

April 19, 2021

Dear President Rivera,

The Social Responsibility Committee (SRC) has reached a consensus that there is sufficient evidence to forward the Fossil Free Macalester proposal to the Board for its consideration.

In addition, after careful deliberation and discussion with key stakeholders, the SRC has reached consensus that, as a committee, we support this proposal. Below we describe our reasoning about the proposal's three main requests: divestment, denunciation and disclosure.

This report also outlines our process in reaching this decision, followed by our rationale for the decision, and concludes with additional issues that are connected with the implementation of the proposal.

We want to recognize Sasha Lewis-Norelle and Emma Harrison for their outstanding work in preparing this proposal.

I. Process

The SRC consists of nine voting members and three ex-officio members. The voting members are Kashvi Ajitsaria '22 (MCSG Representative and Sustainability Officer), Samuel Asarnow (Assistant Professor of Philosophy), Amy Damon (Associate Professor of Economics), Rebecca Gentry '23 (MCSG Representative), Brian Lindeman '89 (Assistant Vice President of Admissions and Financial Aid), Christie Manning (Director of the Sustainability Office), Bobbie Pennington '24 (MCSG Representative), Roopali Phadke (Professor of Environmental Studies and SRC Chair), and Margaret Smith (Coordinator for Student Organizations and Leadership). The student representatives were chosen by the Macalester Student Government. The ex-officio members are Gary Martin (Chief Investment Officer), Andrew Wells (Associate Dean of Students), and David Wheaton (Vice President of Administration and Finance).

The SRC received its charge from President Rivera on February 22, 2021. The committee met five times over the following two months. Our first meeting focused on discussing the proposal and understanding the context and history of fossil fuel divestment efforts at Macalester. At the second meeting, Gary Martin and David Wheaton provided the Committee with a detailed presentation of the structure and decision-making framework for the endowment. The SRC met twice more to discuss the proposal. During our fourth meeting, students from Fossil Free Macalester, Sasha Lewis-Norelle and Andrew Lee, were invited to meet the committee and answer a few questions. The final meeting was devoted to completing this report.

The committee voted unanimously to recommend to the President that the Board consider the proposal.

II. The Consensus

The proposal calls on Macalester College to publicly denounce the Line 3 pipeline replacement and expansion project, divest the endowment from all holdings in Enbridge Energy, and engage students in transparent discussions about the College's investments. We focus in this section on the divest and denounce requests. We address the transparency issue in Part III of this report because, while very important, it does not directly concern Enbridge.

The College's divestment policy asks us to consider whether this investment is "proximate to and directly responsible for identifiable Grave Social Injury." Grave Social Injury is defined in the College's 2018 Guidelines for Investor Responsibility as "excessive or deliberate injurious impact on employees, consumers, and/or other individuals, or groups resulting directly from specific actions or inactions by an investment vehicle's management."

At this time, it is difficult to know the full extent of the present and long-term social and environmental harms associated with construction of Line 3. However, we believe there are aspects of the project which constitute present grave social injury, and others that constitute social injuries that, while still potential, are sufficiently proximate that they warrant the Board's consideration. Many of the grave social injuries in question are happening in Minnesota, which we believe amplifies their significance to the Macalester community and makes them especially important for the Board to consider. We detail these below.

We believe there are two central categories of present grave social injuries caused by the Line 3 project:

- Infringement on sovereignty of tribes

Line 3 is actively opposed on the streets and in the courts by members of the White Earth Nation, Mille Lacs Band of Ojibwe, and the Red Lake Nation. We believe this indicates that the Line 3 project unjustly infringes on the sovereignty of these tribes in a way that satisfies the definition of a grave social injury.

Moreover, this injustice is one of special significance to the College. We agree with the student proposers that Macalester College has repeatedly asserted our interests in not only addressing our long history of settler colonialism, but in challenging ongoing settler colonialism. As the proposal states, until very recently "Macalester has operated on this land with scarcely a recognition of its history" and our role in its dispossession. Continuing to benefit from our investment in Enbridge, despite the grave social injury the Line 3 pipeline project inflicts on Indigenous people in northern Minnesota, does not seem to us to be in the spirit of the College's commitment to challenging ongoing settler colonialism.

- Violence against Indigenous women

We are concerned about the impact Line 3 construction has already had, continues to have, and will have on Indigenous women in particular. It is widely recognized that there is a major pattern of violence against women and girls in Indigenous communities, known as the epidemic of Missing and Murdered Indigenous Women and Girls. As the student proposers highlight, the

[Minnesota Taskforce on Missing and Murdered Indigenous Women](#) has identified projects like the Line 3 project as significant contributors to this tragic and ongoing pattern of violence. A [local newspaper](#) recently reported that the “Violence Intervention Project” in Thief River Falls has seen an increase in calls for service and heard reports of sexual harassment at local businesses since pipeline construction started in December.

