



OFFICE OF THE PRESIDENT
BROWN UNIVERSITY

CHRISTINA H. PAXSON, PRESIDENT

October 9, 2024

Dear Members of the Brown Community,

On Monday, Sept. 30, 2024, Brown's Advisory Committee on University Resources Management (ACURM) submitted to me this report sharing the committee's advisory opinion regarding the student-led Brown Divest Coalition proposal. That proposal, submitted to ACURM in July, asked that Brown divest from a set of 10 companies described in the proposal as facilitating "the Israeli occupation of Palestinian Territory." As reflected in this report, ACURM recommended against divestment by a vote of 8 to 2, with 1 abstention.

As a committee composed of faculty, students, staff and alumni, ACURM is responsible for reviewing whether the investment and expenditure of the University's financial resources is conducted with "ethical and moral standards consistent with the University's mission and values." I determined that this report fully meets all elements of ACURM's charge. ACURM is advisory to the president, and I subsequently provided the committee's report to Brown's highest governing body, the Corporation of Brown University.

During a special meeting on Oct. 8, 2024, the Corporation voted on a formal motion to decide whether or not to accept ACURM's advisory opinion. The majority of the Corporation voted to support the committee's recommendation, and in doing so, the Corporation stated its position opposing divestment. The [letter communicating the Corporation's decision](#) to the Brown community is posted online and available to the public.

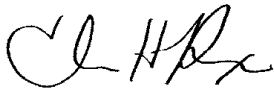
The Corporation began preparing to receive the ACURM recommendation in May, when a subset of members met with groups of students in favor of and opposed to divestment. Over the course of the summer and fall, the Corporation met as a body numerous times to educate themselves about Brown's previous divestment actions, the ACURM charge, and issues of law, ethics, governance, financial and investment policy, and fiduciary obligation. This included preparing to review ACURM's report in line with the committee's charge, when considering a proposal for divestment, which is to:

"...balance the gravity of the social harm, the potential effectiveness of various means of influencing relevant policy or conduct, the University's need to maintain a sound financial policy, and the consistency of various proposed recommendations with the maintenance of an environment at Brown conducive to teaching and scholarly inquiry, including the Corporation Statement on Academic Freedom for Faculty and Students."

Given this extensive preparation, the comprehensiveness of the ACURM report and process, and the commitment to both sharing ACURM's report and communicating the decision to the Brown community as soon as possible, the Corporation was fully ready to make its decision ahead of its regular meetings scheduled for mid-October.

Whether or not members of our community agree with ACURM's conclusion and the Corporation's decision, they can be assured that the committee's process was deliberate, inclusive, fair and participatory. For almost 50 years — since the 1970's — any member of the Brown community has been able to submit a proposal for divestment via ACURM or its predecessor committee. Brown has a strong history of directly tackling difficult questions, and this process sustains Brown's enduring commitment to encouraging open discourse on challenging, and even divisive, issues. I thank ACURM and its members for their role in upholding this commitment.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. H. Paxson', written in a cursive style.

Christina H. Paxson
President

ACURM Report on 2024 Proposal by Brown Divest Coalition

September 30, 2024

Submitted to Brown University President Christina H. Paxson by James R. Kellner,
as Chair and on Behalf of the Advisory Committee on University Resources
Management

ACURM Report on 2024 Proposal by Brown Divest Coalition

1. Executive Summary

The Brown University Advisory Committee on University Resources Management (ACURM) has prepared this report to address the question of divestiture of the University endowment from ten specific companies named by the Brown Divest Coalition that are alleged to contribute to social harm in the Palestinian territories. The analysis that follows is in response to a negotiated solution between Brown University and members of a student encampment on the College Green in April, 2024. Students agreed to end the encampment in exchange for an agreement from President Christina Paxson to request an opinion from ACURM on the merits of the divestment proposal and to bring the ACURM recommendation to the October 2024 meeting of the Brown Corporation.

The Committee held meetings open to the Brown community with representatives from the Brown Divest Coalition advocating for divestment, and representatives from a student group in opposition to divestment. The Committee also held open listening sessions with members of the extended Brown community during which more than 100 perspectives were expressed on all sides of the issue. The Committee also received more than 3,700 pieces of written communication, ranging from form letters to individual contributions and historical analyses, materials submitted by nonprofits, state lawmakers, and other stakeholders. The Committee solicited opinions from independent counsel on a wide range of legal questions potentially implicated by a decision by the Brown Corporation to divest, or not divest, and consulted with staff in the Brown Investment Office and the Office of the Vice President for Research. This was by no means an easy or straightforward task, and the Committee took painstaking efforts to consider the full range of views expressed on this matter.

The Committee recognizes unquestionable grave harm in the Palestinian territories and Israel as a result of this conflict. In addition, the Committee recognizes harm on the University campus related to the ongoing debate. Acknowledging the seriousness of this matter and the importance of conducting a full and fair evaluation that remains consistent with ACURM's Charge, the Committee engaged in an exhaustive evaluation to arrive at its opinion. As explained more fully in Section 4 below, ACURM's Charge¹ requires a causal link between the investment or expenditure of University resources and the associated harm, and general guidelines prohibit ACURM from "recommend[ing] any action that advances a position on social or political questions unrelated to the investment or expenditure of University financial resources under consideration."² The Committee finds that Brown University holds no direct investment in any of the ten companies, and that approximately 1% of the Brown endowment may be indirectly invested in the ten companies through external investment managers. The value of this indirect investment is about 0.009% (i.e., nine-thousandths of one percent) of the aggregate market value of the ten companies. After extensive deliberation, the Committee determined that this investment is de minimis, and by a vote of 8 to 2 with one member in abstention, the majority found that the

definition of “social harm” under the ACURM Charge is not satisfied. The Committee therefore does not recommend divestment.

