

# **External Review (Investment Policies Review Working Group) Report**

## **Review of the University of Sydney's Investment and Divestment Policies**

Submitted to the University of Sydney Senate 27 June 2025

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## PURPOSE

In June 2024, University of Sydney (The University of Sydney) Vice-Chancellor and President, Professor Mark Scott AO, committed to the establishment of a working group to undertake a review of investment and divestment policies, in relation to concerns raised by students, staff, and other members of The University of Sydney's community following issues arising on campus in response to conflict in the Middle East, especially in Gaza, from 7 October 2023.

This Report presents the findings and recommendations of the Investment Policies Review Working Group (IPRWG) established by the University of Sydney in September 2024.

## SCOPE OF REVIEW

The IPRWG's 'Terms of Reference' (see **Attachment 1**) specify that the IPRWG was established to:

1. conduct a review of the position of defence-and security-related industries in the University's Investment Policy and the University's Integrated ESG Framework to ensure they reflect the University's commitment to human rights, and
2. produce a report or reports for the University of Sydney's Senate which outlines findings and recommendations where applicable.

It is important to note there that the IPRWG's 'Terms of Reference' neither required nor permitted a consideration of wider issues such as the extent, if any, to which the University of Sydney should engage in or support defence- and security-related research.

## MEMBERSHIP

IPRWG membership:

Dr Simon Longstaff AO (Chair)

Stephen Dunne

Professor Lisa Jackson-Pulver AM

Professor Justine Nolan

Bryson Constable

Muhammad Yaseen

Lieutenant General Greg Bilton AO (*from October 2024*)

Amongst other considerations, membership of the IPRWG was informed by the need to have a balance of views informed by persons with a deep understanding of human rights, investment and defence and national security.

Thus, in addition to those listed, the membership initially included the former Director of the Australian Security Intelligence Service (ASIS), Major General (Rtd) Paul Symon AO. Paul Symon later resigned from the IPRWG after discovering, as a result of University of Sydney disclosures, that he had a potential conflict of interest. Subsequently, the IPRWG was pleased to welcome to its membership Lieutenant General (Rtd) Greg Bilton AO.

## METHODOLOGY

The IPRWG met (either in person or online) on six occasions. The IPRWG was originally requested to submit its Report to the Senate Finance Committee by December 2024. This deadline was not met due to the need to honour a commitment to allow submissions to be made to the Review. As noted below, a

substantial number of submissions were received and each was read and analysed so as to give due weight to the representations. As a whole, the process of calling for, receiving and reviewing submissions added some months to the process – which then necessarily extended into the New Year.

In addition to utilising the knowledge and experience of its own members, the IPRWG sought expert advice on matters relating to:

- The University of Sydney's existing investment portfolio – especially in relation to defence- and security-related investments (as per the point below, after further investigation the IPRWG adopted a definition of 'arms' as best suited to its task)
- the definition of 'defence- and security-related' industries (especially in relation to what constitutes primary or ancillary activity)
- human rights and other legal considerations surrounding defence- and security-related activities in terms of the intersection between corporations and the policies and practices of nations that supply or deploy arms).

The IPRWG also sought submissions from interested parties – both by way of a general invitation to make representations or by way of specific invitations (such as the International Committee of the Red Cross and Crescent). An overview of the submissions received, in terms of number and content, is included at **Attachment 2**.

It should be noted here that the IPRWG paid close attention to the submissions received. They were all read and assessed. The role of the submissions was to *inform* the deliberations of the IPRWG – but not to *determine* the outcome. Thus, the findings and recommendations of the IPRWG are those of the IPRWG – and not merely a reflection of the views expressed by others.

In undertaking its task, the IPRWG structured its deliberations around the following questions:

*In general, should there be **any** investment in **any** defence and national security “assets”?*

- *If no, why not?*
- *If no, then what implications would this have for wider society?*
- *If yes, then what limitations should apply?*

*Additionally, in relation to the questions posed above, to what extent (if any) should the answers be different for universities (as a whole) and The University of Sydney (in particular)?*

*Finally, with all of this in mind, what implications – both in principle and in practice- should this have for the The University of Sydney investment portfolio today and in the future?*

## KEY DEFINITION

The IPRWG *Terms of Reference* refer to “defence-and security-related industries”. In the course of its work, the IPRWG has sought to determine if there is an internationally agreed definition by which one can identify which companies fall within scope. On the best advice, and through exploring this via its own networks, the IPRWG has concluded that no such definition exists.

Given this, the IPRWG has focused its attention on what expert opinion considers the most reliable basis for identifying companies that fall within the scope of the IPRWG's *Terms of Reference*. This has led to the use of the term 'arms' within this report (a term that is increasingly being used in international instruments, particularly in trade-related contexts such as arms transfers and arms control).

More particularly, in the Australian context, the IPRWG is advised that:

*“the legal framework for identifying and classifying arms is designed to facilitate export controls and sanctions compliance. This is informed by Australia's international obligations as a member of the*

*Arms Trade Treaty and the Wassenaar Arrangement, as well as requirements under United Nations Security Council sanctions regimes<sup>1</sup>.*"

In turn, the mechanism by which the Australian government meets its international and domestic legislative obligations is by way of the [Defence and Strategic Goods List](#) (DSGL). The DSGL is in two parts<sup>2</sup>:

The DSGL does not offer a comprehensive definition of arms. The 2,500+ listed items are classified into two categories:

- a. Part 1 - Munitions List: items specially designed or modified for military use.  
DSGL Part 1 reflects the 22 categories of the Munitions List of the Wassenaar Arrangement, a multilateral export control initiative of which Australia is a member. These categories cover major conventional arms in addition to small arms and light weapons (SALW), ammunition, parts and components, and production equipment.
- b. Part 2 - Dual-use goods: items that may be used for both civilian and military purposes.

DSGL Part 2 reflects the 9 categories of the Dual-Use Goods and Technologies List of the Wassenaar Arrangement.

The IPRWG has determined that it is impractical to identify, with an acceptable degree of accuracy, companies that produce products that are controlled under DSGL Part 2.

Given this, the IPRWG has confined the scope of its review to:

The University of Sydney investments (both direct and indirect) in assets (shares, bonds, etc.) where revenue is derived from items listed on DSGL Part 1.

## FINDINGS

In light of the information before the IPRWG and following careful deliberation, the IPRWG has concluded that:

1. The University of Sydney does not have a 'single source of truth' setting out its commitment to human rights. Rather, a general commitment to human rights is to be inferred from the existence of separate policies that recognise human rights (e.g. in relation to Indigenous peoples, modern slavery, etc.).
2. Arms are inherently harmful. They are specifically designed to kill, maim or otherwise constrain the ability of human beings to act. While the use of armed force is generally prohibited under international law, exceptions to this rule include acting in individual or collective self-defence. Furthermore, the use of conventional arms (other than those prohibited under specific treaties) is not unlawful under the international law that applies in armed conflicts (international humanitarian law or 'IHL'). However, the use of arms indiscriminately or in a manner causing unnecessary suffering is prohibited under IHL. Given that there are legitimate ends for which arms may be employed, it follows from the maxim that 'to will the end is to will the means'<sup>3</sup> it must also be, in general, equally legitimate to produce the arms by which the legitimate ends can be realised. As such, there is nothing intrinsically wrong in the production of arms and in some cases, there may be a positive duty to do so for, not to do so, would render the pursuit of a legitimate end impossible.

