

**Advisory Committee on Investment Responsibility (ACIR)
Forum Summary
November 6, 2018**

The Advisory Committee on Investment Responsibility (ACIR) held their annual forum on Tuesday, November 6, 2018 from 5:00 p.m. to 6:30 p.m. in the Rubenstein Library, Holsti-Anderson Room. Committee members in attendance included Chair Lawrence Baxter, Marty Smith, Tracy Futhey, and Luke Farrell. Also attending was Michele Wittman, staff support for the committee.

Chair Lawrence Baxter opened the forum with a brief welcome and introduction of all committee members in attendance. He continued with a brief explanation of the ACIR, its membership, purpose and scope of influence. The ACIR meets twice per academic year and hosts a forum, usually in the fall, as part of its mission to ensure the Duke community is apprised of its efforts and is given an opportunity to provide input to its work and its agenda. It is important to hear from the community and any concerns they may have.

Divestment from Fossil Fuel Companies. Before opening the floor to comments and questions, Chair Baxter summarized the most recent issue under consideration by the ACIR: a memorandum by the Duke Climate Coalition requesting divestment from fossil fuel companies as it pertains to investments made on behalf of Duke by DUMAC. Chair Baxter provided background information about DUMAC, the responsibilities and the limitations they have with regard to investments and divestment. He followed with a brief explanation of the types of investments, direct and derivative, DUMAC manages on behalf of Duke. The primary fiduciary responsibility of DUMAC is to optimize investments for the university. DUMAC does not report to President Price but takes their direction from the Duke Board of Trustees. Chair Baxter explained that the Board of Trustees have added or removed mandates to divest before when considering issues such as Darfur and conflict minerals (information can be found on the ACIR website - <https://acir.duke.edu>).

The ACIR received the first request for divestment from fossil fuels in 2014. The ACIR acknowledged the importance of the climate change issue and the final recommendation was not to divest but look at ways in which to invest in alternative energies. The ACIR received the current proposal for divestment from fossil fuels by the Duke Climate Coalition in March 2018. The ACIR met in April and again in May 2018, with members of the DCC in attendance, to discuss the proposal. The DCC was asked to return to meet with the ACIR in the fall with additional substantial information in support of their request for divestiture. The ACIR met recently in October to review an updated memo and resolution submitted by the DCC. In their memo, the DCC requested full divestiture and approval of the resolution by the ACIR with the recommendation to advance the resolution to the Board of Trustees for a vote.

As it stands now, DUMAC has agreed to consider the issue of climate change when investing and to increase investments in alternative energies. The request for complete divestiture has not been adopted by the Board of Trustees and has been tabled. Additional investigation is needed to determine the possibility of alternative actions that might have more of an impact than divestment. Duke wants to avoid the appearance of making a hollow gesture and would rather commit to action that would have a substantial impact (i.e., investing in solar energy). Divestment is a complicated issue and the ACIR would not recommend any action that would be in opposition to the charge given to DUMAC by the Board of Trustees regarding Duke investments. Another important element to consider, the faculty have not been involved in the public forums or discussion up to this point. The Board of Trustees will not seriously consider any recommendation absent of faculty approval and support. The DCC will be meeting with the Academic Council to present their proposal and discuss support from faculty.

Comments and Questions from forum attendees. Chair Baxter opened the floor and welcomed any comments or questions. The following bullets are a summary of the discussion.

- Outside of divestment, DUMAC has used proxy voting and uses the Carbon Underground 200 list to identify investments regarding the environment.
- Although divestiture would be a powerful statement, and largely symbolic, there are other approaches that could be taken. Any approach should be explicit and very clear in order to make a substantial policy. Using the Carbon Underground 200 list to limit investments may not be enough.

- DUMAC needs the ability to freely choose investments that generate returns to help the university continue to provide financial aid and keep tuition costs down. Increased limits could have a detrimental effect.
- Hiring outside experts or consultants on a particular issue is beyond the original charge of the ACIR. The ACIR could ask for additional funding to hire outside expertise if the issue at hand warrants such a request but there is no guarantee that these funds would be granted.
- The ACIR does not actively seek out new issues but considers issues formally submitted via memo from the Duke community. The approach and means by which further research is decided is based on relevance and on a case by case basis. The ACIR is not equipped with the manpower to conduct in-depth research on every issue. The suggestion was made to engage Duke Bass Connections as a possible resource for research as a project or independent study.
- Past Duke divestitures (Darfur, conflict minerals) had positive results but consideration of all factors in reaching the conclusion to divest were considered – impact, government action, social injury. Divestment was an easy and straight forward action taken only after informed discussion and investigation of all sides took place.
- The urgency of climate change is not in dispute but Duke should be on the right side of this issue. Whatever action is taken should have a clear impact. Divestment may not be the right answer. Investing in other energy alternatives, such as solar power, could make a bigger difference. Maintaining the integrity of the commitment by Duke to become carbon neutral by 2024 is also a consideration in deciding on any action. It was suggested to reach out to other institutions to find out what they are doing to address the issue of climate change and carbon neutrality.
- A forum attendee suggested offering environmentally friendly funds through the employee retirement program to all employees as an alternative to divestment. Fidelity has three different environmentally friendly funds but the attendee was unsure if they are currently offered as possible investment options.
- The ACIR is considering recommending to the President the creation of a small subcommittee whose focus would be to work with DUMAC, learn about the issues that are involved, and seek to identify how to move forward in a meaningful way that would have an impact beyond just the symbolic. This could include divestment if the conclusion is reached that this is the best course of action. The subcommittee would hold meetings from December until the spring and then present a course of action regarding the issue of climate change/carbon neutrality/divestment with the hope to advance a proposal of action, if any, to the Board of Trustees by May of 2019. The President would have to approve the recommendation of the creation of the subcommittee and timeline before moving forward.

Other topics for Consideration. Chair Baxter opened the floor to other possible issues. None were identified. The committee would be willing to review any issue of concern but ask that anyone submitting topics for review, provide a detailed, well researched memo to the committee with as much information as possible on any proposed topic.

The forum adjourned at 6:30 p.m.

Submitted by Michele Wittman