

Ethical investment at Oxford University: UCU EIRRS representation

[*Please find the updated list of signatories to this representation here*](#)

This representation to EIRRS is being made by the Oxford University branch of the University and College Union (UCU). The [scope and context for the representation](#) was put to a vote among the general membership and was backed overwhelmingly with no votes against the motion.

The arguments put to EIRRS as part of this representation include the following:

- Transparent investments and holdings
- A prohibition on investment in companies producing arms or military technologies
- A prohibition on investment in entities involved in apartheid, occupation, or genocide
- The expansion of EIRRS expertise to enable divestment from arms, military technologies and activity based prohibitions relating to apartheid, occupation, or genocide
- A requirement that EIRRS does not have any conflicts of interest with respect to any of the investment restrictions categories

We believe the scope of the review as outlined by EIRRS is far too narrow and doesn't respond to the questions put to Congregation or to the student actions that led to this review being called by Council. Council asked for this review in part due to [two questions from members of Congregation](#). These questions were posed in light of Israel's conflict in Gaza. The first question noted the order made by the International Court of Justice to halt its military offensive in Gaza due to the risk to rights protected under the Genocide Convention. The questions asked what work had been done to extend restrictions on companies that manufacture arms beyond those deemed illegal under UK law, noting that they already apply a higher standard to sustainability and net zero which go beyond UK law in divesting from fossil fuels. One question noted that the current ethical restrictions have allowed for investment in companies such as Elbit Systems through the bespoke BlackRock Fossil Fuel Screened Equity Index Fund, one of the University's investment vehicles. Our position is strengthened by the questions asked by participants in the two public webinars held by EIRRS on the topic of this review.

In early May, the International Centre of Justice for Palestinians (ICJP) alerted the University of Oxford, along with 81 other universities in the UK, of potential criminal liability given its investments in both arms companies and Israeli settlements. It is therefore not only a moral imperative that the University update its investment practices, but a legal requirement. We believe that the University should be transparent in its investments and divest both direct and indirect holdings from companies involved in egregious activities, meaning companies complicit in Israeli genocide, apartheid, and occupation, as well as all arms and military technology companies. Legal complaints continue to be levelled at academic charities that are investing in such egregious activities. We note the most [recent complaint made by ICJP to the charity](#)

[commission against All Souls College](#) for their investments in companies involved in illegal Israeli settlements i.e. occupation.

Transparency

The University of Oxford does not disclose its investments because Oxford University Endowment Management (OUEM) does not disclose its investments. This essentially prohibits any form of independent review of the investments held not only by the University of Oxford but also its colleges and other beneficiaries who invest with OUEM. As a large stakeholder in the Oxford Endowment Fund (OEF) and OUEM's managed investments in other vehicles (Blackrock managed [iShares Developed World Fossil Fuel Screened Index Fund \(UK\) | Class L](#), Payden & Rygel managed short term bonds) the University could demand more transparency from its fund managers.

This lack of transparency not only prevents independent review of the University's investments, but also prevents college and University trustees from fulfilling their fiduciary duties. Without access to the details of their institution's holdings, trustees are unable to ensure that these holdings (1) are compliant with their ethical investments policy and (2) do not bring a risk of reputational damage. Without transparency—and the opportunity for both independent and trustee investment review—neither the University nor its fund managers can ensure that its holdings are compliant with its stated investment goals and principles. Blackrock, for example, [states](#) that it intends to exclude controversial weapons and companies which violate the UN Global Compact principles. However, a review of the University's Blackrock-managed capital account shows that [the fund is invested in both Bayer \(formerly Monsanto\) and Israel Chemical Ltd.](#), which [produce white phosphorous](#).

There are examples of higher education institutions which disclose their investments to the company level by partnering with investment managers who already prioritise disclosure. For instance, the [University of Sheffield publishes](#) an openly accessible and consolidated portfolio valuation of its endowment pool to company level on an annual basis. This approach to endowment management is influenced by the university's commitment to the [UN Principles for Responsible Investment](#), which includes a principle on disclosure. The [University of Glasgow also discloses](#) to this level, providing a list of holdings and their market value on an annual basis. [Imperial College London also discloses](#) direct investments with holding values to the company level annually and a list of companies in which they have indirect holdings, pointing to investors reporting for values on indirect investments.