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<sup>1</sup> Varrall, S. (2025) "Definition of Arms in Australian and International Legal Context", Note to the IPRWG, 24 January 2025. A copy of this note is at **Attachment 3**

<sup>2</sup> *ibid*

<sup>3</sup> see Kant, I (1964) *Groundwork of the Metaphysic of Morals*, Harper & Row, New York, 4:417, p.85

3. The inherent capacity of arms to cause harm is constrained by international law. That is, arms should not be employed in a manner that violates IHL or other principles (derived from Just War Theory) that are intended to protect, as far as is possible, human rights in situations of armed conflict.
4. It is therefore wrong to invest in companies that derive revenue from arms that, by their very nature, violate the principles that underpin IHL (e.g. cannot be used with discrimination and proportionality) and/or where arms are sold to entities or parties that abuse human rights.
5. Where these abuses exist, it follows that it would be wrong for a university to invest in these companies. As such, as a matter of principle, a university should divest from any companies which supply arms used for these violations.
6. A university – such as The University of Sydney – exists for a specific purpose which it pursues in the public interest. The ability to realise its purpose, which includes creating the conditions for ‘constrained disagreement’, requires that trust and mutual respect, amongst the ‘community of scholars’, not fall below a necessary, minimum level.
7. Investment to generate financial returns may be a necessary means by which a university can pursue its defining ends. However,
  - a. investment is merely a ‘means’ and does not form part of the purpose for which a university exists.
  - b. The means by which a university pursues its ends must be consistent with and must not undermine those ends.
  - c. Means that erode the necessary, minimal conditions of trust and mutual respect that a university must depend on in order to realise its purpose should not be pursued.
8. Investments in lawful arms that are used in violation of international law may erode the necessary, minimal conditions of trust and mutual respect upon which a university relies. As the analysis of submissions received makes clear (see Attachment C), The University of Sydney’s investment in arms is an objective source of dissension – not least because of the perception, amongst a majority of respondents, that the war between Israel and Hamas has been waged in a manner that breaches human rights.
9. For reasons beyond the control of The University of Sydney, it is not practicable for The University of Sydney to distinguish clearly between arms that will be used for legitimate purposes and those that will not.
10. Given the very small size of The University of Sydney’s direct investment in defence and security-related assets, it would not be overly burdensome to divest from ALL such companies.
11. However, a substantial proportion (around 24%) of The University of Sydney’s investments are made via private investment vehicles that offer risk adjusted returns superior to those that could be achieved, on average, through direct investment via ‘public’ markets.
12. It is a feature of private funds (in particular when investing in a ‘fund of funds’) that investors make a ‘blind investment’. That is, an investor cannot know in advance, with certainty, what assets will be acquired by the fund. The most that can be know is what assets the fund has held, historically, or that it might hold from time-to-time. Most importantly, The University of Sydney has no way to mandate private funds either to invest in defined types of assets or to refrain from making such an investment.
13. Of the total amount invested in private funds (around \$770 million – or around 24% of the long-term fund) only \$1.2 million is invested in defence and security related assets. Thus, to date, the percentage of income derived from defence and security related assets held by private funds has been very small. However, given the geopolitical environment and a likely increase in defence expenditures to meet emerging challenges, it is quite likely that the percentage of investments in defence and security related assets will increase. As noted above, it is a feature of ‘blind investments’ in private funds that The University of Sydney will neither know about nor be able to control the extent or nature of such investments.
14. The ‘opportunity cost’ of not investing in private funds is estimated to be in the order of \$30 million per annum.
15. The cost of divesting from private funds, prior to their maturity, is estimated to be around \$67 million (representing the ‘discount’ to market value that The University of Sydney would need to accept as the ‘price’ for exiting early).

The reasons behind these findings are outlined below.

## RECOMMENDATIONS

The IPRWG recommends that:

1. UYSD develop, adopt and publish an overarching statement of its human rights commitment. Such a statement should provide the foundation on which more specific policies are built.
2. At the earliest opportunity when practicable, The University of Sydney:
  - 2.1. unwind all of its investments and not make any future investments, in:
    - 2.1.1. direct equity holdings in assets that derive revenue from items listed on DSGL Part One,
    - 2.1.2. publicly traded investment instruments that derive revenue from items listed on DSGL Part One,
  - 2.2. preserve its current investments in private funds until maturity
  - 2.3. actively monitor the composition of assets, held by private investment vehicles, to determine which, if any, derive revenue from items listed on DSGL Part One and to ensure, to the extent possible, that there is not significant investment into such assets.
  - 2.4. publish annually a list of all assets identified under 2.4 (above)
  - 2.5. actively engage with private investment managers to affirm The University of Sydney's commitment to human rights and its preference for investments that accord with that commitment.
3. The University of Sydney's Chief Investment Officer provide an annual attestation, to the The University of Sydney Senate, as to the progress of divestment and the ongoing state of the portfolio in relation to such investments.
4. The University of Sydney's Chief Investment Officer provide an annual attestation, to the The University of Sydney Senate, as to how The University of Sydney's investments conform with its human rights commitments.
5. The University of Sydney put in place an active review process, rather than simply adopting a policy, that focuses on human rights implications associated with The University of Sydney's investments, on an ongoing basis.

## A CRITICAL DISTINCTION

As noted above, the IPRWG 'Terms of Reference' neither invited nor authorised the IPRWG to consider the intersection between research and teaching and defence and security-related activities. However, the IPRWG thought it important to consider the extent, if any, to which implementation of its recommendations might give rise to allegations of hypocrisy on the part of The University of Sydney, its staff, students and wider community of alumnae, etc.

In considering this question, the IPRWG relied on:

- a. its finding that there is nothing intrinsically wrong about the manufacture of arms – nor work relating to defence and security-related, and that
- b. there is an important distinction between:
  - the intrinsic purpose of a university; namely, to undertake research and teaching to discover, develop and transmit knowledge, and
  - the extrinsic goal of generating income to enable the intrinsic purpose to be realised.

The 'intrinsic purpose' of a university is importantly informed by fundamental principles such as that of 'academic freedom' and the *disinterested*<sup>4</sup> pursuit and dissemination of knowledge. Bound by commonly

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<sup>4</sup> It is important to note here the distinction between the concepts of being 'disinterested' and 'uninterested' – with the latter term denoting a lack of engagement in or commitment to a particular activity. The former term, 'disinterested' is typically applied to a person who proceeds on a course of action free from any conflict of interest or duty. Its

accepted norms around general and research ethics there should be a rebuttable presumption in favour of an open research agenda – including in areas that have a bearing on defence and national security.

This position reflects the IPRWG's finding that there is nothing intrinsically unethical about developing a nation's capacity for self-defence and/or for rendering protection and humanitarian assistance to vulnerable third parties.

