

TO: Members of the President's Special Commission on Investment Responsibility
FROM: Stefani Jones, Sanjay Kishore, and the Coalition for a Conflict-Free Duke
RE: Responsible investments in corporations using "conflict-minerals"

As outlined by the guidelines for the President's Special Committee on Investment Responsibility (PSC), the PSC shall examine issues of investment responsibility involving the University's endowment securities, ultimately deciding whether or not to make a recommendation to the Advisory Committee on Investment Responsibility (ACIR) to examine said issues in greater depth. In doing so, the guidelines direct the PSC to take two factors into consideration:

- a) **That a company's activities or policies plausibly cause substantial social injury**
- b) **That a desired change in the company's activities could have a direct and material effect in alleviating such injury.**

Believing that both criteria, detailed below, have been met and that the issue has been seriously discussed throughout the University community, we propose the following action by the Duke University Board of Trustees:

- a) ***Proxy Voting Guideline*** – The University will vote in favor of well-written and reasonable shareholder resolutions that:
1. Ask companies for reports on their policies and efforts regarding their avoidance of conflict minerals and conflict mineral derivatives
 2. Ask companies to comply with the requirements of due diligence described in Section 13(p) of the Securities and Exchange Act of 1934, which was amended as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.
- b) ***Future Investment Guideline*** – The University precludes any new, future investments in companies required to disclose information about conflict-minerals that have: filed an "unreliable determination", reported false information, or failed to file a report—all as required by Section 13 of the Securities and Exchange Act of 1934.

I. Industry use of "conflict-minerals" contributes to substantial social injury

Unprecedented violence in DRC fueled by minerals

- With over 5 million individuals killed in the last decade, ethnic violence perpetrated by multiple armed militias in the Democratic Republic of Congo (DRC) has been declared the deadliest conflict since World War II.¹
- Sexual violence used as a weapon of war. UN administrators have deemed DRC the "rape capital of the world", with an estimated 48 rapes occurring every hour^{2,3}

- Warring parties, including rebel militias and Congolese national army, depend on mineral trade to subsidize atrocities⁴
 - DRC possesses vast reserves of minerals vital for consumer electronics (tin, tantalum, tungsten, and gold).³
 - Over 50% of mines in Eastern DRC are controlled by armed militias; an estimated 80% of mineral wealth is smuggled out of the nation³
 - Forced labor, extortion, and excessive “taxation” are among many methods utilized by armed groups to fund conflict.⁴

Electronics corporations can leverage influence to ensure ethical supply chains

- Independent experts have ranked oversight measures of 21 major producers; to date, none have acted to guarantee “conflict-free” products⁵
 - Ex: Apple + HP have implemented minerals-tracing policies; Sharp has not reached out to suppliers
- The US government has recognized the connection between business practices and social injury:
 - In a 2009 visit to the DRC, Secretary of State Hillary Clinton called for action to “prevent the mineral wealth from the DRC from ending up in the hands of those who fund the violence.”⁶
 - Congress passed a “conflict-minerals” provision (Sec. 1502) in the 2010 Dodd-Frank Act calling on corporations to “exercise due diligence” in establishing “conflict-free” supply chains⁷
 - In 2011, the State Department launched a Public-Private Alliance for Responsible Mineral Trade to support pilot “conflict-free” initiatives.⁸

II. Industry action can have a direct and material effect in alleviating social injury

- Since the passing of the 2010 Dodd-Frank Act and its provision on conflict minerals, electronics companies have accelerated their efforts to reform supply chains.
 - Some companies are beginning to audit the procurement procedures of tantalum smelters through a conflict-free smelter program with the Electronics Industry Citizenship Coalition (EICC).⁹
 - The EICC is planning to expand its processes to include tin, tungsten, and gold, but the timelines for this and how many smelters will be included are still unclear.⁹
- In October 2011, the UN Group of experts on Congo stated that the Dodd-Frank provision was working, and that private sector purchasing power and due diligence has reduced conflict financing and is promoting good governance in the region.¹⁰
- Without consumer demand and strong industry action, the potential for greater change in the Congo will be lost. Industry action is not a panacea for all of the

problems in the Congo, but it is a necessary step that has already had tangible impacts.

III. Duke community has engaged in a “substantive discourse” on this issue

- Creation of the Coalition for a Conflict-Free Duke, which over fifteen different student groups have signed on to.¹¹
 - More than 300 students have signed a petition calling for Duke to enact a “proxy-voting” resolution addressing companies utilizing “conflict-minerals”¹²
 - Duke Financial Procurement issued a statement of support for “conflict-free” electronics¹³
 - More than 120 students attended the “Eureka Symposium”, featuring independent experts from the **Enough Project** (affiliated with Center for American Progress) who provided background and context for university action on the issue of conflict-minerals¹⁴
 - Over 800 individuals recommended our October editorial introducing “conflict-minerals” on Facebook.¹⁵
 - Eight subsequent Chronicle columns have since cited the issue of “conflict-minerals.”
 - Duke Student Government passed a unanimous resolution calling for a broader university policy addressing conflict-minerals¹⁶
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IV. Proxy-voting resolution is a meaningful yet feasible action Duke should enact

- Powerful statement indicating Duke’s priorities and commitment to this cause – leverages our shares for socially-responsible practices instead of divesting from given corporations
- Stanford is the only university in the nation to have shifted investment policy (via a proxy-voting resolution); Duke would become the second institution to do so.¹⁷
 - Stanford’s resolution pledged support to shareholder resolutions requesting information on a given company’s avoidance of “conflict-minerals.”
 - Pending Dodd-Frank SEC regulations to be released in December, Duke could follow similar action or pledge support to resolutions advocating for tracing/auditing measures of minerals.
- Presents no cost to Duke’s endowment in uncertain times, but potentially high benefits to our reputation by taking such a socially responsible measure.

