

The University Resources Committee had a busy year, responding to petitioners on three separate inquiries. Some of these inquiries involved issues where there are strongly held conflicting views. We appreciated the thoughtful and constructive ways in which the petitioners presented their views to the Committee, and we were reminded again of the importance and value of informed debate and civil discourse to the Resources Committee process, as well as to broader discussions of these issues throughout the University community.

All of the issues raised this year pertained to the potential divestment of the University's investments in various companies or industry sectors. The University's divestment guidelines, which also include a disassociation standard, rely on thoughtful and sustained dialog on an issue, a frank and thorough discussion of University values, and a community consensus on a plan of action. This kind of dialog and discussion requires adherence to fundamental principles of freedom of expression, which the University faculty recently reaffirmed by adopting a statement on this topic that is now included in Princeton's *Rights, Rules, Responsibilities*. Underlying the concept of freedom of expression is a commitment to respectful, thoughtful and reasoned debate. The Resources Committee thanks all of the petitioners for their contributions to informed campus dialog on a number of contested issues on which reasonable people can, and do, disagree. We urge that this dialog continue with respect for differences of opinions, opposing views, and disagreement or dissent.

The questions brought to the Committee led the Committee to review the University's policies related to divestment and dissociation and to consider the relationship between the University's investment and operational decisions. In our deliberations regarding these questions, the Committee sought the advice and counsel of President Eisgruber and Princo president, Andrew Golden. We are grateful for their input.

While there seems to be universal understanding of the University's core mission, it bears repeating here as it underpins all Resources Committee discussions. The University's core mission is to transmit and expand knowledge through scholarship, research and teaching. The purpose of the endowment is to support that core mission through the investment of the University's financial resources to produce high, reliable, long term returns. In order to produce those returns, the Princeton University Investment Company (Princo) partners with external investment management firms that demonstrate expertise in specific investment specialties. Princo is focused on the long term and its managers assess risks and opportunities that exist currently and those that might face companies far into the future. As Mr. Golden described it, "These factors include potential regulatory changes, technical evolutions, alterations to the surrounding economic environment, and reputational risks." In writing to us, he said that Princo managers and directors believe "that applying an ethical perspective provides a useful guide to analyze these kinds of issues: we believe that in many, if not most cases, where a need or injustice exists, decent social, economic, and political systems will adjust to address it. There is nothing inevitable about this view. We adopt it as a matter of conscious choice. Some people might take a much more cynical view of the human situation, but at Princo we believe that these

kinds of ethical judgments provide two benefits to us. First, they assure that we are sensitive to moral perspectives concerning a host of important social considerations. Second, they often illuminate considerations that ultimately have economic consequences.”

Our correspondence and conversations with President Eisgruber and Mr. Golden informed the Committee’s deliberations on the issues that came before it in 2014-15.

The first issue was raised in November, 2014, by Mr. Gabe Rissman, a Yale University undergraduate interning at the Princeton Plasma Physics Lab. Mr. Rissman requested a conversation with the Committee that would be designed to develop a fossil fuel divestment proposal that the Committee would endorse. The Committee responded to Mr. Rissman in late November explaining its role is to consider fully formed proposals and suggesting that he work with existing campus-based organizations if he wished to develop such a proposal.

The second issue concerned the University’s investment in certain companies that do business in Israel. A petition calling for divestment from companies that “contribute to or profit from the Israeli occupation of the West Bank until the State of Israel complies with UN Resolution 242, ends its military occupation of the West Bank and lifts its siege of Gaza” was presented to President Eisgruber on November 19 and was signed by 71 faculty members. A petition signed by nearly 600 undergraduate students and graduate students in support of the faculty divestment proposal was presented in December. The President also received a petition from more than 450 students objecting to the divestment proposal. The officers of the Center for Jewish Life and more than 425 faculty, parents and alumni also indicated their opposition to the divestment petition.

The Committee met and discussed the issue and responded to the faculty petitioners in December, 2014. A copy of that response was posted on the Resources Committee website. The Committee’s response indicated its view that the petitioners failed to meet the standards outlined in the Committee’s guidelines requiring sustained campus dialog on an issue and were unlikely to meet the requirement of a consensus on a University response. At the request of the petitioners, the Committee subsequently met in February, 2015 with a group of faculty and students engaged in the divestment effort.

The information provided at the meeting persuaded the Committee that the issue had indeed been the topic of campus interest for some period of time. However, the absence of a consensus on the issue would preclude the Committee from actively considering a divestment recommendation. At the meeting, the Committee encouraged the petitioners to continue the campus-wide debate in search of a common ground that might allow the community to develop a consensus position. The Committee applauds the on-going efforts to educate and inform the community through the development of courses, scholarly research, participation in panels, community-wide presentations, and participation in conferences. The undergraduate and

graduate student referenda on this issue attest to the depth and breadth of interest in the topic, but also to the lack of a community-wide consensus.

