

# **RESPONSE TO PROPOSAL: “Smith College Ethical Investment Policy & Procedure Request”**

**Date of Issuance:** June 3, 2026

**Date Proposal Received:** November 19, 2025

**Submitted By:** Smith Students for Justice in Palestine (SJP) / Smith Alums for Justice (AJP)

The Advisory Committee on Investor Responsibility (ACIR or committee) is a subcommittee of the Investment Committee of the Board of Trustees, charged to advise on matters of social responsibility relative to the Smith College endowment. The ACIR reviews proposals related to social responsibility and the endowment and makes recommendations to the Investment Committee, which can ultimately choose to bring recommendations to the full board for approval. The [Board of Trustees](#), as a fiduciary, holds ultimate responsibility for the prudent management and stewardship of the endowment, a critical financial resource, to support the college’s fulfillment of its mission.

On November 19, 2025, the ACIR received a proposal from Smith Students for Justice in Palestine (SJP) in partnership with Smith Alums for Justice in Palestine (AJP) requesting that Smith College adopt an ethical investment policy that (1) excludes companies that primarily manufacture weapons, (2) excludes companies that have active contracts with countries that have been found by the International Criminal Court to be in violation of human rights, including genocide and apartheid as defined under international law, and (3) seek values-aligned funds (the proposal). The proposal also requested increased transparency including regular reporting on the ethical investment policy, disclosing the names of ACIR members, and a detailed description of the ACIR’s decision-making process and how to engage with the ACIR.

Following receipt of the proposal, the ACIR conducted a series of comprehensive evaluative sessions culminating in its meeting on June 1, 2026. The ACIR evaluates the viability of proposals using five principles: mission alignment, societal significance, societal impact, financial impact, and community consensus. Detailed information about these principles can be found on the [ACIR website](#). This statement summarizes the committee's formal findings and its recommendations.

## **COMPARATIVE REVIEWS & HISTORICAL CONTEXT**

The ACIR noted the similarities between the current proposal and the proposal submitted by SJP in the 2023-24 academic year, which called on Smith to divest from all military contractors and weapons manufacturers. Based on its evaluation at the time, the ACIR concluded that the initial proposal did not meet the threshold for taking action and voted not to recommend SJP’s proposal to the Investment Committee for consideration. In alignment with the stated ACIR process, because of the similarities to the 2023-24 proposal, the ACIR delayed its final evaluation of the current proposal until after the two-year window from its 2024 decision expired in late March 2026.

## EVALUATION AGAINST SMITH COLLEGE CRITERIA

Pursuant to the ACIR's explicit operating charter established by the Board of Trustees, all proposals must be weighed against five core principles. The evaluation below represents the majority opinion. The ACIR's evaluation of the proposal in the context of these five pillars is summarized below:

### 1. Alignment with the [College's Mission and Values](#)

The proposal seeks to address human rights violations tied to weapons production and proliferation and associated with state sponsored and other forms of violence, including genocide and apartheid. It specifically cites the disproportionate impact of such acts on women in its claims of alignment with the college's mission and values.

In assessing this proposal, the ACIR recognizes that the endowment is not a tool for responding to global events that are not explicitly related to the college's mission and day-to-day operations. The college's core mission is educational, with its greatest impact on global events deriving from its graduates and faculty research. Based on this assessment, while the committee acknowledges that the college produces individuals and research that address human rights issues, the issue itself is not directly aligned with the college's core mission, values, operations, and strategic priorities.

### 2. Societal Significance

In explaining the societal significance of the issue at the heart of their proposal, the petitioners cite the broad impacts of global human rights violations tied to weapons production and proliferation and the relationship to harming women.

The ACIR concluded that such human rights violations are significant to society at large and can cause broad economic, environmental, health or social impact. This is true not only of the violations occurring in Palestine, but of similar violations occurring throughout the globe. The proposal aligns with ACIR's principles and guidelines on this matter.

### 3. Societal Impact (Feasibility & Definition)

The proposal asserts that academic institutions carry an outsized symbolic and structural impact capable of reshaping market demands. Further, the proposal posits that taking the proposed action would help drive demand for investment vehicles that meet the proposal's stated criteria.

The ACIR expressed skepticism at the ability of Smith's endowment to impact market demand and to influence other institutions, who also have fiduciary obligations of their own, to follow suit. While Smith's endowment could be considered large in the context of higher education endowments, it is not large enough in the context of the broader investment arena to influence demand in any noticeable way. Given this perspective, the ACIR concludes that the proposed actions would not measurably affect positive social change.

#### **4. Financial Impact & Fiduciary Duty**

The ACIR expressed serious concern about the potential financial impact of taking the proposed actions. As has been noted in other settings, Smith's endowment holdings are managed through commingled funds with managers who invest in multiple businesses. Investors in such funds are unable to exclude individual businesses within funds. Additionally, the endowment does not include direct investments in any businesses, so divesting from specific businesses is not possible. Implementing categorical, non-standard restrictions on individual businesses as proposed would force the college to exit premier, diversified commingled funds. It would also impair the Investment Office's ability to retain top-tier asset managers, a direct conflict with the board's legal obligations to steward the financial health of the endowment in perpetuity. Without clarity on which businesses would be subject to the new prohibition (see "Assessment of Proposed Actions" below), measuring its precise financial impact is difficult. But given the scale of the prohibition, the impact could be substantial and could negatively impact the college's mission-focused work. Regarding the proposal to invest in values-aligned funds, the college already prioritizes these opportunities when such funds align with the college's investment strategy and produce risk-adjusted returns at the targeted levels. The ACIR concluded that the proposed action would negatively impact the endowment's ability to generate returns supporting the college.

