

YU DIVEST - A CALL FROM THE YORK COMMUNITY

The YU Divest Coalition is comprised of Amnesty International at York, the York University Graduate Students' Association (YUGSA), the York Federation of Students (YFS), Students Against Israeli Apartheid (SAIA York), and YorkU Alumni for Social Justice. The YU Divest campaign has been endorsed by over 85 campus organizations, including both Keele and Glendon UNICEF chapters, the Undergraduate Business Society of Schulich, various college and faculty councils, and the York University Faculty Association (YUFA). Here is a full list of endorsers: <https://www.dropbox.com/s/l9twfqs7fdyyqw2/Endorsement%20List.docx?dl=0>

These organizations represent thousands of community members on campus, and in addition to that 794 independent community members – including staff, students, faculty, alumni and retirees – have signed the YU Divest petition to date.

PROPOSAL DEMANDS

The YU Divest Coalition calls on the York University Board of Governors to permanently remove its investment holdings from Lockheed Martin, Northrop Grumman, BAE Systems, Amphenol and Textron Inc. This would mean divesting all existing holdings from these companies and applying negative investment screens to the endowment fund to ensure that York University does not re-invest in these companies in the following business quarter.

PROPOSAL GOAL

With this modest proposal for divestment/negative screening we hope to ensure that our university begins to take modest but innovative and concrete steps towards aligning with the 'ESG' factors outlined in our investment policy and upholding the commitments York has made to its stakeholders, community members, and to the world more broadly as stated in its governing documents.

We also hope that our proposal demands will help York University leverage its prestige as a leader in education to initiate and promote a respectful public conversation around an issue that needs desperate attention. We are not under the impression that York permanently removing its investments from these weapons companies will, on its own, create any sweeping changes to the arms industry. At the same time, it must be acknowledged that our university, with its substantial social capital accrued over its unique history of innovative social justice work and research, is well positioned to take action that can start this critical conversation.

The imperative to invest in peace, not war, is now more urgent than ever. The world is in a state of upheaval, with the arms trade fuelling violence and displacement at an alarming rate, as humanity increasingly finds itself mired in unceasing, war-fuelled crises. As a venerable institution of learning occupying a unique position of influence, it is our responsibility to take a step in the right direction - to take

innovative action that will bring our investment policies into line with the values that we claim to uphold. We can do this by simply fulfilling our fiduciary duties and practicing good governance, and by being accountable to the stakeholders of our school. We must insist that there is a better way to move forward than continuing to be complicit in profiting from acts of violence against our own community members and their families. We must insist on York's motto – *tentanda via*, the way must be tried.

THE COMPANIES

Our responsible investment proposal targets the most notorious weapons companies York University has a history of investing in whether through its endowment or pension fund (though our demands for divestment and/or negative screening are specific to the endowment fund).

Of these companies, we have determined the worst offenders based on two criteria:

- 1) What percentage of the company's profits are generated from weapons and weapons-related products
- 2) Which regimes the company supplies to, and whether these weapons are likely to be used in internationally recognized human rights violations and war crimes

The following list of regimes or governments profiled in this report is by no means exhaustive. Selection of regimes or governments was made on the basis of multiple sources providing clear and consistent links to the companies mentioned and the most credible evidence on their human rights violations. These sources include, in addition to media reports, Amnesty International, Human Rights Watch, the Stockholm International Peace Research Institute (SIPRI), the Canada-based Project Ploughshares, the Office of the United Nations High Commissioner for Human Rights (OHCHR) and other UN agencies.

COMPANY PROFILES

- 1) LOCKHEED MARTIN, CORP.

International Arms Sales

From 2010 to 2014 Lockheed Martin was identified as the number one company in the world to profit from arms sales¹. On average arms sales, on everything from aeronautics (fighter jets) to combat systems equipment and missiles, make up 82% of their total annual sales. This corporation is almost entirely reliant on global conflict, and indeed Lockheed Martin CEO Marillyn Hewson herself states that

¹ SIPRI Arms Industry Database <<https://www.sipri.org/databases/armsindustry>>

“threats” and “volatility” the Middle East means profit for their company². Lockheed Martin Executive Vice President Bruce Tanner echoed similar sentiments in suggesting that the war in Syria would almost certainly profit the arms industry due to a regional arms rush³.

Lockheed packages itself as a “global security company”, conducting its business primarily with government agencies and militaries. It topped the list of United States federal government contractors in 2015⁴, and has expressed fears that declines in the military budget of the US government could result in a loss of net profits⁵. A small portion of its profits also come from commercial contracts.

In 2014, 20 per cent of total sales derived from exports to governments primarily in the Middle East and Asia. Some of these governments or regimes include those of Saudi Arabia, the United Arab Emirates, Turkey, Egypt, Israel, and Jordan, which have a long history of direct human rights violations, and often provide military and financial support for groups and organizations that engage in terrorism, repression, and torture of vulnerable and marginalized groups.

Setting for itself the goal of maximizing growth in international markets, these exports now account for over a quarter of total sales⁶. The company has also expanded its operations or is planning new partnerships with countries including Saudi Arabia⁷ and Israel.