## REASONS FOR FINDINGS

### On defence and national security

As noted above, the IPRWG deliberated about the ethical status of those who seek to profit from the production, trade in or transfer of arms, for use in systems of defence and national security. In considering this matter, the IPRWG took account of the context in which such activities might be considered legitimate. These contextual factors include: philosophical traditions of Just War Theory, IHL and a range of associated international laws and norms that constrain the way in which force might be deployed in conditions of conflict.

The IPRWG concluded that, as a minimum, nations have a fundamental right to engage in self-defence for the protection and preservation of their people. This right extends to affording support to others who may have been the victims of unjustified aggression by others. As such, the IPRWG concluded that there is nothing intrinsically wrong about conduct that seeks to provide the means by which legitimate defence and national security objectives are pursued.

However, while it was agreed that there are such fundamental rights – as is that of self-defence – there are also ethical and legal limits to the means by which those rights might be exercised. That is, the IPRWG accepted the distinction traditionally made in Just War Theory between *jus ad bellum* (what justifies armed conflict) and *jus in bellum* (what constrains the means by which armed conflict may be conducted). For example, while self-defence might justify going to war, it must be fought in a way that applies, in practice, principles of IHL such as 'discrimination' and 'proportionality'. In turn, many of the principles relating to 'ethical restraint' in armed conflict are expressions of a commitment to human rights.

Given this, it was always open to the IPRWG to develop an approach based on *selective* investment in a defined (and limited) range of companies providing goods and services in the areas of defence and national security. For example, it could be possible for The University of Sydney to implement a strategy that clearly defines which categories of investments are 'off-limits' (e.g. arms banned under international conventions). Or The University of Sydney could take a case-by-case approach and divest from companies supplying arms to parties committing clear human rights violations. Secondly, this process could be balanced by having a rebuttable presumption against investment in arms. This is where The University of Sydney could take the position of only investing in arms if the company can provide sufficient evidence that the arms are for protection or humanitarian assistance.

The IPRWG deliberated on these possibilities and found that it may be impractical for The University of Sydney to adopt a case-by-case or limited investment strategy. For instance, constantly monitoring for human rights abuses (leaving aside the practical difficulty in definitively concluding abuses have taken place) and then initiating a divestment process would not be practical for an endowment fund of the size and nature of The University of Sydney's endowment fund.

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application in the context of a university speaks to the tradition in which academics engage in research and teaching in order to discover or disseminate knowledge 'for its own sake'. This is not to suggest that the knowledge lack practical application or utility. Rather, it is a term used to encapsulate an ideal in which a community of scholars seek and disseminate knowledge in a spirit of independent enquiry free from the distortions that can apply when pursuing self-interest or the interests of others who might seek to shape research and teaching to suit their references or realise their ends.



The IPRWG also attended to the special character of investing in ‘private funds’ – which do not afford the University the opportunity to mandate (by way of inclusion or exclusion) any specific investment (or type of investment) made on its behalf. This absence of knowledge and control is the ‘price’ paid for access to investment vehicles that offer, on average, a four percent premium in returns when compared to those available through either direct investments in companies or via publicly traded securities.

It should be noted, here, that private funds vary considerably in quality. The University of Sydney has been assiduous in its efforts to gain access to the better performing funds – an investment in time and relationship building that is currently yielding superior financial returns to the benefit of The University of Sydney.

It is, of course, open to the The University of Sydney Senate to adopt a ‘self-denying ordinance’ by which it forgoes the superior returns offered by private funds as the price it is willing to pay for being able to be maximally responsible in its investment practices. To do so would give maximum effect to the principles outlined below. The IPRWG has not made such a recommendation – not because it lacks conviction in relation to the principles it outlines but because it recognises the considerable good that can be done by prudent use of the superior returns generated by continuing to accept the risks of ‘blind investing’.

## **The special character of a university**

An underlying question before the IPRWG concerned whether or not a university, in general, or The University of Sydney, in particular, is bound by any special obligations that do not apply to other organisations. This has led the IPRWG to examine the purpose of a university in attempt to discern what is distinctive about such institutions and the extent, if any, to which this might have a bearing on the matters put before the IPRWG in its ‘Terms of Reference’.

The earliest precursor of the modern university was founded in Bologna (in what is now Italy) in 1088 CE – as the Studium of Bologna. This was soon followed by a similar institution in Paris. What is remarkable about these two institutions is just how different they were – even in their own time. Medieval Europe was a place of fluid borders and the unifying hegemonic power of the Roman Catholic Church. Latin and Greek provided a common language for scholarly exchanges that transcended linguistic, geographic or cultural borders. Yet, rather than emerging in conformance with a common pattern, these early institutions of higher education took radically different approaches to teaching and learning. Bologna was what might be described, today, as ‘student-centred’. Paris took the opposite approach – with all its developments being focused on developing and preserving the ‘authority of the masters’ (all male, all clerics).

The medieval university would largely be unrecognisable today – in terms of structure, curriculum, modes of teaching and learning, etc. Indeed, the development of universities committed equally to both research and teaching, in the form we recognise today, only emerged in the Nineteenth Century, in Germany, with the emergence of the nation state. As Stanford academic, Associate Professor Emily J. Levine, puts it<sup>5</sup>:

The German scholar Wilhelm von Humboldt was tapped to create an institution that would cultivate civil servants and support a more competitive military – while providing scholars the autonomy to pursue their own areas of study. <https://ed.stanford.edu/news/story-behind-modern-university>

However, such a description does not do full justice to von Humboldt’s vision for the University – nor to the influence of the model that was give initial effect at the University of Berlin in 1810. Key features of von Humboldt’s concept of the university were soon taken up in other parts of Europe and the wider world influenced by European thinking. Those ideas, albeit in an attenuated form, can still be found in most universities located in today’s ‘global West’. They include concepts of the university as being a place where there is a unity of teaching and research, freedom of academic enquiry, institutional autonomy, etc.

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<sup>5</sup> Levine, E. J. (2021) *The Story Behind the Modern University*, <https://ed.stanford.edu/news/story-behind-modern-university>

The core of von Humboldt's thinking is revealed in a letter he wrote to the Prussian King<sup>6</sup>:

There are undeniably certain kinds of knowledge that must be of a general nature and, more importantly, a certain cultivation of the mind and character that nobody can afford to be without. People obviously cannot be good craftworkers, merchants, soldiers or businessmen unless, regardless of their occupation, they are good, upstanding and – according to their condition – well-informed human beings and citizens. If this basis is laid through schooling, vocational skills are easily acquired later on, and a person is always free to move from one occupation to another, as so often happens in life.

That is, von Humboldt was a champion for what might be described as a 'liberal education'.

Such an approach to education is not exclusively 'German'. Certainly, one can find analogous approaches in other parts of the world – notably in Scotland where its universities played an important role in advancing the 'Scottish Enlightenment'. However, it was the institutional form of the university – as developed by Humboldt (rather than its purpose) that proved to be so influential.

Although there are many differences between universities – over time and place – there is one thing that has remained consistent. This is the idea (and often reality) of the university as a community of scholars joined together in a shared enterprise.