The third issue was brought to the Committee in the form of the Princeton Sustainable Investment Initiative. This Initiative was presented to the Resources Committee in writing and the Committee met with its drafters in early April, 2015. The Committee also received a letter in support of the PSII proposal from Professor Michael Oppenheimer. The Committee is grateful for the full and frank conversation that ensued and has responded to the group in a letter that has been posted on the Committee's website. The Sustainable Investment Initiative recommends that the University take five steps to develop and support an investment strategy that would shift investments away from certain companies that are deemed to employ unsustainable practices. The steps include adopting the United Nations' Principles for Responsible Investment; becoming a signatory to the Carbon Disclosure Project; calculating and annually reporting a carbon footprint estimate for the endowment; creating a student-faculty-staff committee to develop new investment guidelines that would pertain to certain types of companies; and testing and applying these guidelines to the University's investment practices.

The Committee declined to endorse the PSII proposals. The Committee cited the University's presumption against taking symbolic stands such as joining organizations or signing on to others' principles or guidelines in areas not directly related to the University's core mission, and it did not see that these proposed symbolic actions would add much substance to the University's already active commitment to environmental protection. With regard to measuring a carbon footprint, the Committee – which includes faculty members with expertise in environmental and sustainability issues – noted that no widely accepted measure exists to estimate such an impact and, should a measurement tool be developed, the possibility of applying it to a multi-layer and fluid set of investments is unclear. Finally, with regard to the development and implementation of a set of divestment guidelines for the energy industry, the Committee noted that the Trustees of Princeton University bear the responsibility for developing investment policies, in consultation with the University community via this Committee, and saw no reason to suggest that the Trustees delegate this responsibility. Nor did the Committee endorse what seems to be an effort to create a different set of divestment considerations for a specific industry.

The Committee noted that sustainability concerns are already at the core of many initiatives of the University, not only in its academic activities but also in its efforts to reduce its own emissions. Therefore, these conversations on divestment issues caused the Committee to ask President Eisgruber to clarify the circumstances under which the University takes action and is willing to incur costs for the sake of community values and principles, whether in its investment decisions or in other domains. Because divestment proposals also raise questions of disassociation, the Committee also asked for the President's guidance on the relationship between divestment and disassociation. The Committee's request, the President's response, and a related memo from Princo president Andrew Golden are posted on the Committee's website.

The Committee believes that these documents provide vital context and clear guidance for future Resources Committee discussions.

President Eisgruber made it clear that Princeton influences society mainly through scholarship and teaching, not through economic influences or aligning institutionally with positions on contested issues. His statement bears repeating:

“A commitment to robust debate and freedom inquiry is essential to the quality and credibility of the scholarship and teaching that we do. Because the University seeks to provide an open and unbiased forum for scholarly contestation about key issues of the day, Princeton must be very careful about when and why it takes an institutional position about contested issues.”

The Resources Committee concurs and appreciates the fact that the President then explored certain exceptions to the University’s general presumption against taking stands on contested issues. These include circumstances over which the University exercises direct control, such as decisions to provide the same benefits to gay and heterosexual couples or to value racial and ethnic diversity in its admissions process. Another exception is advocacy on behalf of policies that directly affect the University’s core research and teaching activities. The final example has to do with investment policies where the University refuses “to allow the University to benefit from activities or practices that the University community as a whole regards as seriously inconsistent with a core University value.” The President points out that the guidelines for considering questions regarding divestment and dissociation are well described on our Committee’s website, and that the University’s presumption against making investment judgments on political grounds would cover proposals to require Princo to make certain investments for political reasons as well as proposals to prohibit certain investments.

The clear articulation by President Eisgruber of the concept of disassociation will inform future discussions of divestment and disassociation. The committee observes that Princeton may stand alone in its approach, which has been Princeton’s policy for decades and which the President so clearly stated, “If we believe that we should not be associated with a company or an activity as a matter of our investment policy, then so too we ought to disassociate from it in all other aspects of our operations – we ought not to purchase products or accept gifts from it, nor should we form partnerships with it or facilitate its recruitment activities.”

President Eisgruber also commented on the fossil fuel issue and noted that the energy providers interact with the University in many ways and “do not meet the disassociation standard... Questions about energy, the environment and sustainability are among the most important that the world faces –but they are questions that arise not out of the conduct of a few bad actors but rather out of the conduct of all of us.”

This has been a busy and interesting year for the members of the Resources Committee and we again express our appreciation to all who sought to raise and discuss important community

issues. We learned much from these discussions. And we discovered that access to the history of these types of discussions is crucial to current and future debates. Thus, we found and posted on our website a number of historical documents that detail earlier discussions about divestment and disassociation. We add to that repository this report, the written responses we made to petitioners, and the correspondence between President Eisgruber and the Committee.

The Resources Committee is a committee of the Council of the Princeton University Community. The volunteers who serve on this committee represent the faculty, graduate students, undergraduate students and staff of the University and are joined by ex officio members including the Vice President for Finance and Treasurer and a representative of Princo. The committee was chaired by Professor Marc Fleurbaey and benefited from the participation of Professors Lynn Loo and Denise Mauzerall; David Schwartz GS; Jacob Cannon '17; Dallas Nan '16; Leila Shahbender, Senior Manager, Customer Services, Support Services, Office of Information Technology; Carolyn Ainslie, Vice President for Finance and Treasurer; Jennifer Birmingham, Managing Director of the Princeton University Investment Company; and the staff support of Karen Jezierny, Director of Public Affairs.