2. Background

In 1978, the University formed the Advisory Committee on Corporate Responsibility in Investment Practices (“ACCRIP”) to consider issues of ethical and moral responsibility in Brown’s investment policies. Throughout its history, the University has engaged in several divestment campaigns, each of which followed consideration by an advisory committee and an associated recommendation to divest. These include:

- A. In February 1986, the Brown Corporation voted to partially divest from companies doing business in apartheid South Africa.
- B. In September 2003, the Brown Corporation adopted an ACCRIP recommendation to “exclude from Brown’s direct investments, and require Brown’s separate account investment managers to exclude from their direct investments, those companies that manufacture tobacco products and that the Investment Office share with all investment managers the University’s desire to adhere to this investment philosophy.”³
- C. In February 2006, the Brown Corporation voted to “divest its investments from companies whose business activities can be shown to be supporting and facilitating the Sudanese government in its continuing sponsorship of genocidal actions and human rights violations in Darfur.”⁴

On July 1, 2020, ACCRIP was succeeded by the newly established Advisory Committee on University Resources Management (“ACURM”). This transition to ACURM was meant to be a direct response to concerns raised by faculty regarding ACCRIP’s narrow charge. “During the 2019-2020 academic year, a working group led by the Faculty Executive Committee developed a committee charge to expand the mandate such that the president and members of the community can bring pressing issues concerning core University values without being limited solely to matters of investment policy. At the May 2020 Faculty Meeting, the faculty approved a motion to amend the *Faculty Rules and Regulations*, effective July 1, 2020, for the purpose of creating [ACURM] as a successor committee to [ACCRIP].”⁵

As set forth in its Charge, ACURM “is responsible for reviewing whether the investment and expenditure of the University’s financial resources is conducted with ethical and moral standards consistent with the University’s mission and values.”¹ The Committee may consider requests by any member of the University community to bring pressing issues concerning the University’s mission and values. The Committee is a representative body composed of faculty, staff, students, and alumni.

The University has considered divestment proposals relating to the Israeli-Palestinian conflict on several prior occasions. Most recently, ACCRIP considered a 2019 proposal to divest from companies “which profit from human rights abuses in Palestine,”⁶ and a two-thirds majority

of ACCRIP members voted “yes” to: (1) whether “the Israeli occupation of Palestinian territory constitute[s] social harm” and (2) recommend that (a) “the Brown Corporation exclude from Brown’s direct investments, and require Brown’s separate account investment managers to exclude from their direct investments, companies identified as facilitating human rights violations in Palestine”, (b) Brown’s Investment Office will “share with all investment managers the University’s desire to adhere to this investment philosophy”, and (c) “the Corporation and Brown’s separate account investment managers maintain the withdrawal of investments from said companies until they cease to engage in social harm.” ACCRIP developed a report in January 2020 with a recommendation that Brown University divest its financial holdings from companies that ACCRIP determined “facilitate the Israeli occupation of Palestinian Territory.”⁶

President Paxson rejected the ACCRIP recommendation⁷, stating that it “did not adequately address the requirements for rigorous analysis and research as laid out in ACCRIP’s charge, nor was there the requisite level of specificity in regard to divestment.” President Paxson also concluded that the divestment recommendation “did not meet established standards for identifying specific entities for divestment or the articulation for how financial divestment from the entities would address social harm as defined in the committee’s charge.”⁷

Following the Hamas terrorist attack in southern Israel on October 7, 2023, and the resulting Israeli military response in Gaza, there was a renewed wave of student activism at universities across the country relating to the Israeli-Palestinian conflict. At Brown, several dozen students were arrested and charged for trespassing within school buildings, and a group of students engaged in a multi-day hunger strike. Student activism at Brown reached a crescendo in April of 2024 when a group of students formed a “Gaza Solidarity Encampment”⁸ on the College Green.

On April 30, 2024, representatives of the University and the student-led Brown Divest Coalition signed an agreement in which the Brown Divest Coalition agreed to immediately end the encampment in exchange for, among other things, agreement by President Paxson to “request that ACURM provide her with their recommendations and advice regarding the ‘Brown Divest Now’ proposal, otherwise known as the Critical Edition of the 2020 ACCRIP Report, presented by the Brown Divest Coalition and dated February 2024.”⁸ By the terms of the April 30 agreement, ACURM was required to “provide its advice no later than September 30, 2024” so that “the matter will be placed on the agenda of the Corporation business meeting for a vote in October 2024 regardless of the ACURM recommendation.”⁸

In July 2024, the Brown Divest Coalition presented an update to the ‘Brown Divest Now’ proposal (the “Proposal”) to ACURM. The Proposal seeks divestment from ten companies that “facilitate the Israeli occupation of Palestinian territory.”⁹ These ten companies are: Airbus, Boeing, General Dynamics, General Electric, Motorola Solutions, Northrop Grumman, RTX Corporation (formerly Raytheon and United Technologies), Textron, Safariland, and Volvo Group (AB Volvo). These companies were identified by the Proposal as candidates for divestment because they⁹ (a) “provide products or services that contribute to the maintenance of the Israeli military occupation of Gaza and the West Bank,” and/or (b) “provide products or services that

contribute to the maintenance and expansion of Israeli settlements in the occupied Palestinian territories,” and/or (c) establish facilities or operations in Israeli settlements in the occupied Palestinian territories,” and/or (d) “provide products or services that contribute to the maintenance and construction of the Separation Wall,” and/or (e) “provide products or services that contribute to violent acts against either Israeli or Palestinian civilians.”

