and faculty at the College. Financials should include the following:

1. Amounts and broad categorization of the designation of funds received that fiscal year.
2. Endowment returns from the previous fiscal year, along with returns from the previous five fiscal years.
3. Amounts and broad categorizations of distributions from endowments from the previous fiscal year.
4. Details on the specific mutual funds and fund managers in which the Foundation is invested.

[4] The DTF was unable to reach consensus on this recommendation. Those who dissented cited the lack of a critical mass of feedback from the Evergreen community, specifically from both staff members and donors to the College and the Foundation was lacking. Without support of these constituencies, some members could not support a directive for the Evergreen Foundation to its asset managers regarding their investment strategies.

## 7. New Endowment Account

***Background:*** The Evergreen State College Foundation invests the bulk of its assets with the University of Washington Consolidated Endowment Fund (UWCEF). UWCEF affords the Foundation low management fees and good returns, but little control over how that money is invested especially as it relates to SRI, ESG, or other ethical and values-based investing. Any changes to the UWCEF would have to be initiated by the University of Washington, with or without consultation with The Evergreen State College Foundation. Pooling assets with the UWCEF creates a potential conflict of financial returns, and control over how funds are invested.

**Recommendation:** A new endowment account shall be created and managed outside the University of Washington Consolidated Endowment Fund. Donors creating endowments with the Foundation would have the option of having their endowments invested through UWCEF, or the new endowment account. The new endowment account would invest its funds following the criteria in the SRI guiding principles as identified in Recommendation 1, and the negative screens as identified in Recommendation 2. The Foundation's Finance and Investment Committee will work with the expanded College Investment Committee to develop and update screens for the new endowment account. Any updates to the screens will be communicated to relevant donors and College staff, faculty, and students.

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# Appendices

## Appendix A: Glossary

**AFSC:** American Friends Service Committee is a Quaker social justice group founded in 1917. The AFSC was founded in response to conscientious objectors seeking alternatives to military service during World War I. In 2016, the AFSC launched the Investigate project, which exposes corporations' and mutual funds' complicity in state violence and human rights violations, to guide investors toward ethical alternatives: https://investigate.info. AFSC's page on divestment, https://afsc.org/divest, lists a growing number of U.S. municipalities, faith-based groups, colleges, and unions that have either committed to, or is in the process of, exploring various forms of investment policies in support of Palestinian human rights.

**DTF:** Disappearing Task Force. DTFs at Evergreen research, analyze and make recommendations on major policy and governance issues within the institution. Most DTFs include members from across the institution including the student body. Members are asked to serve based on unique expertise or diversity of viewpoint that they can bring to the deliberative process. The president and vice presidents have the authority to "charge" DTFs. In a written document they lay out a broad outline of the work to be accomplished. Often the committee will develop processes for broad consultation across the campus community in developing their recommendations.

**ESG:** Environmental, Social, and Governance. The integration of ESG factors refers to the consideration and incorporation of environmental, social, and governance factors into the investment process. Utilizing both quantitative and qualitative metrics, ESG draws attention to factors that have been customarily overlooked in conventional investing, such as greenhouse gas emissions reduction, waste management improvement, labor practices, community relations, transparency and accountability reporting, and board composition. Standard & Poor's S&P 500 ESG Index "has outperformed the broader S&P 500 for the past 10 years" (Plaut 2024).

**ETFs:** Exchange Traded Funds are a type of investment fund that is also an exchange-traded product, traded on stock exchanges.

**Fiduciary duty:** refers to a relationship in which one party (the fiduciary) is responsible for looking after the best interests of another party (the beneficiary). Fiduciary duties in a financial sense exist to ensure that those who manage other people's money act in their beneficiaries' interests, rather than serving their own interests.

**ICC:** The International Criminal Court is an international tribunal seated in The Hague in the Netherlands. It is the first and only permanent international court with jurisdiction to prosecute individuals for the international crimes of genocide, crimes against humanity, war crimes, and the crime of aggression. Established in 2002 pursuant to the multilateral Rome Statute, the ICC is considered by its proponents to be a major step toward justice, and an innovation in international law and human rights.