Prohibition on arms and military technologies

The University's current restrictions allow investment in: conventional weapons which aren't illegal under UK law; controversial weapons; and companies that produce military technology and [dual-use](#) products. To be clear, this allows investment in companies producing: missiles and rockets, white phosphorus, and the [engines of F-35 fighter jets](#).

We suggest that the University's ethical investment restrictions should be expanded to include:

- **direct investments in arms¹ or military technology companies²**
- **indirect investments in arms or military technology companies**

These suggested restrictions both expand the prohibited categories and **align the prohibitions on direct and indirect investments**. This is a necessary step as the University's investments are currently all indirect; as a result, a ban on direct investments would have '[little or no impact](#)', as noted by the Socially Responsible Investment Review Committee (SRIRC) in 2009. There are, to our knowledge, no pooled investment instruments that 'primarily' invest in arms or military technology companies, so there are no investments that are prohibited by either of the current restrictions.

These suggested restrictions also don't differentiate between **illegal, controversial, or conventional weapons**. In this way, the suggested restrictions are in line with the [restrictions used by the Church of England](#) whose restriction on conventional weapons includes "*Any company deriving more than a de minimis turnover from strategic³ military sales including conventional military platforms, whole military systems, weaponry or strategic military parts or services.*"

There is existing precedent for academic and higher education institutions to actively divest from companies which they deem to be problematic for a range of ethical reasons. Trinity College Dublin [has pledged](#) to divest from Israeli companies. Cambridge University [is divesting](#) from fossil fuels with a 'net zero' plan. The University of Oxford itself [has committed](#) to divest from fossil fuels. At the Oxford College level, St Anne's College [states](#) that they have "an endowment portfolio to help support its charitable purpose" and therefore 'stopped investing in all fossil fuel, mining, and armaments companies in June 2020'. However, St Anne's cannot guarantee that they have fully divested from armaments companies because they are invested in the OEF through OUEM.

¹ By arms companies we refer to any companies and their subsidiaries involved in the proliferation and/or manufacture of arms, defence, and dual use commodities. This is based on the definition provided in the OHCHR document, "[Responsible business conduct in the arms sector: Ensuring business practice in line with the UN Guiding Principles on Business and Human Rights](#)" by the UN Working Group on Business and Human Rights Issued in August 2022.

² By military technologies companies, we refer to any companies that are involved in any part of the supply chain of technologies that are used in military, defence and policing sectors, including dual use technologies. This includes companies and institutions providing datasets, data infrastructures, and research & design (R&D) services for such technologies.

³ [From Church of England guidance on strategic parts or services](#): "Throughout this advice the term 'strategic' is used to differentiate between military parts or services that are essential for military operations and enhance military capability and parts or services that are either not material to military capability or are generic parts or services also widely used for non-military purposes. To give an example, a parade ground uniform does not enhance military capability; battlefield uniform does."

Why impose broad restrictions on arms and military technology?

A key pillar of our argument for a widespread prohibition is that it is ultimately **impossible to control how arms are used and by whom**. The need for self defence and the defence of allies is sometimes used as an argument for why divestment from arms is inappropriate. However, even arms that are created and distributed for self-defence can become offensive weapons. Alliances change, arms and military equipment are sold, and [global supply chains cannot be controlled](#) by the seller. One particularly timely example is that [Russia is currently using missiles and supersonic bombers supplied by Ukraine](#) in its destructive war of aggression. **This unpredictability is amplified by the difficulty in governing the arms industry**. For example, over the past decades, [Transparency International](#) has reported on the lack of commitment to anti-corruption by arms companies. Transparency International estimated in 2021 that [49% of global arms imports](#) are sold to countries facing a high to critical risk of defence corruption, and in 2005 that [the arms trade accounted for 40% of all corruption in global trade](#). The military industrial complex is inextricably linked to catastrophic human rights abuses and war crimes around the world, from [Palestine](#) to [Sudan](#), and the University should have no role in supporting this industry.