Turkey

According to Corporate Watch⁸, Lockheed provides Turkey with F16 fighter jets, as well as Hellfire missiles, and is producing new F-35 fighter jets for the Turkish military. Meanwhile, the Turkish government has a history of violence and repression, particularly against the Kurdish people, who have faced numerous attempts by the Turkish state to erase their identity, erode their civil rights⁹ and brutally crush their movements for self-determination.

² Hartung, William, *The Price of Peace: Why War is Bad for People, but good for Business*, 20 April 2015 <<http://www.themarknews.com/2015/04/20/the-price-of-peace-why-war-is-bad-for-people-but-good-for-business/>>

³ Fang, Lee and Jilani Zaid, *Defense Contractors Cite “Benefits” of Escalating Conflicts in the Middle East*, The Intercept, 4 December 2015 < <https://theintercept.com/2015/12/04/defense-contractors-cite-benefits-of-escalating-conflicts-in-the-middle-east/>>

⁴ "[Top 100 Contractors Report Fiscal Year 2013](#)" (XLS). *Federal Procurement Data System - Next Generation*. [General Services Administration](#). Retrieved 13 October 2016.

⁵ Lockheed Martin Corporation 2014 Annual Report, p. 26

⁶ Lockheed Martin Corporation 2014 Annual Report, IV

⁷ Lockheed Martin Profile, Saudi Arabia <<http://www.lockheedmartin.ca/us/who-we-are/global/saudi-arabia.html>>

⁸ Corporate Watch, *International arms companies make a killing in Turkey: a case study of the Roboski Massacre*, 3 23 2016 <<http://economictimes.indiatimes.com/news/defense/lockheed-martin-sees-15-billion-export-potential-for-made-in-india-f16-jets/articleshow/53532624.cms>>

⁹ <https://www.theguardian.com/commentisfree/2011/oct/06/turkey-kurdish-question-recep-tayyip-erdogan>

Professor Cihan Tuğal writes in a 2012 article:

Since 1984, the Turkish state has killed an estimated 40,000 of its Kurdish citizens—comparable at least to the deaths attributed to Bashar Assad—and repression of the Kurdish language and culture has been more savage in Turkey than in Syria, Iraq or Iran. [...] [B]y 2005, the AKP was starting to take a stridently Turkish-nationalist turn, stepping up military repression in the south-east and swathing the cities with giant Turkish flags. [...] After successive waves of arrests, activists estimate there are now at least 3,000 Turkish-Kurdish students in prison, along with journalists and university teachers, not all of them Kurdish, accused of ‘terrorist propaganda’ or ‘insulting the Turkish nation’.¹⁰

This flagrant violation of rights extends beyond just Turkey’s Kurdish civilians to all opposition to the Turkish government. On the current Turkish regime, Human Rights Watch states:

[T]he ruling Justice and Development Party (AKP) has demonstrated a growing intolerance of political opposition, public protest, and critical media. Government interference with the courts and prosecutors has undermined judicial independence and the rule of law.

Human Rights Watch has also reported on Turkish airstrikes in Syria that resulted in potentially avoidable civilian casualties (including the deaths of children)¹¹.

Amnesty International also reports on Turkey’s internal rights abuses:

The media faced unprecedented pressure from the government; free expression online and offline suffered significantly. The right to freedom of peaceful assembly continued to be violated. Cases of excessive use of force by police and ill-treatment in detention increased. Impunity for human rights abuses persisted. The independence of the judiciary was further eroded.¹²

Along with internal violations of its citizens rights, Human Rights Watch has reported on Turkish airstrikes in Syria that have resulted in potentially avoidable civilian casualties (including the deaths of children).¹³ Lockheed Martin however, has no

¹⁰ Tuğal, Cihan. “Democratic Janissaries?: Turkey’s Role in the Arab Spring”. *New Left Review* 76 (July-August 2012): 5-24. Web.

¹¹ Human Rights Watch, *Syria: Turkish Strikes on SDF Fighters Kill 24 Civilians*, 15 September 2016, available from < <https://www.hrw.org/news/2016/09/15/syria-turkish-strikes-sdf-fighters-kill-24-civilians>>

¹² Amnesty International Report 2015/2016, available from < <https://www.amnesty.org/en/countries/europe-and-central-asia/turkey/report-turkey/>>

¹³ Human Rights Watch, *Syria: Turkish Strikes on SDF Fighters Kill 24 Civilians*, 15 September 2016, available from < <https://www.hrw.org/news/2016/09/15/syria-turkish-strikes-sdf-fighters-kill-24-civilians>>

problem working closely with the Turkish government to supply and develop a variety of weapons and weapons systems, including Fighter Jets¹⁴.

Saudi Arabia

Lockheed Martin has been working with the Saudi Arabian state since 1965, providing everything from air and missile defense systems to maritime security equipment. The company was pivotal to the growth of the Saudi air force, leaving it with one of the largest air fleets of C-130 Hercules airlifters in the world. Since 2012, it has expanded its partnerships with Saudi industry groups¹⁵.

