

ADVISORY COMMITTEE ON SOCIALLY RESPONSIBLE INVESTING (ACSRI)

Statement on Proposal #2

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On December 1, 2024, the Advisory Committee on Socially Responsible Investing (ACSRI) received a proposal from a Columbia College 2026 student, that “calls on Columbia University to exercise its rights as a shareholder to demand that all the companies in their holdings cease any activities that are complicit in human rights violations against Palestinians.” The proposal is publicly available on the ACSRI website. This document is the response of the ACSRI to that engagement proposal, referred to herein as Proposal #2.

The ACSRI was chartered by the University Trustees in March 2000 to be the University community’s vehicle to advise the Trustees on ethical and social issues that arise in the management of the investments in the University’s endowment, including recommendations for divestment and shareholder proxy voting. A sub-committee of the ACSRI, represented by faculty, alumni and students, was formed during the ACSRI meeting on January 22, 2025, to investigate the proposal in detail. The sub-committee presented its findings to all ACSRI on February 19, 2025, and the committee discussed them at length at the February 19, 2025, the March 12, 2025, and April 16, 2025 meetings.

The ACSRI guidelines for evaluating a divestment proposal require committee members to apply the following three basic tests or criteria, all of which must be met before divestment can be recommended:

1. There must be broad consensus within the University community regarding the issue at hand;
2. The merits of the dispute must lie clearly on one side; and
3. Divestment must be more viable and appropriate than ongoing communication and engagement with company management.

The ACSRI focused its evaluation on the first criterion, – the broad consensus test, and found that no such consensus exists at Columbia. Secondly, the committee considered the proposal’s support for more shareholder activism on these issues, and offers some feedback here.

Evaluation of the Broad Consensus Criterion:

The ACSRI believes that Proposal #2 is similar in substance to the proposal filed on December 1, 2023, by the Columbia University Apartheid Divest (CUAD) organization that “calls upon Columbia University to withdraw financial support from Israel.”

The ACSRI, consists of four voting members from each branch of the Columbia University community – students, faculty, and alumni – and is designed to represent the community. This community is vast and diverse; the Columbia University community consists of over 385,000 living alumni, over 36,000 current students and 4,600 faculty. Achieving “consensus” among these disparate groups is a purposefully high bar.

The ACSRI’s interpretation of the criteria is that “consensus” is meant to refer to a generally unified view, not a majority view, and therefore a key question asked by the Committee is whether there is any strong opposition to the engagement objective as proposed. Using evidence of strong opposition as a test is consistent with the high bar of the criteria as designed.

This Committee reviewed the evidence in this proposal with respect to broad consensus and then considered whether members of the University community have a generally shared view of the matter, or if significant opposition exists. The points and considerations surfaced in the ACSRI discussion follow in italics.

Proposal #2 presented the following evidence for the broad consensus test

- “The University has made a commitment to socially responsible investing which would compel the university to stop supporting all entities that fund or invest in the perpetuation of violations of human rights and international law.”
- “Considering existing principles for proxy voting, in ACSRI’s Proxy Voting Guidelines, the Committee has set a precedent in favor of “proposals that request companies to review and develop guidelines for country selection, including guidelines on investing in or withdrawing from countries where the government has engaged in ongoing and systematic violations of human rights”.

Consideration: There may indeed be broad consensus on the foundational issue here, that human rights abuses are unacceptable. However, applying that shared principle to specific investment decisions is problematic. The definition of companies that contribute to human rights violations is vague, excessively broad and hard to implement. Columbia University may be unable to make its own Gross Violation of Human Rights (GVHRIL) determination as such action might be inconsistent with the statutory regime set out in federal law and determinations made by the federal government.

- “Columbia University, as an integral part of its ethical principles, has implicitly and explicitly endorsed the Principles of Responsible Investment (PRI) through its engagement with investment management firms—Columbia Threadneedle Investments and Columbia Management Investment Advisors—which are signatories to the Principles of Responsible Investment (PRI).”

Consideration: This is inaccurate. The Columbia Investment Management Company (IMC) has confirmed that the University has no affiliation with Columbia Threadneedle Investments or Columbia Management Investment Advisors.

