

Recommendation Concerning Investments Tied to Internationally-Traded Military and Related Products and Services

University of Rochester Ethical Investment Advisory Committee (EIAC)

Recommendation:

The Ethical Investment Advisory Committee recommends that the University of Rochester Investment Committee adopt a policy to (i) avoid direct investments in securities issued by companies selling goods or services that support military operations that violate U.S. or international law, and (ii) instruct the Investment Office to ask the University's investment managers to vote proxies in portfolio companies in a manner that is consistent with the goals and values underlying the first part of this recommendation.

Rationale:

The role of the Ethical Investment Advisory Committee is to “assure the consistency of our institutional support strategies with our core values.” Based on a number of requests from the University Community related to University investments with potential connections to military operations and occupation, the EIAC investigated this issue, as reported in the meeting notes and in the Community Questions section of the website, which also provides specific responses to the questions raised. As a more general matter and after discussion of the issues, the EIAC has concluded that investments in corporations whose products and dealings run a significant risk of contributing in these ways to such violations threaten core values articulated in the University's CSR policy and central to its mission—values such as respect for and protection of human rights, recognition of the equality of persons, and support for democratic governance.

The concern in the first part of the recommendation is with potential contributions to violations of U.S. or international law or of human rights via such activities as the supplying of military hardware, surveillance technologies, or equipment used in forced displacement, housing or infrastructure demolition, or attacks on civilians. Here the focus is specifically on corporations whose contributions are a substantive, not merely peripheral, part of their business, especially in volatile regions.

This recommendation should not be interpreted as denying that there are legitimate uses for military or surveillance equipment or technology; nor does the justification underlying the recommendation require endorsing one or another partisan view of broader issues in ongoing geopolitical conflicts. The question for the EIAC is about ethically responsible investing for an institution of higher learning committed to the above values, even in light of disagreement with the University community over the complexities of various geopolitical issues.

Despite whatever legitimate uses the equipment and technology in question may have, by their nature these things can readily be put to uses that are deeply ethically problematic, and investors such as the University of Rochester are not in a position to control how they will be used once they are produced and sold by the companies supplying them. It is therefore the position of the EIAC that the principles of ethical investment for an institution like ours require seeking to avoid investments in companies that are substantially engaged in providing such products and services, especially in regions where the likelihood of ethically problematic uses is significant.