The Saudi Arabian monarchy maintains a deplorable record on human rights, especially with regard to women's rights, freedom of expression, the right to assembly, and migrant worker rights¹⁶. The Saudi state has also played no small part in exporting an extremist brand of Wahhabism throughout the region, which has fed into an ideological cesspool that has given rise to groups like Al Qaeda and ISIS¹⁷.

The 2015 Saudi-led airstrikes on Yemen has led to a number of what can be considered war crimes:

On March 26, a Saudi Arabia-led coalition of states began a campaign of airstrikes against Houthi forces in Yemen and instituted a naval and aerial blockade. The airstrikes struck Houthi targets in the capital, Sanaa, and other cities, but also killed and injured many civilians. Between March and July nearly 2,112 civilians were killed in Yemen as a result of the armed conflict, most from coalition airstrikes¹⁸.

Despite all this, Lockheed Martin's cozy relationship with Saudi Arabia is understandable from the perspective of its bottom line, as the monarchy maintains one of the highest military spending rates as a proportion of GDP relative to such sectors as healthcare, education, and other public services¹⁹.

Iraq

¹⁴ Turkey Profile, Lockheed Martin < <http://www.lockheedmartin.ca/us/who-we-are/global/turkey.html>>

¹⁵ Saudi Arabia Profile, Lockheed Martin < <http://www.lockheedmartin.ca/us/who-we-are/global/saudi-arabia.html>>

¹⁶ Amnesty International 2015/2016 <<https://www.amnesty.org/en/countries/middle-east-and-north-africa/saudi-arabia/report-saudi-arabia/>>

¹⁷ Shane, Scott, *Saudis and Extremism: 'Both the Arsonists and the Firefighters'*, 25 August 2016, New York Times <http://www.nytimes.com/2016/08/26/world/middleeast/saudi-arabia-islam.html?_r=0>

¹⁸ Human Rights Watch 2016 World Report, *Saudi Arabia: Events of 2015*, <<https://www.hrw.org/world-report/2016/country-chapters/saudi-arabia>>

¹⁹ Tharoor, Ishaan, *Saudi Arabia passes Russia as world's third biggest military spender*, 5 April 2016, The Washington Post <<https://www.washingtonpost.com/news/worldviews/wp/2016/04/05/saudi-arabia-passes-russia-as-worlds-third-biggest-military-spender/>>

Lockheed Martin was notoriously involved in the 2003 US-led war on Iraq. It supplied F-16 fighter jets and Hellfire missiles, which continue to be used by various sides in the wars in Iraq and Syria²⁰. In its 2014 Annual Report, Lockheed Martin notes with satisfaction the expansion of its Aeronautics sector, including the F-16 and C-130J fighter jet programs. Iraq awarded the company an additional contract in 2013, extending the production of F-16 aircraft into 2017²¹. This is in addition to contracts awarded by various countries involved in the Iraqi occupation over the past decade and half.

After the occupation of Iraq and the near-collapse of functioning state institutions, weapons have flowed into an underground economy sustained by overlapping armed conflicts, falling into the hands of groups like ISIS and a variety of private militias. The use of child soldiers and sexual slavery in these conflicts is rife. The Iraqi military has itself been accused of firing indiscriminately on civilians. An international air campaign on ISIS has meanwhile wrought additional havoc on civilian communities, fuelling a vicious circle of violence:

According to the United Nations, summary executions, car bombs, assassinations, artillery shelling, and aerial bombardment killed and injured over 20,000 civilians. Pro-government militias carried out assassinations, property destruction, and enforced disappearances. Since June 2014, the conflict has displaced close to 3.2 million Iraqis, and interrupted school for over 3 million children as well as access to medical care, food, and clean water.²²

Israel

Weapons manufactured by Lockheed Martin have directly resulted in numerous human rights violations and war crimes²³ in the Occupied Palestinian Territories (OPT). Tanks have been deployed against refugee camps, schools, and mosques, while hellfire missiles and explosives have been repeatedly used against civilian targets.²⁴ F-16 fighter jets and Longbow Hellfire missiles were used with impunity in Israeli military campaign “Occupation Cast Lead” (2008-2009) in Gaza, which

²⁰ Lockheed Martin 2015 Annual Report

<<http://www.lockheedmartin.ca/content/dam/lockheed/data/corporate/documents/2014-Annual-Report.pdf>>

²¹ p. 27

²² https://www.hrw.org/sites/default/files/world_report_chapter_iraq_pdf.pdf

²³ Campaign Against the Arms Trade. Arming the Occupation: Executive Summary. Retrieved from: <http://www.caat.org.uk/resources/publications/countries/israel-1002-summary.php>; Amnesty International. (2009). Fueling Conflict: Foreign Arms Supplies to Israel/Gaza. Retrieved from: <http://www.amnesty.org/en/library/asset/MDE15/012/2009/en/5be86fc2-994e-4eeb-a6e8-3ddf68c28b31/mde150122009en.html>

²⁴ William D. Hartung & Frida Berrigan (2002). Report: U.S Arms Transfers and Security Assistance to Israel .World Policy Institute Research Project. Retrieved from: <http://www.worldpolicy.org/projects/arms/reports/israel050602.html>

resulted in over 1,000 civilian deaths²⁵. Over a two-month period in 2014, a second major military operation, Operation Protective Edge, killed over 2,104 Palestinians in Gaza. Of these, 1,462 were civilians, including 495 children and 253 women²⁶.