- “The record of past ACSRI decisions also conclusively demonstrates that Columbia has previously made shareholder engagement decisions primarily on ethical grounds and human rights principles. At times, it has even done so in the face of visible and quantifiable opposition on campus, such that it did not construe the “consensus” threshold to mean

universal or near-universal agreement. Moreover, given that there is no significant opposition to shareholder engagement on human rights principles on campus, we conclude therefore that this proposal exceeds the “high bar” set by ACSRI for consensus....we call upon the University to act urgently to end complicity in ongoing crimes and humanitarian crises in Palestine.”

Consideration:

ACSRI’s assessment is that the broad consensus test has not been met. As described next, the evidence reveals a divided community with wide ranging views on these issues.

Faculty

A counterproposal to the CUAD divestment proposal, originated in January 2024, has been signed by 371 faculty at the time of writing this note:

<https://docs.google.com/forms/d/e/1FAIpQLSdLcc1OcrBBHPqddyQ5jkZxR5KDDXvfXcdOPIXvFgfNpCXOdQ/viewform>

Students

- As reported in the New York Times, 540 Jewish Columbia Students condemn protests on campus: see <https://www.nytimes.com/2024/05/09/nyregion/columbia-university-jewish-students-letter.html>
- Demonstrators gathered at the Sundial as part of a global initiative to show support for the Bibas family, an Israeli family Hamas took hostage on Oct. 7, 2023: See <https://www.columbiaspectator.com/news/2025/01/31/demonstrators-gather-at-sundial-in-support-of-bibas-family-held-hostage-by-hamas/>

Alumni

Alumni have registered alarm by the impression that Israeli students are no longer welcome at Columbia and by burgeoning calls to sever ties with Israeli academic institutions. See

<https://www.columbiaspectator.com/opinion/2024/03/28/a-letter-from-alumni-of-columbias-19-schools/>

Shareholder actions

Proposal #2 asks Columbia University to “issue letters, file resolutions and cause votes to take place at upcoming shareholder meetings to cease any and all business activities that facilitate Israel’s violations of human rights and international humanitarian law.” This kind of activity has been the focus of recent regulatory change at the national level, making it exceedingly difficult for any shareholder to influence company behavior in these ways. Most notably, under SEC Rule 14a-8 (March 2025), a proposal may be excluded if it deals with a matter related to a company’s ordinary business operations. Calling on a company to “cease any and all business activities that facilitate Israel’s violation of human rights and international law,” likely involves its ordinary business. Moreover, new guidance from the SEC explicitly suggests that “a shareholder who goes beyond such a discussion, however, and exerts pressure on management to implement

specific measures or changes to a policy may be “influencing” control over the issuer.”¹ Such an investor will then be labeled an “activist” investor, with the attendant reporting and regulatory consequences. ACSRI believes that Columbia University stands to lose ground if labeled as an “activist” investor.

Unprecedented demands on Columbia University

Even under different national, political, and campus conditions, the ACSRI also notes the need for non-trivial resources (legal, research and financial) to file shareholder proposals. Two of the biggest owners of stock in the US that collectively manage more than \$20 trillion namely BlackRock and Vanguard, themselves do not file shareholder proposals. This is because shareholder proposals are usually filed by targeted interest groups where members of the interest group have considerable consensus on issues that they are engaged with (e.g., shareholder rights, a particular social issue such as treatment of workers or an environmental issue such as asking for carbon emissions reporting). As noted in the ACSRI’s decision on the CUAD proposal last year, members of the University have a wide range of views on contentious issues. Hence, it will be difficult or unprecedented for the University, with such diverse views, to sponsor shareholder proposals of the kind this proposal envisages.

Conclusion

Upon careful review of Proposal #2 and the above information, the ACSRI finds that there is significant opposition in the Columbia University community to divesting from companies that are involved in Israel, as evidenced by the actions of many students, faculty, and alumni. Moreover, filing shareholder resolutions may not be a viable mechanism at the present time. Given those findings, the ACSRI has concluded that this proposal does not meet the broad consensus test, nor the viability test required for consideration of shareholder engagement or divestment.

¹ <https://www.sec.gov/rules-regulations/staff-guidance/disclosure-guidance>