



MACALESTER

June 5, 2024

Dear President Rivera,

The Social Responsibility Committee (SRC) has reached a consensus that the Board of Trustees should consider the proposal from the Mac for Palestine student coalition to divest from companies whose conduct is causing grave social injury to Palestinians. Our recommendation regarding the removal of two Israeli universities from the approved study abroad list will be forthcoming in a separate letter.

## I. Process

The SRC received its charge from you, Dr. Rivera, on April 12, 2024, to review and consider a divestment proposal developed by a student coalition called Mac for Palestine and an additional request that Macalester remove two Israeli universities from the study abroad approved institutions list. You wrote:

Per the Board's '[Guidelines for Investor Responsibility](#),' the SRC is charged with evaluating the documents to determine whether each was written per 'Divestment Principles and Guidelines' and, if so, to make a recommendation to the President to as to whether there is a sufficient basis for Trustee consideration. If the SRC concludes that there is a reasonable basis to proceed, it will notify me of its recommendation. If, after reviewing the SRC's report, I concur, I will refer the proposal(s) to the Board.

Please note that you are not being asked to decide whether you agree with the arguments set forth in the proposals. You are being asked to tell me whether either, both, or neither proposal merits forwarding to the Board for their consideration.

The SRC consists of thirteen voting members and one ex-officio member. In alphabetical order, we include: Sami Banat '24, Avi Baron (Information Technology Services), Eric Carter (Edens Professor of Geography and Global Health), Susanna Drake, (Professor of Religious Studies), Teagan Church '26, Karen Codjoe '74, Sonja Erickson '25, Gabriella Gillespie '17 (Associate Director of Macalester Fund, Advancement), Nanette Goldman (Senior Lecturer and Chair of Classical Mediterranean and Middle East), Duchess Harris (Social Responsibility Committee Chair, Special Assistant to the Provost for Strategic Initiatives and Professor of American Studies), Ezequiel Jimenez '13, Brian Lindeman '89 (Assistant Vice President for Admissions and Financial Aid), Alina Wong (Vice President for Institutional Equity), and Gary Martin, (Chief Investment Officer, ex officio). Gary Martin provided the

Committee with a detailed presentation of the structure and decision-making framework for the endowment.

Khaldoun Samman (Professor of Sociology) attended two committee meetings before resigning from the SRC on May 7, 2024.

The Social Responsibility Committee met on Zoom April 22, April 29, May 13, May 15, May 20, May 22, May 29, May 31, and June 5, 2024. On May 13 we were joined by Mac for Palestine students Alex Beaudreau '26 and Oriane Sachs-Bernstein '26. On May 15 we were joined by Mac for Palestine students Alex Beaudreau '26, Charlie Gee '26, and Oriane Sachs-Bernstein '26.

## **II. The Social Responsibility Committee Consensus**

### **A. Key recommendation:**

The SRC recommends that the Board of Trustees give full consideration to the divestment proposal submitted by Mac for Palestine. It calls for divestment from Elbit Systems, Volvo, CAT, JCB, HD Hyundai, Barclays, CAF, Chevron, HikVision, TKH Security, and Intel (see Section D, below). We believe that divestment from these eleven companies may be warranted for the following reasons:

1. **Grave social injury** to Palestinians has occurred in Gaza, the West Bank, and elsewhere over several decades, and especially since October 2023. Companies named in the Mac for Palestine proposal are partly responsible for that grave social injury.
2. **Separation of College from Injurious Conduct.** The purpose of divestment is “to separate the college from investment vehicles whose conduct is such that the college does not wish to be associated with the conduct,” as stated in the Board of Trustees’ [Guidelines for Investor Responsibility](#). The SRC believes that the College should not be associated with the conduct of the Israeli government and its private partners and funders in its current military campaign in Gaza. Thus we recommend that the Board of Trustees fully consider divesting from the named companies.

### **B. Other considerations**

1. **Consensus of the SRC.** The Board [Guidelines for Investor Responsibility](#) state that “Any proposal for divestment should have the support of a broad consensus of the College community reflected over a sustained period of time.” As a committee, we were unable to administer a survey or take other steps to determine if a broad consensus exists within the Macalester community (including faculty, staff, students, and alumni). We, the members of the SRC, recognize the sustained action, organizing, and community conversations around the issue of divestment on the part of many students, faculty, staff, and alumni, and, after careful deliberation, we conclude that the divestment proposal warrants consideration by the Board of Trustees.