2) BRITISH AEROSPACE ELECTRONIC SYSTEMS (BAE)

International Arms Sales

BAE Systems is the world's third largest arms producer²⁷. Arms sales make up 94% of its total sales. Since its foundation in 1999, BAE Systems produces weapons systems in almost every major military category, including fighter aircraft, warships, tanks, armoured vehicles, artillery and small arms ammunition. This company has sold arms to over 100 countries.

Regimes and Human Rights Violations

Saudi Arabia

According to Coalition Against the Arms Trade (CAAT), BAE has 5,700 employees in Saudi Arabia, providing operational support to the armed forces including the Saudi air force. BAE has also produced warplanes that are "playing a central role" in the Saudi-led attack on Yemen. Human Rights Watch²⁸ and Amnesty International²⁹ have reported on illegal military operations being conducted in Yemen by the Saudi Arabia-led coalition, using weapons produced by BAE Systems³⁰. According to these reports, there is "damning evidence" that these weapons are being used for war crimes, which have resulted in the killing and wounding of thousands of civilians. According to a recent report by Amnesty International:

While many coalition attacks were directed at military targets, others were indiscriminate, disproportionate or directed against civilian homes and infrastructure, including hospitals, schools, markets and factories, as well as vehicles carrying civilians and humanitarian assistance, killing and injuring thousands of civilians. By the end of the year, the conflict had caused the deaths of more than 2,700 civilians, including hundreds of children, according

²⁵ Hoder Investment Research (Oct. 2009). Companies Supporting the Israeli Occupation of Palestinian Land. Retrieved from: <http://www.interfaithpeaceinitiative.com/profitting.pdf>

²⁶ BBC, *Gaza crisis: Toll of operations in Gaza*, 1 September 2014, <<http://www.bbc.com/news/world-middle-east-28439404>>

²⁷ <https://www.caat.org.uk/resources/companies/bae-systems>

²⁸ <https://www.hrw.org/news/2016/03/21/yemen-embargo-arms-saudi-arabia>

²⁹ <https://www.amnesty.org.uk/press-releases/uk-must-investigate-saudi-arabias-use-weapons-yemen-new-report>

³⁰ <https://www.hrw.org/news/2016/02/14/yemen-cluster-munitions-wounding-civilians>

to the UN, and the forcible displacement of more than 2.5 million people, creating a humanitarian crisis.³¹

Bahrain

BAE Systems has also supplied 200 Tactica armoured vehicles to Saudi Arabia, which were used by Saudi troops to suppress pro-democracy protests in Bahrain.³² The Bahrain Independent Commission of Inquiry (BICI), which King Hamad bin Isa al-Khalifa appointed to investigate the government's response to pro-democracy demonstrations in February and March 2011, concluded that "security forces had used excessive force against peaceful protesters, and had arbitrarily arrested, tortured, ill-treated, and denied them fair trials"³³. CAAT reports that protest leaders remain in prison and the authorities have continued to jail human rights defenders and individuals for participating in peaceful demonstrations and criticizing officials.

Sri Lanka

The government of Sri Lanka engages in violence, torture, and arbitrary detention, particularly targeting the indigenous Tamil minority.³⁴ Rights to freedom of movement, military rule in parts of the country, and freedom of speech, freedom of the press, civil society, academic freedom, access to education, and worker's rights are restricted. Sri Lanka has also waged a systematic war on Tamil culture, language, and religion since declaring independence in 1948³⁵.

BAE systems supplied weapons to Sri Lanka³⁶ during the island's recent civil war, when tens of thousands of Tamil civilians were killed after the Sri Lankan military bombed schools, hospitals and designated "No Fire Zones".³⁷ Today, Sri Lanka has an estimated 160,000 troops stationed in the Tamil-dominated Northeast of the island.³⁸ Tamils also continue to be displaced from their lands and homes as Sri Lanka continues to occupy land and the government expands its property developments.

Israel

³¹ <https://www.amnesty.org/en/countries/middle-east-and-north-africa/yemen/report-yemen/>

³² <https://www.caat.org.uk/resources/companies/bae-systems/countries/bae-bahrain>

³³ <https://www.hrw.org/world-report/2013/country-chapters/bahrain>

³⁴ <https://freedomhouse.org/report/freedom-world/2014/sri-lanka#.VD4bfvldWSo>

³⁵ https://www.oaklandinstitute.org/sites/oaklandinstitute.org/files/OI_The_Long_Shadow_of_War_0.pdf

³⁶ <https://universities.caat.org.uk/wp-content/uploads/BAE-Systems-The-facts-you-need-to-know.pdf>

³⁷ <https://www.hrw.org/news/2009/05/08/sri-lanka-repeated-shelling-hospitals-evidence-war-crimes>

³⁸ https://www.tamilnet.com/img/publish/2015/02/NPC_Resolution_on_Tamil_Genocide_v2.pdf

According to Corporate Watch, BAE is known to have supplied Israel with 'Head-Up Displays' (HUD) for F16 fighter aircraft, which have been used by the Israeli army to bomb Lebanese and Palestinian villages³⁹.

