# Report from the UO Senate Task Force on Ethical Investment, Purchasing and Contracting

## Prepared May 2025 for the UO Senate, Foundation and Administration

## Table of Contents

## Executive Summary

From 2013-2020, colleges and universities including Johns Hopkins, Northwestern, and the University of Washington established advisory committees on ethical investments. These were charged with facilitating and evaluating requests for university investment and/or purchasing decisions to take university community members' ethics and values into account. At that time, the University of Oregon (UO) lacked such an advisory committee, nor was any created. Nonetheless, between 2014-17, UO student activism around climate and fossil fuels prompted the UO Foundation to commit to moving investments out of fossil fuels by 2027. This response was handled in an ad-hoc manner, without any attendant structural changes.

Amid a national wave of student activism in 2023-24, and lacking a specific institutional outlet through which to make specific proposals, the UO Palestine Coalition repeatedly testified at the University of Oregon Board of Trustees public meetings with an aim of prompting the university to divest/redirect purchasing away from companies that facilitate Israeli military actions in Gaza and the West Bank. When this did not receive a substantive response, they commenced an encampment on April 29, 2024. After four weeks of protest on campus, on May 22, 2024, the UO Senate and student organizations negotiated an agreement to peacefully dissolve the encampment. The agreement begins with the following statement:

*"We are heartbroken over the devastating loss of innocent civilian Palestinian and Israeli lives in the Middle East and particularly in Gaza. We support an end to violence and to the current humanitarian and hostage crisis in Gaza. We join the calls by the [former] President of the United States, as well as international organizations and leaders, for a ceasefire that will include an end to military operations, the release of the hostages taken by Hamas on October 7th, and humanitarian aid that reaches civilians affected by the violence in Gaza with the goal of achieving a lasting peace."*

The Members of the encampment and allies — particularly those who participated in the negotiations — urged the University to engage in a university-wide discussion on topics including evaluating whether the university can better affirm human dignity and mitigate environmental harm by 1) rejecting genocide[1], ethnic cleansing[2] and other human rights violations, 2) safeguarding equity and equality and 3) promoting environmentally sustainable practices through university investments and procurement. As a result, the University agreed to the formation of this Task Force in partnership with the UO Senate. Campus discussions regarding the ongoing violence against civilians in Gaza catalyzed an interest in action regarding the university's perceived commitment to its stated mission and values, and generated opportunities for reflection, discussion and debate. To this end, all parties agreed to create a UO Senate Task Force on Ethical Investment, Purchasing and Contracting. According to the Agreement, the charge of the Task Force is to:

*"... understand how the principles of ESG (Environmental, Social, Governance) inform investment and business decisions made by the Oregon Foundation and University of Oregon Purchasing & Contracting Services...The [task force] seeks to ensure that these decisions are aligned with the University's academic, research and public service mission. The primary goals of the task force are 1) Facilitate open communication; 2) Engage diverse perspectives and 3) Education and Action.*

As a Task Force, we believe that open discussion and debate is a cornerstone of university life and a free society, and there should be institutions capable of facilitating those discussions. However, we want to acknowledge the ongoing grave harm in the Palestinian territories and Israel as a result of the conflict between Israel and Hamas. There is additional harm to the University campus related to the ongoing debate on these issues. Harm is also occurring in the United States and elsewhere in the world through state-sanctioned oppression, territorial disputes, environmental degradation, violations of human rights, women's rights, LGBTQ rights, and civil war, among others.

This final report has two main purposes: 1) to educate the University Community about the nature of the Task Force's work and 2) to make recommendations to the UO community regarding policies, structures and processes that may facilitate transparency and accountability in future purchasing, contracting and investment decisions.

The Task Force included individuals with differing perspectives on the scope and scale of the recommendations that we would provide to the University Community, including the centrality of the Israel-Hamas conflict to our charge, and the most appropriate ways to understand and describe that conflict in this work. Our final report reflects these diverse perspectives.

However, we all agreed, regardless of perspective, that the University of Oregon and the University of Oregon Foundation can implement stronger processes and procedures to allow more transparency and accountability in carrying out its work to the greater University community and its stakeholders. We also offer ideas for new structures to better engage the university community in an ongoing dialogue around issues related to university priorities, including its investments and procurement. It is our shared and unified hope that in the future, the mechanisms we propose will enable UO students, faculty, alumni and staff to have a voice in these decisions as a matter of course, rather than only resulting from protest. Put simply, all members of the University community should have opportunities to express their beliefs and values associated with the University's decision making. These values are consistent with UO's commitment to shared governance.

We hope that the UO finds these recommendations useful in creating more ethical and responsible policies and structures that will serve our community in the coming months and years. This may ensure that the UO's investments, purchasing and contracting meet the university's mission to "enhance the social, cultural, physical, and economic wellbeing of our students, Oregon, the nation, and the world."

## Summary of Recommendations

### Overall Recommendation

Recommendation 1: Responsible Investment and Purchasing/Contracting Advisory Committee

### Procurement Recommendations

Recommendation 2: Review and strengthen definition of ethics in formal procurement policies

Recommendation 3: Strengthen ethical and sustainable procurement guidelines for units

Recommendation 4: Adopt human rights due diligence practices in procurement

Recommendation 5: Adopt the American Bar Association's Model Contract Clauses for supply-chain management

Recommendation 6: Demonstrate University Leadership in Ethical and Sustainable Procurement

- Strengthen UO's ranking in the AASHE's STARs program
- Join Second Nature's Climate Leadership Network
- Join the Sustainable Purchasing Leadership Council

**UO Foundation Recommendations**

Recommendation 7: Improve Alignment of UO Foundation Investments with ESG Principles

Recommendation 8: Update University Investment Policies

Recommendation 9: Adopt human rights due diligence practices in investing

Recommendation 10: Become a Signatory to the PRI, Principles for Responsible Investment

Recommendation 11: Require ESG reporting to the University Community

Recommendation 12:  UO Foundation to provide more clarity on ESG Weighting Criteria

Recommendation 13: Actively Pursue Investments that Support Social Good and Human Thriving

## Definition of Acronyms

i. **University of Oregon** (UO) is a public research university. Its governance is overseen by a Board of Trustees appointed by the Governor. The President of the University and senior leadership team is an important partner in UO governance, and oversees the day-to-day operations of the university and implementation of its stated mission, policies and initiatives.

ii. **University of Oregon Foundation** (UOF or Foundation) is an independent 501c3 tax-exempt foundation. It has a Chief Executive Officer and its own Board of Trustees which currently consists of 26 members. The Foundation Board of Trustees (UOFBoT) has fiduciary responsibility for the Foundation's investments, including the allocation of funds, and the management of assets. The President of the UO and Chief Financial Officer serve as ex-officio (non-voting) members.

iii. **UO Purchasing and Contracting Services** (UOPCS) is a division of the University of Oregon. It is responsible for providing policies and oversight for procurement, purchasing and contracting across the university.

## University of Oregon Mission

(https://www.uoregon.edu/mission-statement)

**Mission Statement**

Serving the state, nation, and world since 1876

The University of Oregon is a comprehensive public research university committed to exceptional teaching, discovery, and service. We work at a human scale to generate big ideas. As a community of scholars, we help individuals question critically, think logically, reason effectively, communicate clearly, act creatively, and live ethically.

**Purpose**

We strive for excellence in teaching, research, artistic expression, and the generation, dissemination, preservation, and application of knowledge. We are devoted to educating the whole person, and to fostering the next generation of transformational leaders and informed participants in the global community. Through these pursuits, we enhance the social, cultural, physical, and economic wellbeing of our students, Oregon, the nation, and the world.

**Vision**

We aspire to be a preeminent and innovative public research university encompassing the humanities and arts, the natural and social sciences, and the professions. We seek to enrich the human condition through collaboration, teaching, mentoring, scholarship, experiential learning, creative inquiry, scientific discovery, outreach, and public service.

**Values**

- We value the passions, aspirations, individuality, and success of the students, faculty, and staff who work and learn here.
- We value academic freedom, creative expression, and intellectual discourse.
- We value our diversity and seek to foster equity and inclusion in a welcoming, safe, and respectful community.
- We value the unique geography, history and culture of Oregon that shapes our identity and spirit.
- We value our shared charge to steward resources sustainably and responsibly.

## Task Force Processes

Following the creation of the agreement to the university encampment, the Task Force members were appointed by the Senate President at the end of the Spring term in 2024 (June) and began work in the fall of 2024 (September). The Task Force consisted of 10 members of the UO community including seven faculty and staff and three students. Members were appointed based on a diverse set of lived experiences and perspectives. This includes some members who had participated in the spring 2024 protests, some who had expertise in management and/or ESG principles, and some who had expertise and previous experience in previous senate committee and task force service.

Throughout the academic year, the Task Force convened bi-weekly to discuss the issues included in our charge, to meet with administration officials and to identify/discuss relevant action items.