**ICJ:** The International Court of Justice is the principal judicial organ of the United Nations, which hears disputes between states. Established by the United Nations Charter in June 1945, the ICJ is composed of 15 judges elected for a nine-year term by the General Assembly and the Security Council of the United Nations, and is on equal footing with those bodies.

**IDF:** Israel Defense Forces.

**OECD**: Organization of Economic Cooperation and Development. The OECD is an international organization that works closely with policy makers, stakeholders and citizens to find solutions to social, economic and environmental challenges, such as strengthening policies to fight climate change, bolstering education and fighting international tax evasion.

**OHCHR:** The United Nations Office of the High Commissioner for Human Rights.

**OPT:** Occupied Palestinian Territory. The OPT consists of the West Bank (including East Jerusalem) and the Gaza Strip—two regions of the former British Mandate for Palestine that have been occupied by Israel since the Six-Day War of 1967. These territories make up the State of Palestine, which was self-declared by the Palestine Liberation Organization in 1988 and is recognized by 146 out of 193 UN member states.

**PFM:** Pacific Financial Management. PFM provides accounting and financial services to corporations, non–profit organizations, and institutions such as Evergreen. PFM manages Evergreen's mutual funds.

**SRI:** Socially Responsible Investment. SRI as an investment directive either screens out or prioritizes certain companies (or sectors) to align with the asset owners' values. Positive screening is the practice of prioritizing investment in (or limiting investment exclusively to) companies that meet certain desirable criteria. Negative screening (also known as avoidance or exclusionary screening) is the practice of excluding particular industries and/or companies from one's investment portfolio based on a set of criteria. The practice allows socially responsible investors to build portfolios that behave like the broad market, but without investing in industries that do not align with the asset owner's values. Negative screening was the cornerstone of traditional SRI and remains an integral part of modern SRI. Norms-based screening is a subcategory of negative screening that excludes companies which fail to meet minimum standards of practice based on international norms. Globally recognized frameworks frequently used in norms-based screening include (but are not limited to) the International Bill of Human Rights, the UN Global Compact, the Kyoto Protocol, International Labour Organization standards, and the OECD Guidelines for Multinational Enterprises (CFA Institute et al. 2023).

**Shareholder engagement:** investors utilize their leverage to attempt to promote changes in a company's practices. Advocacy groups and "activist investors" most commonly make use of shareholder proposals, particularly as an escalatory tactic when engaging in dialogue with management does not show results

**TBL:** Triple Bottom Line, TBL is the concept that companies should commit to focusing as much on social and environmental concerns as they do on profits. TBL theory posits that instead of one bottom line, there should be three: profit, people, and the planet.

**UNGPs:** United Nations Guiding Principles. In 2011, the UN Human Rights Council unanimously endorsed this framework outlining the duty of both states and corporations to protect human rights. The UNGPs provides a global authoritative human rights standard for all states and businesses to uphold. The UNGPs and supporting resources have established a framework for the integration of a human rights approach into business activities, including investment.

**U.S. Leahy Laws—**Section 620M of the FAA (22 U.S.C. 2378d) and 10 U.S.C. 362—prohibit certain U.S. "assistance" to a foreign security force unit when there is credible information that such unit has committed a "gross violation of human rights" (Congressional Research Service 2024).

## Appendix B: Memorandum of Understanding

### Memorandum of Understanding Between The Evergreen State College and the Evergreen Gaza Solidarity Encampment

The Evergreen State College ("Evergreen") and Evergreen Gaza Solidarity Encampment hereby enter into this memorandum of understanding and agreement as of April 30, 2024.

Whereas, Evergreen is a public college of the State of Washington.

Whereas, Evergreen has investment policies dated 2013 and has certain investments held by the University of Washington.

Whereas, in the course of its operations, Evergreen applies for and receives grant funding.

Whereas, Evergreen Gaza Solidarity Encampment, has been established to exercise a student's First Amendment rights to speech and protest and the members of the negotiating team have come here in good faith and looking for a successful resolution.