3. ACURM Process and Independence

ACURM members are selected to represent the diversity of perspectives and views of a cross section of groups comprising the Brown University community. The composition of the Committee – which by design includes three faculty members, three student members, three alumni members, and two staff employees of the University – reflects this intent to represent a range of viewpoints within the Brown community. President Paxson’s instructions to ACURM reiterated that ACURM’s “members are expected to bring their own diverse perspectives to bear”¹⁰ on questions that come before the Committee.

Before deliberating and voting on the Proposal, ACURM followed the process set forth in its by-laws for identifying and addressing potential conflicts of interest. Members of the Committee were apprised of the types of concerns that could indicate a conflict, and that could require voluntary or forced recusal. The Committee specifically discussed the importance of representing the diversity of views that exist within the Brown community, and the importance of both genuine integrity and the outward appearance of integrity of the Committee by members of the University and broader communities.

All members were asked to disclose potential conflicts of interest, including specifically whether they had certain advisory, business, financial, personal, professional, or romantic relationships that could influence their ability to fairly deliberate, and whether they had taken a prior public position or otherwise had strong pre-existing views on the particular set of issues presented in the Proposal. The Committee also received information from community members raising allegations of potential conflicts of interest. Consistent with the by-laws, all potential conflicts were reviewed by an independent outside entity (see below) and discussed by the members of ACURM in closed sessions. The Committee voted on whether any members of the Committee had conflicts of interest that required or supported recusal, and determined by majority vote that the answer to that question was “no.”

ACURM sought independence from the University in decision-making authority, communications, and legal advice. The University hired an outside law firm to advise the Committee on procedural questions and legal matters of relevance to the specific issue before the Committee. Members of this outside law firm reported directly to the Committee. Throughout this process, the content of ACURM’s closed door discussions remained strictly confidential from all external parties including President Paxson and the University Administration, the Brown Corporation, the Brown Investment Office, the extended Brown community of students, faculty, staff and alumni, the press and the public at large.

With respect to the Committee’s substantive task – namely, consideration of the July 2024 update to the Proposal, the Committee engaged in a deliberative process that included, among other things:

- A. Holding four digital forums with the Brown University community (on September 4, 9, 10 and 11, 2024) to provide an opportunity for members of the Brown community to speak directly with members of ACURM. During the first two meetings, student groups in favor of and opposed to divestment were invited to present before ACURM in sessions that were broadcast to members of the extended Brown community online. In the two cases where student groups presented in-person before the Committee, ACURM invited members of the presenting student groups to visit the proposed room in advance to ensure that it met their needs and expectations with respect to safety and accessibility. The second two meetings were open listening sessions during which members of the extended Brown community were invited to speak or ask questions by joining an online queue. There was no screening of questions and all participants invited to speak were given 45 seconds to do so. Individuals were invited to speak in the order in which they appeared in the queue. In total, ACURM received 109 comments and questions during these open listening sessions.
- B. Communications with the Brown Investment Office to address the structure of the University endowment, how University values are expressed in investment decisions, the feasibility of a recommendation to divest, and the nature of previous divestment decisions.
- C. Solicitation of written community input through acurm@brown.edu. The inbox received more than 3,700 contributions from students, faculty, staff, parents, alumni, elected officials, and others around the world. These communications included a wide range of views that included form letters (short and long); lengthy letters and historical analyses authored by individuals; letters submitted by nonprofits, state lawmakers, and other stakeholders; and everything in between.
- D. Consultation with staff in the Office of the Vice President for Research regarding University contracts that could be impacted by divestment.
- E. Consideration, including through advice from outside independent counsel, of a wide range of legal questions potentially implicated by a decision by the University to divest or not divest.
- F. Holding a number of closed session meetings during which Committee members engaged in deliberations concerning the Proposal.

4. The ACURM Mandate

The amended Faculty Rules and Regulations of July 1, 2020 established ACURM’s Charge with a specific, two-pronged test to use in the case of divestment. The first question the Committee

must answer is whether the investment of University financial resources in the ten companies identified in the Proposal raises a significant question of social harm. However, “social harm” does not have an ordinary meaning here. The question is not whether harm is occurring as a general matter. Instead, the Charge specifically defines “social harm” as “*the harmful impact that the investment or expenditure of University financial resources may have on the University community, consumers, employees, or other persons, or on the human or natural environment*”¹¹ (*emphasis added*). In other words, to meet the Charge’s definition of “social harm” there must be harm and that harm must be caused by investment or expenditure of University financial resources (or at least the investment or expenditure must itself have a “harmful impact”). If there is harm that is not causally linked to the investment or expenditure of University resources, then by definition the test for “social harm” as the Charge defines that term has not been met, and there is no further consideration of this question.

If the Committee determines that the proposal does raise a significant question of “social harm” as defined by the Charge, then the Committee must assess whether the circumstances warrant recommending divestment. At this stage, the Committee must then determine if either one of the following is true:¹²

- A. Would divestment likely have a positive impact toward correcting the specified social harm?
- B. Does the company or industry in question contribute to social harm so grave that it would be inconsistent with the goals and principles of the University to accept funds from that source?