Task force members met with Senior administrators at the UO Foundation, the Office of Contracting and Purchasing Services, and the Office of Sustainability. We developed a set of potential recommendations, which were researched and discussed based on the following principles:

- Benefit the UO's mission statement and stated vision and values
- Supported with best practices from:
    - Other institutions of higher education
    - The State of Oregon
    - State, national or international organizations
    - Academic research
- Can be implemented by
    - University of Oregon
    - UO Board of Trustees
    - UO Foundation Board of Trustees
    - UO Senate
    - ASUO Senate

As mentioned in the introduction of this report, we experienced different perspectives and expectations as to the scale and scope of the Task Force's charge, as well as the nature of its recommendations. Some believed deeply in a need to center our work in the ongoing conflict in Gaza, Palestine. Others believed in prioritizing more institutional changes that could serve the university community and its mission long-term, regardless of issue or concern. Recognizing this as a limitation of our work, we agreed that decisions on inclusion were made by at least a two-thirds majority of committee members present at the meetings where the recommendations were voted on. A quorum of at least 50% attendance was necessary to hold a vote. However, we continued to work towards consensus, and thee final recommendations of this report, however, earned unanimous support with all 10/10 members voting "yes"

**What are Environmental, Social and Governance (ESG) Principles?**

Environmental, Social and Governance (ESG) are a guiding set of principles that allow companies, organizations and investors to consider these factors in their investment decisions. Environmental factors may include sustainability, climate change, or natural resource management (among others). Social factors may include diversity, equity and inclusion, civil and human rights or unfair labor practices.[3] Governance, on the other hand, refers to business ethics and compliance, accounting and tax practices, transparency and data privacy and security (https://www.uofoundation.org/investment-management).

The concept of environmental, social and governance factors in investment sprang from a 2004 collaboration between the United Nations and 18 of the largest global financial institutions, who issued a report stating that "investment markets have a clear self-interest in contributing to better management of environmental and social impacts in a way that contributes to the sustainable development of global society," and "good management of ESG issues contributes to shareholder value creation."[4] As Professor Elizabeth Pollman of the University of Pennsylvania, Carey School of Law discusses in a recent article tracing the history of the concept, ESG has come to mean many things in its twenty years of existence, from factors for investment analysis or risk management to a synonym for corporate social responsibility, sustainability or even an ideological preference or political stance provoking backlash.[5] Pollman also notes that the ambiguity, capaciousness and flexibility of the term have created challenges to its use, including difficulty empirically showing a causal relationship between ESG and financial performance, a proliferation of ESG rating systems that produce conflicting results for the same firm, and "sustainability arbitrage" or greenwashing.[6]

Historically, companies with high ESG scores were viewed by mainstream investors as unlikely to produce competitive shareholder returns, in part because of the findings of older studies showing low returns from the social responsibility investing of the 1990s.[7] Also, the multiplicity, subjectivity and occasionally contradictory nature of ESG metrics makes them more complex to assess and makes ESG Ratings more controversial than traditional financial measures.[8] However, although some observers remain skeptical,[9] an increasing number of investors are stating publicly that sustainability metrics are important factors in their investment analyses, and integration of ESG or sustainability metrics leads to better portfolio performance.[10] A recent survey of 509 equity portfolio managers found that more than 75% incorporate firms' environmental and social performance into investment, engagement and voting decisions, with financial considerations the primary reason, and few investors willing to sacrifice financial returns for ES performance, largely due to fiduciary duty concerns.[11] The ESG investment advisor for the Harvard University endowment has stated that "more than forty years' of academic and empirical evidence suggests that ESG integration in the investment process can lead to better risk-adjusted returns and long-term value creation."[12]

Numerous empirical studies have suggested a link between ESG integration and improved financial performance.[13] In response to these studies, skeptics have noted that such studies have often bundled ESG factors, or depended on ratings that do so, and do not identify the corporate policies or activities that actually produce improved financial performance or whether the relationship is causal.[14] Some recent studies have found minimal impact of ESG factors on portfolio performance.[15]

An ESG integration strategy incorporates information about ESG factors in valuing companies or selects companies for inclusion in a portfolio based in part on high performance on ESG factors. A screening strategy excludes companies with low-ESG profiles, sometimes entire industries, from a portfolio. Divestment is functionally a screening strategy. Integration is perceived as more successful than screening at producing higher risk-adjusted returns than market indices.[16]

Along with the rise of ESG investing, there has been significant recent academic work on efforts to impact corporate choices through investment decisions. Scholars have noted that it is very difficult for impact investors to subsidize a socially beneficial corporation through public equity market investments or penalize a socially harmful corporation through public market divestments, because other values-neutral investors will often take the other side of the trade, driving the market price of the corporation's stock back to its intrinsic value.[17] As a result, some scholars have argued that engagement is a more effective way to change the behavior of public corporations than divestment.[18] One group of scholars has contended that because the impact of divestment campaigns depends on the fraction of socially conscious capital in the financial market, the fraction of targeted firms in the economy and the return correlation between the targeted firms and the rest of the stock market, the cost of capital impact of divestment campaigns is often too small to meaningfully affect real investment decisions by management.[19] Other scholars argue that coordinated divestment campaigns are valuable as an exercise of voice by investors, potentially leading to increased costs of capital and decreased profits in the long-term, as they resonate through the economy, even if they do not have immediate cost of capital effects.[20] At least one scholar has identified small cost of capital impacts on screened stocks between 1999-2019, with a stronger impact in 2007-8 than 2015-2020.[21]

## Overall Recommendation

We offer the following recommendation cuts across all our work with an eye to creating a new body that supports ongoing collaboration, transparency and accountability regarding the sustainable and responsible stewardship of the UO's resources.

**Recommendation 1: Responsible Investment and Purchasing/Contracting Advisory Committee**

Our first recommendation to the University Senate and Administration is to create a representative body or standing committee that is empowered to accept, consider and make recommendations about potential university changes to investments, purchasing and contracting. Many colleges and universities (referenced below, including the University of Washington and Northwestern University) have established committees that do this work for their institutions. At the UO, this would ideally be a subcommittee of the Board of Trustees, or an advisory body of the President, but it could be a UO Senate Committee. It should include students, faculty, alumni and/or staff. The goal is to reflect the diverse perspectives of the university community and ensure alignment of the university's decisions with stated values and principles that are broadly shared.

The University of Oregon has articulated its commitment to valuing: (1) "the passions, aspirations, individuality, and success of the students, faculty, and staff who work and learn here," (2) "academic freedom, creative expression, and intellectual discourse," and (3) "our shared charge to steward resources sustainably and responsibly." Reflecting these values, the University operates under a model of shared governance, which depends on collaboration between the administration, faculty, students and trustees to meet the university's mission.

We interpret these values as licensing an investment in transparency and collaboration regarding the university's decision-making processes with respect to the expenditure and investment of its resources. To ensure that the UO is operating in the best interests of its mission and community, the members of the community can and should be engaged in ongoing dialogue with relevant stakeholders about issues facing the university.

This committee will be made up of elected and appointed members among UO tenure and career faculty, alumni, students and staff, along with ex-officio members of university leadership (UO PCS and Foundation). See Appendix 1 for a draft charge and membership criteria. Here are some examples of potential structures as implemented by other universities:

Example 1: The University of Washington's Board of Regents has established an advisory committee on socially responsible investing that seeks full university engagement on issues that are brought forward. They may consider and make recommendations to the board on proposals, including proposals to divest or engage in shareholder activism (proxy votes, public engagement, etc.). This committee is made up of faculty, students and external stakeholders.

Example 2: Northwestern University recently agreed to the reestablishment of its Advisory Committee on Investment Responsibility. This committee works with and advises the president on its investments.

Example 3: Boston University has an Advisory Committee on Socially Responsible Investing. This committee offers broad representation among university stakeholders, and advises BU's Board of Trustees.

Example 4: Brown University's Advisory Committee on University Resources Management (ACURM) is an advisory body to the president of Brown University that considers 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.

Example 5: John's Hopkins University similarly has a Public Interest Investment Advisory Committee (PIIAC), created by the Trustees to "help support and advise the Board of Trustees in making responsible investment decisions for the university's endowment managed by the JHU Investment Office."

Following the encampments of early 2024, several of these bodies considered divestment from one or more entities called for by student organizations. We have attached two such reports (Brown and JHU) as supplemental information that outline the processes they took to investigate the requests, their efforts to seek out perspectives across the university community, and decisions reached by the committees.

## Purchasing and Contracting Background

### Background

Procurement at the University of Oregon is managed by the Office of Purchasing and Contracting Services (UO PCS). The processes that guide UO procurement vary based on the value of the contract, but are largely decentralized by unit, school or college. Small procurement decisions are made at the unit level, with additional oversight as the cost increases. For example, the revised Purchasing and Contracting Procedures, which went into effect during the Fall of 2024, state that for purchases under $10,000 a unit may generally directly purchase items without a contract or purchase order. For purchases under $50,000 a unit may enter a contract without competitive bids. For quotes between $50,000 and $250,000 units may engage in an informal, but public, "Request for Quotes," and those over $250,000 must engage in a formal procurement process with a "Request for Proposals." PCS has further decentralized decision-making by delegating signatory authority on certain contracts to some university staff.

The UO PCS follows two programs to encourage contracting with Historically Underutilized Businesses (HUBs) and Small Oregon-based businesses. The University may also use the State of Oregon's Certification Office for Business Inclusion and Diversity (COBID), which seeks to "level the playing field by providing certified firms a fair opportunity to compete for government contracts regardless of owner ethnicity, gender, disability, or firm size." In 2024, the policy was expanded to include businesses owned by veterans.