Now hereby, the parties agree as follows:

#### Engage in college-wide governance to address the following issues:

The college will charge four committees to begin work in Spring on four policy questions. These committees will publish quarterly reports on their progress. The GSU will appoint up to three students to each committee. The Faculty Agenda Committee will be asked to appoint two faculty to each committee. The president will appoint staff membership on the committee, provide for administrative support for the committee, and will designate chairs or co-chairs of each committee. Any policy changes implemented as a result of the work of these task forces will not be rescinded without a similar public process. The four committees are:

1. Investment Policy Disappearing Task Force, charged with proposing revisions to investment policies, including new proposed language on socially responsible investments/divestments. The task force will develop a definition for socially responsible investing. The DTF will address divestment from companies that profit from gross human rights violations and/or the occupation of Palestinian territories. Information provided to this task force will provide the fullest transparent view Evergreen has available of investments to support the work of the task force to complete a recommendation. This task force will work with the Foundation and the college to establish the soonest time recommendations can be made and acted upon.

The Task Force will convene by the end of Spring quarter 2024. Recommendations are due in Fall quarter 2024, for consideration by the Foundation and the College, with the implementation of the divestment policy to begin during Spring quarter 2025 and completed by Spring 2026.

2. Grant Acceptance Policy Disappearing Task Force, charged with recommending a policy that would provide criteria for accepting or refusing grant funding based on the purposes of the grant. Criteria would include such considerations as whether grants facilitate illegal occupations abroad, limit free speech, or support oppression of minorities. The recommendations will be shared with the Board of Trustees promptly upon completion and circulated to the Student, Staff and Faculty email DL. This recommendation is due in Fall Quarter 2024, with implementation to begin during Spring quarter 2025 and completed by Spring 2026.

3. Civilian Oversight of the Police Department Disappearing Task Force, charged with proposing a new Police Services Community Review Board structure. The new structure may include multiple recommendations, among those recommendations will include updates to the Police Services Standard Operating Procedures to include the role of the Police Services Community Review Board. The President's office will support members of the committee who wish to attend the National Association for Civilian Oversight of Law Enforcement's annual meeting in Tucson, Arizona on October 13-17. Recommendations are due to Executive Leadership by the end of Winter quarter 2025, with implementation to begin during Fall 2025 and completed by Fall 2026.

4. Alternative Models of Crisis Response Disappearing Task Force, charged with proposing a new, non-law enforcement model for 24-hour crisis response that provides for medical care, de-escalation and the tools, equipment, and culture that will best serve our community. Recommendations are due to Executive Leadership by the end of Winter quarter 2025, with implementation to begin during Spring 2025 and completed by 2030.

Make a statement:

The college will make a statement defending speech rights of students and others, including those doing Palestinian solidarity work. The FULL statement be reviewed by negotiators and a faculty representative before it is released.

The subject line of the email will be: “Statement from the President regarding the Red Square Encampment and the ongoing humanitarian catastrophe in Gaza.” The following paragraph would be included:

“Like many, I am horrified and grief-stricken by the violence and suffering being inflicted due to the ongoing Israeli-Palestinian conflict. I wish to see an end to the violence and restoration of international law, including respect for the March 25 United Nations resolution. Specifically, the resolution called for a lasting, sustainable ceasefire honored by all parties, immediate and unconditional release of all hostages, expanded humanitarian assistance, and the protection of civilians. Additionally, I mourn the destruction of universities and hospitals, the killing of journalists, and want to see the release of any prisoner being held without due process.”

The statement will include an acknowledgement of the ICJ’s genocide investigation and comments about US weaponry.

### Study Abroad and International Education:

Evergreen affirms the value of study abroad and international education for providing opportunities for students to gain firsthand experience in a complex world, for building capacity for cross-cultural understanding and humility, and for learning across significant differences. Evergreen also affirms the principle of academic freedom, and freedom for students to choose where and how to learn.  Evergreen also acknowledges the current restrictions of human rights workers and Palestinians into Gaza. While travel to the region remains at high risk due to the ongoing conflict, Evergreen will not approve study abroad to Israel, Gaza or the West Bank. Evergreen will not approve study abroad programs to regions where our students are denied entry based on their identity as Palestinians or Jews.

