

2016-17

APIRL & IRSR ANNUAL REPORT

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LETTER FROM THE APIRL CHAIR

Dear Stanford Community:

During the 2016-17 academic year, Stanford's Advisory Panel on Investment Responsibility and Licensing (APIRL)'s most important activity was evaluating SU Prison Divest's request. The request included 186 companies – private prison operators, companies that invest private prison operators, companies that contract with private prison operators, and companies that produce products made by prisoners. APIRL engaged the Stanford Criminal Justice Center (SCJC) and two of its Stanford Law School students in conducting research on the prison industry and related companies. APIRL applied the standards outlined in Stanford's Statement in Investment Responsibility and made its recommendation to the Stanford Board of Trustees Special Committee on Investment Responsibility in June 2017.

I want to thank APIRL members for their diligence and thoughtful contributions, the SCJC for their research support, and SU Prison Divest for their submission and participation at APIRL meetings. I would like to recognize SU Prison Divest, SCJC and student researchers, and others across the Stanford community who contributed to raising awareness at Stanford about mass incarceration and the criminal justice system.

Best regards,

Margaret Levi

Chair, Advisory Panel on Investment Responsibility and Licensing (APIRL)

Director at the Center for Advanced Study in the Behavioral Sciences (CASBS), Professor of Political Science, and Senior Fellow at the Woods Institute for the Environment at Stanford University

Jere L. Bacharach Professor Emerita of International Studies in the Department of Political Science at the University of Washington

2016-17 APIRL AGENDA

Evaluation of the Request from SU Prison Divest

In March 2016, Who's Teaching Us (WTU) posted a series of demands¹ related to the issues of faculty/administrative and student diversity, university curriculum, residential life, extracurricular diversity programs, and divestment from violence against black and brown people.² On April 17, 2016, SU Prison Divest submitted an initial request for review to the Office of Investment Responsibility Stakeholder Relations (IRSR). Following the consultative meetings with IRSR director and APIRL chair in summer, SU Prison Divest, on September 16, 2016, submitted its final revised request. The full request is available [here](#). In summary, SU Prison Divest requested that Stanford:

1. divest from two private prison operators (CCA, now CoreCivic, and GEO Group; or "Category 1" companies)
2. engage 32 private prison corporation stakeholders that are financially invested in private prisons requesting that they divest from private prisons; and if not, Stanford should divest. ("Category 2")
3. engage 131 corporations that benefit from prison labor to request they provide full disclosure, institute equitable hiring practices, etc.; and if not, Stanford should divest. ("Category 3")
4. engage 21 corporations that provide support services to prisons requesting they provide evidence they are in compliance with Universal Declaration of Human Rights (UDHR), etc.; and if in non-compliance, divest. ("Category 4")

On October 10, 2016, SU Prison Divest presented at the first APIRL meeting of the 2016-17 academic year. Later, APIRL invited SU Prison Divest to attend APIRL's January 9, 2017 meeting to ask APIRL questions, to respond to questions from APIRL, and to receive a status update. The APIRL engaged the Stanford Criminal Justice Center (SCJC) and two of its Stanford Law School students in conducting research on the prison industry and the related companies in the request. APIRL met six times to discuss the request and had vigorous discussions via email. Moreover, APIRL conducted research with IRSR's support; read the extensive research reports by SCJC, heard their presentations and asked questions and made requests for additional research. APIRL made its recommendation to the Stanford Board of Trustees Special Committee on Investment Responsibility (SCIR) in June 2017.

¹ WTU's summary of the demands is available here at <https://pastebin.com/z51Ys0gN>. Stanford Daily's article: "['Who's Teaching Us' holds packed information session on demands.](#)"

² "We demand that the University divest from all prisons, including private prisons, as the University of California and Columbia University have done, and invest the newly-released funds in Black, Brown, Indigenous, poor, and undocumented communities, which have been unjustly and disproportionately targeted for incarceration. We demand that the University divest from Wells Fargo & Company – a bank that has perpetuated prison privatization and the disproportionate and unjust incarceration of Black, Brown, Indigenous, poor, and undocumented people- and invest the newly-released funds in impacted communities." <https://pastebin.com/z51Ys0gN>.

The Board responded to the SU Prison Divest's request on October 11, 2017. In its [statement](#) and [letter](#) to SU Prison Divest, the Board states that Stanford does not hold any direct investments in the two private prison operators in the request; therefore, there is no action for the Board to take. Nevertheless, Stanford Management Company informed the Board that "direct holdings of these two companies would not be contemplated unless any concerns under our policy had been fully investigated and allayed." The Board agrees with the APIRL conclusions in Category 2 and Category 3 companies because it has not been substantiated that those companies are directly causing social injury.

Regarding Category 4, a majority of the members of APIRL concluded that five public companies in this category (four telephone companies and one food service company) met the direct social injury threshold required by the [Statement on Investment Responsibility](#) (SIR) and recommended shareholder engagement to gather more information about the companies' activities. The Board, however, does not believe the research showed that the threshold for Board action – direct social injury – had been met in this instance. The Board believes that the claims about the food service company are based on specific breach-of-contract situations that various prisons and state and local officials have either litigated or used as the basis to terminate the company's services, and the most significant portion of the high cost of telephone calls in prisons arises from fees and charges imposed by state and local authorities, which can only be alleviated through state legislation.