### C. Further recommendations to Board of Trustees

1. **Current investments.** We have found that Macalester endowment investment details are complicated and constantly changing. Rather than analyzing the College's financial holdings in this document, we encourage the Board of Trustees to work closely with the Chief Investment Officer to continuously update the Macalester community on information on investment holdings or exposures to the named companies.
2. **Recommendation for the board to look deeply into the eleven companies' involvement**  
We encourage the Board of Trustees to work closely with the Investment staff to explore the context and extent to which each of the eleven named companies is engaged in grave social injury to Palestinians, and to consider the financial consequences for the College's endowment if divestment proceeds.
3. **Investment transparency.** The SRC understands that the campus community, particularly students, desires increased understanding of College investments and investment strategies. The Investment Office has made a good deal of information available through [their website](#) but a gap in understanding remains. It may be beneficial to create a forum for educational conversations that help members of the campus community to better understand management of the endowment.
4. **Legal liabilities.** The SRC thinks that it is important to acknowledge that [Minnesota has a state law](#) that prohibits it from contracting with vendors that discriminate against Israel. It was not clear to the SRC whether Macalester has contracts with the State of Minnesota. It seems unlikely that Minnesota State Grant funds would be considered a contractual agreement. The SRC recommends that the Board of Trustees and College confirm this law would have no impact on the college were it to pursue divestment.
5. **Purchaser agreements.** The Board of Trustees should consider whether the College should purchase equipment from companies that we choose to divest from. For example, if the College were to decide that Macalester should not be associated with Intel, it seems that this should apply to purchases as well as investments. The same question may be relevant to other targeted companies, but Intel is the most obvious example.

### D. Estimate of Endowment's Holdings of Companies Targeted for Divestment

Investment Staff estimate that Macalester's Endowment has approximately \$1.66 million invested, or 0.19% of the total Endowment, in the companies listed above. The majority of this amount (or 89% of the total) is held in two U.S. equity funds that each hold Chevron, Caterpillar, and Intel stock. This is discussed in greater detail below. The following is a summary of the key observations in examining the Endowment portfolio for holdings of, and exposures to, these eleven companies.

Staff estimates that the Endowment has approximately \$1.5 million (or 0.17%) collective exposure to Chevron, Caterpillar, and Intel as of March 31, 2024. This is primarily in one actively-managed US equity

account with a very small amount in a US equity index fund. It is estimated that Chevron, Caterpillar, and Intel represent 0.62%, 0.40%, and 0.42% of the S&P 500 Index, respectively.

The Mac for Palestine proposal also references three specific investments that they believe the Macalester Endowment holds:

1. **Charlesbank investment in Elbit subsidiary Cyberbit**. This Charlesbank investment is part of their Technology Fund which Macalester has not invested in. Charlesbank Funds VII, VIII, and IX have not invested in Cyberbit.
2. **Noble Midstream Partners** - Macalester divested of its publicly-traded midstream energy portfolio (which also included Enbridge) by the end of calendar year 2021.
3. **HD Hyundai through KKR Asia Fund IV**. KKR's investment is in HD Hyundai Marine Solution which provides comprehensive marine services in the Asia Pacific region. It is not involved in demolition machinery. This represents approximately 0.02% of the total Endowment portfolio.

It is estimated that Volvo, Barclays Bank, and Elbit Systems represent 0.29%, 0.21%, and 0.03% of the MSCI EAFE Index, respectively. This is the most common developed market int'l equity index. Staff estimates that the Endowment has negligible exposure (short position of approximately \$6K or -0.00%) collective exposure to Volvo, Barclays Bank, and Elbit Systems as of March 31, 2024.

Lastly, to the best of Staff's knowledge, the Endowment does not have any holdings or exposures in CAF, JCB, HikVision, or TKH Security as of March 31, 2024.

Respectfully,

The Social Responsibility Committee

*Duchess Harris*

Dr. Duchess Harris, Chair

Teagan Church '26

Sami Banat '24

*Karen Codjoe*

Dr. Karen Codjoe '74

Avi Baron

Dr. Susanna Drake

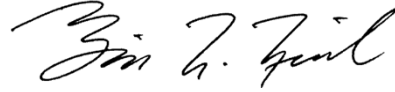
Dr. Eric Carter

*Sonja Erickson*

Sonja Erickson '25



Gabs Gillespie '17



Brian Lindeman '89

*Nanette Scott Goldman*

Nanette Goldman



Dr. Alina Wong



Ezequiel Jimenez '13