The precise nature of that 'shared enterprise' has been much debated. However, for the purposes of the IPRWG, we have found the views of Alasdair Macintyre to be persuasive. Macintyre<sup>7</sup> argues that, in our current stage of civilization, universities can (and should) be,

a place of constrained disagreement, of imposed participation in conflict, in which a central responsibility of higher education would be to initiate students into conflict. In such a university those engaged in teaching and enquiry would each have to play a double role. For on the one hand, each of us would be participating in conflict as the protagonist of a particular point of view, engaged thereby in two distinct but related tasks. The first of these would be to advance enquiry from within that particular point of view, preserving and transforming the initial agreements with those who share that point of view ...

... The second task would be to enter into controversy with other rival standpoints, doing so *both* in order to exhibit what is mistaken in that rival standpoint ... *and* in order to test and retest central theses advanced from one's own point of view against the strongest possible objections to them to be derived from one's opponents.

On the other hand, each of us would also have to play a second role, not that of the partisan, but of someone concerned to uphold and to order the ongoing conflicts, to provide and sustain institutionalized means for their expression, to negotiate the modes of encounter between opponents, to ensure the rival voices were not illegitimately suppressed ...

Macintyre believes that such an institution could work towards creating 'an educated public' which can, amongst other things, think. However, he is sceptical about the possibility of creating such an institution in practice. This is not the place to canvass the full scope of Macintyre's arguments – not his underlying complaints about the effects of post-Enlightenment thinking.

Rather, we offer this view of the university as a place of 'constructive conflict' – ultimately in the public interest – because of what it presupposes about the conditions under which this might occur.

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<sup>6</sup> For a citation for this quoted letter and more generally a discussion of von Humboldt's ideas see the relevant entry in Wikipedia, [https://en.wikipedia.org/wiki/Humboldtian\\_model\\_of\\_higher\\_education#cite\\_note-1](https://en.wikipedia.org/wiki/Humboldtian_model_of_higher_education#cite_note-1)

<sup>7</sup> Macintyre, A. (1990) *Three Rival Versions of Moral Enquiry*, Gerald Duckworth and Co. Ltd., London, pp 230-231.

We note here that this approach is consonant with the views expressed by The University of Sydney in its internal response to the Model Code recommended in the Report of the Independent Review of Freedom of Speech in Australian Higher Education Providers (“The French Review”), released by the Federal Government on 6 April 2019. In its report, the The University of Sydney’s ‘French Review Group’<sup>8</sup>, established to prepare a response to the French Review, observed that:

In addition to this consideration, the Group recognised that argument and disagreement are essential elements of the core mission of a university to advance knowledge<sup>9</sup>.

As noted above, Just War Theory conceives of the need for ethical restraint both in terms of justifying going to war and in terms of waging war. Similarly, the view of the university proposed by Macintyre is one of “constrained disagreement”. That is, there are conditions under which conflict, within the university, can be justified. Not anything goes.

This insight is also consonant with The University of Sydney’s existing approach. The French Review Model Code Implementation Group Report (being the report of the University Review Group cited above) proposed that a ‘Charter of Freedom of Speech and Academic Freedom’ would enable the university to become a place “... where people disagree well”<sup>10</sup>.

The French Review Model Code Implementation Group Report therefore recommended, amongst other things:

that it is reasonable for the University to set the scholarly standards it believes are conducive to delivering its core mission of the advancement of knowledge<sup>11</sup>.

Likewise, the IPRWG believes that a university conceived of in this manner can only operate constructively and in the public interest if there is a high degree of trust and mutual respect between those who make up the ‘community of scholars’ at any point in time. The idea of such a ‘community’ includes those employed by The University of Sydney but also encompasses all of its students. Some may wish to draw a wider boundary – but that is not a matter to be resolved here. That is, it holds the view that there are basic preconditions under which members of an academic community can ‘disagree well’.

The difference here is that, given its remit, the IPRWG believes that in addition to setting “scholarly standards”, The University of Sydney also needs to view its investment policies and activities in the same light.

The establishment of trust and mutual respect is not solely the responsibility of staff and students. Other important stakeholder – including alumnae and donors also have a role to play in maintaining the necessary character of a university. Finally, it is also for the institution to play an active role in creating the conditions under which these relationships can be developed and preserved.

In the view of the IPRWG those conditions are undermined whenever, in general terms, a university displays an apparent indifference to human rights – or where a concern for human rights is only selectively applied to the benefit or detriment of one group or another. This can be especially destructive of trust and mutual respect when the perceived breach of fundamental human rights immediately or proximately affects individual members of the community of scholars.

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<sup>8</sup> The members of the ‘French Review Group’ and thus, the authors of the resulting report were: Chair, Mr Richard Fisher AM, Professor Lisa Jackson Pulver AM, Professor Tony Masters, Professor Anne Twomey, Dr Gareth Bryant, Mr Jacky He, Ms Xiner Yuan, and Professor Don Markwell.

<sup>9</sup> Fisher, R. H. (2019) *A Model Code for the Protection of Freedom of Speech and Academic Freedom in Australian Higher Education Providers: Report of the French Review Model Code Implementation Group*, p.12

<sup>10</sup> *ibid*, Annexure E.

<sup>11</sup> *ibid*, p. 11

As things stand, The University of Sydney's investment in arms takes place under conditions where it cannot be certain that the revenue is derived from arms that are used in compliance with international law. That is, it is not practicable for The University of Sydney to determine whether or not it is deriving financial benefit from circumstances involving a violation of human rights. This is not simply due to a lack of transparency. Arms may be acquired by a third party and inadvertently, The University of Sydney might find itself deriving income from a source that involves a violation of human rights.

The salient point here is The University of Sydney simply cannot know enough to provide reasonable assurances that income has been derived solely from an investment in arms that have not been (and cannot be) used in breach of international law. Again, we draw attention to submissions made to the IPRWG in which a majority of respondents represented the view that the current conflict between Hamas and Israel had seen the use of arms in violation of international law and involving an abuse of human rights.

As noted above, universities are institutions that distinctly embody an ideal of 'constrained disagreement'. That is, few if any other types of organisation can be said to exist for this purpose. In turn, this distinctive purpose imposes obligations in universities that are also distinct – most notably those around the requirement to build and sustain the conditions for trust and mutual respect. To clarify, it is evidently not suggested that this requires 'an absence of conflict'. Clearly, a university is intended, on this account, to be an arena within which the conflict of ideas is played out.

Further, at this point, the IPRWG reiterates the critical distinction, made above, between:

- the intrinsic purpose of a university; namely, to undertake research and teaching to discover, develop and transmit knowledge, and
- the extrinsic goal of generating income to enable the intrinsic purpose to be realised.

Finally, the IPRWG draws attention to the critical importance of The University of Sydney affirming its commitment to human rights – not just in rhetorical terms but in practice. Whatever a university may be, it cannot attain or retain a legitimate role in society without placing human rights at the centre of its approach to the world.

## **PRACTICAL IMPLICATIONS**

The IPRWG was briefed by Miles Collins (Chief Investment Officer, Investment and Capital Management) – who also tendered a series of documents describing the University's current investments. The Working Group was advised that the University currently has the following investment exclusions: cluster munitions, tobacco, fossil fuels and power generation companies that cannot demonstrate their transition to low carbon. Modern slavery concerns and Australian Aboriginal and Torres Strait Islander and other Indigenous rights are also being integrated into the University's investment strategy.

