

CCIR Statement Regarding Investment in Private Prison Companies:

CoreCivic and GEO Group

The Yale board of trustees has adopted a policy making ineligible for investment CoreCivic and GEO Group, the two largest private prison companies that dominate the industry. This policy was recommended by the Advisory Committee on Investor Responsibility (ACIR) based on engagement with members of the Yale community and its research showing that the operations and activities of these two companies constitute “grave social injury” as defined in Yale policy. This recommendation was endorsed by the Corporation Committee on Investor Responsibility (CCIR) and put forward to the board of trustees, which approved the divestment policy in October 2021. Such policies are adopted by the board of trustees as a matter of ethical principle, irrespective of whether the endowment currently invests or has ever invested in such companies.

Previously, the CCIR approved proxy voting guidelines with respect to any private prison companies that might potentially come into the Yale portfolio. These guidelines sought company disclosure of political contributions and lobbying activities, and of any company efforts to reduce harm to prisoners.¹ In its recent action, the ACIR determined that CoreCivic and GEO Group have engaged in exploitative, unsafe, and predatory practices, or enabled such activities within prison facilities, such that a proxy voting policy would not likely be effective with respect to these companies.

The CCIR appreciates the work of the ACIR and other members of the Yale community who contributed to consideration of this issue.

Background

For nearly 50 years, Yale University has considered various ethical investment issues related to Yale’s Endowment and has been guided by longstanding principles articulated in *The Ethical Investor* (John Simon, et. al., Yale University Press, 1972). These deliberations resulted in the adoption of divestment policies with respect to certain U.S. companies that operated in South Africa, oil companies doing business in Sudan, and assault weapon retailers. In the case of South Africa, Yale was deeply opposed to apartheid and believed it had “an ethical duty to contribute to the process of peaceful change.” The focus of these efforts was to promote management’s adherence to the principles of fair and equitable employment practices and the elimination of segregation. In the case of Sudan, the university recognized that the Government of Sudan and government-sponsored militias were engaging in human rights atrocities in the

¹ The proxy voting guidelines are as follows: “Yale will support reasonable, and well-constructed shareholder resolutions related to improvements in the corporate social responsibility of private prisons. Examples of resolutions that would be supported in the future include those seeking disclosure by private prison companies of their political contributions and lobbying activities and the use of contracts with private prison companies that contain incentives based on objective measures of performance such as lower recidivism rates. Other resolutions that would be supported relate to efforts to reduce prisoner rape and sexual abuse and efforts to reduce the high cost of phone calls made by prisoners at private prisons. The University also would support resolutions that request that the boards of directors of private prison companies obtain independent assessments of their success in reducing violence, use of force incidents, disciplinary and grievance systems, contraband, lockdowns and positive drug tests. These examples are meant to be illustrative and not comprehensive as it is not possible to anticipate precisely the full range of issues that might be presented for shareholder consideration in the future.”

Darfur region. Oil companies operating in Sudan were viewed as providing substantial assistance to the perpetrators of genocide and were therefore deemed complicit. A divestment policy was adopted with respect to assault weapon retailers, because retail outlets that market and sell assault weapons to the general public were viewed as causing grave social injury as defined in *The Ethical Investor*. Earlier this year, the university adopted fossil fuel investment principles, pursuant to which the university decided that coal producers would no longer be eligible for investment, as well as certain oil and gas producers. In addition to these divestment policies, Yale has adopted proxy voting guidelines with respect to tobacco companies, climate change, and, as noted above, private prisons.