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STAND

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Stanford University Takes Lead on Conflict Minerals:

Board of Trustees Adopts Conflict Minerals Investment Guideline

Responding to a student-led initiative, Stanford becomes the world's first University and the first major institutional shareholder to adjust its investment policy to help prevent the funding of the ongoing mass atrocities in the Democratic Republic of the Congo. Such early leadership on a major new investment responsibility issue is unprecedented in the University's history.

Stanford STAND: A Student Coalition to End and Prevent Genocide and Mass-Atrocities is delighted to report that the Stanford University Board of Trustees has voted in favor of the adoption of a new proxy voting guideline regarding the "conflict minerals" that sustain armed groups in the Democratic Republic of the Congo (DRC). This vote makes Stanford University the first major institution to adopt an investment policy with respect to conflict minerals. The guideline states that the University will:

"...vote in favor of well-written and reasonable shareholder resolutions that ask companies for reports on their policies and efforts regarding their avoidance of conflict minerals and conflict mineral derivatives."

The term "conflict minerals" refers to the minerals that come from illegally controlled mines in the eastern part of the DRC. Civilians are caught in the deadly middle as armed militias struggle for control of mines and smuggling routes. According to the International Rescue Committee, over 5.4 million deaths have occurred as a result of the conflict. What's more, because of the widespread use of sexual violence against local populations as an intimidation tactic, the DRC has been called the rape capital of the world. Fueling this conflict is the lucrative process of mining and trading minerals like tantalum, tungsten, tin, and gold.

Though these atrocities are being perpetrated thousands of miles away, Stanford University has now realized its potential to take a vital step toward an end to the conflict. The minerals fueling the conflict in the DRC enter the global supply, where they are ultimately used to manufacture everyday electronic products like cell phones, laptops, and video game consoles. Although there is not yet an established mechanism for

tracing the supply chains of the companies that use these minerals, industry initiatives have begun the process and legislation in Congress is currently in conference as an amendment to the financial reform bill.

What is needed now — where Stanford University has now taken its leading role — is to demonstrate the popular demand that exists for a more responsible supply chain. As a major institutional investor, Stanford can influence the companies in which it invests to further develop their policies regarding conflict minerals. Historically, Stanford University has been cautious in taking action to adjust its investment policy in response to humanitarian issues. Nonetheless, faced with the blunt facts of the underlying crisis in the DRC, and with the ability of major US electronics and technology companies to alter their role with respect to a humanitarian crisis, the Board of Trustees agreed last Thursday that the University will lead by example, focusing national and international attention on an issue of which too many remain ignorant.

Though by itself a small step, this use of Stanford's voice as a conflict-conscious investor makes a powerful statement. The proxy voting guideline clearly demonstrates Stanford University's commitment to the ethical imperatives associated with this deadly conflict. Considering that electronics companies are some of the largest end users of these conflict minerals, Stanford's position in the heart of Silicon Valley makes its leadership on this issue especially meaningful. As such, we at Stanford STAND sincerely congratulate the Board of Trustees on their decision to take action on this issue with a groundbreaking statement to the companies in which the University is invested.

The adoption of the new conflict minerals guideline is the result of the effort and support of a rapidly growing group of students, alumni, and faculty led by Stanford STAND, which represents the major constituencies across the Stanford community. While working within the institutional structures available to us at Stanford, we built awareness and support for our cause within the Stanford community. In the course of the months leading up to the Board of Trustees' decision, we found that the main obstacles were not ideological or political differences, but rather bureaucratic inertia and a lack of awareness. When the decision makers were assembled in a room and the basic underlying facts of the situation in the DRC were described, however, consensus was achieved.

In particular, Stanford STAND's efforts included:

- We partnered with members on the Advisory Panel on Investment Responsibility and Licensing (APIR-L) to draft the language of the guideline, and to demand and obtain votes on the guideline at all relevant levels of University decision making.
- The guideline was first approved by the Human Rights Sub-Committee of the APIR-L in March subsequent to STAND pressure for a vote.
- An APIR-L member presented the guideline and received unanimous approval from the APIR-L as a whole after a thorough debate on Friday, April 23.
- We obtained key Stanford faculty support by approaching professors whose backgrounds spanned a broad cross-section of University expertise. Made aware of the pressing nature of the issues at hand and impressed by Stanford STAND's integrity, research, and commitment to the issue, virtually all faculty members pledged their support.
- New York Times columnist and leading human rights journalist Nicholas Kristof expressed support for the issue by Tweeting about the initiative on June 3 with a link to a May Stanford Daily article, which reached his approximately 950,000 Twitter followers.
- Stanford STAND's public outreach team contacted various media outlets—both virtual and print—and received considerable coverage from diverse blogs, newspapers, and special-interest journals. Press coverage ranged from guest blog posts to open letters to the Board of Trustees to feature articles that pressed the Trustees to vote in favor of the guideline and spoke to the importance of the issue. This media coverage

not only attests to the significance of the initiative, but also aided in the essential process of building awareness more broadly on the issue to stimulate efforts at other institutions and universities.

