

**Duke University**  
**Advisory Committee on Investment Responsibility**  
**Annual Report 2017-2018**

The Advisory Committee on Investment Responsibility (ACIR) provide advice and guidance to Duke University's President, Vincent Price, regarding the appropriateness of investments by Duke and concerns respecting investments as and when these are voiced by the Duke community. Specifically, the ACIR is charged with meeting on a regular basis to conduct the following activity:

- Receive issues referred by members of the Duke community;
- Monitor trends and activities in investment responsibility that have an impact on educational institutional investors;
- Conduct research, update Duke's files on companies, and provide analyses when requested by the president;
- Make recommendations to the president on how to vote proxies when the committee believes proxies should be voted outside the standard protocol of "economic interest;" whether to sponsor shareholder resolutions; whether to correspond with the management of corporations in which the University holds an identifiable equity position; when to divest; and on any new issues, which may warrant attention.

For the academic year 2017-2018, Lawrence Baxter of the Law School has served as chair (succeeding Jim Cox, also of Law). A list of the 2017-18 members of the committee is attached to this report.

### **Meetings**

The ACIR met four times during the 2017-18 academic year, three times in committee [October 26<sup>th</sup>, April 9<sup>th</sup>, and May 15<sup>th</sup>] and once in a public forum [November 17<sup>th</sup>]. We received a specific petition on fossil fuels and invited the drafters of that petition and memorandum to attend our second committee meeting in April, which they did. Chair Baxter and Secretary Michele Wittman prepared minutes of each meeting, circulated these for ACIR approval, and submitted the minutes to President Price. The minutes from the meetings and forum were published on the ACIR web site [<https://acir.duke.edu/>] with the exception of the May 2018 minutes due to their highly confidential nature.

Chair Baxter also frequently met one-on-one or consulted by phone with various members of the Duke administration, including President Price, vice president and secretary to the Board of Trustees Richard Riddell, head of communications Mike Schoenfeld, president of DUMAC Neal Triplett and DUMAC's chief compliance officer (and primary liaison to the ACIR), Jennifer Dimitri, as well as with student representatives and other members of the committee.

We received queries from interested groups on such matters as tobacco-related investments, and we have provided advice on how to formulate such queries into useful, fact-based memoranda. Interested groups that have developed a case that we can meaningfully consider, are always invited to our next meeting. Where an issue is urgent we are also prepared to hold a meeting outside of our ordinary schedule.

## **Matters Considered**

Committee discussions traversed a variety of issues. The items receiving most attention were—

1. Advice from Duke's general counsel that the June 2012 directive from the Board of Trustees regarding conflict minerals had, in view of action by the United States Government, now become moot;
2. The matter of Duke's foreign investments and use of blocker corporations, which received considerable publicity in both the New York Times and the Duke Chronicle;
3. Ongoing monitoring of Duke's investment in companies engaged with fossil fuels.

Members of the committee also invested time in educating the student base on certain complexities regarding the manner in which endowment investments must take place, and the inherent necessity of confidentiality concerning Duke's direct and indirect investments. The committee as a whole, under confidentiality agreements, were provided a review by DUMAC of the current state of investments during the May 2018 meeting. The committee as a whole, and Chair Baxter in follow up, made suggestions to DUMAC as to how best they might honor Duke's commitment to ethical investing whilst also obeying DUMAC's own charge from the Board of Trustees regarding the importance of optimizing returns on investments.

During the year the ACIR made no formal recommendations, but we are keeping the fossil fuels issue open and monitoring developments.

## **Planned Meetings and Agenda Items**

The ACIR's next committee meeting is scheduled for Thursday, October 18th from 3:00 p.m.-5:00 p.m. Chair Baxter will check in with President Price before that meeting, and the concerns of any interested group(s) will be placed on the agenda with an invitation for representatives of the relevant group to submit a memorandum in advance and to attend in person.

The ACIR also plans a public meeting, venue, date and time yet to be determined, in November 2018.

The agenda remains open to any new concerns. We are planning to continue to monitor and discuss Duke's direct holdings in any fossil-fuel-related companies, and we have invited one of the concerned groups to our October meeting.

Lawrence Baxter  
Chair, Advisory Committee on Investment Responsibility  
September 2018

**Advisory Committee on Investment Responsibility  
2017-2018 Members**

**Faculty**

(Chair) Lawrence Baxter, Law School

Jim Smith, Fuqua

Sunshine Hillygus, Sanford School of Public Policy

Martin Smith, Nicholas School of the Environment

**Administrators**

Scott Gibson, Executive Vice Dean for Administration for the School of Medicine

Tracy Futhey, Vice President for IT & Chief Information Officer

**Alumni**

Jeff Howard

**Trustee**

Bill Hawkins

**Students**

Kushal Kadakia (DSG)

Jia Jia Shen (DSG)

Eric Smith (GPSC)

Ewan Kingston (GPSC)

**Ex-Officio**

Ralph McCaughan, Associate University Counsel

(Designee) Christopher Lott, Deputy General Counsel

Tori Nevois, Assistant VP & Deputy Treasurer

**Advisor**

Richard Riddell, Vice President & University Secretary

Jennifer Dimitri, Chief Compliance Officer, DUMAC