We also believe the following two issues constitute potential grave social injuries that are nonetheless worthy of consideration by the Board:

- The promotion of fossil fuel consumption and future carbon emissions

The Line 3 pipeline promotes the consumption of tar sands, continues our investment in and reliance on fossil fuels, and will further contribute to climate change. It also subverts Minnesota’s state policy on reducing emissions. While the climate-related harms caused by the pipeline are still potential, in the sense that they have not yet occurred, we stress that they are not potential in the sense of being merely probable. They are an inevitable result of the pipeline’s construction.

- The potential for oil spills and destruction of ecosystems along the corridor

As the student proposers emphasize, the Line 3 project poses the potential for significant environmental damage along the pipeline corridor. If it occurs, this environmental damage will constitute further violation of Indigenous sovereignty and will threaten populations that are already highly vulnerable. While we recognize that these harms are still potential, in the sense of being merely probable, in our judgment the likelihood is sufficiently high that the Board may wish to consider them.

Because of these four categories of grave social injuries, we support the proposal’s calls to consider divestment from holdings in Enbridge.

On the issue of denouncing the Line 3 pipeline project, we see value in the College making a public statement expressing opposition to Line 3 construction. When we asked the student proposers about what form this denouncement could take, they said they would like to draft a public statement in collaboration with College administration that would be placed on the College’s website.

Finally, beyond the above considerations for grave social injury, the Committee was persuaded that this issue is deeply important to current students. MCSG conducted a Student Life survey in 2020-21. Of the 268 students who completed the online survey, 93% supported divestment from Enbridge. While this is a small sample, we have seen that Macalester community members (students, alumni, faculty/staff) have been deeply involved in the Line 3 controversy for years. The feelings run deep; they are not a momentary trend that is likely to dissipate over time. We also note that our Committee itself represents the important constituencies of the Macalester community (staff, faculty, students and one alum).

Students have pointed out that investment in Enbridge, and the Line 3 project in particular, runs contrary to the values the College espouses. President Rivera has recently underscored that

social justice, anti-racism and equity work are central to the College's mission. Students argue that Macalester's investments in Enbridge mean we are not only complicit in these injustices, but that we financially benefit from these injustices which compromise our overall mission. This suggests to us that there is potential reputational risk, particularly for prospective students, with our continued investment in Enbridge.

III. Other Issues

In addition to the questions of divestment and denouncement, we think the proposal's call for transparency deserves consideration. SRC members learned a great deal about the endowment through our consideration of this proposal; such information would be valued by other members of our community. Our investigation has brought to our attention that approximately 6% of the endowment's real assets are invested in public energy infrastructure, which includes Enbridge-like companies. This was a surprise to many of us. We believe that the Macalester community has a significant interest in understanding the makeup of the College's investments, at whatever level of detail can be appropriately disclosed, so we support the call for greater transparency.

We also support a request for transparency concerning how any funds divested from Enbridge will be reinvested. While we recognize that fine-grained investment decisions are made by fund managers, if such funds are reinvested in other public energy infrastructure companies that are implicated in similarly grave social injuries, the divestment process will not serve the ends sought by the student proposers.

Finally, we emphasize that divestment is not "merely symbolic." Beyond our concern of unjustly benefiting from grave social injuries, we believe our divestment may contribute to divestment decisions made by other colleges and universities. Such a pattern may eventually have market price effects and help manifest the climate-just future the Macalester community is so invested in making a reality. Moreover, divestment may be an opportunity for the College to be a leader among our peer institutions and to enhance our reputation, especially among future students for whom these issues are very important.

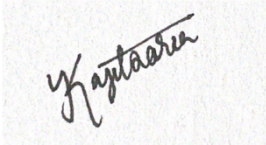
The divestment guidelines say that the SRC should consider "alternative means by which the College could better address the social responsibility concerns at issue, including letters to management and/or exercising investor rights." In our judgment, this case involves a College investment that is "proximate to and directly responsible for identifiable Grave Social Injury." Because of that, we think both divestment and denouncement (in the form discussed above) are warranted, and we do not see any other alternative means that would address the relevant concerns.

We recognize that divesting from Enbridge would set precedent and may undermine the decision-making authority we vest in our contracted investment managers. We also understand that there are many other endowment investments that the Macalester community may object to for their environmental or social impact. However, the Committee finds that the circumstances

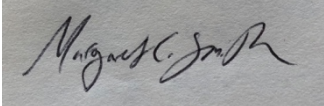
surrounding the Line 3 project are sufficiently distinctive, and of such special importance to the Macalester community, that they merit the Board's consideration.

Respectfully,

The Social Responsibility Committee



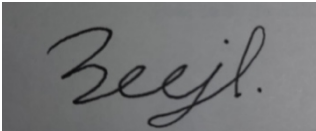
Kashvi Ajitsaria



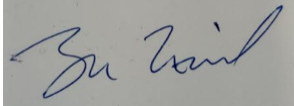
Margaret Smith



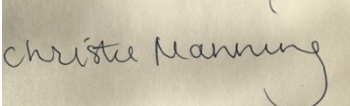
Samuel Asarnow



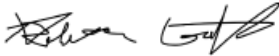
Bobbie Pennington



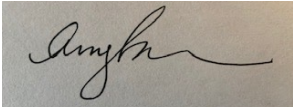
Brian Lindeman



Christie Manning



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