- As a result of these diverse efforts, Stanford STAND received mounting expressions of support and encouragement from hundreds of other students, faculty and alumni, which in turn helped convince decision makers about the broad underlying support of the resolution within the Stanford community.
- Stanford STAND eventually won the right to be represented by one of its advocates at the Board of Trustees' Special Committee on Investment Responsibility (SCIR) meeting on Thursday, June 10 at which the resolution was presented. The Trustees were asked to approve the resolution immediately in light of the urgency of the underlying issue.

Upon recommendation from the SCIR, the full Board subsequently approved the guideline the same day. We wholeheartedly congratulate the Board of Trustees on their decision to take action on this critical issue.

“We at Stanford STAND believe that the Stanford University Board of Trustees' decision reaffirms the compelling nature of the issue and will spark further institutional, educational, and corporate efforts,” said Mia Newman '12, incoming co-president of Stanford STAND. “We call on the students, faculty and alumni of other academic institutions to hold accountable companies in which their schools invest for unknowingly funding the ongoing atrocities perpetrated by Congolese armed groups. We hope that the story behind Stanford's unprecedented action can serve as a model for similar efforts elsewhere.”

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Stanford STAND first began its work with the University on the issue of conflict minerals in January of this year. Stanford STAND is a student organization that seeks to end and prevent genocides in the world around us. To that end, we have chosen to focus on the current genocide in Sudan as well as the mass atrocities currently occurring in The Democratic Republic of the Congo and in Burma. We also are working for the creation of a permanent anti-genocide constituency to ensure that genocide prevention becomes an institutionalized foreign policy issue. We work on the Stanford campus, in the local Bay Area, and in Washington D.C., using a three-pronged approach: advocacy, awareness, and fundraising.

STAND was founded in 2005 in order to address the genocide in Darfur, Sudan. It has since expanded its mission to include other conflicts, particularly those resulting in a large number of civilian casualties, namely the conflicts underway in the Democratic Republic of the Congo and Burma. Stanford STAND is a leading chapter of the national STAND organization, which is the student division of Genocide Intervention Network.

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STAND meets Tuesdays at 9PM in the DK Room of the Haas Center. New members are always welcome!

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Duke Students Appeal to 'Favorite Dukie,' Apple CEO Tim Cook, for Conflict-Free iPhone

Posted: 1/12/12 10:40 AM ET

React

>

Dear Mr. Cook,

As students from your alma mater, Duke University, we're writing to you -- our favorite Duke alum -- to join our cause for conflict-free electronics. The time is ripe for change.

You've heard this story before. Violence in Congo has become the worst conflict in the world since WWII, with over 5 million killed by war. The UN has deemed the nation the "rape capital of the world," with hundreds of thousands of women who have been raped. The worst part? Mining of minerals that power Apple electronics -- tin, tantalum, tungsten, and gold -- are subsidizing the armed militias that commit these atrocities.

This is not a new problem. Congress has called for action. Hillary Clinton has called for action. Stanford University, resting in the heart of Silicon Valley, has called for action. And now, over 70 schools, including students at Duke -- the institution that helped give you the business skills to lead the most valuable corporation in the world -- are following suit.

As one of the first electronics corporations to map out your entire supply chain, we appreciate that Apple has become a national leader in the "conflict-free" movement. But, Apple has never been one to settle for "good enough" -- you have

always strived for excellence. In the midst of election instability and war, this is a pivotal moment for Congo. This is not a time for rhetoric or strategic plans--it is a time for action.

Change.org has partnered with the Congolese activist Delly Mawazo Sesete to release an international [petition calling upon you to commit Apple to produce "conflict-free" electronics by the 2013 holiday season.](#)

Please take a moment to view our video message to you:

We are not asking you to leave the Congo -- rather, be a catalyst for change by monitoring your existing supply chains and setting the model for the entire industry.

The mission of our alma mater revolves around a key principle: "to help those who suffer." Every day at Duke, we students are trained to leverage our education to guarantee human rights across the world. We are currently lobbying our administration to enact an investment resolution to encourage leaders like you to stand up for peace in Congo, and we can guarantee that there is a strong constituency here at Duke that wants to buy conflict-free products from Apple. But, as a former Dukie, we have a feeling you already know the right thing to do.

Once a Blue Devil, always a Blue Devil.

In solidarity,

Stefani Jones '14 and Sanjay Kishore '13

The Coalition for a Conflict-Free Duke

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