If the answer to either question is “yes”, then ACURM “may recommend” divestment or appropriate guidance to investment managers. If the answer to both questions is “no”, then ACURM may not recommend divestment, but it may recommend any of five other actions, as set forth in the ACURM Charge. Note that these five other actions may only be recommended if a majority of the Committee determines that there is “social harm” as defined in the Charge. They may not be recommended otherwise.

The ACURM Charge requires that, in considering any request, the Committee must “carefully balance the gravity of the social harm, the potential effectiveness of various means of influencing relevant policy or conduct, the University’s need to maintain a sound financial policy, and the consistency of various proposed recommendations with the maintenance of an environment at Brown conducive to teaching and scholarly inquiry, including the Corporation Statement on Academic Freedom for Faculty and Students.”¹³ The Charge explicitly states that ACURM “shall not recommend any action that advances a position on social or political questions unrelated to the investment or expenditure of University financial resources under consideration”¹³ and that the Committee must recognize that partisan political activity is inconsistent with Brown’s commitment to academic freedom and its status under section 501(c)(3) of the Internal Revenue code.¹³

5. Analysis

It is indisputable that grave harm is occurring in the Palestinian territories and Israel as a result of this conflict. There is additional harm on the University campus related to the ongoing debate. This was the central focus of most of the thousands of comments the Committee received from members of the Brown and broader communities. However, by a vote of 8 to 2 with one member in abstention, the Committee finds that the investment of Brown University resources in the ten companies does not directly contribute to this harm, and the Committee therefore does not recommend divestment.

The decision by the majority to recommend against divestment is not based on a rejection of the existence of harm – on the contrary, the Committee acknowledges the immensity of the ongoing harm. Rather, the majority’s decision hinges on its conclusion that the investment of Brown University resources are not materially implicated in this harm.

5.1. Investment Analysis

Brown University’s endowment is managed by the Brown Investment Office, whose mission is to “preserve and prudently grow the endowment and its income distribution capability in perpetuity to support the educational mission of Brown University.”¹⁴ Based on investment policies established and maintained by the Investment Committee of the Corporation of Brown University, the Investment Office makes “asset allocation decisions for a diversified portfolio of investments and hire[s] and oversee[s] external investment managers.” The Investment Office “may also periodically pursue direct investments to access opportunities not readily available from external managers or when such investments are more cost effective.” The Investment Office is “further responsible for maintaining internal controls to monitor the endowment and ensure that it is in compliance with investment policies at all times.”¹⁵

During its review process, the Committee met with leadership of the Brown Investment Office to understand the asset classes the endowment invests in, how investments are held by the portfolio, over which investment decisions the Brown Investment Office has discretion, and the degree to which the portfolio has exposure to the ten companies identified by the Proposal. In carrying out their fiduciary duty to maximize risk-adjusted returns and to preserve the purchasing power of the endowment over time, the Brown Investment Office described how University values enter into decisions made to invest, or not invest, in specific areas. The screening process for external managers considers a wide range of “environmental, social and governance” dimensions, including working conditions and labor relations, health and safety, carbon emissions and energy efficiency, business ethics, corporate governance and corporate political contributions. The Brown Investment Office clarified that distributions from the endowment directly support numerous purposes, including scholarships, fellowships and prizes (the “Brown Promise”), professorships and other general operations, funding 18.8% of the University’s FY25 budget, or \$337.7 million of the \$1.79 billion in FY25. The Brown Investment Office has previously reduced investment exposure to areas that some members of the Brown community have targeted for divestment. For example, the endowment has negligible exposure to oil and gas, a decision made not on a political

or moral basis, but on the investment thesis that oil and gas assets could suffer a premature loss of value driven by the decarbonization transition, and become what are known as “stranded assets,” or assets that lose value before the end of their expected economic life.

The University’s endowment is invested in a range of asset classes, including public and private equities, alternative investments, real assets and cash. These assets are either held directly by the endowment (about 3.7% of the total endowment value as of June 30, 2023), in separately managed accounts over which the Brown Investment Office can exercise discretion (4.7%), or through external managers who invest on behalf of the Brown Investment Office (87.1%). The remaining 4.6% is in cash. The 87.1% of the endowment invested through external managers is in so-called “commingled funds”, where funds from many investors alongside the Brown Investment Office are held in a pooled account controlled by the external manager, much in the way that private individual retirement accounts combine funds from many individual contributors. The Brown Investment Office does not have discretion over the investment decisions of external managers with respect to commingled funds. Even if Brown were to make specific requests of these managers, ACURM was advised that it is not possible for the manager to honor the request of a single client to avoid a particular company. As explained to the Committee by the Brown Investment Office, demands not to invest in specific companies would likely result in Brown being “forcibly redeemed” from such funds.

External managers are under no obligation to honor Brown’s requests to exclude individual companies or sectors. In order for the Brown Investment Office to dictate terms or control investment decisions of an external manager, the manager would have to create a separately managed account for Brown. Although this is possible, creation of a separate account has operational complexity and associated costs. Even though Brown’s endowment and other managed assets stood at \$6.6 billion as of June 30, 2023, the size of Brown’s endowment is insufficient to persuade managers to take on such mandates. Brown is not a particularly large investor by the standards of institutional investing, with sovereign wealth funds, state and corporate pension funds managing assets that are many multiples larger than even the largest university endowments.