All procurement officers authorized to make purchases of goods and services at the University of Oregon must annually agree to a Code of Ethics, which is similar to the code of ethics offered by the National Association of Educational Procurement. UO employees with procurement authority must also sign a Declaration of No Conflict. As a public institution, the UO is also required to meet state and federal standards regarding public procurement.

#### *Relationship with Office of Sustainability*

UO PCS also works with the UO Office of Sustainability in supporting its mission to "lead the integration of sustainability into the University of Oregon's operations, curriculum, co-curriculum, research and engagement with community." They do this through programs and partnerships to:

- Provide strategic advice, information and resources to faculty, staff and students working to integrate sustainability practices and policies into their programming;
- Develop policies that promote environmentally-sensitive behavior by campus users and responsible development and stewardship of campus assets;
- Create, implement and manage innovative programs and events, in partnership with other campus units whenever possible;
- Establish metrics and track institutional sustainability performance;
- Share the University's sustainability story and encourage the campus community to support the growth and success of sustainable practices.

Importantly, the Office of Sustainability is a member of the Association for the Advancement of Sustainability in Higher Education (www.aashe.org), and supplies a report for STARS certification (Sustainability Tracking, Assessment & Rating System) every three years. This certification is based on a set of ESG-style parameters regarding energy, waste, affordability, diversity, purchasing, engagement, climate, grounds, well-being, investments and finance, among others. Currently, the UO is ranked "gold" (the second highest, after platinum). The full report can be accessed at: https://reports.aashe.org/institutions/university-of-oregon-or/report/.

## Procurement Recommendations

**Recommendation 2: Review and strengthen definition of ethics in formal procurement policies**

The requirements for ethical procurement practices and procedures in current UO procurement policies focus (Appendix 2) on conflicts of interest and other anti-corruption matters. The UO's policy is aligned closely with the stated code of ethics offered by the National Association of Educational Procurement (NAEP).

The UO community should consider expanding the definition of ethics in procurement to include not only anti-corruption concerns, which are common in public and business procurement, but also other shared community standards of ethical procurement in the context of higher education. The Oxford College of Procurement and Supply defines ethical procurement as a code of conduct and a commitment to environmental, social, and economic issues. It's a set of principles that guides an approach to procurement and eliminates unethical practices throughout the supply chain. In addition, the Chartered Institute of Procurement and Supply (CIPS) has a good framework for how organizations should handle procurement in an ethical manner.

There are also other procurement policies that reach beyond conflicts of interest and include statements regarding social harm and well-being. Here are a few examples:

Example 1: Seattle University has a procurement policy that states, "At Seattle University, we envision sustainability in the holistic spirit of integral ecology and will adopt institutional practices that are socially just, support human and ecological health, and promote economic well-being." The policy can be seen here.

Example 2: Colorado State University's Policy on Sustainable and Efficient Procurement includes the following statement: "The University will encourage suppliers to demonstrate responsible sourcing in the areas of ethics, human rights, health and safety, sustainable production, and environmental practices."

Other examples: The University of California system on sustainable procurement; University of Washington's sustainable purchasing policy

**Recommendation 3: Strengthen ethical and sustainable procurement guidelines for units**

UO's current sustainable purchasing policy is voluntary and provides suggestions to campus purchasing officers about how to find more sustainable products when making purchasing decisions. Oregon's PCS should establish explicit guidelines that require deliberation of ethical and sustainability criteria. These criteria could include an objective points-based rubric ranking different vendors on ESG criteria to ensure accountability and consistency.

For example, a sample matrix may include guidelines covering the following standards:

1. *Social responsibility due diligence*
   Social responsibility due diligence in purchasing extends to actual or potential adverse human rights impacts that an enterprise may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships (UN Working Group on Business and Human Rights). Socially responsible

procurement will address involvement in or support for human rights violations including but not limited to the restriction of movement, surveillance-based discrimination, segregation, and other acts of racial discrimination.

2. *Ethical Labor Criteria*
   Working conditions must be safe and hygienic. Occupational health and safety are covered in most countries by laws and regulations, which require employers to provide a safe working environment and employees to abide by safety procedures. However, in countries where the laws are not enforced, standards of health and safety are low in many factories and work sites. Buyers should work with suppliers to introduce appropriate health and safety policies and procedures, which should be demonstrable in the workplace (CIPS.org).

   Further, where applicable, laws protecting fundamental labor rights must be followed. A pattern or practice of violating the Fair Labor Standards Act or credible reports of illegal union-busting activities, including retaliation against employees for organizing for collective bargaining rights, should be taken into account and given considerable weight.

3. *Prioritize local and environmentally conscious vendors*
   To support Oregon's local economy, vendors should use, when possible, small, local, minority owned, women-owned and veteran-owned businesses. Units may be encouraged to use the database of certified firms offered by the Oregon's Certification Office for Business Inclusion and Diversity (COBID).

4. *Developing and deploying a supplier code of conduct*
   The University of Washington has established a supplier code of conduct, requiring suppliers of goods & services to the university to follow certain socially responsible business practices, including respect for human and labor rights, sustainability, and ethics. The University of California system has a similar supplier code of conduct that expects the highest standards regarding ethics and sustainability.

**Recommendation 4: Adopt human rights due diligence practices in procurement**

In its National Action Plan on Responsible Business Conduct, released in March 2024, the United States Government stated its expectation that U.S. businesses, regardless of their size, sector, operational context, ownership or structure, will conduct human rights due diligence throughout their value chains in line with internationally recognized standards set out in the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the International Labor Organization's Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy. UO Procurement should have in place systems for conducting appropriate due diligence of its products and services vendors, in both domestic and international procurement.

**Recommendation 5: Adopt the American Bar Association's Model Contract Clauses for supply-chain management**

The American Bar Association's Contractual Clauses Project promotes ethical and sustainable supply chains by sharing responsibility for diligence and management of environmental and human rights issues arising in the vendor supply chain. They provide the Model Contract Clauses and the Responsible Buyers Code 2.0, which can be found here. The University may adopt some of this model contract language into their agreements with vendors they contract with.

**Recommendation 6: Demonstrate University Leadership in Ethical and Sustainable Procurement**

The university can demonstrate its commitment to leadership in ethics and sustainability with the following actions.

- **Strengthen UO's ranking the AASHE's STARS program**

  Working together, CPS and the Office of Sustainability should be provided the support and capacity necessary to increase our performance on several items listed in the STARS report.

  The UO's most recent STARS report, active until 2027, can be found here, which can help the university identify areas of improvement. The University of Oregon letter to AASHE can be seen in Appendix 3.

  Examples: The University of Oregon currently has a Gold rating, where we have joined Oregon State University, Pennsylvania State University, University of Michigan and Indiana University, among others. A few of the American colleges and universities that have received Platinum rating (the highest) are: Arizona State University, Colorado State University, Stanford University and the University of California, San Diego.

- **Join Second Nature's Climate Leadership Network**

  The University of Oregon should sign onto one or more of the sustainability commitments with The Presidents' Climate Leadership Commitments and join the Climate Leadership Network (overseen by the SecondNature.org). Hundreds of universities across the country have signed onto the 1) carbon commitment 2) climate commitment and/or 3) resilience commitment. While each institution determines their own goals and actions, there are key steps needed to fulfill the intention of the commitments and report their progress.

  Examples: The University of Minnesota's Carbon Commitment and Race to Zero; Portland State's Climate Commitment; Lane Community College's (a founding member in 2006) Climate Commitment; Ohio State's Carbon Commitment; UCLA's Climate Commitment. The full searchable database of colleges and universities participating in the program can be found here.

- **Join the Sustainable Purchasing Leadership Council**

  The Sustainable Purchasing Leadership Council (SPLC) is a "global community of purchasers, suppliers, advocates, and experts dedicated to driving positive impact through the power of procurement."  Programs available include training and resources, a peer learning network and a supplier directory.

Examples: The SPLC's membership is made up of a diverse set of governments (for example, City of Santa Monica, City of Portland), businesses (AFLAC, Deloitte), nonprofit organizations (American Red Cross, Kaiser Permanente) and universities (University of Michigan, University of Wisconsin, Stanford, Arizona State).

## University of Oregon Foundation Background

The UO Foundation is an autonomous body, a 501(c)(3) nonprofit organization, affiliated with the University of Oregon. It was created in 1922 with the mission to "support the mission of the University of Oregon by receiving, investing, and disbursing private gifts given to the university. As a charitable 501(c)(3) organization, the UO Foundation maximizes private gifts for the university's benefit in accordance with donor intent."

The oversight functions and governance of the UO Foundation rest with two bodies: 1) directly with the UO Foundation's Board of Trustees and 2) indirectly with the University of Oregon's Board of Trustees through a policy (Policy I.01.02), which can also be seen in Appendix 4.

The University Foundation has up to 30 members on its own Board of Trustees, which are self-perpetuating (meaning trustees vote on adding new members). The UO Board of Trustee's governance principles include 1) Act as a Foundation fiduciary, responsible for the oversight of the Foundation's resources and practices 2) Uphold the integrity of the Foundation Board and 3) Advance the Mission of the University of Oregon. Starting in July, 2021, the Foundation moved to outsource management of its investment portfolio with Jasper Ridge Partners. Jasper Ridge currently manages approximately $34 billion for different organizations and families, including over $2.9 billion of assets for the University of Oregon Foundation. Oversight of Jasper Ridge Partner's management of UO investments is provided by the Foundation's leadership team and the investment committee on the Foundation's Board of Trustees, following guidelines set by the UO Foundation's Board of Trustees.