#### **5. Community Consensus**

The proposal points to the support of 568 individuals (including 309 alums, 207 students, 11 faculty members, six staff members, and 27 other members of the Smith community) and six groups as evidence of a community consensus. The support gathered by the petitioners represents a small share of the totality of the Smith community. The ACIR finds that while there is support for this proposal among the petitioners and other groups, there is no community consensus on this issue. The committee also received statements opposing this proposal from members of the community. Given this perspective, the proposal does not meet the necessary threshold of community consensus.

### **ASSESSMENT OF PROPOSED ACTIONS & FURTHER CONSIDERATIONS**

Beyond evaluating the proposal in the context of the ACIR's principles and guidelines, the committee also assessed the viability of the proposed actions. The challenges and opportunities associated with that assessment are summarized below:

#### **Request to Create an Ethical Investing Policy**

The ACIR notes that the college already invests with an ethical perspective when selecting fund managers.

- The due diligence process employed by the [Investments Office](#) to select fund managers considers mission and values alignment. These environmental, social and governance considerations are an explicit part of the due diligence process for manager selection. The Investment Committee is in regular conversation with the Investments Office about

how best to apply such considerations to the college's manager selection process in alignment with its fiduciary responsibility.

- [In 2017, based on a recommendation from the ACIR](#), the Board of Trustees voted to continue to increase endowment funds and fund managers who have adopted environmental, social and governance principles. At the time, 27 fund managers representing 18% of the endowment's market value had such policies in place. As of June 30, 2025, that figure has grown to 88 managers, representing 70% of the endowment market value.
- The Investments Office has also started tracking managers that conform to the Principles for Responsible Investing (PRI). As of June 30, 2025, 22% of the endowment is invested by managers who conform to the more stringent set of principles.
- It is also important to note that the endowment currently holds no direct investments in weapons manufacturers and is not invested in any defense-sector-specific funds.

The ACIR notes that the framework for creating a formal ethical investment policy as proposed in this petition would present a number of challenges from a viability and implementation perspective. Those challenges include:

- Requesting divestment from specific businesses, which as noted above, presents implementation challenges due to the endowment being invested in commingled funds rather than in direct holdings. Additionally, avoiding investment in specific businesses would limit the pool of potential investment funds and likely hinder the endowment's long-term performance and support of the college's mission-focused work.
- There is not a clear definition of companies that "primarily manufacture weapons," creating a significant tracking and implementation challenge including the possibility of a rotating list of excluded businesses.
- The request to screen out companies that "have active contracts with countries that have been found by the International Criminal Court to be in violation of human rights" was also problematic. The ACIR found that the ICC does not find countries, but instead individuals, guilty of such actions, which creates a barrier. Further, even if these countries could be defined, determining what contracts exist would be impossible in some instances and, in others, could implicate numerous companies (both weapons manufacturers and otherwise) creating additional barriers to implementation.

The ACIR concluded that the college could do a better job communicating the actions it already takes in regards to ethical investing and will explore opportunities to do so.

### **Request to Increase Transparency**

As for the request to increase transparency, the ACIR notes challenges with some of the proposed actions, but also sees opportunities to improve its communications.

- There are limitations on what the college can publicly report regarding its investments. Both confidentiality and competitiveness considerations apply.
- The proposal asked for quarterly reports on ethical investing, which is not possible based on both the long-term nature of the investments in the endowment and the reporting structures of the underlying managers. The shortest cycle on which any reports

could be provided is annual, and the college already does that in relation to its sustainability and environmental, social and governance investments and fossil fuel exposure.

- The names of ACIR members were historically posted to the college's website but were removed after committee members were harassed during the assessment of the 2024 proposal, which violated Smith's community standards of behavior.
- In regards to transparency of process, the college already details its process on the [ACIR website](#), and the Board of Trustees office is responsive to further questions about the committee's charge, work, and processes.

## V. CONCLUSION & FINAL RECOMMENDATION

After careful and exhaustive review, the ACIR concluded that the proposal does not fully satisfy the criteria required to recommend further consideration or action by the Investment Committee.

Specifically, the proposal lacks mission alignment, societal impact, and community consensus. There is also concern that it would have a negative financial impact, limiting the ability of the endowment to support the college's mission and conflicting with the trustees' fiduciary responsibility. Further, many of the proposed actions are not viable or implementable.

Therefore, **the ACIR declines to recommend this proposal to the Investment Committee for further consideration.**

While the college's investment process already takes ethics into account, the committee recognizes the need for clearer communication. Given Smith's strong track record, the ACIR requests that the Investment Committee dedicate time in the next academic year to clarify and inform its approach to ethical investing in the Smith endowment.

The ACIR thanks the petitioners for their engagement and contribution to the campus dialogue on institutional ethics and investor responsibility.

*The Smith College Advisory Committee on Investor Responsibility (ACIR)*