This extends to technologies and technological services that are used by militaries which has enabled some of [the most egregious human rights abuse around the world](#). While many AI technologies could be used for other purposes, there are clear examples of companies making strategic military sales of these technologies and where investment in companies producing these technologies should be prohibited. In the same way that nuclear technology can be both a source of clean energy and a weapon of mass destruction, AI and other modern technologies can be both a force for good and a dangerous weapon. For example, [Access Now reports](#) on how in the current assault on Gaza, at least three broad categories of AI use have been documented by media and civil rights organisations. This includes lethal autonomous weapon systems such as remote quadcopters equipped with machine guns, suicide drones, and AI-enabled “automated kill-zones”. It also includes AI-enabled biometric surveillance systems and automated target generation systems.

Likewise, in a 2023 report, [Amnesty International lays out](#) how Israel uses technologies to maintain “automated apartheid”. In particular, as a trade union, we [echo the calls from tech workers](#) who are “intensifying their protests against the use of their labor for discrimination, apartheid, war and what we consider to be genocide”. This includes [Google and Amazon workers protesting Project Nimbus](#), a lucrative contract to provide cloud computing to the Israeli government and its military and similarly [Microsoft workers](#) protesting the sale of Azure to Israel. We [stand in solidarity with tech workers including from Apple and Cisco who have been repressed and fired](#) for attempting to sever the links between tech and the military. As researchers who develop technologies to advance society for the better, we believe it is imperative **the University divest from all arms and technology companies that services the military**.

Any argument for divestment is also met with pushback that implementation will be a challenge and that compromises must be made. We would argue that **a wholesale prohibition on investment in companies manufacturing arms or military technology would pose less of**

an implementation challenge. In fact, we suggest that it would pose less of an implementation challenge than the University's path to divestment from fossil fuels. Over the last several years, OUEM has overseen a divestment from fossil fuels in line with the University's changed ethical restrictions, which involved working with BlackRock to create their [iShares Developed World Fossil Fuel Screened Index Fund \(UK\) | Class L](#) fund and with third party fund managers who invest the OEF. We would argue that [this process has been relatively complex \(as noted by the SRIRC\)](#) in comparison to the divestment suggested here. The University's divestment from fossil fuels is not a straightforward divestment from companies involved in that industry, as it follows the [Oxford Martin principles](#) which allow investment in companies planning to achieve net zero. This requires assessment of company net zero transition plans and monitoring their medium term targets and achievements over time. A wholesale prohibition would not require this level of assessment or constant monitoring.

Various investors have begun to change their policies on weapons manufacture and proliferation. Elbit Systems, for example, has been blacklisted by [numerous investors](#) including HSBC and Deutsche Bank. Elbit Systems has also been dropped as an investment by Norway's pension fund KLP. [They believe they have evidence of Elbit producing a smart cluster munitions](#) system equipped with sensors to program and identify targets called miniature intelligent multipurpose submunitions. However, Sustainalytics and MSCI (whose services are used by the University) have removed Elbit Systems from their controversial weapons restricted list due to concerns over an anti-Israel bias with [Sustainalytics grading it "High Risk"](#) and MSCI (used by BlackRock) [rating it an 'AA' company](#). The fact is that Elbit Systems produces arms and those arms are sold to militaries (*therefore a strategic sale*) who then use them in the commission of war crimes. [An example of this](#) is the 500lb multi-purpose rigid GP bomb (MPR 500), [produced by Elbit Systems](#), used by Israel in an airstrike that killed health workers in Lebanon in May 2024, an alleged violation of international law. This raises the issue of what is seen as controversial and the fact that if the University adopts this concept as part of its ethical restrictions it may be at the whim of the changing political pressures on companies such as Sustainalytics who apply restrictions on investment in practice. In [2022 Sustainalytics said it would no longer include United Nations Human Rights Council data](#) in its research due to 'anti-Israel bias concerns'. The pressure to do so came [from US lawmakers](#) and therefore the **restrictions being applied are political and not necessarily responding to UK politics.**

The [Norges Bank Investment Management \(NBIM\)](#) which manages the Norwegian Government Pension Fund Global and represents the "largest single owner in the world's stock markets, owning almost 1.5 percent of all shares in the world's listed companies", keeps a regularly updated exclusion list: companies they do not invest in ["because their products or conduct violate fundamental ethical norms"](#). As of 2024, their [product-based exclusion list includes](#) BAE Systems Plc, Boeing Co, Honeywell International Inc, L3Harris Technologies Inc, General Dynamics Corp—as well as Lockheed Martin Corp which has been excluded since 2013, and Northrop Grumman Corp which has been excluded since 2006.