The University Board of Trustees consists of 15 individuals including the President of the University and 14 volunteers appointed by the Governor of Oregon. The authority granted to the University by those members is described in state law, but broadly it provides oversight and policymaking authority impacting the University.

According to law and policy, the UO Foundation is a legally independent 501(c)(3) organization that cannot be directly controlled by the University.[22] In the 2025 Oregon legislative session, HB 3213 (Chaichi) was introduced to require that foundations associated with public universities adhere to specific open records law, specifically by making public information on donations and donor-imposed restrictions on donated funds. It also requires public university affiliated foundations to publish an annual report on its expenditures related to university activities, scholarships and programs. This bill has been referred to the House Higher Education and Workforce Develpment committee, which held a public hearing on February 24, 2025. At the writing of this report, it had not yet been scheduled for a committee vote.

The UO Foundation aims to spend around 4% of the total annual return on its endowment funds (a mix of income from dividends and interest payments and capital gains on invested assets) on distributions to the University of Oregon each year.[23] The UO Foundation distributed a total of $42.5 million to the University of Oregon in fiscal year 2024, including $15.96 million for student scholarships (38%), $12.29 for faculty and research (30%), $9.8 million for student academic and operational support (23%) and $4.26 million for other university support (10%).[24] Nationally, according to the 2024 NACUBO-Commonfund Study of Endowments, on average, 48.1 percent of university endowment spending went to financial aid for students in fiscal year 2024. Other spending categories included academic programs and research (17.7%), endowed faculty positions (10.8%), operation and maintenance of campus facilities (6.7%) and other purposes (16.6%).[25]

Total annual return is determined by asset allocation choices. There are significant differences in asset allocations among university endowments based on the overall size of the endowment. University foundations with $1-5 billion in assets like the University of Oregon, on average, invested around 17% of their assets in U.S. equities, another 20% in foreign equities, and around 12% in fixed income securities. The remainder, around 51% of the total, was invested in alternative investments such as private equity, venture capital, real estate and marketable alternative assets.[26] Smaller endowments typically invest more in marketable debt and equity securities, while larger endowments typically invest more in alternative assets. [27] The UO Foundation's asset allocations as of June 30, 2024 were 32.9% in private equity and venture capital funds, 19.2% in hedge funds, 24.5% in public equity, 15% in fixed income securities, 6.3% in real assets and 2.1% in cash and other assets.[28]

Following a university campaign and UO Board of Trustees policy, the UO Foundation and Jasper Ridge Partners state that they use a "comprehensive environmental, social, and governance (ESG) strategy throughout the lifespan of each investment decision." See the figure below for the guiding principles as stated on the UO Foundation's website.


Image Source: UO Foundation Website: "Investment Management"

As mentioned above, the Association for the Advancement of Sustainability in Higher Education (www.aashe.org) STAR rankings include elements based on investments and finance. The UO and UO Foundation scores a 1.28/5 on the most recent report. The University of Oregon ranks 0/2 for having a "committee on investor responsibility", a 1.28/5 on "sustainable investment" and 0/2 on "investment disclosure." You can see the most recent report here.

Additionally, the UO's Board of Trustees passed a policy in 2017 (please see appendix 4) that directs the Foundation to consider ESG policies in their investment decisions. It also prohibits "negative screens" (where all stocks in a particular category are automatically eliminated from consideration). However, the STARS report suggests that the UO does use negative screens when they responded "yes" to that particular question on the report. The UO Foundation has also stated that they are slowly ending their investments in fossil-fuel extraction companies, and that those steps should be completed by 2027.

## Recommendations for the UO Foundation Investment Policies and Practices

The guiding principles of our recommendations on ethics include a strong desire to have more transparency regarding the University Foundation's investments and its oversight. Additionally, we firmly believe that in order to ensure that the Foundation continues to act in accordance with the stated values and mission of the University there should be increased transparency, open dialogue and ongoing discussion about the benefits and risks of various investment strategies. Further, investment practices should reflect the University's mission and values, including diversity, equity, inclusion, and sustainability. This may include abstaining from participating as an investor or shareholder in companies and organizations that are directly or indirectly involved in activities inconsistent with the university's values. Such a commitment was made by the UO in 2017 when it made the commitment to the University community regarding investments in companies engaged in fossil fuel extraction.

### Recommendation 7: Improve Alignment of UO Foundation Investments with ESG Principles

The UO Foundation and UO Board of Trustees should more explicitly align their investment strategies with ethical and socially responsible principles, ensuring that financial decisions reflect the institution's commitment to sustainability, human rights, and long-term financial health. While these commitments are expressed in its general ESG principles above, the application of these principles thus far has been insufficient in fully accounting for the broader social and environmental consequences of its financial engagements. The UO Foundation and Board of Trustees should adopt and make transparent **specific** criteria for maintaining ethical investments that proactively address these concerns. Ethical investment entails creating policies that support sustainability and human thriving. Likewise, the UO Foundation should ensure that UO is not supported by investments that cause social harm.

Understanding that the UO Foundation does not operate by direct investment, it is still possible to ensure that investment portfolios are not significantly supported by companies/industries that cause social harm. The UO foundation can direct its third-party investment manager, Jasper Ridge, to better ensure portfolios adhere to its investment philosophy, including criteria for ethical, sustainable investment. For example, companies can be evaluated on their practices, not the simple fact of their incorporation in a country whose government has a poor record in the areas of sustainability and/or human rights.

Human rights and sustainability are *already a part of Jasper Ridge/UO Foundation ESG criteria*. However, the ESG criteria appear to be non-specific. It is unclear how human rights are considered, or how a potential investment is weighed against these criteria. In the case of investments involving international trade and multinational corporations, international human rights law, or responsible investment organizations, may serve as a guide.

We recommend that the UO Foundation and Board of Trustees adopt specific criteria for maintaining ethical investments that proactively address the university's commitments to upholding human rights, human dignity and equitable/environmentally sound practice. Therefore, we recommend that the UO adopt and publish policies to disclose and re-align investments in companies that intentionally or knowingly enable, support or profit from[29] social harms including: violence against civilian populations or other violations of human rights, dignity and autonomy, unfair labor practices and severe environmental harm[30] (inclusive of fossil fuel extraction, production and refinement). Examples may include companies profiting from ongoing violence and human rights violations against the civilian populations of Gaza, Ukraine, China, and Sudan, among others. Other examples may include companies involved in the construction and operation of mass incarceration facilities in the United States or internationally where human rights violations have been documented.

Examples: Western Washington University, George Washington University, University of California

**Recommendation 8: Update University Investment Policies**

The UO Board of Trustees last updated its investment policy in 2017 (Appendix 4). At that time, they included some language regarding the use of ESG principles in investment decisions. The policy also states, "ESG considerations are only one factor in analyses and should not be used as exclusionary screens to eliminate specific entities or sectors from consideration." Yet, the Foundation's decision to phase out fossil fuel investments are one example where these screens may have been implemented. The UO's report on the AAHSE's STARS website also indicates the Foundation uses these "negative screens". The Board may want to revisit this policy and ensure that it is consistent with practice, and is consistent with the stated mission and values of the University. The Board of Trustees can also choose to adopt a policy consistent with that stated in Recommendation 7 of this report. A new policy may also include guidance on how requests for changes may be made, including the establishment of a new committee or body to evaluate such requests.

Examples: Standford University Trustee's Statement on Investment Responsibility; Michigan State University's Investment Policy; Western Washington University's Policy on Socially Responsible Investing; Michigan State University's Investment Policy; Western Washington University's Policy on Socially Responsible Investing

**Recommendation 9: Adopt human rights due diligence practices in investing**

We recommend that the UO incorporate more robust human rights due diligence into its investment processes, in order to identify companies that intentionally or knowingly enable, support or profit from social harms including: violence against civilian populations or other violations of human rights, dignity and autonomy, repression of women and/or LGBTQ populations, mass incarceration, unfair labor practices, and severe environmental harm (inclusive of fossil fuel extraction, production and refinement), including social harms in their supply chains.

According to the Principles for Responsible Investment, the UN Guiding Principles on Business and Human Rights (UNGPs) state that institutional investors "should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved." The PRI also notes that, "Severe human rights impacts can often present reputational, operational and financially material risks. Investors can and should work with their investments to mitigate and / or remedy impacts on the affected parties, as well as potentially lower these risks." The PRI provides guidance on how investors can conduct human rights due diligence, here.

**Recommendation 10: Become a Signatory to The PRI, Principles for Responsible Investment**

The PRI is an independent organization supported by the UN. It works to understand the investment implications of environmental, social and governance (ESG) factors; to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions; to understand the investment implications of environmental, social and governance (ESG) factors; to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions."

Their Principles of Responsible Investment offer a menu for investors to consider if seeking ethical investments.

Examples: University of Minnesota, Northwestern University, University of California

**Recommendation 11: Require ESG reporting to the University Community**

One of the core principles of ESG investments is transparency and reporting. It is also included on the list of PRI principles, with "Principle 6: We will each report on our activities and progress towards implementing the Principles." The first possible action listed with this principle is, "Disclose how ESG issues are integrated within investment practices."