The Group was also advised that the University holds a small exposure to defence revenues (approximately \$4.6m), primarily through listed aerospace companies and indirectly through its private equity programme. The estimated cost to remove the private companies in the private equity portfolios that have a defence industry link is \$67 million. This cost relates primarily to the need to sell on the secondary market the entire private equity pooled funds that hold defence exposure as part of their portfolio. That is, The University of Sydney cannot 'selectively sell' assets held within private funds. The entire investment in an affected fund would need be sold – at a considerable discount to its nominal value. It is the difference between nominal value and the value of the holding, in the secondary market, that is estimated to be \$67 million in value.

Given the size of the University's investment portfolio – and the relatively inexpensive cost of divestment of the listed securities involved with defence revenues, the IPRWG does not consider there to be a financial or structural obstacle to implementing its recommendation for wholesale divestment of the listed relevant assets.

The divestment implications for the private equity portfolio is twofold. The first is the cost (circa \$67m) and second is the inability to continue the unlisted equity programme, as it is, through both pooled funds and 'fund of fund' strategies. As noted above, it is not possible to impose exclusions on top tier private equity managers or upon private equity 'fund of fund' managers. As also noted, the 'opportunity cost' of not investing in private funds (based on the current portfolio of \$770 million in investments) would be \$30 million per annum. This cost becomes exponentially greater, over time, given the effects of compounding returns.

In an ideal world, The University of Sydney would be able to achieve maximal returns by investing 'with its eyes open'. That is not the world in which investment decisions need to be made. The IPRWG understands that The University of Sydney can and should be a 'force for good' in the world. It understands that it needs resources to be able to fulfil its purpose and to give practical effect to its commitment to human rights. Given this, the IPRWG has anticipated that, from a practical point of view, the The University of Sydney Senate may not be willing to sacrifice the income to be derived from blind investing in private funds.

Given this, the IPRWG has recommended much greater transparency, by The University of Sydney, in reporting as much information as it can obtain, through active engagement, on the precise nature of the investments it holds, indirectly, via private funds.

The IPRWG considered whether or not there should be a 'ceiling' or 'trigger point' relating to the percentage of assets, held by private funds, that derive revenue from items listed on DSGL Part One. It was decided that it was not possible to set an effective number – especially given the changing geopolitical environment. This, too, led us to recommend maximum transparency over immediate divestment in private funds.

On the other hand, for the reasons given above – and at minimal cost – The University of Sydney should divest itself of any direct investment in companies that derive revenue from items listed on DSGL Part One.

## **ATTACHMENTS**

**Attachment 1: Investment Policies Review Working Group Terms of Reference**

**Attachment 2: Consolidated Analysis Report**

**Attachment 3: Legal Definition of Arms in Australia**

## Terms of reference

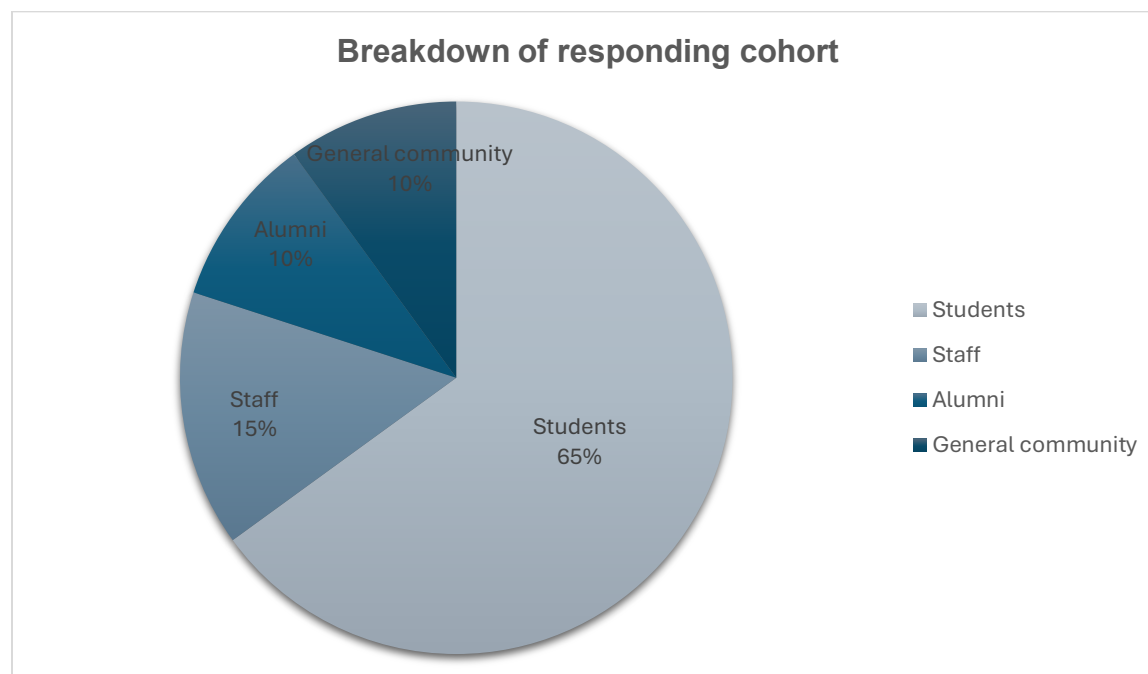
COMMITTEE	<b>INVESTMENT POLICIES REVIEW WORKING GROUP</b>
PURPOSE	<p>In June 2024, University of Sydney Vice-Chancellor and President Professor Mark Scott AO committed to the establishment of a working group to undertake a review of investment and divestment policies, in relation to concerns raised by students, staff, and other members of the University community following issues arising on campus in response to conflict in the Middle East from 7 October 2023.</p> <p>Previously, following reviews, the University updated its Investment Policy and Integrated Environmental, Social and Governance (ESG) Framework. This framework requires that the University's investment mandate is based on the best information available, including to identify and respond to known human rights abuses, with a focus on modern slavery and indigenous and Aboriginal and Torres Strait Islander Australians' rights.</p> <p>Consistent with this commitment to human rights, the Investment and Divestment Policies Review Working Group, hereafter referred to as "the working group", will conduct a review of the position of defence-and security-related industries in the University's Investment Policy and the University's Integrated ESG Framework, and produce a report or reports for the University's Senate which outlines findings and makes recommendations where applicable.</p>
TERMS OF REFERENCE	<p>The working group will:</p> <ol style="list-style-type: none"> <li>1. conduct a review of the position of defence-and security-related industries in the University's Investment Policy and the University's Integrated ESG Framework to ensure they reflect the University's commitment to human rights, and</li> <li>2. produce a report or reports for the University's Senate which outlines findings and recommendations where applicable.</li> </ol>
DECISIONS	<p>The working group will strive for a consensus approach to decision-making.</p> <p>Where consensus cannot be achieved, resolutions can be adopted on a majority basis. Objections will be noted in the minutes.</p> <p>If necessary, members of the working group may prepare and submit a dissenting report or reports, which will be included in reporting to the Senate.</p>
CONFIDENTIALITY REQUIREMENTS	<p>To ensure there is a mechanism for the management of confidential material to be provided to the working group, members are required to sign a confidentiality undertaking prior to the dissemination of material prior to the first meeting of the working group.</p>

CHAIR	Dr Simon Longstaff AO
MEMBERSHIP	Dr Simon Longstaff AO Stephen Dunne Professor Lisa Jackson-Pulver AM Professor Justine Nolan Bryson Constable Muhammad Yaseen Lieutenant General Greg Bilton AO ( <i>from October 2024</i> )
ATTENDEES	Attendees – who are not Members – may be invited, on a meeting-by-meeting basis, at the Chair’s discretion and may include: the Chief of Staff; General Counsel or nominee; Chief Financial Officer or nominee. Attendees will be noted in the minutes of each meeting.
QUORUM	The Chair plus half the members will constitute a quorum
SECRETARIAT	Anna Gamlin, Senior Governance Officer, University Governance Office
MEETINGS	August, September, October, November and December 2024; January and February 2025.
REPORTING	The working group will provide a report or reports to the University’s Senate Finance Investment Subcommittee and University Senate.
MINUTES	Available via the University Governance Office.