We also know, through negotiations with the University and its colleges, that the **OEF is seen as unique among endowment funds** held by other universities, especially in the UK, because

it is so large. However, in the process of setting up its current climate and fossil fuel investment policy, the SRIRC did plan to review the benchmarking of other institutions including the University of Edinburgh and other universities with smaller endowment funds than the OEF, including the University of Toronto whose endowment fund is currently [3.3bn CAD](#) and McGill University whose endowment is currently [2.1bn CAD](#). As the example of fossil fuel divestment shows, the size of the OEF need not stand in the way of ethical divestment.

The request for submissions asked which of the principles set out in the previous debate no longer apply and what should be considered in the coming years. As we stated earlier, it is challenging to know how arms will be used and who will use them. In recent years, Russia's illegal war in Ukraine and the atrocities carried out by Israel in Gaza, the occupied Palestinian territories, and Lebanon are reasons to question investments in arms and military technology as these countries are examples of a former [UK collaborator](#) and a UK ally respectively.

[Russia has also received weapons from Thales and Safran](#) in which the French state holds majority shares. While an EU embargo on arms exports was imposed in 2014 it was not retroactive, so shipments continued even though common rules had already provided a basis to deny the sale of military equipment to Russia. "[The deals mostly involve thermal image cameras for tanks, and navigation systems and infrared detectors for Russian fighters and attack helicopters.](#)" Thales and Safran holdings are still included in investment vehicles such as BlackRock's iShares Continental European Equity Index Fund (UK) and are still rated as medium risk by Sustainalytics.

While western governments have not decried Israel's actions to the same extent which they have Russia's, they are being forced to review their weapons exports. In [September 2024 the UK government suspended 30 export licences](#) to Israel for items such as components for military and fighter aircraft, drones, and items facilitating ground targeting for use in Gaza. The legislation stipulated "*UK components for the multi-national F-35 joint strike fighter programme will be excluded from this decision, except where going directly to Israel. Any suspension of those pooled parts is not possible without having a significant effect on the global F35 fleet with serious implications for international peace and security.*" There were [14 transfers of F-35 components from the UK to Israel](#) between October 2023 and August 2024. Al-Haq and GLAN are taking the UK government to court over this exemption in part due to [Israel ordering 75 F-35s](#) which are manufactured in the United States.

Unlike the UK government, the University of Oxford is a charity and as such has a charitable purpose. This is a key pillar in the argument for ethical investment by the University. The [University of Oxford's mission](#) is "the advancement of learning by teaching and research and its dissemination by every means"; it has a commitment "to change the world for the better", and a commitment to "maximise the global social, cultural and economic benefit derived from our research and scholarship" through international engagement. We would argue that investing in companies benefiting from strategic sales of arms or military technology is in "conflict with the charitable purposes" of the University, and [trustees have the discretion to exclude such investments](#). This argument was made by the SRIRC when the first restrictions on arms

investments were suggested, but it is important to note that even the [SRIRC has called these 'first steps'](#) in 2011 when they were again [faced with evidence](#) that the University was profiting from war crimes. The TOR of this review asks whether the UK government should expand what it defines as illegal weapons. While we would argue the UK government should expand their definition, this review is specific to the University of Oxford's policy and the University does not, and shouldn't necessarily, have the same mission as the UK government. The University of Oxford should actively take responsibility for its own investments and the rationale for their ethical restrictions.

Prohibition on the crimes of apartheid, occupation, or genocide

The current basis for the University's ethical restrictions on investment in arms is guided by what is illegal according to UK law. While we have called for a broad prohibition of investment in arms and military technology, we feel there is an important use-based ethical investment restriction that should also be applied at this time that follows clearly from UK law. While not in the stated scope of the TOR the University has set out for this review, Israel's actions in Gaza, at a time where the International Court of Justice has noted risks to rights protected under the Genocide Convention, are what has led the University and its wider community to question its ethical investment policy. The previous review in 2009 was also due to objections in investments in companies supplying arms to Israel during another attack on Gaza, [as noted in SRIRC minutes](#). **The University should stop ignoring the context in which these requests for review are being made; the questions put before SRIRC and EIRRS are only around arms and what should be considered illegal or controversial because University Council set the scope of the review.** *It is right to include this in the scope of the review and to highlight that these restrictions are motivated by Israel's actions but are not exclusive to Israel as these are crimes regardless of who perpetrates them.*