In the same statement, the Board also announced that it is initiating a review of the SIR and related procedures that will run throughout the 2017-18 academic year.

Town Hall

The APIRL and IRSR Office hosted the Annual Town Hall on Tuesday, April 18 in Old Union Clubhouse. The Town Hall provided an opportunity for Stanford community members to learn about Stanford's investment responsibility policy and processes, to voice their concerns and suggestions, and to meet and speak with APIRL members and senior administrators.

Philip Taubman, Associate Vice President for University Affairs, and Secretary of the Board of Trustees, provided a brief overview of the history of investment responsibility at Stanford. Following the overview of investment responsibility, Alison Colwell, Director of the IRSR Office, provided an overview of IRSR's role and work, and shared a summary of the SIR and the consultative process to review requests. Margaret Levi, Chair of the APIRL, shared an overview of APIRL's work and the status of APIRL's review of SU Prison Divest's request. Levi also encouraged the Town Hall participants to submit feedback about how to improve the APIRL process in writing to her and Colwell at irstakeholders@stanford.edu.

Participants followed up these presentations with a lively dialogue around investment responsibility. Key themes included:

- Questions about shareholder engagement, including what tools encompass shareholder engagement, and what were Stanford's past shareholder engagement activities and their

effectiveness. [Stanford has a Social Issue Proxy Voting Policy Statement and Guidelines available [here](#).]

- A desire for increased transparency, such as sharing the research being conducted for APIRL and sharing APIRL's recommendation report to the Board. [Under APIRL's current mandate ([APIRL Mission and Operational Guidelines](#)), APIRL's deliberations and recommendation report are confidential to the Board of Trustees, except if the Board decides to announce APIRL's recommendation.]

APIRL BACKGROUND

In 1971, Stanford adopted its first Statement on Investment Responsibility, which was most recently amended by the Board in 2015. As part of implementation of this Statement, Stanford established an advisory committee, now APIRL. APIRL advises and makes recommendations to the President and the Board on issues related to socially responsible investing, including recommendations on the disposition of requests from the Stanford community to take action as a shareholder which is consistent with Stanford's Statement on Investment Responsibility. In addition, APIRL makes recommendations on issues related to workers' rights in connection with Stanford's trademark licensing program. APIRL is solely an advisory body.

APIRL has 12 members selected from the Stanford community, including four students, four faculty members, two staff members, and two alumni. These members are appointed by Stanford's President from the nominations made by the following groups: (i) the Faculty Senate Committee on Committees nominates faculty; (ii) the ASSU Nominations Committee nominates the undergraduate and graduate students; and (iii) the Alumni Association nominates alumni. The Director of the IRSR Office serves as a non-voting ex-officio member of the APIRL.

For more information, please visit the IRSR website at <https://irsr.stanford.edu/apirl>.

IRSR BACKGROUND & UPDATES

In June 2015, to enhance Stanford's ability to manage and engage with the campus community for investment responsibility issues, the Stanford Board of Trustees delegated responsibility to the president for establishing a new university office to be the central point of contact. The Office of IRSR was established in January 2016. The IRSR Office aims to (i) clarify the process for raising and evaluating issues related to investment responsibility, (ii) engage the Stanford community on these issues, and (iii) improve the efficiency and responsiveness of the university when evaluating these issues. The IRSR director and program manager report to the Office of the President. IRSR achieves its mission by fielding requests for review of investment responsibility issues, coordinating with campus constituencies, and working closely with the APIRL and the university leadership. To learn more, please read the [IRSR Office announcement](#) and [an interview with the Director of IRSR](#), and visit the IRSR website at <http://irsr.stanford.edu/>.

During the 2016-17 academic year, IRSR hosted the APIRL new member orientation, planned and co-hosted the Annual Town Hall, and developed and launched the new IRSR website that has significantly enhanced information accessibility and availability including recent requests for review, current APIRL membership, APIRL annual reports since 2014-15, and the request for review online submission form. IRSR supported the APIRL and the SCIR with meeting preparation and coordination, as well as coordinating research while the APIRL conducted its evaluation of the SU Prison Divest request. In response to a student who wanted to understand what Stanford is doing in relation to criminal justice and how students can get involved, IRSR with the SCJC prepared a resource compendium on criminal justice. To reach a broader community, the IRSR Office had conversations with students and student groups, faculty, and staff interested in investment responsibility at Stanford.

REQUEST FOR REVIEW

The Stanford community may raise issues about investment responsibility for consideration by APIRL through the submission of a Request for Review, which may be found [here](#). A request with research sources and supporting material can be submitted [online](#).

The IRSR Office screens Requests to ensure that they are complete and within the scope of APIRL's review, as established by the APIRL Mission and Operational Guidelines and the Statement on Investment Responsibility. At that point, the requests are turned over to the APIRL for evaluation. When the APIRL's review is complete, APIRL makes a recommendation to the SCIR or the President, as appropriate.

For more information, please visit the IRSR website at <https://irsr.stanford.edu/request-review>.