At least annually, the UO Foundation, in partnership with Jasper Ridge, should provide the University Committee with an ESG performance report. This will ensure engagement with the university community on whether and how our investments and investment management are consistent with the UO's stated policies, values and mission.

The UO Foundation currently does not provide an annual ESG report, although this is a growing practice among both firms, nonprofits and higher education endowments. While there is no single standard for ESG reporting, there are some stated industry best practices that may be useful for Jasper Ridge and/or the Foundation to implement and provide. These may include providing an independent report to the university community, annual reporting with the PRI as a signatory, or better use of AASHE's STARs reporting.

This report may share how the UO Foundation defines and deploys ESG criteria, and their performance in specific areas comprehensively in the ESG factors described on the foundation website and included in the foundation description above, including: civil and human rights violations, fair wages and benefits, labor standards, climate change, greenhouse gas emissions, energy and waste management.

Examples: The University of California system offers an ESG dashboard. The University of Pittsburgh offers ESG reporting on their website, UC Berkeley Foundation offers periodic "ESG in Action: Examples from the Portfolio" report, and the Harvard Management Company Climate Report,

**Recommendation 12: UO Foundation to provide more clarity on ESG Weighting Criteria**

The UO Foundation's website states its ESG principles are followed in investment decisions. However, there is little clarity on how the Foundation defines ESG principles in practice, and how they are used in decision making process for investments and investment funds. This may be accomplished through the recommendation above on ESG performance, or by sharing more information about the definition and weighting matrices or rubrics that may guide decision-making processes.

**Recommendation 13: Actively Pursue Investments that Support Social Good and Human Thriving**

Outside of avoiding investments in companies that engage in activities that violate the Foundation's stated ESG principles, the Foundation should seek to proactively invest in companies that engage in socially responsible activities, including sustainability, supporting fair labor practices, and engage with or support marginalized or traditionally under-represented communities.

Examples: [https://www.intentionalendowments.org/pr_2023_eib_pilot_results](https://www.intentionalendowments.org/pr_2023_eib_pilot_results)

---

[1] Article II of the United Nations 1948 Convention on the Prevention and Punishment of the Crime of Genocide defines "genocide" as "any of the following acts committed with intent to destroy, in whole or in part, a national, ethnic, racial, or religious group, as such:

- Killing members of the group;
- Causing serious bodily or mental harm to members of the group;
- Deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part;
- Imposing measures intended to prevent births within the group;
- Forcibly transferring children of the group to another group."

[2] The UN Commission of Experts has defined ethnic cleansing as "a purposeful policy designed by one ethnic or religious group to remove by violent and terror-inspiring means the civilian population of another ethnic or religious group from certain geographic areas."
Coercive practices may include: "murder, torture, arbitrary arrest and detention, extrajudicial executions, rape and sexual assaults, severe physical injury to civilians, confinement of civilian population in ghetto areas, forcible removal, displacement and deportation of civilian population, deliberate military attacks or threats of attacks on civilians and civilian areas, use of civilians as human sheilds, destruction of property, robbery of personal property, attacks on hospitals, medical personnel, locations with the Red Cross/Red Crescent emblem, among others."

[3] Unfair Labor Practices
Fundamental Labor Laws include:
Domestic: Fair Labor Standards Act, Occupational Safety and Health Act, Title VII of the Civil Rights Act of 1964, Age Discrimination in Employment Act, Americans with Disabilities Act, Equal Pay Act, Family and Medical Leave Act, and the National Labor Relations Act
International: Eight ILO Core Labor Conventions - Forced Labor Convention (No. 29), Abolition of Forced Labour Convention (No.105), Equal Remuneration Convention (No.100), Discrimination (Employment Occupation) Convention (No.111), Minimum Age Convention (No.138), Worst forms of Child Labour Convention (No.182), Freedom of Association and Protection of Right to Organised Convention (No.87), Right to Organise and Collective Bargaining Convention (No.98)
International Labor Organization Core Labor Standards (fundamental labor rights):
freedom of association and the effective recognition of the right to collective bargaining
the elimination of all forms of forced or compulsory labour
the effective abolition of child labour
the elimination of discrimination in respect of employment and occupation; and
a safe and healthy work environment (added in 2022).
Severe Environmental Harm

[4] Elizabeth Pollman, *The Making and Meaning of ESG*, 14 HARV. BUS. L. REV. 403, 414 (2024)(quoting THE GLOBAL COMPACT, WHO CARES WINS: CONNECTING FINANCIAL MARKETS TO A CHANGING WORLD 3, 9 (2004)). Investor interest in sustainability disclosure grew with the creation of the U.N. Principles for Responsible Investment, launched by U.N. Secretary-General Kofi Annan and a group of the world's largest institutional investors in 2006 to promote principles for a sustainable global financial system. Principles for Responsible Investment, About the PRI, [https://www.unpri.org/pri/about-the-pri](https://www.unpri.org/pri/about-the-pri). Signatories of the principles agree to incorporate ESG issues into investment analysis and decision-making processes and to seek appropriate disclosure on ESG issues by the entities in which they invest, among other things. *Id.* Presently, the PRI has more than 2900 investor and asset manager signatories, holding more than $100 trillion in assets under management, representing the majority of the world's professionally managed investments. Principles for Responsible

Inv., Signatory Directory Updated 8.23.2020 (2020); *PRI-11 year growth of AO, all signatories (Asset Owners, Investment Managers and service providers) and respective AUM*, Excel sheet available for download at Principles for Responsible Investment, About the PRI, http://www.unpri.org/about.

[5] *Id*. at 424. *See also*, Kevin A. White, *A Brief Overview of the Law, Economics and Politics of ESG*, 72 VA. LAWYER 32 (2023).

[6] *Id.* 434-448. *See also*, Alex Edmans, *The end of ESG,* 52 FIN. MANAG. 3 (2023)(arguing that ESG is both extremely important, since it's critical to long-term value, and nothing special, since it's no better or worse than other intangible assets that create long-term financial and social returns, such as management quality, corporate culture, and innovative capability); David F. Larcker, Brian Tayan & Edward M. Watts, *Seven myths of ESG*, 28 EUR. FIN. MANAG. 869 (2022)(criticizing the absence of empirical evidence or theoretical research to support several claims about ESG and corporate performance); Sakis Kotsantonis and George Serafeim, *Four Things No One Will Tell You about ESG Data*, 31 J. OF APPLIED CORP. FIN. 50 (2019)(describing complexity of ESG data).

[7] Sakis Kotsantonis, Chris Pinney & George Serafeim, *ESG Integration in Investment Management: Myths and Realities*, 28 J. of App. Corp. Fin. 10 (2016). A recent study suggests that many retail investors continue to harbor doubts about the profitability of ESG investing. Stefano Giglio, Matteo Maggiori, Johannes Stroebel, Zhenhao Tan, Stephen Utkus and Xiao Xu, *Four facts about ESG beliefs and investor portfolios*, 164 J. of Fin. Econ. 103984 (2025)(reviewing the results of a Vanguard survey of its retail clients and finding that investors generally expected ESG investments to underperform the market, that 48% do not see a reason to invest in ESG, 24% make ESG investments for ethical reasons, 22% make ESG investments as a hedge against climate change, and 6% make ESG investments for higher returns, and only investors with outperformance expectations have meaningful ESG investment holdings).

[8] It is important, however, to make a distinction, in this regard, between ESG metrics and ESG ratings. ESG metrics are individual ESG measures disclosed by companies, and can be received by an investor as is, without the bias of any third parties. ESG ratings, on the other hand, involve the bias of the rater, so subjectivity is of greater concern, since the rater, or indexer, may have different biases than a particular investor, which the investor will not know unless the rater/indexer carefully discloses the bases for all of its judgments of different ESG factors. There is considerable variability among the ESG ratings issued by different ESG rating agencies. The variability of ESG definitions and judgments has led to significant diversity in ESG ratings for the same firm among different ESG rating agencies. See, e.g., Florian Berg, Julian F. Kölbel & Roberto Rigobon, Aggregate Confusion: The Divergence of ESG Ratings, 26 REV. FIN. 1315, 1335 (2022) (concluding that divergence in ESG ratings among Sustainalytics, Moody's, S&P Global and MSCI, among others, is due to divergence in measurement (56%), scope (38%) and weight (6%) of ESG factors considered); Dennis Bams & Bram van der Kroft, Tilting the Wrong Firms? How Inflated ESG Ratings Negate Socially Responsible Investing Under Information Asymmetries (MIT Ctr. for Real Est. Rsch. Paper No. 22/12, 2022); Dane Christensen, George Serafeim & Anywhere Sikochi, Why is Corporate Virtue in the Eye of the Beholder? The Case of ESG Ratings, 97 ACCT. REV. 147 (2022) (finding that raters disagree more about ESG outcome metrics than input metrics (policies), that disclosure appears to amplify disagreement more, and greater ESG disagreement is associated with higher return volatility, larger absolute price movements, and a lower likelihood of issuing external financing); David F. Larcker, Lukasz Pomorski, Brian Tayan & Edward M. Watts, ESG Ratings: A Compass Without Direction (Stan. Closer Look Series, 2022) (finding that while ESG ratings providers may convey important insights into the nonfinancial impact of companies, significant shortcomings exist in their objectives, methodologies, and incentives which detract from the informativeness of their assessments). *But see* Pierre Chaigneau & Nicolas Sahuguet, Executive Compensation with Social and Environmental Performance (Working Paper, 2024) (arguing that multiple and disparate ESG ratings are valuable means to prevent gaming of ESG outcomes and promote socially and environmentally beneficial outcomes at firms rather than "managing to the rating") https://papers.ssrn.com/sol3/Papers.cfm?abstract_id=4345102; Rajna Gibson, Philipp Krueger & Peter Steffen Schmidt, *ESG Rating Disagreement and Stock Returns* 5–8 (Swiss Fin. Inst., Working Paper No. 19-67, 2020)(explaining that, "[g]iven the complexity of measuring a firm's non-financial or ESG performance, the validity of these ratings has been debated critically" and providing an overview of the literature on ESG ratings divergence), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3433728.