### Free speech and Free Association:

Evergreen affirms a fundamental principle of freedom of speech and free association. Faculty may associate with professional associations even if their views differ from the college’s. In academic institutions we counter misinformation with informed and open discussion, and critical analysis of the issues. Faculty affiliations do not bind Evergreen to policies that limit free speech.

### Discrimination Based on Shared Ancestry or Ethnic Characteristics:

The college is required to comply with state and federal law (i.e. the Washington Law Against Discrimination, RCW 49.60, as well as Title VI) which prohibits discrimination based on shared ancestry or ethnic characteristics, including Jews and Palestinians. The college is obligated to take prompt and appropriate action to respond to harassment that creates a hostile environment, including Islamophobic and Antisemitic harassment, as part of our compliance with applicable law.

### Reconciliation:

The college has made a temporary exception to the campus habitation policy over the last several days, but we will end that exception on Wednesday, May 1, by 5pm, which means the encampment will conclude at that time.  As part of the decampment process, students will remove all material from Red Square, and dispose of trash and recycling as instructed by Facilities staff. Remaining in the encampment after that time will leave students open to sanctions described in Student Rights and Responsibilities. At this time, we have not received reports of violations of policy. If any reports are received, the college will investigate as described in policy.

## Appendix C: Investment Policy Disappearing Task Force Charge

Background

As part of the agreement between the college and the Evergreen Gaza Solidarity Encampment, the Investment Policy Disappearing Task Force is charged. The agreement calls for the task force to propose:

> …revisions to investment policies, including new proposed language on socially responsible investments/divestments. The task force will develop a definition of socially responsible investing. The DTF will address divestment from companies that profit from gross human rights violations and/or the occupation of Palestinian territories.

Scope

The scope of this charge includes recommendations to both the college and The Evergreen State College Foundation. Relevant current policies include the College Investment Policy the College Endowment Investment and Spending Policy and the Foundation Investment and Spending Policy.

Work Plan

The first meeting for the Task Force will be scheduled to occur before the end of Spring Quarter. At that meeting, the Task Force will develop a preliminary schedule. If meetings are scheduled over the summer, the President's Office will provide budgetary support for faculty participation.

I am asking the task force to develop a work plan that includes:

1. Research
    a. Identify readings and other educational resources needed to become familiar with institutional investing and socially responsible investing.
    b. Gather information from college staff on current college and foundation investments and investment policies.
    c. Examine investment policies from other institutions.

2. Modeling
    a. To the extent possible, estimate the impact of proposed changes in investment policies on investment returns and scholarship budgets.

3. Consultation
    a. Before finalizing recommendations, seek input from members of the Evergreen community.
    b. Provide quarterly progress reports to the Geoduck Student Union, the Faculty Agenda Committee, and the Executive Leadership Team.

4. Recommendations
    a. Deliver recommendations to the President by the end of Fall Quarter 2024. The President will respond in Winter Quarter 2025. The President's response will include a clear statement of the process for final decisions that would allow for implementation to begin in Spring 2025 and be completed by Spring 2026.

<u>Membership</u>

Under the agreement, the disappearing task force will include three students appointed by the Geoduck Student Union, two faculty appointed by the Faculty Agenda Committee, and additional staff appointed by the President. The President will designate a chair or co-chairs of the task force. An administrative staff member appointed by the President provided support for the task force's work.

## Appendix D: Investment Policies at Other Institutions

- The University of Washington maintains a Consolidated Endowment Fund currently estimated at $4.9 billion. **The Evergreen State College Foundation has $21.5 million invested in that fund, the bulk of our investment resources.** The fund is considered by endowment experts to be low cost and high yielding, producing more investment returns than Evergreen would earn if it was investing on its own. Investment returns go to support Evergreen student scholarships and the student emergency fund.