It has also been reported that BAE's Suter airborne network attack system was used by Israel in its bombing of Syria in 2007.

Indonesia

BAE Systems has a history of exporting Hawk light-combat helicopters to Indonesia⁴⁰. Indonesia has a terrible human rights record, having “instigated and participated in the killing of up to a million people in a few months after the Suharto takeover in 1965, and went on to invade East Timor, where it was responsible for the deaths of around 200,000 people in the late 1970s.”⁴¹ During its illegal occupation of East Timor, Amnesty International notes many human rights violations, such as political killing, torture and ill-treatment, political imprisonment, and the death penalty⁴². Soldiers and police have also been documented to open fire on peaceful protesters, resulting in hundreds of deaths over the years. The government of Indonesia has also violently repressed the provinces of Papua and West Papua.⁴³

Corporate Crimes

BAE Systems has pleaded guilty in U.S. District Court in the District of Columbia to “conspiring to defraud the United States by impairing and impeding its lawful functions, to make false statements about its Foreign Corrupt Practices Act (FCPA) compliance program, and to violate the Arms Export Control Act (AECA) and International Traffic in Arms Regulations (ITAR)”.⁴⁴ BAE Systems was sentenced to pay a \$400 million criminal fine, “one of the largest criminal fines in the history of DOJ’s ongoing effort to combat overseas corruption in international business and enforce U.S. export control laws”.

3) NORTHROP GRUMMAN

International Arms Sales

Arms sales make up 82% of Northrop Grumman’s total sales.⁴⁵

³⁹ <https://corporatewatch.org/publications/2009/profitting-occupation>

⁴⁰ <https://corporatewatch.org/company-profiles/bae-systems-corporate-crimes>

⁴¹ <https://www.caat.org.uk/resources/countries/indonesia/factsheet>

⁴² <https://www.amnesty.org/en/documents/asa21/017/1994/en/>

⁴³ <https://freedomhouse.org/report/freedom-world/2014/indonesia#.VD2XzvldWSo>

⁴⁴

⁴⁵ <https://www.sipri.org/research/armament-and-disarmament/arms-transfers-and-military-spending/arms-production>

Regimes and Human Rights Violations

The Campaign Against the Arms Trade cites Northrop Grumman's military exports to Israel, Saudi Arabia and Turkey.⁴⁶

Israel

Northrop Grumman contributed to weaponry used in Israel's assaults on Gaza, including the Apache AH64D Longbow helicopter, and the F-16 fighter jet.⁴⁷ The Apache AH64D Longbow helicopter was described by Amnesty International as a piece of "key equipment used by the [Israeli military] in the [December 2008 – January 2009] Gaza bombing campaign."

The company has also provided the Israeli navy with three Sa'ar V missile ships, which are used to enforce the siege of Gaza. These armed vessels were also used in the Israeli attack on the unarmed in 2010 that resulted in the killing of ten humanitarian activists.

4) TEXTRON

International Arms Sales

Arms sales make up an undeniably significant 34% of Textron's total sales.⁴⁸

Regimes and Human Rights Violations

Drone Strikes in Yemen, Pakistan, Somalia, and beyond

Textron is an American global aerospace, defense, security and advanced technologies industrial conglomerate. Its defense and military focused subsidiary, Textron Systems (which, in 2015, reported revenues of \$ 1.5 billion⁴⁹), produces, among other things, the RQ-7B Shadow unmanned aerial vehicle (UAV), which Textron describes as "the U.S Army's premier tactical unmanned aircraft system."⁵⁰ As of January 2, 2014, the U.S. Department of Defense had 491 of these systems in use.⁵¹

Drone use in the War on Terror continues to be have unintended consequences, as

⁴⁶ <https://www.caat.org.uk/resources/mapping/organisation/6968>

⁴⁷ <http://investigate.afsc.org/company/northrop-grumman>

⁴⁸ <https://www.sipri.org/research/armament-and-disarmament/arms-transfers-and-military-spending/arms-production>

⁴⁹ Textron Annual Report 2015 (http://s1.q4cdn.com/535492436/files/doc_financials/2015/Textron-2015AR.pdf)

⁵⁰ Textron Annual Report 2015 (http://s1.q4cdn.com/535492436/files/doc_financials/2015/Textron-2015AR.pdf), p.5.