[9] *See, e.g.*, Paul G. Mahoney and Julia D. Mahoney, *The New Separation of Ownership and Control: Institutional Investors and ESG* (March 2021)(suggesting that demand for ESG disclosures is driven by asset manager policy preferences rather than investment returns)[forthcoming in the Columbia Business Law Review]; available at: https://ssrn.com/abstract=380914; Gerhard Halbritter and Gregor Dorfleitner, *The Wages of Social Responsibility-Where are they? A Critical Review of ESG*

*Investing*, 26 REV. FIN. ECON. 25, 35 (2015). *See also*, Roman Kraussl, Tobi Oladiran & Denitsa Stefanova, *A review on ESG investing: Investors' expectations, beliefs and perceptions,* 38 J ECON. SURV. 476 (2024))(finding mixed empirical results for relative performance of ESG investments, with green assets expected to generate lower returns in the long run compared to non-ESG counterparts); Lubos Pastor, Robert F. Stambaugh & Lucian Taylor, *Dissecting Green Returns*, 146 J. OF FIN. ECON. 403 (2022)(concluding that high returns on "green" stocks and bonds in recent years were due to environmental concerns, not expected returns, and finding that "brown" assets stocks have higher expected returns than green stocks).

[10] In July 2020, the Government Accountability Office reported that fourteen large institutional investors it interviewed agreed that corporate attention to ESG issues can have a positive effect on a company's long-term value and they seek ESG information to better understand the risks that could affect companies' long-term value. Government Accountability Office, Public Companies: Disclosure of Environmental, Social and Governance Factors and Options to Enhance Them 6 (July 2020)[hereinafter, "GAO 2020 Report"], https://www.gao.gov/products/gao-20-530. In a survey of senior investment professionals from 653 conventional (non-impact) investment managers managing US$31 trillion, or 43% of global institutional assets under management, 82% considered ESG information in making investment decisions 63% consider ESG information material to financial performance, and 61% believed full ESG integration would have a beneficial impact on investment performance, but only 34.4% used a full integration investment style. Amir Amel-Zaheh and George Serafeim, *Why and How Investors Use ESG Information: Evidence from a Global Survey*, 74 Financial Analysts Journal, 87 (2018). For the views of individual institutional investors, *see, e.g.,* BLACKROCK, TOWARD A COMMON LANGUAGE FOR SUSTAINABLE INVESTMENT (Jan. 2020) ("Our investment conviction is that sustainability-integrated portfolios – composed of more sustainable building-block products – can provide better risk-adjusted returns to investors. With the impact of sustainability on investment returns increasing, we believe that sustainable investment will be a critical foundation for client portfolios going forward."); Bank of American Merrill Lynch, *Equity Strategy Focus Point—ESG Part II: A Deeper Dive* (June 15, 2017)(stating that sustainability factors are "strong indicators of future volatility, earnings risk, price declines and bankruptcies. ... Prior to our work on ESG, we found scant evidence of fundamental measures reliably predicting earnings quality. If anything, high quality stocks based on measures like Return on Equity (ROE) or earnings stability tended to deteriorate in quality, and low-quality stocks tended to improve just on the principle of mean reversion. But ESG appears to isolate non-fundamental attributes that have real earnings impact: these attributes have been a better signal of future earnings volatility than any other measure we have found."); Goldman Sachs Equity Research, *GS Sustain ESG Series: A Revolution Rising-From Low Chatter to Loud Roar*, 23 April 2018 ("integrating ESG factors allows for greater insight into intangible factors such as culture, operational excellence and risk that can improve investment outcomes.").

[11] Alex Edmans, Tom Gosling and Dirk , *Sustainable Investing: Evidence from the Field*, European Corporate Governance Institute, Finance Working Paper No. 1028/2025 (January 2025), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4963062.

[12] Michael Cappucci, *The ESG Integration Paradox*, 30 J. Applied Corp. Fin. 22 (2018) (*citing* Robert G. Eccles and Mirtha D. Kastrapeli, *The Investing Enlightenment*, STATE STREET (2017)).

[13] Francesco Cesarone, Manuel Luis Martino and Alessandra Carleo, *Does ESG Impact Really Enhance Portfolio Profitability?*, 14 SUSTAINABILITY 2050 (2022)(finding significant ESG impact on portfolio profitability for four of five Mean-Variance-ESG efficient portfolio datasets (Dow Jones, FTSE, NASDAQ and S&P, but not Eurostoxx 50) reviewed over the period 2014-2020); George Serafeim, PURPOSE + PROFIT: HOW BUSINESS CAN LIFT UP THE WORLD 50-51 (2022)(describing study of 2,300 companies that were improving performance on material ESG issues and finding they outperformed their competitors by more than 3% annually); Ulrich Atz, Zongyuan (Zoe) Liu, Christopher C. Bruno & Tracy Van Holt, *Does Sustainability Generate Better Financial Performance? Review, Meta-analysis, and Propositions*, 13 J. SUSTAINABLE FIN. & INV. 802, 809–10, 821–23 (2022) (surveying 1,141 primary peer-reviewed papers and 27 meta-reviews published between 2015 and 2020 and finding evidence of a positive association between sustainability and financial performance at the firm level and risk-mitigating effects at the portfolio level); George Serafeim, *Public Sentiment and the Price of Corporate Sustainability*, 76 Financial Analysts J. 26 (2020)(" An ESG factor long (short) on companies with superior (inferior) sustainability performance and negative (positive) ESG sentiment momentum delivered significant positive alpha."); Panos Seretis & Meggin Thwing Eastman, *MSCI Research Insight: Enhancing Economic Value with ESG*, MSCI ESG Research, Inc. (February 2018)(concluding that companies with higher ESG Ratings exhibited higher average return on invested capital, compared to companies with lower ESG ratings and were also valued at a premium over their other top performing peers with lower ESG Ratings over the five years 2013-2017, with the outperformance primarily coming not from better governance but from better management of industry-specific environmental and social risks); Mozaffar Khan and George Serafeim, and Aaron S. Yoon, *Corporate Sustainability: First Evidence on Materiality*, 91 The Acct. Rev. 1697-1724

(2016)(finding that firms that score high on sustainability factors considered material under the SASB rubric outperform lower scoring firms on financial performance and stock returns); Gunnar Friede, Timo Busch & Alexander Bassen, *ESG and Financial Performance: Aggregated Evidence From More Than 2,000 Empirical Studies,* 5 J. Sustainable Fin. & Inv. 210, 220–21, 225–26 (2015) (aggregating nearly 2,200 studies and concluding that the majority found positive correlations between corporate financial and ESG performance but portfolio-level studies had more mixed results).

[14] Luca Berchicci & Andrew A. King, *Corporate Sustainability: A Model Uncertainty Analysis of Materiality* 7 J. FIN. REPORTING 43 (2022) (noting that the "accuracy of sustainability measures . . . has been called into question" and "promising associations between sustainability scales and stock returns" have "eventually proven to be fragile or spurious"); Jan-Carl Plagge & Douglas M. Grim, *Have Investors Paid a Performance Price? Examining the Behavior of ESG Equity Funds*, 46 J. PORTFOLIO MGMT. 123 (2020) (finding that "return and risk differences of ESG funds can be significant but appear to be mainly driven by fund-specific criteria rather than by a homogeneous ESG factor"); Max M. Schazenbach & Robert Sitkoff, *Reconciling Fiduciary Duty and Social Conscience: The Law and Economics of ESG Investing by a Trustee*, 72 STAN. L. REV. 381, 454 (2020)(stating that "[p]roponents of risk-return ESG have conflated a relationship between ESG factors and firm value with a profit-making opportunity for an investor, have exaggerated the potential for ESG factors to generate excess risk-adjusted returns, and have failed to appreciate the instability and lack of robustness in academic findings of asset mispricing"); Pollman, at 437 (citing Amanda M. Rose, *A Response to Calls for SEC-Mandated ESG Disclosure*, 98 Wash. U. L. Rev. 1821, 1825-7 (2021), and Andrew A. King & Kenneth P. Pucker, *ESG and Alpha: Sales or Substance?*, Institutional Inv. (Feb. 25, 2022), https://www.institutionalinvestor.com/article/b1wxqznltqnyzj/ ESG-and-Alpha-Sales-or-Substance (noting ESG represented approximately one third of all professionally managed assets). *See also*, Virginia Harper Ho, *Nonfinancial Risk Disclosure and the Costs of Private Ordering*, 55 AM. BUS. L. J. 407, 419 (2018) (reviewing the empirical literature supporting the materiality of ESG information and noting that the literature "shows that the financial materiality of many specific ESG indicators varies by industry sector" and that "large-scale studies do not answer the question of *which* ESG indicators are material to a particular firm's investors"). *But see*, Guido Giese, Linda-Eling Lee, Dimitris Melas, Zoltan Nagy and Laura Nishikawa, *Foundations of ESG Investing: How ESG Affects Equity Valuation, Risk and Performance*, 45 J. OF PORTFOLIO MANAG. 69 (2019)(employees of MSCI, Inc., providing cash flow, risk and valuation links between ESG information and the valuation and performance of companies).