# Consolidated analysis of submissions to the Investment Policies Review Working Group

16 October 2024

This comprehensive report amalgamates insights from several distinct AI analyses of submissions made to the Investment Policies Review Working Group. It encapsulates the sentiments and viewpoints of a diverse array of stakeholders within the university community who made submissions, including students, staff, alumni, and the broader community. In total, 715 responses were analysed to extract key themes and sentiment.



## Themes and Sentiment Analysis

### 1. Ethical Concerns and University Reputation:

- **Sentiment:** Overwhelmingly Negative
- There is a palpable sense of betrayal among respondents who argue that the university's investments in weapons companies starkly contradict its foundational values of promoting education, equity, and human rights. The community feels that these actions compromise the ethical stature of the institution.

### 2. Impact on Students and Staff:

- **Sentiment:** Profoundly Negative
- The ethical dissonance created by these investments has reportedly precipitated significant distress among students and staff, undermining their mental health and academic engagement. This has fostered an environment of disillusionment within the university's corridors.

### 3. Human Rights Violations:

- **Sentiment:** Strongly Negative



- Stakeholders express grave concerns regarding the human rights violations associated with the weapons companies supported by the university. The involvement in conflicts, such as those in Gaza, has been particularly contentious, highlighting the loss of innocent lives and the ethical quandaries posed by such investments.
4. **Calls for Divestment:**
- **Sentiment:** Urgent and Imperative
  - There is a robust demand across the board for the university to divest from these entities. Stakeholders articulate that divestment is essential to realign the university's practices with its ethical commitments and to restore its moral credibility.
5. **Global and Community Impact:**
- **Sentiment:** Deeply Concerned
  - The implications of the university's investment choices are seen as extending beyond the campus, affecting global conflicts and community relations. There is a strong advocacy for the university to adopt a stance that promotes global peace and community well-being.
6. **Financial Transparency and Accountability:**
- **Sentiment:** Critical Demand for Transparency
  - Respondents call for enhanced transparency and accountability in the university's investment decisions. There is a clear demand for stakeholders to be informed about where and how the university's funds are being allocated, ensuring they are used in ethically justifiable ways.
7. **Legal and International Standards:**
- **Sentiment:** Cautiously Negative
  - Concerns have been raised about potential legal repercussions stemming from the university's association with human rights violations. Stakeholders urge adherence to international law and ethical standards to mitigate legal risks and uphold the university's global reputation.
8. **Support for Peaceful Resolutions:**
- **Sentiment:** Hopeful and Advocative
  - Many responses emphasize the university's potential role in fostering education and supporting peaceful resolutions to conflicts, rather than investing in industries that perpetuate violence.
9. **Personal Stories and Emotional Appeals:**
- **Sentiment:** Emotionally Charged
  - Personal narratives shared by respondents add a poignant dimension to the discourse, illustrating the human cost and emotional toll of the university's investment decisions.

## List of Keywords

Predominant terms include "University," "Weapons," "Divest," "Ethical," "Human Rights," "Investments," with notable mentions of specific conflict zones and companies involved.

## Insights

The University of Sydney is facing a call to action to realign its investments and partnerships in accordance with its values of education, peace, and human rights. The demands are detailed and multifaceted, emphasizing the ethical responsibility of the institution to its community and the wider world.

### Overview of key requests

1. Divest from all weapons companies complicit in the ongoing conflict in Gaza and other regions, recognizing the role of these companies in perpetuating violence and human rights abuses.
2. Sever research partnerships with weapons manufacturers like Thales, Raytheon, and Lockheed Martin, which are directly implicated in arming parties involved in the Gaza conflict and other global hostilities.
3. Realign the University's investments with its stated values of promoting peace, education, sustainability, equity, and human rights, ensuring that financial decisions reflect these commitments.
4. Join the growing number of universities worldwide that have made the decision to divest from the defence industry, setting a precedent for ethical investment and leadership.
5. Publicly condemn the atrocities and human rights violations occurring in Gaza and the broader Middle East, taking a firm stance against the use of weapons that target civilians, hospitals, and schools.
6. Provide support and create a safe space for students and staff affected by the conflict, including those with family in the region, acknowledging the impact of investment choices on mental health and well-being.
7. Foster an educational environment that encourages social justice, critical thinking, and ethical engagement, upholding the values taught at the university.
8. Ensure transparency in the University's funding sources and investment decisions, maintaining honesty and impartiality in global issues.
9. Uphold ethical standards by avoiding financial gain from conflict, warfare, and industries that contribute to war economies, intergenerational trauma, and colonization.
10. Act as a leader in ethical investment, divesting from any investments connected to the state of Israel, and rejecting research funding from weapons manufacturers, to prevent complicity in loss of innocent lives and human rights violations.
11. Divest from fossil fuels and weapons manufacturing due to ethical concerns about their environmental and humanitarian impact, and avoid investing in generative AI industries without critical thought and consultation.
12. Publicly condemn and divest from entities involved in manufacturing and distributing weapons, advocating for peace and justice, and focusing on humanitarian projects and research.

### Specific Entities

Many submissions called for the University to end connections with entities that are cited as being complicit in conflicts or contributing to environmental and humanitarian issues. This list includes specific named companies known for defence and weapons manufacturing, as well as a general call to divest from companies and organizations that may be complicit in human rights violations or the occupation of Palestinian territories. Additionally, there is a broader request to divest from the fossil fuel industry and entities involved in the manufacture of cluster munitions.

Specific entities include;

- Thales, Raytheon, BAE Systems, Boeing, Caterpillar, Elbit Systems, Dassault Systèmes, General Dynamics, IBM, Lockheed Martin, Northrop Grumman, Oshkosh, Rheinmetall AG, Rolls-Royce Power Systems, RTX, and ThyssenKrupp,
- Israeli companies and institutions (general call, no specific names provided)
- Companies involved in the extraction of or generation of power from fossil fuels (general call, no specific names provided)
- Companies involved in the manufacture of cluster munitions (general call, no specific names provided)
- Companies or investment managers significantly involved in the fossil fuel industry (general call, no specific names provided)
- Companies or organizations conducting business in illegal Israeli settlements in the Occupied Palestinian Territory (general call, no specific names provided)

## **Conclusion**

The consolidated sentiment derived from the thematic analysis is resoundingly negative, reflecting a community in ethical turmoil and calling for decisive institutional change. The urgency for divestment and ethical realignment is palpable, with stakeholders across all groups expressing a fervent desire for the university to lead by example in promoting peace and justice globally. The university is thus positioned at a critical juncture, where its next steps could either restore its ethical standing or further erode its moral authority and legacy. The community's engagement and the depth of their responses underscore a collective expectation for the university to uphold and embody the highest ethical standards in all its operations, including its financial and investment activities.