⁵¹ Pentagon Plans for Cuts to Drone Budgets (<http://www.dodbuzz.com/2014/01/02/pentagon-plans-for-cuts-to-drone-budgets/>)

"By March 23, 2015, the Obama Administration had launched between 90 and 109 confirmed drone strikes in Yemen, killing 431–639 people, including 65–96 civilians, eight of whom were children. There have been 363 confirmed drone strikes in Pakistan, which have killed between 2445 and 3945 individuals, including between 421 and 960 civilians. Among the civilians killed, between 172 and 207 were children".⁵²

The total number of actual casualties may never have been clear, as in 2012, it was revealed that "President Obama acquiesced to "a formula for counting civilians that some officials think is skewed to produce low numbers." More specifically, the formula "counts all military-age males in a strike zone as combatants...unless there is explicit intelligence posthumously proving them innocent"⁵³.

Adding to the loss of lives is the severe social, psychological and economic impacts that result from the unpredictable bombing attacks. "These conflict zone-like conditions have resulted in property damage and economic hardship; adverse mental health effects; and disruption of cultural and religious practices", and with certain events, such as the destruction of a family's home, their only item of significant financial value, or the death of the primary breadwinner, having the potential to "force a family into poverty"⁵⁴. Community traditions are also adversely affected: "Because drone strikes have targeted funerals, members of families and communities have been reluctant to hold traditional burials. Further, even when such burials are organized, some of those interviewed by Stanford Law School's International Human Rights and Conflict Resolution Clinic and NYU School of Law's Global Justice Clinic (2012) said that they have stayed away from such gatherings out of fear that they will be targeted by drone strikes".⁵⁵

While the drone strikes receiving the most attention in recent years have been Pakistan, Yemen and Somalia, "given that al-Qaeda and its affiliates are officially in as many as 30 or more countries, the US has effectively pre-authorized itself for drone strikes in any place it sees a growing threat and little evidence of a local government with the ability to deal with it".⁵⁶

Therefore, unmanned aircraft produced by companies like Textron have done more than just kill and injure thousands of civilians. They also terrorize and traumatize the

⁵² Jeffrey Bachman (2015): THE NEW YORK TIMES AND WASHINGTON POST, Journalism Studies, DOI: 10.1080/1461670X.2015.1073118

⁵³ Jeffrey Bachman (2015): THE NEW YORK TIMES AND WASHINGTON POST, Journalism Studies, DOI: 10.1080/1461670X.2015.1073118

⁵⁴ Jeffrey Bachman (2015): THE NEW YORK TIMES AND WASHINGTON POST, Journalism Studies, DOI: 10.1080/1461670X.2015.1073118

⁵⁵ Jeffrey Bachman (2015): THE NEW YORK TIMES AND WASHINGTON POST, Journalism Studies, DOI: 10.1080/1461670X.2015.1073118

⁵⁶ Michael J. Boyle (2015) The legal and ethical implications of drone warfare, The International Journal of Human Rights, 19:2, 105-126, DOI: 10.1080/13642987.2014.991210

people, such as 13-year-old boy Zubair from North Waziristan, Pakistan, whose grandmother was killed by a drone strike while picking okra in a field.⁵⁷ In a testimony before Congress in October 2013, Zubair said:

“I no longer love blue skies. In fact, I now prefer gray skies,” “The drones do not fly when the skies are gray ... When the sky brightens, drones return and we live in fear. It’s something that a 2-year-old would know... We hear the noise 24 hours a day.”

Corporate Crimes

In August 2007, the SEC filed a complaint against Textron Inc. alleging that: “from approximately 2001 through 2003, two of Textron's fifth tier French subsidiaries that it acquired in 1998 and 1999 authorized and made approximately \$650,539 in kickback payments in connection with its sale of humanitarian goods to Iraq under the U.N. Oil for Food Program.”⁵⁸ In addition, the complaint alleges that “Textron's subsidiaries made illicit payments of \$114,995 to obtain thirty-six contracts in the United Arab Emirates, Bangladesh, Indonesia, Egypt, and India from 2001 to 2005.”

Following, Textron was ordered to disgorge \$2,284,579 in profits, plus \$450,461.68 in pre-judgment interest, and to pay a civil penalty of \$800,000. Textron also had to pay a \$1,150,000 fine pursuant to a non-prosecution agreement with the DOJ.

5) AMPHENOL

International Arms Sales

Operating as the representative of Amphenol products in Israel, Bar-Tec Ltd provides Amphenol military and aerospace products to the defense industry in Israel. An article by The Organization for World Peace states:

In its 2014 Annual Report, Amphenol reported that sales of products such as its interconnect systems and antennas to the military market represented 11% of the company's net sales for the year. As noted in the report, such technology is crucial to the functioning of ground vehicles, tanks, naval vessels, radar systems and the avionics systems used in aircraft and unmanned aerial drones.⁵⁹

Overall, York University's investment in companies that supply arms to the above regimes makes us, students, faculty, alumni, and staff, complicit in many human rights violations. The only way to achieve financial neutrality in such situations is to end our investment in and implicit support for such governments through divestment.