The challenge of divestment from commingled funds has been confronted by the University in response to previous divestment decisions. The 2003 ACCRIP recommendation to exclude investment in tobacco specifically recommended excluding “companies that manufacture tobacco products” from direct investments. Regarding indirect investments in commingled funds, the ACCRIP recommendation stated that the Brown Investment Office should “share with all investment managers the University’s desire” to avoid companies that manufacture tobacco products, but noted that “advice will not be binding on their investment decisions.”³ The Brown Investment Office operationalizes divestment of indirectly held funds through such non-binding statements to fund managers and through the screening criteria it uses to select fund managers.

5.2. Endowment Exposure to the Ten Companies

The Brown Investment Office has confirmed that none of the ten companies identified in the Proposal are held directly or through separately managed accounts by the University

endowment. This leaves the Committee to consider exposure through the 87.1% of the endowment that is managed externally in commingled funds.

It is difficult to determine exactly how large the exposure to any given company is within commingled funds at any given time, because Brown does not have a direct window into these accounts, market values constantly fluctuate, and because external managers rebalance portfolios frequently. However, the Brown Investment Office estimates that exposure to the 10 companies is “less than 1% of the total value of the endowment”¹⁶. Using publicly available information as of June 30, 2023, the last date on which Brown’s endowment value was released, 1% of the Brown endowment is approximately 0.009% (i.e., nine-thousandths of one percent) of the aggregate market value of the ten companies on that date.

The Committee determined that this investment is de minimis and the majority believes it is too distantly removed from “social harm” to thus justify divestment action. The majority believes that divestment would be a symbolic political statement, and therefore that the requirement of “social harm” as defined in the ACURM Charge is not satisfied.

5.3. Precedents for Divestment Action at Brown

Many communications that the Committee received from members of the extended Brown community cited precedents for divestment action or other political and moral statements made by the University as justification for divestment in this instance. These include Brown’s decisions to divest from companies doing business with apartheid South Africa, and more recently from companies supporting the Sudanese government during the humanitarian crisis in Darfur. Multiple student letters explicitly mentioned the 2006 Slavery and Justice Report, which all Brown University undergraduates are currently required to read as part of the First Readings program. Some members of the Brown community clearly believe that the University would be missing an opportunity to be “on the right side of history” if it fails to make the decision to divest. These individuals are asking the University to adopt an explicit political or moral stance.

Doing so has precedent at Brown. Past University committees have endorsed divestment as a means of making moral and political statements, not because they believed it would reduce harm through financial mechanisms. For example, in January 1986 the Campus Committee on divestment from South Africa explained that they did not expect divestment to have a significant financial impact “given the relatively small investments by Brown University in companies that do business in South Africa, and the relatively small fraction of business done in South Africa by these same companies”¹⁷ but nevertheless recommended divestment because they also believed that “a far more important impact of divestment than its direct economic effects in South Africa is its indirect communication of our seriousness of purpose to the United States government.”¹⁷ The Corporation subcommittee to examine policies regarding South African investments likewise expressed that it “shares with other members of the University community a deep abhorrence of apartheid and a sense of frustration as to how best to oppose it.”¹⁸

The principle that divestment was a symbolic and political act was also adopted by ACCRIP when its report on the tobacco industry explained that “Brown’s separate account managers directly invest 14.7% of the endowment portfolio, and of this 0.2% are invested in stock of tobacco manufacturers. Thus, while the exclusion recommended here may have significant symbolic value, at this time it will have no discernible effect on earnings on the endowment.”³

The political purpose of divestment was made even more explicitly in public statements by then Brown University President Ruth Simmons in February 2006 regarding the crisis in Sudan, stating that divestment constituted a “critically important and strong statement by the University community regarding our abhorrence of the genocidal actions being supported and undertaken by the Sudanese government” and continued that “We declare our solidarity with the peoples of the Darfur region of Sudan whose struggle to live in peace, freedom and security is an issue of pressing global concern.”¹⁹

This history makes clear that divestment of Brown’s financial resources has been a symbolic and political tool rather than an act predicated on the reduction of harm through financial mechanisms. This raises profound questions about the proper role of the University in society – who the University serves, how it makes decisions, and why. The more than 3,700 emails from community members, presentations by student groups on both sides of this issue, and more than 100 questions and comments posed to the Committee in public forums expressed a very wide range of views, but they were consistent in asking the Committee to make a moral or political intervention, rather than performing a financial analysis concerning the causal impact of the endowment.

5.4. Different Views Among ACURM Members

Members of the Committee hold differing views about the nature of the ACURM Charge, the importance of precedent, the role of political and moral statements by the University, and the groups impacted by harm. These views are clarified here.

5.4.1 Precedent and the Scope of the Charge

Precedent and the scope of the ACURM Charge are inextricably linked, and influence how members of the Committee considered the question before ACURM. Some members of the Brown community believe that previous divestment decisions – from companies doing business in apartheid South Africa, supporting the Sudanese government during the humanitarian crisis in Darfur, and involved in the manufacturing of tobacco – compel divestment in this case. ACURM’s members who share this perspective cite that previous committees and University leaders clearly understood themselves to be adopting political and moral stances, in addition to performing financial analyses, and also that divestment was recommended in the past when levels of exposure to targeted companies were comparable to the approximately 1% of exposure of the University endowment to the ten companies at issue here. These previous decisions in support of divestment indicate the ability of previous committees to consider a wider range of issues than the ACURM Charge currently permits.