[15] Romulo Alves, Philipp Kruger & Mathijs van Dijk, *Drawing up the bill: Are ESG ratings related to stock returns around the world?,* 93 J. OF CORP. FIN. 102768 (2025)(analyzing the relation between ESG ratings and stock returns using 16000+ stocks in 48 countries and seven ESG ratings providers, finding little evidence that ESG ratings were related to global stock returns between 2001 and 2020, and concluding that ESG investing did not systematically affect investment performance during the period); Lasse Heje Pedersen, Shaun Fitzgibbons and Lukaz Pomorski, *Responsible investing: The ESG-Efficient frontier*, 142 J. OF FIN. ECON. 572 (2021)(creating a model showing the highest Sharpe ratio (risk-adjusted returns) for different ESG factors and finding nil to weak evidence of positive abnormal returns from high E portfolios, weak evidence of higher returns on low S portfolios (sin stocks) and strong evidence of positive abnormal returns on strong G stocks).
[16] *See, e.g.,* Schanzenbach & Sitkoff, *supra,* at 439-441; Michael Cappucci, *The ESG Integration Paradox*, 30 J. OF APPLIED CORP. FIN. 22 (2018).

[17] *See* Paul Brest, Ron Gilson & Mark Wolfson, *Essay: How Investors Can (and Can't) Create Social Value*, 44 J. Corp. L. 205, 210, 218 (2018).

[18] Matthew E. Kahn, John G. Matsusaka & Chong Shu, *Divestment and Engagement: The Effect of Green Investors on Corporate Carbon Emissions*, European Corporate Governance Institute, Finance Working Paper No. 993/2024 (2024)(concluding that (a) corporate managers respond to the environmental preferences of their investors; (b) divestment of polluting companies may lead to greater emissions; and (c) private markets may be able to partially address environmental challenges independent of government regulation); Eleonora Broccardo, Oliver Hart & Luigi Zingales, *Exit Versus Voice*, 130 J. POL. ECON. 3101, 3137 (2022) (finding that investors exercising voice (engagement) are more likely to achieve a socially optimal outcome than those exercising exit (divestment and boycott)); Alex Edmans, Doron Levit & Jan Schneemeier, *Socially Responsible Divestment* 28 (Eur. Corp. Governance Inst., Finance Working Paper No. 823/2022 (2023) (the presence of an arbitrageur who buys underpriced stocks increases the relative effectiveness of a tilting strategy (investing in and engaging with "brown" firms) over a divestment strategy to encourage brown industries to become greener), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4093518; Erika Berle, Wanwei (Angela) He & Bernt Arne Odegaard, *The Expected Returns of ESG Excluded Stocks. Shocks to Firms' Costs of Capital? Evidence from the World's Largest Fund*

37 (Working Paper, 2024)(finding that firms excluded from Norway's sovereign wealth fund for poor ESG records have superior performance post-exclusion of about 5%; most firms do not get their exclusion revoked; and the firms that do make efforts to get their exclusion revoked (perhaps believing that it will improve their cost of capital) have low ESG scores (scope for improvement), higher revenue growth (need for investment) and an absence of superior performance post-reinclusion), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4095395.

[19] See Jonathan B. Berk & Jules H. van Binsbergen, *The Impact of Impact Investing* (Working Paper, 2021)(concluding that instead of divesting, investors should exercise voice), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3909166.

[20] See, e.g., Marco Brecht, Anete Pajuste & Anna Toniolo, Voice Through Divestment 29–30 (Eur. Corp. Governance Inst., Finance Working Paper No. 900/2023, 2023), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4386469; Eleonora Broccardo, Oliver Hart & Luigi Zingales, Exit Versus Voice, 130 J. POL. ECON. 3101, 3137 (2022) (noting that exit is superior to voice for impacting the preferences of purely selfish individuals who would otherwise take advantage of cheaper prices and affecting social preferences more generally in the economy).

[21] Olivier David Zerbib, *A Sustainable Capital Asset Pricing Model (S-CAPM): Evidence from Environmental Integration and Sin Stock Exclusion*, 2022 Rev. of Fin. 1345 (2022)(finding an average annual exclusion effect on cost of capital of 2.79% for the period 1999–2019 and an annual ESG integration effect ranging from –1.12% to . 0.14% across industries for 2007–19).

[22] UO Foundation independence is required by Rule 580-046-0025 of the Oregon State Board of Higher Education until public universities in Oregon became independent with their own boards of directors in 2014, at which point, according to section 170(8) of Senate Bill 270 of 2013, such rules were to "continue in effect until lawfullysuperseded or repealed by the standards or policies of the governing board or the university", which implies that the board of trustees of each university could change the independence requirement if it wished to do so. That requires confirmation. UO has so far chosen not to do so, if in fact it has that discretion, as recorded in University Policy I.01.02, which became operative by law on July 1, 2014. It was revised effective June 30, 2015.

[23] University of Oregon Foundation, Investment Management, https://www.uofoundation.org/investment-management.

[24] University of Oregon Foundation, https://www.uofoundation.org/.

[25] National Association of College and University Business Officers, *Your Endowment Questions, Answered,* 2/12/2025, https://www.nacubo.org/Topics/Endowment-Management/Your-Endowment-Questions-Answered.

[26] 2024 NACUBO-Commonfund Study of Endowments, Summary observations from the 2024 NACUBO-Commonfund Study of Endowments 8 (2024), available at: https://www.nacubo.org/Research/2024/NACUBO-Commonfund-Study-of-Endowments.

[27] *Id*.

[28] University of Oregon Foundation, Investment Management, https://www.uofoundation.org/investment-management.

[29] "Enable, support or profit from"
By "enable, support or profit from," the authors of this report refer to companies or entities that have been determined by trusted, reputable sources to enable, support, or profit from the listed offenses. A company's involvement in such activity should be clear and explicit. For example, the UN Human Rights Council "Database of Business Enterprises Pursuant to Human Rights Council Resolutions 31/36 and 53/25." https://www.ohchr.org/en/business/bhr-database. Additionally, rulings from domestic or international courts that indicate a company is involved in any of the listed offenses could serve as evidence that they have "enabled, supported, or profited." Weapons and surveillance companies that supply States who have been found by the International Court of Justice or the International Criminal Court to have engaged in genocide, ethnic cleansing, or crimes against humanity may always be considered to "enable, support, or profit from" such activities.

[30] Fundamental Labor Laws include:

- Domestic: Fair Labor Standards Act, Occupational Safety and Health Act, Title VII of the Civil Rights Act of 1964, Age Discrimination in Employment Act, Americans with Disabilities Act, Equal Pay Act, Family and Medical Leave Act, and the National Labor Relations Act
- International: Eight ILO Core Labor Conventions - Forced Labor Convention (No. 29), Abolition of Forced Labour Convention (No.105), Equal Remuneration Convention (No.100), Discrimination (Employment Occupation) Convention (No.111), Minimum Age Convention (No.138), Worst forms of Child Labour Convention (No.182), Freedom of Association and Protection of Right to Organised Convention (No.87), Right to Organise and Collective Bargaining Convention (No.98)
- International Labor Organization Core Labor Standards (fundamental labor rights):
- freedom of association and the effective recognition of the right to collective bargaining
- the elimination of all forms of forced or compulsory labour
- the effective abolition of child labour
- the elimination of discrimination in respect of employment and occupation; and
- a safe and healthy work environment (added in 2022).

**Appendix 1: Responsible Investment and Purchasing/Contracting Advisory Committee**

Draft Charge and Membership

- Involve students, faculty, and staff in the investment decision-making process collaboratively. This is to reflect the diverse perspectives of the university community and ensure alignment with values and principles that are broadly shared within the UO community
  - (Advisory) Committee to the Board of Trustees, President or UO Senate.
  - Voting members (9)
    - 4 elected faculty (TTF & Career Faculty/Research)
    - 1 elected staff member (OAs)
    - 2 undergraduate students (elected via ASUO)
    - 1 graduate student (elected via GTFF)
  - Non-voting, ex-officio members
    - Senate President or their designee
    - ASUO president or their designee
    - UO President or their designee
    - Director of Purchasing and Contracting Services or their designee
    - UO Trustee or their designee
    - CEO of UO Foundation or their designee
    - General Counsel or their designee

**Committee Charge**

This advisory committee will help provide feedback, collaboration and transparency around the university's investments, purchasing and contracting strategies, processes and procedures. It may advise against investments, purchasing and contracting with industries or companies that exploit vulnerable populations or engage in activities harmful to human health and wellbeing. Importantly, it will assist in providing opportunities for feedback from the university community along with information sharing.

- Develop and maintain ESG-based rubrics and/or strategies regarding investments, purchasing and contracting.
- Develop and deploy a process to accept and evaluate requests or concerns, and to make recommendations to the UO or UO Foundation.