The ethical investment restrictions should include:

- **direct investment in entities⁴ involved in apartheid, occupation, or genocide**
- **indirect investment in entities involved in apartheid, occupation, or genocide**

Occupation:

The [UK Government's stance](#) on the illegal Israeli settlements is as follows:

The UK has a clear position on Israeli settlements: The West Bank, including East Jerusalem, Gaza and the Golan Heights have been occupied by Israel since 1967. Settlements are illegal under international law [...] There are therefore clear risks related to economic and financial activities in the settlements, and we do not encourage or offer support to such activity. Financial transactions, investments, purchases, procurements as well as other economic activities (including in services like tourism) in Israeli settlements or benefiting Israeli

⁴ Entities can include both companies and governments

settlements, entail legal and economic risks stemming from the fact that the Israeli settlements, according to international law, are built on occupied land and are not recognised as a legitimate part of Israel's territory. This may result in disputed titles to the land, water, mineral or other natural resources which might be the subject of purchase or investment. [...] UK citizens and businesses should be aware of the potential reputational implications of getting involved in economic and financial activities in settlements, as well as possible abuses of the rights of individuals.

Apartheid:

In July 2024, the International Court of Justice issued an [advisory opinion](#) which concludes that Israel has breached [Article 3 of the Convention for the Elimination of All Forms of Racial Discrimination](#):

*States Parties particularly condemn **racial segregation and apartheid** and undertake to prevent, prohibit and eradicate all practices of this nature in territories under their jurisdiction.*

As part of this advisory, the ICJ issued guidance on the legal consequences for other states such as the UK which includes the following:

All States must co-operate with the United Nations to put into effect modalities required to ensure an end to Israel's illegal presence in the Occupied Palestinian Territory and the full realization of the right of the Palestinian people to self-determination. All States are under obligation not to recognize as legal the situation arising from the unlawful presence of Israel in the Occupied Palestinian Territory.

Genocide:

The [January 2024 Order of the ICJ](#) found it that found it plausible that Israel's acts in Gaza could amount to genocide and therefore issued provisional measures for Israel to follow in order to prevent genocidal acts.

In light of the considerations set out above, the Court considers that there is urgency, in the sense that there is a real and imminent risk that irreparable prejudice will be caused to the rights found by the Court to be plausible, before it gives its final decision.

The Convention on the Prevention and Punishment of the Crime of Genocide is given effect in the UK by the [Genocide Act of 1969](#) and the [ICC Act 2001](#). Genocide, is therefore a crime according to UK law.

In the request for submissions to this review the TOR asked what has changed and what issues should be flagged for the future. In terms of occupation, apartheid, and genocide some things have not changed and should have been engaged with in the past. Occupation of Palestinian Territories that the UK deems illegal has been ongoing for many years, since the Six-Day War in 1967. Israel has been named an apartheid regime by many human rights organisations. [Human Rights Watch](#) and [B'Tselem](#) did so in 2021, [Amnesty International](#) did so in 2022. Now that the

ICJ has confirmed this, we hope the University will consider its duty to take action and divest from companies that are aiding and profiting from occupation and apartheid as this would be in line with both UK law and precedent set by mass UK divestment during South African apartheid.

On the issue of genocide, **we argue as others have that waiting for a genocide to progress to the state where an international court can conclusively rule on it is morally wrong.**

[Oxford scholars have argued](#) that international humanitarian law must guide states ahead of time to avert violations so that states can evaluate the legality and their possible facilitation of crime in real time in a [recently published paper](#). Of particular relevance to the University of Oxford and its charitable purpose and mission is a component of this which is scholasticide. UN OHCHR, in April 2024, reported that **UN experts were [gravely concerned over the systematic destruction of the Palestinian education system](#)**. As of that date, 80% of schools have been destroyed, 60% of educational facilities, including libraries, had been destroyed and UN schools have not been spared despite being military-designated “safe zones”. The University has initiated the [Palestine Crisis Scholarship Scheme](#) and it should not be investing in the companies or state institutions that make this kind of initiative necessary.