The current ACURM Charge links investment or expenditure of Brown University financial resources to “social harm.” The University’s diversified endowment of \$6.6 billion dollars as of June 30, 2023 has too little exposure to any one entity for it to be a cause of “social harm” in almost all situations, which prevents the Committee from considering the Proposal’s moral and empirical claims about the Palestinian territories. If it is the case going forward that divestment action will only be considered when the investment or expenditure of University resources directly causes “social harm”, this means that the University will almost never divest its resources from any entity. Some members of the Committee therefore believe that the ACURM Charge is unreasonably narrow.

Many members of the Committee, including some who voted “no,” argue it would be more useful to ask whether there is social harm independent of the University’s actions, and if so whether University action is desirable. This would allow the Committee to evaluate the existence of social harm separately from University actions, and then to consider more fully whether Brown, companies, or other entities are responsible for that harm. The minority believes that divestment would be justified on such grounds. As was the case in 1986, the minority recognizes “that anything that Brown University does can at best have a small impact”¹⁷ and that the efficacy of divestment thus depends on participation by many institutions.

Other members of the Committee judge these precedents to be distinguishable from the current situation because the degree of social and political consensus regarding the Israeli-Palestinian conflict is materially different. Whatever one thinks about the Israeli-Palestinian conflict and the question of divestment, it is clear that large numbers of people hold sharply divergent views. Some members of the Brown community hear the request for divestment – or even consideration of the question – as inherently antisemitic. Others believe that failure to recommend divestment would be an indelible stain on the fabric of the University. We – the Committee, the Brown community, the nation, and the world – do not agree about basic aspects of this conflict. The situations with South Africa and Sudan were arguably different, because there was a consensus of opinion aligned against the actions of each country at the time. Brown was clearly adopting a political or moral stance with its decisions to divest in these situations, but it was not attempting to foreclose an unresolved debate with strongly and sincerely held views on all sides. The danger of using the South Africa decision as a precedent was in fact identified by the Corporation subcommittee examining South Africa investments in 1986, which stated that “the Committee would like to caution against extrapolating its recommendations with respect to South Africa to other troubled situations in the world.” That Committee noted that “the university does not exist to coerce others into observing social and political doctrines it establishes” and that “there are very real limits beyond which Brown cannot go without endangering the purposes that are central to its being”.²⁰

Thus, points of disagreement concern (i) whether previous divestment action in response to other humanitarian crises compel divestment action today, and (ii) whether ACURM is

unreasonably restricted in comparison to previous committees who recommended divestment in the cases of South Africa and Sudan. Whatever one thinks about the narrowness of the Charge, there is a meaningful misalignment between the questions that ACURM is being asked to answer by members of the Brown community, and the answers the Committee is permitted to offer in accord with its Charge.

5.4.2. The Impact of Social Harm

Some members of the Committee hold the view that the impact of harm being caused by the actions of Brown University related to this issue are felt most acutely on our own campus. These members see a pattern of unwillingness by the University to grapple with the question of the Israeli-Palestinian territories as it relates to University business, and consequent rising frustration from generations of students on campus. There is a sense among some members of the Committee that the University is merely “kicking the can” to another time and showing an unwillingness to grapple with the differences of opinion that exist on our campus. One member of the Committee abstained from voting on this basis. This member acknowledges the lack of “social harm” as defined by the circumscribed language of the ACURM Charge, but cannot separate the financial link between “social harm” and University action from the broader sense of social unrest on our campus and the University’s alleged failure to deal with it.

6. Conclusions

It is beyond question that there is grave harm in the Palestinian territories and Israel as a result of the ongoing conflict. There is also harm on the University campus related to this issue. These two points were underscored by nearly every one of the thousands of pieces of communication received by the Committee. However, the Committee finds by a vote of 8 to 2 with one member in abstention that this harm does not meet the definition of “social harm” under the ACURM Charge, which requires a causal link between the investment or expenditure of University resources and the harm in question. The Committee therefore does not recommend divestment.

The Committee perceives three problems that require action. First, it is clear that many members of the Brown community lack adequate information about how the Brown Investment Office manages the endowment. The Brown Investment Office considers factors beyond pure financial returns when making asset allocation decisions and choosing external managers, including environmental, social and governance principles. Because the University endowment is broadly diversified, the Proposal before ACURM asks the University to influence a geopolitical conflict through divestment from ten companies in which the endowment has no direct exposure and only incidental indirect exposure. The quality of debate and discussion on campus could only be helped by providing more education about how and why the endowment is managed.

Second, there is a lack of clarity regarding Brown University values. The Charge states that “ACURM is responsible for reviewing whether the investment and expenditure of the University’s financial resources is conducted with ethical and moral standards consistent with the University’s mission and *values*” (emphasis added). The University’s mission is widely known by members of

the Brown community and prominently displayed on its website. But what of the University's values? Can a university have values unrelated to teaching and scholarship while also fulfilling its mission, and without compromising itself in the eyes of the general public? Individuals on all sides of the issues raised by the Proposal understand themselves to be acting in accord with Brown's values. It will remain difficult for a Committee like ACURM to adhere to a set of values that are not defined.

Ambiguity about Brown's values has led to frustration among members of the Brown community. The University has taken unambiguously political or moral stances on a variety of issues in the past, and not just those related to divestment. This leaves members of the Brown community unclear what the University's values are, on which issues the University is willing to make a statement, and why. When the University makes a statement on one issue but not another, it is a tacit acknowledgement that some issues are more important than others.