  Over many decades, UW regents have made decisions to divest from tobacco companies, companies profiting from wars in Sudan / Darfur, and most recently from fossil fuels. UW maintains an Advisory Committee on Socially Responsible Investing, which convenes when the Board of Regents receives requests to divest that meet certain criteria. The Board Governance committee reviews requests for divestment, and if they meet the criteria, refers the requests to the committee, which convenes as needed.

- In contrast to UW, Washington State University has no publicly available policy on divestment of any kind. The university's holdings are a traditional mix of equities, fixed income, real estate and other assets. They do not appear to screen for fossil fuels or subscribe to ESG investment strategies. They have no advisory committee.

- At the end of May 2024, Western Washington University signed an agreement with a student-led group to form an Advisory Committee on Socially Responsible Investing (ACSRI) and develop a socially responsible investment policy. The divestment policy is currently in development and the ACSRI committee is still being formed.

- Central Washington University has a Council on Investor Responsibility which consists of students, staff and faculty. As part of CWU's 2023-2024 Climate Action Plan, the Council is charged with developing ESG screens for university investments.

- Eastern Washington University has incorporated socially responsible investing into its investment policy. EWU's investment policy includes a specific goal of divesting from fossil fuels.

**Out of State Institutions**

Below is a review of the policies at the out-of-state institutions we researched. Common themes were a stated dedication to investment returns, and divestment processes (if they existed) that had a high threshold of criteria for divestments to be considered.

- Reed College divested from South Africa in the 1980s. Reed also does not invest in fossil fuels.

- Union Theological Seminary, a private Christian college connected to Columbia University, decided in May 2024 to divest from “companies substantially and intractably benefiting from the war in Palestine.”

- Brown University has an advisory committee, Advisory Committee on University Resources Management (ACURM), similar to some other large universities across the country. They estimate that 25% of their endowments are being managed with an ESG lens, with an aspiration to do more. Brown has previously divested from Sudan, and tobacco.

    - Brown has had two high-profile votes on divestment from the conflict in Israel (2020 and 2024). In 2020, the committee recommended divestment, but that recommendation was denied by the president under the rationale that the recommendation did not articulate how financial divestment would address social harm. In 2024, the committee recommended against divestment by a vote of 8 to 2 with similar rationale, and that Brown’s investments were “de minimis” in their size.

- University of California-Berkeley, like Brown, uses external financial managers for their endowments. Also like Brown, Berkeley has an “ESG Subcommittee”, which evaluates whether company actions are “directly causing social injury” or are violating national/international laws. The subcommittee’s guidelines include the threshold of “divestment will clearly diminish the social injury in question.” Berkeley’s subcommittee is distinct from other institutions in that the subcommittee has defined what “divestment” looks like, including: divestment of asset, divestment of derivatives, suspension of further investment, and discussion with fund managers when it comes to commingled funds.

- Oregon State University carries some similarities and some differences from other institutions based on both its structures, and history of calls for divestment. A call for divestment from fossil fuels during the 2013-2014 school year led to the creation of an Advisory Committee for Public Input on Investments through the Oregon State University Foundation. Like Western Washington University, Oregon State has recently established new task forces to examine questions of divestment. A Task Force on Responsible Investing, and a Task Force on Responsible Procurement, were created with work beginning in the fall quarter of 2024 and estimated recommendations for the Board of Trustees (Responsible Investing), and President (Responsible Procurement) by the end of the school year.

- San Francisco State University (SFSU) has engaged in a number of both divestment related strategies, as well as promoting transparency of investment compositions. Racial equity and fossil fuel divestment goals are set with 2040 being a benchmark year for net zero carbon emissions, and 2025 being divested from fossil fuels. More recently, reports from outside sources state that SFSU will divest from three weapons manufacturing companies. SFSU like other institutions has a designated committee for "investment responsibility". SFSU is unique in its creation of a "Green Fund", a separate investment fund for donors interested in their funds being invested, "In a carefully screened, socially responsible portfolio with an emphasis on environmental impact." Information on San Francisco State University?