## Definition of Arms in Australian and International Legal Context

Suzanne Varrall<sup>1</sup>

**To:** University of Sydney Investment Policies Review Working Group

**Date:** 24 January 2025

**Purpose:** This note outlines the international and Australian legal framework relevant to identifying and classifying conventional arms. The information contained in this note reflects the author's views. It does not constitute legal advice.

### Key points:

- There is no single, explicit definition of arms under Australian or international law. Which goods are considered arms will depend on the legal context and/or applicable legal instrument (treaty, legislation, regulations).
- In Australia, the legal framework for identifying and classifying arms is designed to facilitate export controls and sanctions compliance. This is informed by Australia's international obligations as a member of the Arms Trade Treaty and the Wassenaar Arrangement, as well as requirements under United Nations Security Council sanctions regimes.
- Where the classification of items is unclear, the intended or actual *use* of the items is generally the most relevant factor for determining their status as arms or otherwise.

### A. Australian legal framework

#### *Export controls*

1. Items controlled under the defence export control framework cover tangible and intangible goods and technology of both an inherently military character as well as those items with dual civil and military use.
2. The export from Australia of tangible military and dual-use items is controlled under the *Customs Act 1901*, via Regulations 13(E-EK) of the Customs (Prohibited Exports) Regulations 1958. The *Defence Trade Controls Act 2012* (DTC Act) controls the supply, publication and brokering of tangible and intangible goods and technology.

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<sup>1</sup> Suzanne Varrall is a Teaching Fellow and Scientia PhD candidate in international law at UNSW where her research is focused on accountability for international weapons transfers. She is a lawyer and former policy adviser for the Commonwealth Government, where she worked primarily on national security and international policy.

3. The Defence and Strategic Goods List (DSGL) specifies controlled goods, technology, and software and is updated regularly to reflect technological developments and Australia's international obligations.<sup>2</sup> Exporting any DSGL item from Australia requires a permit from Defence (unless an exemption applies).
4. The DGSL does not offer a comprehensive definition of arms. The 2,500+ listed items are classified into two categories:
  - a. Part 1 - Munitions List: items specially designed or modified for military use.
  - b. Part 2 - Dual-use goods: items that may be used for both civilian and military purposes.
5. DSGL Part 1 reflects the 22 categories of the Munitions List of the Wassenaar Arrangement, a multilateral export control initiative of which Australia is a member. These categories cover major conventional arms in addition to small arms and light weapons (SALW), ammunition, parts and components, and production equipment. See [Annex A](#).
6. DGSL Part 2 reflects the 9 categories of the Dual-Use Goods and Technologies List of the Wassenaar Arrangement. See [Annex B](#).
7. Exports of goods, services, software and/or technology that are not specified on the DGSL may still fall under export control catch-all legislation. This can occur where there is a suspicion that they may be used for a military end-use that would prejudice the security, defence or international relations of Australia,<sup>3</sup> or for weapons of mass destruction (WMD) program in contravention of the *Weapons of Mass Destruction (Prevention of Proliferation) Act 1995*.

#### *Sanctions framework*

8. United Nations Security Council (UNSC) sanction regimes and Australian autonomous sanctions commonly prohibit the sale, supply, transfer, or export or import of "arms or related matériel" and the provision of related services to a specific country, group, or entity. However, there is no exhaustive definition in Australian sanctions laws of what constitute arms or related matériel.

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<sup>2</sup> The DSGL was last updated in August 2024.

<sup>3</sup> *Customs Act 1901*, Section 112BA (Military End-Use Provisions).

9. Relevant regulations define arms or related matériel as including weapons, ammunition, military vehicles or equipment, paramilitary equipment, and the spare parts and accessories for any of those things.<sup>4</sup>
  - a. UNSC sanctions regimes are implemented under the *Charter of the United Nations Act 1945* and its regulations. There are separate regulations for each UNSC sanctions regime. These are administered by the Australian Sanctions Office (ASO).
  - b. Australian autonomous sanctions are implemented under the *Autonomous Sanctions Act 2011* and the Autonomous Sanctions Regulations 2011. These are also administered by ASO.
10. To assess whether a good is arms or related matériel, the ASO considers three things.<sup>5</sup>
  - a. The *nature* of the good – does the item have intrinsic military utility? For any item listed on the DSGL, the answer is most likely yes. Where the answer is negative or unclear, further considerations are required to make an assessment.
  - b. The proposed or actual *end use* of the good - does the proposed or actual end use of the good have intrinsic military utility? If the answer is unclear, a third consideration is required.
  - c. The *end user* of the good - does the identity of the end user of the good indicate that the proposed or actual end use of the good would have intrinsic military utility?

## **B. International legal frameworks**

### *Background*

11. International legal and regulatory frameworks generally avoid explicit definitions of “arms” for technological, political and practical reasons. In the absence of explicit definitions, relevant legal and regulatory frameworks typically address the *characteristics* of the device and/or its intended or actual *use* to determine the status of an item.
12. Reference to “arms” in international law contexts such as the Arms Trade Treaty or conventional arms control measures exclude nuclear, biological and chemical

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<sup>4</sup> See, e.g. Autonomous Sanctions Regulations 2011, Reg 3.

<sup>5</sup> Australian Sanctions Office Fact Sheet: Arms or Related Matériel, <https://www.dfat.gov.au/international-relations/security/sanctions/what-we-can-do-help/factsheet-arms-or-related-materiel>.

weapons (WMD), which are handled under separate, specialized legal frameworks. This distinction helps maintain different regulatory approaches appropriate to the unique risks and challenges posed by each category. Australia is a state party to the international legal frameworks prohibiting biological and conventional weapons and establishing strict controls on nuclear weapons. Importantly, while conventional arms do not generally have the inherently indiscriminate effects that characterise WMD, their use is still regulated under international humanitarian law to protect civilians and combatants from unnecessary suffering.

13. While conventional arms are considered legitimate under international law, their use is regulated in armed conflicts under international humanitarian law, and at all times subject to the operation of international human rights law.
14. Conventional arms are typically divided into categories based on their size, range, and purpose. These categories include major conventional arms like tanks, artillery, warships, and combat aircraft, as well as SALW such as pistols, rifles, and machine guns. Conventional arms also cover ammunition and explosives.
15. The use of specific conventional weapons has been prohibited under international treaties, based on their inherently indiscriminate and inhumane effects. Most notably are the conventions on anti-personnel landmines and cluster munitions,<sup>6</sup> both of which Australia has joined. As a result of these treaties, the production, use, stockpiling and transfer of cluster munitions and anti-personnel landmines is prohibited for 124 and 164 states parties, respectively.
16. It is notable that businesses which derive revenue from the production, sale or transfer of cluster munitions and anti-personnel landmines are explicitly excluded from the United Nations Global Compact. The University of Sydney's 2022 investment policy requires investment mandates to "exclude investments in entities directly involved in the manufacture of cluster munitions", but does not state a position on anti-personnel landmines.