A wide range of views have been expressed to the Committee on the topic of University values, ranging from a sense that the University should adopt a much stronger stance on certain contested political or moral issues to be "on the right side of history", to the alternate that the only way the University can fulfill its mission is to formally adopt the principles of institutional neutrality and never make statements on topics unrelated to the University's core business of teaching and research scholarship. The Committee believes answering this question is beyond the scope of its Charge and does not take a position in this report. However, it is clear that the University must clearly define its values and ensure consistency in its approach to contested social and moral issues.

Third, members of the Committee find the ACURM Charge at once unreasonably broad and overly narrow. It is unreasonably broad because it lacks any requirement for a democratic consensus prior to University action. Such a consensus could be defined in a variety of ways, through formal referenda among members of the Brown community, by considering views within broader U.S. society, U.S. government policy, or international consensus. A requirement for democratic consensus raises challenging questions about "who" the Brown community is, and the conditions necessary for University action. Should the University act in situations where a supermajority in favor of one view happens to exist on campus but not among alumni or within broader U.S. society? Is it appropriate for the University to adopt positions that are counter to the stated foreign policy of the U.S. government? The Committee offers no opinion on these issues in this report, but notes their importance to the legitimacy of any action taken by the University on a topic about which pluralities hold sharply different views.

The ACURM Charge is at the same time extremely narrow, in that it defines "social harm" by requiring a causal link to the investment or expenditure of University financial resources. This is not "harm" as ordinarily understood, or as used in the Proposal before ACURM. Under the ACURM definition of "social harm", it is difficult to envision even egregious examples of ordinarily understood harm meeting the definition of "social harm" as required for potential divestment action. On the question of whether the bar is unreasonably high the Committee offers

no view. However, the Committee underscores the importance of clarifying for members of the Brown community under what conditions the University would be willing to take divestment action. If the answer is that such conditions do not exist, the University should say so.

7. Endnotes

1. The ACURM Charge states: The Advisory Committee on University Resources Management (ACURM) is an advisory body to the President of the University. ACURM is responsible for reviewing whether the investment and expenditure of the University's financial resources is conducted with ethical and moral standards consistent with the University's mission and values. As part of this responsibility, ACURM will offer advice to the President on how the university should manage these financial resources. Brown has an obligation to prudently manage its business and investments operations to support and sustain the University's mission of teaching and research in the service of society, within a community devoted to academic freedom and respect for human dignity. Issues of social responsibility should inform investment, spending and fundraising decisions. ACURM is responsible for considering issues related to social responsibility with respect to: 1. The Brown endowment. 2. Business practices and policies. 3. Labor issues, including fair labor standards, in the manufacture of products licensed by the University and bearing the University's name and/or logo. 4. Gift acceptance and naming policies. 5. Other matters related to the investment and expenditure of University financial resources. ACURM advises the President, to whom it may make recommendations relating to matters properly within its charge and consistent with the general guidelines for operations below, and will regularly report on its activities to the University community.
2. This quote is from Section 3 of the General Guidelines for ACURM Operations, which states: In considering such a request, ACURM will carefully balance the gravity of the social harm, the potential effectiveness of various means of influencing relevant policy or conduct, the University's need to maintain a sound financial policy, and the consistency of various proposed recommendations with the maintenance of an environment at Brown conducive to teaching and scholarly inquiry, including the Corporation Statement on Academic Freedom for Faculty and Students. ACURM shall not recommend any action that advances a position on social or political questions unrelated to the investment or expenditure of University financial resources under consideration. ACURM should be mindful that partisan political advocacy is not consistent with either Brown's commitment to academic freedom or its status as a 501c(3) [sic] corporation.
3. From the Recommendation to Exclude Investment in Tobacco, unanimously adopted at the May 7, 2003 meeting of the Advisory Committee in Corporate Responsibility in Investing.
4. The University's decision to divest from companies doing business in Sudan is described on the ACURM website, which states: On Feb. 25, 2006, the Brown Corporation, on a recommendation from ACCRIP, took a final vote to divest its investments from companies whose business activities can be shown to be supporting and facilitating the Sudanese government in its continuing sponsorship of genocidal actions and human rights violations in

Darfur. The original resolution stated that the Corporation should exclude from Brown University's direct investments, and require the University's separate account investment managers to exclude from their direct investments, a group of eight companies. The list was further amended several times to include other companies considered to be in violation of those standards. In September 2012, the Corporation approved the use of the Conflict Risk Network (CRN) targeted divestment approach as a replacement for the previously instituted list of excluded companies. CRN's process, employing continuous research and engagement, provides an informed and dynamic approach to keeping Brown's divestment list current. CRN's suggested methodology is a widely accepted standard for implementing a targeted Sudan divestment program. The current divestment list now will include any company that CRN defines as "scrutinized," a term used to identify the worst offenders in the region.