- Receive requests from any UO student, faculty, or staff group (eg. ASUO-registered groups, Senate committees, or student/faculty/employee unions) for consideration of values-based priorities for UO Foundation investments and/or evaluation of purchasing and contracting decisions.
- Solicit feedback from the broader university community when considering these requests, via open meetings and/or written commentary opportunities
- Evaluate these requests based on the following five criteria (taken from JHU):
    - the factual basis of the proposal
    - the degree of consensus within the UO community on the proposal
    - the impact on UO's endowment
    - the extent to which divestment will effect positive change in corporate practices
    - any other considerations the committee deems relevant.
- Make recommendations to UO and UO Foundation on an appropriate course of action
- Receive reports from relevant UO and UO Foundation officers regarding progress and action on committee priorities.
- Share, within legal and administrative possibilities, information with the larger university community about the results of these actions.

## Appendix 2: Procurement and Contracting: Code of Ethics

Can also be found at: [https://policies.uoregon.edu/vol-4-finance-administration-infrastructure/ch-9-purchasing-contracting/procurement-and-contracting](https://policies.uoregon.edu/vol-4-finance-administration-infrastructure/ch-9-purchasing-contracting/procurement-and-contracting)

Policy Number:

IV.09.02

Reason for Policy:

This policy helps provide a framework to ensure ethical decision-making by UO employees with respect to purchasing, contracting and related matters.

Entities Affected by this Policy:

All UO employees or offices engaging in purchasing and contracting.

Responsible Office:

For questions about this policy, please contact the Office of the Vice President for Finance and Administration at (541) 346-2419 or contract@uoregon.edu .

Website Address for this Policy:

http://policies.uoregon.edu/vol-4-finance-administration-infrastructure…

Enactment & Revision History:

23 June 2015 - Technical amendments by the university secretary

01 July 2014 - Inherited by the University of Oregon by operation of law (OAR 580-61-0000).

OAR History: Stat. Auth.: ORS 351. Stats. Implemented: Hist.: OSSHE 5-2008(Temp), f. & cert. ef. 2-19-08 thru 8-16-08; OSSHE 9-2008, f. & cert. ef. 7-21-08; OUS 2-2013(Temp), f. & cert. ef. 4-10-13 thru 9-30-13

Policy:

(1) The following Code of Ethics will apply to University of Oregon employees in relation to procurement and contracting. Employees will:

(a) Give first consideration to the objectives and policies of the University of Oregon (UO);

(b) Strive to obtain the best value for expenditures;

(c) Fairly consider prospective Contractors insofar as state or federal statutes and UO policies require;

(d) Conduct business in an atmosphere of good faith;

(e) Demand honesty in representations made by prospective Contractors;

(f) Promote competition by encouraging the participation of Oregon businesses, emerging small and minority-owned and women-owned businesses, and Qualified Rehabilitation Facilities;

(g) Comply with the applicable provisions of ORS Chapter 244 and other applicable rules and policies on conflict of interest that may be more restrictive;

(h) Refrain from having financial interests incompatible with the impartial, objective, and effective performance of duties. Activities that may create a conflict of interest must be addressed in accordance with the procedures outlined in the UO's and other applicable rules and policies;

(i) Receive the written consent of the originator of proprietary ideas and designs before using them; and

(j) Foster fair, ethical, and legal trade practices.

(k) Execute the UO Conflict of Interest Statement before any person may participate in the evaluation or selection of a Contractor or vendor under a Formal Procurement process.

(l) On an annual basis, sign a statement that the employee has reviewed and will comply with the UO Procurement and Contracting Code of Ethics.

(2) This code is for the UO's internal use only and creates no obligations enforceable by Contractors, Proposers, Bidders, or other parties doing business with the UO, nor may it be used by Contractors, Proposers, Bidders, or other parties doing business with the UO who are challenging actions taken by the UO or its officers, employees, or agents. This code may not be the only statement on ethics applicable to an employee.

Chapter/Volume:

Chapter 9: Purchasing and contracting

**Appendix 3: Executive Letter from the University of Oregon to AASHE STARS Review Team**

**This can also be seen online here.**

July 21, 2023 AASHE
PO Box 824583
Philadelphia, PA 19182-4583

Re: University of Oregon 2023 STARS Report Submission Dear AASHE

STARS Review Team:

The University of Oregon is proud to submit this Sustainability Tracking Assessment and Rating System (STARS) report to the Association for the Advancement of Sustainability in Higher Education (AASHE). Since 2011 the University of Oregon has been conducting a STARS evaluation every three years. This year we are again reporting a Gold designation.

Sustainability is deeply embedded in University of Oregon's operations, academics, engagement, and administration. In virtually every department and unit on our campus, we see efforts related to sustainability. Yet even with this known breadth, the data collection process, though arduous, always reveals new programs and initiatives and helps us identify areas to focus our attention going forward.

In the categories of Curriculum and Research we show over 80% of departments or programs offering at least one course in sustainability. This includes courses from such varied departments as architecture, theater arts, Earth sciences, law, English, business, and indigenous, race, and ethnic studies. Our support for research is likewise robust, including an Environment Initiative from the Office of the Provost that is new since our last STARS submission. This initiative, in tandem with our overarching institutional investment in sustainability, underscores UO's commitment to leading-edge research, teaching, and innovation for a just and sustainable world.

Within Operations we recognize the complexity of sustainably managing a large, multi-layered physical campus as well as three satellite campuses. In this category, we highlight our waste minimization and diversion efforts, cresting above a 60% diversion rate for the first time in our recycling program's 30-year history. Other notable efforts include our transition to R-99 renewable diesel for vehicles in our fleet, that almost 97% of our electronics purchased are certified EPEAT gold, and the thermal transition study and task force currently exploring options for decarbonizing our Eugene campus' heating system. Looking to the future, we were pleased to finalize a plan for restoration, research, education, and connection on a 24-acre riparian area of our north campus known as the Willamette River Natural Area, including funding for a steward to shepherd our efforts there.

As in previous reports, we are particularly proud of our efforts in the Student Life sub-category of Campus Engagement. The sheer depth and breadth of these offerings highlights our commitment to supporting our students as they become dynamic, engaged leaders and community members. We are also proud of continued high scores in Planning and Administration (8/8) and Diversity and Access (8.32/10), even as we recognize that the work of making a high performing working and administrative environment, where *all* our faculty, staff, and students feel safe, appreciated, and empowered to do their best work is an ongoing, iterative process.

While we are gratified by these efforts and pleased to maintain our Gold designation, we do not intend to rest on our laurels. We have modestly increased our score relative to 2020 and our planned Path to Platinum will analyze our results and guide future actions for continuous improvement.
Sustainability is a core value at the University of Oregon and we look forward to sharing further innovations with the STARS community in the coming years.

I confirm that our reported data accurately represent the sustainability efforts and values of the University of Oregon to the best of our reporting abilities. We believe it is a fair and comprehensive assessment of our progress to date, and we welcome any feedback or insight that can help us improve. It takes a small village to gather and report all of this data and I wish to express my appreciation for the efforts of this whole team on behalf of our institution. Any comments or questions can be directed to Steve Mital, Director of Energy and Sustainability, at smital@uoregon.edu.

Sincerely,

John Karl Scholz
President and Professor of Economics

**APPENDIX 4: UO Board of Trustees Investment Policy**

UNIVERSITY OF OREGON

**Statement of Investment Principles Board of Trustees of the University of Oregon**

The University of Oregon's investment philosophy is anchored in the following core principle, which is fundamental and constant. Assets controlled by the University1 must be managed in accordance with this principle, regardless of the ebbs and flows likely to arise due to markets, politics, and personalities.

**The primary principle** guiding the University's investments is the consideration of financial impact(s) on current and future elements of the university. This manifests itself through investment practices that generate the greatest possible return, subject to an appropriate amount of risk, to support the institution's mission of teaching, research and service. In fulfilling this vision, only advisors and investment managers with appropriate institutional sophistication and an understanding of best practices will be considered. The Board of Trustees maintains ultimate responsibility for monitoring the performance of various pools of university assets and related returns.

Within the context of this primary principle, the University must consider a holistic view of risk that accounts for various factors which could modify a return/risk objective. These include:

- Maintaining appropriate levels of liquidity for the university's operational needs;
- Mitigating downside financial risks;
- Understanding and appropriately managing reputational risk or legal liability; and,
- Protecting university assets from politically-motivated pressures.

Additionally, academic research supports the practice of incorporating environmental, social, and governance ("ESG") factors with other conventional financial analytical tools when evaluating investment opportunities as these factors may help identify potential opportunities and risks which conventional tools miss. The UO encourages its advisors and managers to include ESG factors in their analytical processes. However, ESG considerations are only one factor in analyses and should not be used as exclusionary screens to eliminate specific entities or sectors from consideration. Relevant ESG factors will vary by industry and should be applied appropriately to help assess both risk and return.

*Adopted by the Executive and Audit Committee on June 1, 2017.*

1 These principles do not apply to University of Oregon funds held by the Oregon State Treasury.

BOARD OF TRUSTEES

6227 University of Oregon, Eugene OR 97403 **T** (541) 346 -3166 **E** trustees@uoregon.edu **W** trustees.uoregon.edu