#### *Arms Trade Treaty*

17. A number of international legal and regulatory instruments identify and classify conventional arms. The most comprehensive recent approach is contained in the Arms

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<sup>6</sup> See the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (adopted 3 December 1997, entered into force 1 March 1999) and the Convention on Cluster Munitions (adopted 30 May 2008, entered into force 1 August 2010).

Trade Treaty (ATT) of 2013,<sup>7</sup> which seeks to regulate the international trade in these weapons to contribute to international and regional peace, reduce human suffering, and promote cooperation, transparency, and responsible action by and among states.

18. Rather than providing an explicit definition of arms, Article 2(1) of the ATT states that the treaty “shall apply to all conventional arms” within eight specific categories, being seven categories of major conventional arms (battle tanks, armoured combat vehicles, large-calibre artillery systems, combat aircraft, attack helicopters, warships, missiles and missile launchers) plus SALW.<sup>8</sup>
19. Ammunition/munitions and parts and components are addressed separately in Articles 3 and 4 of the ATT, but subject to the same prohibitions and assessment requirements.<sup>9</sup> The scope of the ATT does not include dual-use items.
20. Three off the ten largest arms exporting states – the US, Russia and Israel – are not parties to the ATT.

#### *Wassenaar Arrangement*

21. The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual Use Goods and Technologies is a multilateral export control initiative that requires participating states to maintain national export controls on items included in its two ‘Control Lists’.
22. The Munitions List includes 22 categories of equipment specially designed for military use and related software and technology including “well-known conventional weapons”. It also covers SALW, ammunition, parts and components, as well as production equipment. The categories contained in this list are matched in the DSGP Part 1 list of controlled items.
23. The List of Dual-Use Goods and Technologies covers special materials, electronics, computers, telecommunications and information security, sensors and lasers, navigation and avionics, marine, and aerospace and propulsion. The categories contained in this list are matched in the DSGP Part 2 list of controlled items.

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<sup>7</sup> The ATT opened for signature on 3 June 2013 and entered into force on 24 December 2014. As at 24 January 2025, the ATT has a total of 116 States Parties (including Australia) and 26 States that have signed but not yet ratified the Treaty including the US and Israel. 53 states have not joined the ATT, including Russia.

<sup>8</sup> Arms Trade Treaty, Art 2(1).

<sup>9</sup> Arms Trade Treaty, Arts 6-7.



24. Participating states include major arms exporting states the US, France, Russia, Germany, Italy, UK, Spain and South Korea. The only countries in the top ten largest arms exporting nations 2019-2023<sup>10</sup> who are *not* members of the Wassenaar Arrangement are China and Israel.

#### *Other international instruments*

25. The UN Register of Conventional Arms (UNROCA) was established by the UN General Assembly in 1991 to promote transparency in arms transfers. The UNROCA comprises the same seven categories of major conventional arms as the ATT. SALW was added to the UNROCA in 2003, comprising an additional 11 sub-categories. The UNROCA is a voluntary mechanism open to all UN member states. The UNROCA does not include munitions, components, or dual-use items.
26. The Convention on Certain Conventional Weapons (CCW) entered into force in 1983, and aims to restrict or prohibit the use of specific types of conventional arms that are considered to cause unnecessary or unjustifiable suffering to combatants or to affect civilians indiscriminately. It does not contain a general definition of conventional arms.

#### **Resources**

1. Defence Export Controls: <https://www.defence.gov.au/business-industry/exporting/export-controls-framework>
2. Defence Strategic Goods List: <https://www.defence.gov.au/business-industry/exporting/export-controls-framework/defence-strategic-goods-list>
3. Australian Sanctions Office: <https://www.dfat.gov.au/international-relations/security/sanctions/who-we-are>
4. Arms Trade Treaty: <https://thearmstradetreaty.org/>
5. Wassenaar Arrangement: <https://www.wassenaar.org/>

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<sup>10</sup> Stockholm International Peace Research Institute, *Trends In International Arms Transfers, 2023* (March 2024), [https://www.sipri.org/sites/default/files/2024-03/fs\\_2403\\_at\\_2023.pdf](https://www.sipri.org/sites/default/files/2024-03/fs_2403_at_2023.pdf).

**Annex A**  
**DSGL Part 1**

<b>Munitions list reference number</b>	<b>Description</b>
ML1	Smooth bore weapons calibre <20mm; Other weapons calibre ≤ 12.7mm (calibre 0.50 inches); Components and accessories
ML2	Smooth bore weapons >20mm; Other weapons calibre > 12.7mm (calibre 0.50 inches); Components and accessories
ML3	Ammunition and components for ML1, ML2 & ML12, Fuze settings for ML3
ML4	Bombs, torpedoes, rockets, missiles,, other explosive devices and charges, components and accessories; Equipment for launching, deploying, decoying, disruption, detection and jamming
ML5	Fire control systems, components and accessories and their countermeasure equipment; Radar, surveillance, tracking systems, and their countermeasure equipment
ML6	Ground vehicles and components
ML7	Chemical or biological toxic agents, “riot control agents”, radioactive materials, related equipment, components and materials
ML8	“Energetic materials” (explosives & chemicals) and related substances
ML9	Vessels of war, special naval equipment, accessories, components and other surface vessels
ML10	Aircraft, unmanned airborne vehicles, aero-engines and aircraft equipment, and related equipment and components
ML11	Electronic equipment not specified elsewhere on the Munitions List specially designed for military use and components
ML12	High velocity kinetic energy weapon systems and related equipment and components
ML13	Armour plates, helmets, body armour and components
ML14	Simulators and training equipment; Components and accessories
ML15	Imaging or countermeasure equipment, infrared, thermal imaging, image intensifier equipment and cameras; Components and accessories
ML16	Forgings, castings and other unfinished products specially designed for any items specified by ML1 - ML4, ML6, ML9, ML10, ML12 or ML19
ML17	Miscellaneous goods, including diving equipment, robots, ferries, containers specially designed or modified for military use, goods treated for or providing signature suppression
ML18	Production and test equipment and components
ML19	Directed energy weapon systems, countermeasure and related equipment and test models (e.g. lasers and particle beam systems)
ML20	Cryogenic and superconductive equipment and specially designed components and accessories
ML21	Software associated with any item listed in the Munitions List
ML22	Technology associated with any item listed in the Munitions List
ML901-910	Specific Australian only controls on firearms and explosives not covered elsewhere

**Annex B**  
**DSGL Part 2**

<b>Dual-use category</b>	<b>Description</b>
Category 0	Nuclear materials
Category 1	Materials, chemical, micro-organisms and toxins
Category 2	Materials processing
Category 3	Electronics
Category 4	Computers
Category 5	Telecommunications and 'information security'
Category 6	Sensors and lasers
Category 7	Navigation and avionics
Category 8	Marine
Category 9	Aerospace and propulsion