Again, there is precedent for the University to follow as moves to divest from entities implicated in the manufacturing of arms, the maintenance of illegal occupation, and human rights violations are accelerating. For instance, Norway’s largest pension fund, KLP, [has divested from Caterpillar](#) due to its role in human rights abuses in occupied Palestinian territories. Following pressure from USS pension members and UCU about investments in companies on the UN watchlist, the USS Pension scheme has undertaken its own review of its investment policy and [divested £80mn in Israeli assets](#). [The USS has stated](#) that they made these divestment decisions through their fiduciary duties as trustees alone, implying that divestment from such companies makes good financial sense. Moving to divest from Israeli assets would be an appropriate measure to undertake immediately within the capital account with BlackRock, as we note there are investments in Israeli companies, and with bonds managed by Payden & Rygel. **OUEM should follow the example of USS in divesting through the OEF and should seek guidance from their investment management team.** In terms of divesting from apartheid there is also precedent and also some clear guidelines to follow. The UN OHCHR also keeps a [Database of business enterprises involved in illegal Israeli settlements](#).

Similarly, NBIM, the world's largest single sovereign wealth fund in terms of total assets under management, regularly updates its list of companies they do not invest in which includes [conduct-based exclusions](#). These are companies that are “contributing to or being responsible for particularly serious violations of fundamental ethical norms” and currently includes companies such as Bezeq The Israeli Telecommunication Corp Ltd, Elbit Systems Ltd, and Electra Ltd. We urge the University of Oxford to take its role as a Charity and as a leading educational institution seriously, and to also look beyond narrowly defined exclusion criteria based on illegality and prohibit investments in companies that engage in unethical activities. This is especially important as the University of Oxford relies on its international workforce and student body—and has a duty to monitor whether its investments contribute to severe human rights abuse in a global context. We believe the University of Oxford and its colleges have the resources to conduct a more

rigorous and ethical screening process and as such, the continued complicity in egregious activities is unacceptable.

Expansion of EIRRS

The production, testing, deployment, and transportation of arms and military technologies pose serious threats to the environment. [Some estimates](#) suggest that, globally, military industries are responsible for 5.5% of all greenhouse gas emissions. In 2020, Scientists for Global Responsibility [found](#) that the UK's military sector produced the equivalent of 6.5 million tons of CO₂ in greenhouse gas emissions, a figure which exceeds the CO₂ emissions of 60 countries. In just the first month of Israel's current assault on Gaza in 2023, the military [dropped](#) more than 25,000 tons of explosives, the equivalent of dropping two nuclear bombs. Taking into account the carbon emitted from the US American flights which have supplied the Israeli military, the first two months of Israel's assault alone [produced more environmentally damaging gases](#) than most climate-vulnerable nations do in a year.

Investments in arms companies and military technologies thus jeopardize the University's [stated goal](#) of 'achieving net zero Greenhouse Gas emissions and biodiversity net gain by 2035'. As [recent scholarship](#) and [investigative journalism](#) have shown, simply investing in ESG funds is not enough to ensure proper screening for fossil fuels and arms companies. Between February and April 2023, for example, BlackRock, State Street, and Legal & General [were found by the Guardian](#) to hold £800m in fossil fuel companies' bonds *within their ESG funds*. Passive ESG funds, which are considered indirect investment, are at a [particular risk](#) of being open to non-ESG compliant activities. Ultimately, what is needed is a robust system for the exclusion of fossil fuels and arms companies.

Conflicts of interest on EIRRS

One of the members of EIRRS is a consultant for Rolls-Royce plc. This is reported in the [University's Financial Statements 2022/2023](#) alongside the value of the transactions in which the member may have an interest with the relevant company during the year 2023 (£3.71m) and 2022 (£3.4m). A second member of EIRRS has a partnership with Defence Science and Technology Laboratory (DSTL) via their lab and also professionally collaborates with WAFT, another DSTL partner. We believe that this presents a conflict of interest in light of this review in which a prohibition of any kind in the investment in companies that produce arms or military technology is evaluated. It would seem that such conflicts of interest shouldn't occur on EIRRS and that due diligence on this front, along with a public declaration of no conflicts of interest should be put in place going forward to build trust between those who manage funds at the University and the wider University community.