⁵⁷ <http://www.theatlantic.com/politics/archive/2013/10/saddest-words-congress-briefing-drone-strikes/354548/>

⁵⁸ <http://www.fcablog.com/blog/2007/8/24/textrons-fcpa-violations-caused-by-fifth-tier-french-subsi.html>

⁵⁹ <http://theowp.org/reports/you-divest-the-movement-to-remove-weapons-investing-from-york-university/>

THE CASE FOR WEAPONS DIVESTMENT/NEGATIVE SCREENING

As per the YUACRI vision statement:

“The York University Advisory Committee on Responsible Investment (YUACRI) believes that the integration of environmental, social and corporate governance (ESG) considerations into investment management processes and ownership practices is wise and aligned with the York University commitment to sustainability, social justice, equity and good governance.”

It follows logically from this belief that the York University endowment fund’s holdings should not be invested in companies that manufacture and sell weapons to regimes that commit war crimes and violations of human rights. Universities are places of great social prestige insofar as they are considered by society to be leading innovators, and centres of learning and progress. As such, they are ideally placed to initiate a public dialogue around the arms industry.

Aligning Investment Strategies with York University’s Principles and Beliefs

Social Commitments

York University’s mission statement cites a commitment to social justice⁶⁰. And, according to York University’s Academic Plan (2015-2020): “York is socially responsible, and committed to the pursuit of social justice and equity issues to continuously challenge and transform society’s understanding and existing norms through civic, scientific and cultural actions”.⁶¹ The university cannot claim to be fulfilling its commitment to social justice while it continues to invest in weapons used to violate human rights and international law. The mission statement also acknowledges that York values diversity and explores global concerns.⁶² York is one of the most diverse and multicultural universities in the world. Over 10% of students at York are international students, originating from 178 countries.⁶³ With a large number of international students, coming from all parts of the world, we must acknowledge that the family members of York staff, students and other community members are directly impacted by global conflict, fuelled by the weapons we invest in. Divesting from weapons companies would show that York takes the diverse nature of its community and global issues seriously.

This proposal is also consistent with the York University Act of 1965. Under section 4(b), the Act defines “the betterment of society” as an object/purpose of the

⁶⁰ <http://about.yorku.ca/our-mission/>

⁶¹ <http://oipa.info.yorku.ca/files/2014/05/UAP-2015-20201.pdf>

⁶² <http://about.yorku.ca/our-mission/>

⁶³ <http://secretariat.info.yorku.ca/files/board-agenda-20160503.pdf>

university. Weapons divestment will allow York University to further this goal, by ensuring that York is not investing in companies that profit from war and the destruction of many communities around the world.

Environmental and Sustainability Commitments

YU Divest also aligns with York University's commitment to sustainability. According to the Office of the President,⁶⁴ our university "strives to be a leading post-secondary institution for sustainability" and "[o]ur long term perspective recognizes our responsibility to be innovators and to continually work as a community to reduce our ecological impact." War devastates not only human communities, but also the natural ecosystems that they rely on. Water contamination, deforestation, air pollution, and reduced biodiversity are only some forms of environmental degradation caused by war.⁶⁵ As stated in [Principle 24 of the 1992 Rio Declaration](#), "warfare is inherently destructive of sustainable development." By divesting from the arms industry, which profits from war, York University would uphold its commitment to social justice and sustainability.⁶⁶

Fulfilling the Board of Governor's Fiduciary Duties

Permanently removing York's investments from weapons companies is the most effective way to ensure that the York University Board of Governors upholds its fiduciary duty to its shareholders.

As the Coalition of Universities for Responsible Investing explains, fiduciary duty is the legal obligation that investors acting on behalf of shareholders have to act in the best interest of these shareholders, and there is "a growing consensus in investment management literature" that fiduciary duty must include more than just financial considerations.⁶⁷ Not investing in the listed weapons companies is in the best interest of university shareholders and York community members more generally, many of whom have family members that are directly impacted by these weapons and all of whom have an interest in living in a more stable and peaceful world.

Offering an examination of fiduciary duty within the context of academic institution, the Association of Governing Board of Universities and Colleges states that the fiduciary duty of university board members includes a "duty of loyalty" – which "requires officers and board members to act in good faith and in a manner that is reasonably believed to be in the interests of the [...]university and its nonprofit or

⁶⁴ <http://president.yorku.ca/initiatives/>

⁶⁵ <http://www.sierraclub.ca/national/postings/war-and-environment.html>

⁶⁶ <http://www.un.org/documents/ga/conf151/aconf15126-1annex1.htm>

⁶⁷ <https://ccuri.wordpress.com/?s=fiduciary+duty>

public purposes” – and a “duty of loyalty” – which requires them “to ensure that the [...] university is operated in furtherance of its stated purposes (as set forth in its governing documents)”⁶⁸. As is elaborated on in the above section of this report, York University’s stated public purposes – as is indicated in its governing documents – include commitments to diversity, social justice, bettering society, exploring global concerns and sustainability. As such, ending York’s investments in weapons companies would help ensure the Board of Governors upholds the fiduciary duty it has to the University and its stakeholders.