5. The history of ACURM and its predecessor Committee, ACCRIP, is described in detail on the ACURM website, which states: ACURM was established on July 1, 2020. It succeeds the previous Advisory Committee on Corporate Responsibility in Investment Practices (ACCRIP), which was established in 1978 to considers [sic] issues of ethical and moral responsibility in the investment policies of Brown University. ACURM is charged to consider how ethical and moral standards are applied across all of Brown's business and investment practices in a manner consistent with the University's mission and values. This includes issues of ethics in the acceptance of gifts and other University business practices (procurement, vendor contracts, labor standards). The Committee may consider requests by any member of the University community to bring pressing issues concerning the University's mission and values. The committee is a representative body composed of faculty, staff, students, and alumni. ACURM succeeds the previous Advisory Committee on Corporate Responsibility in Investment Practices (ACCRIP), which was established in 1978 to considers [sic] issues of ethical and moral responsibility in the investment policies of Brown University. ACCRIP also examined all proxy resolutions concerning issues of social responsibility that have been presented to the University as a shareholder, and developed guidelines for voting on such resolutions. Over this time period, ACCRIP considered issues including but not limited to investments in fossil fuels, investments in support of the Sudanese government, and investments in support of tobacco companies. The transition to ACURM responded directly to concerns raised by faculty about the narrow charge of ACCRIP. During the 2019-2020 academic year, a working group led by the Faculty Executive Committee developed a committee charge to expand the mandate such that the president and members of the community can bring pressing issues concerning core University values without being limited solely to matters of investment policy. At the May 2020 Faculty Meeting, the faculty approved a motion to amend the Faculty Rules and Regulations, effective July 1, 2020, for the purpose of creating the Advisory Committee on University Resources Management (ACURM) as a successor committee to the Advisory Committee on Corporate Responsibility in Investment Policies (ACCRIP).

6. The 2020 ACCRIP report “to recommend divestment from companies that facilitate the Israeli occupation of Palestinian territory” describes the 2019 proposal, associated questions considered by ACCRIP, and specific recommendations issued by that Committee.
7. March 9, 2021 letter from President Christina Paxson to the Advisory Committee on University Resources Management.
8. The “Gaza Solidarity Encampment” and negotiated solution with the University are described in an April 30, 2024 agreement between Brown University and the student-led Brown Divest Coalition.
9. Brown Divest Now proposal to "Recommend Divestment from Companies that Facilitate the Israeli Occupation of Palestinian Territory. Published by the Brown Divest Coalition in February, 2024, updated in July, 2024.
10. July 31, 2024 letter from President Christina Paxson to the Advisory Committee on University Resources Management.
11. Section 1 of the General Guidelines for Operations states: ACURM may consider requests by any member of the University community to examine allegations of “social harm” with respect to the investment or expenditure of University financial resources. Social harm is defined for the purposes of ACURM as the harmful impact that the investment or expenditure of University financial resources may have on the University community, consumers, employees, or other persons, or on the human or natural environment.
12. Section 4.6 of the General Guidelines or Operations states that when the question of “social harm” has been satisfied: In the circumstance of investments held by the University in public companies, [ACURM may] recommend divestiture or appropriate guidance to investment managers when such actions will likely have a positive impact toward correcting the specified social harm, or when the company or industry in question contributes to social harm so grave that it would be inconsistent with the goals and principles of the University to accept funds from that source.
13. Section 4.3 of the General Guidelines for Operations states: In considering such a request, ACURM will carefully balance the gravity of the social harm, the potential effectiveness of various means of influencing relevant policy or conduct, the University’s need to maintain a sound financial policy, and the consistency of various proposed recommendations with the maintenance of an environment at Brown conducive to teaching and scholarly inquiry, including the Corporation Statement on Academic Freedom for Faculty and Students. ACURM shall not recommend any action that advances a position on social or political questions unrelated to the investment or expenditure of University financial resources under consideration. ACURM should be mindful that partisan political advocacy is not consistent with either Brown’s commitment to academic freedom or its status as a 501c(3) [sic] corporation.

14. The Brown Investment Office describes its mission as follows: The mission of the Investment Office is to preserve and prudently grow the endowment and its income distribution capability in perpetuity to support the educational mission of Brown University.
15. As described by the Brown Investment Office: The Investment Office of Brown University provides investment management for Brown University's endowment and other managed assets. Based on investment policies established and maintained by the Investment Committee of the Corporation of Brown University, we make asset allocation decisions for a diversified portfolio of investments and hire and oversee external investment managers. We may also periodically pursue direct investments to access opportunities not readily available from external managers or when such investments are more cost effective. We are responsible for maintaining internal controls to monitor the endowment and ensure that it is in compliance with investment policies at all times.
16. Personal communication from the Brown Investment Office on September 26, 2024, describing the state of the endowment as of December 31, 2023.
17. Committee Reports on South Africa, Draft Report of the Campus Committee on South Africa, Appendix B. A special supplement to the George Street Journal, February, 1986.
18. Committee Reports on South Africa, Corporation Subcommittee to Examine Policies Regarding South African Investments. A special supplement to the George Street Journal, February, 1986.
19. February 25, 2006 statement from former Brown University President Ruth Simmons, quoted in a Brown University press release entitled, "Brown Votes to Divest from Sudan in Response to Genocide."
20. Committee Reports on South Africa, Corporation Subcommittee to Examine Policies Regarding South African Investments. A special supplement to the George Street Journal, February, 1986. The full quotes are: "The university does not exist to coerce others into observing social and political doctrines it establishes. Having struggled for decades to avoid the censorship of others, it should be most hesitant in seeking to force others to bow to its view of the true word. Otherwise it will threaten its own independence." This is followed by "In closing, the committee would like to caution against extrapolating its recommendations with respect to South Africa to other troubled situations in the world. The world is full of injustices which arouse the consciences of members of the academic community. There is no way that through its investment policies Brown can respond to all of these concerns. Apartheid is unusually repugnant to Brown's constituency and accordingly an unusual response is justified. But there are very real limits beyond which Brown cannot go without endangering the purposes that are central to its being and we think that all members of the community should take this to heart."