Strengthening York’s Brand - Becoming a Leader in Ethical Investment

According to a report by the Responsible Investment Association, Canada’s responsible investment market has experienced rapid growth in recent years. As of 2015, 31 percent of professionally managed assets in the Canadian investment industry had adopted RI guidelines. A growing number of individual and institutional investors demand financial products and services that correspond to their values, and studies suggest this trend will continue as Millennials become the voters, consumers, and leaders of tomorrow. We believe that York University, as a registered charity, should follow the example set by others and become a leader in ethical investing.

By divesting from and/or applying negative investment screens to the listed companies, York University can become the first university in North America to initiate this kind of socially responsible investment action around weapons companies, improving its image and branding in a way that resonates with students and donors, both today and in the future.

There is No Trade-off between Ethics and Profit - The Financial Case for Socially Responsible Investment Initiatives

Evidence gathered over the last decades shows that ethical investments perform at least as well as conventional investments. In fact, according to a UBS-CIO report which based its findings on academic studies from across US and Europe, ethical investments have performed slightly above conventional assets both in terms of average returns and volatility indicators. The success of ethical investments has been attributed to two main factors: first, investors have recognized that an integration of ESG factors leads to improved assessments of growth opportunities and reputational risks for companies. Second, surveys show that consumers are more likely to support companies with strong ethical commitments. In a survey of 30,000 respondents from 60 countries, Nielson, a consumer research firm, found that 55% of consumers from 60 countries are willing to pay extra for products and services from companies with ethical commitments, and that 67% would prefer to

⁶⁸ <http://agb.org/briefs/fiduciary-duties>

work for socially responsible companies. The evidence is therefore clear: there is no-trade between ethics and profits.

Furthermore, based on our examination of York's direct investment holdings, the University has consistently invested less than 1% of the endowment fund in any combination of the five listed companies, and in the most recent business quarter York's endowment fund was not invested in any of these companies. York's endowment fund is thus not particularly financially dependent on its investment in these weapons companies.

Because of this, prohibiting investments in weapons companies should be understood as a means of improving York University's image, branding, as a progressive university committed to human rights and social justice, as well as the returns on its investments, and not a financial risk.

THE INEFFECTIVENESS OF ALTERNATIVE APPROACHES

The most common alternative suggested to divestment or negative screening is active engagement, which would not achieve the same outcomes under these circumstances.

According to the Coalition of Universities for Responsible Investing, shareholder engagement is when "investors actively seek to influence the behaviour of corporations within their investment portfolio to improve their ESG performance.

The goal of engagement is to create a constructive dialogue with companies to address ESG risks and thereby improve long-term corporate performance."

No amount of "constructive dialogue" with the companies we have identified will stop them from manufacturing of weapons. Arms sales amount to a significant source of profit for these companies, and despite the fact that these are products designed to kill and used in human rights abuses and war crimes, no longer selling arms would actually damage rather than improve these companies' long-term corporate performances.

Even if it were possible to engage with these companies to influence their actions, this would only be effective if the university was a significant shareholder in the companies it was attempting to engage.

Furthermore, removing investment holdings through divestment and/or negative screening is a far more effective method than active engagement to initiate the kind of public conversations we intend. Forward-looking, innovative action is required in order to spark widespread dialogue on such critical issues. If York University were to permanently remove its investment holdings from these companies, it would make it the first University in North America to divest from the arms industry, which is extremely powerful symbolically and far more likely to initiate public discussion than if the university attempted to pursue an active engagement strategy.

The only way therefore for York University to fulfill the fiduciary duty it has to its community members and uphold its commitment to social justice and responsible investing is by permanently removing its endowment investments from weapons companies.

THE EFFECTIVENESS OF DIVESTMENT CAMPAIGNS

A common criticism of divestment is that it will not bankrupt the targeted industry and it is therefore useless. If York divests its endowment fund, other investors will simply buy the stock.

However, divestment has proven to be a successful strategy in effecting social change, most notably in the cases of tobacco and South African apartheid. To draw on the case of South Africa, divestment campaigns in Canada helped to delegitimise the apartheid regime, prompting a public outcry and pressuring Brian Mulroney's Conservative government to implement economic sanctions. Student movements made a significant contribution to the anti-apartheid movement. In 1986, York University was actually one of the first universities in Canada to divest from South African Apartheid, withdrawing some \$8 to 9 million from companies with business in the region, to signal its opposition to its human rights violations⁶⁹.

With regards to arms divestment, a number of universities in the U.K., including St Andrews, Goldsmiths, Bangor and SOAS, have already showed themselves to be global leaders by carrying out divestment initiatives⁷⁰. Now, York University has the chance to become the first in North America to divest from the arms industry, setting a precedent for other universities and colleges to do the same, and bolstering its commitment to social justice and sustainability.

⁶⁹ <http://rabble.ca/news/2010/01/looking-back-carletons-divestment-south-africa>

⁷⁰ <https://universities.caat.org.uk/campaigns/clean-investment/>

SOCIAL MEDIA

Follow the activity of the YU Divest Coalition on social media for more information on the campaign, how it has progressed, and to see for yourself the growing number of York community members joining this movement for socially responsible investment!

www.yudivest.org

www.facebook.com/yorkudivest

www.twitter.com/yu_divest

www.instagram.com/yudivest