

**Advisory Committee on Investment Responsibility (ACIR)
Forum Summary
Monday, November 9, 2020**

The Advisory Committee on Investment Responsibility (ACIR) held their annual forum virtually on Monday, November 9, 2020. Committee members in attendance included Chair Lawrence Baxter, Gianna Affi, Craig Burnside, Tracy Futhey, Shrey Majmudar, and Fred Sutherland (by phone). Also attending was Michele Wittman, staff support for the committee.

Chair Baxter explained the goal of the forum is to provide an update on the work of the ACIR from the past year, and to provide information on the role and structure of the ACIR. The ACIR website (acir.duke.edu) houses summaries of past meetings and documents related to past topics considered. He announced the creation of the ACIR email, submitACIR@duke.edu, for the Duke community to use to submit proposals for consideration. The email address can be found on the ACIR website.

Chair 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 does not make decisions that direct DUMAC on how they invest. The ACIR receives regular reports from DUMAC to assist in the work of the ACIR. The ACIR's purpose is to provide advice and recommendations to the President. If the President concurs, then recommendations are presented to the Board of Trustees. If the Board of Trustees approve the recommendations, they can issue directives to DUMAC, the investment arm of Duke.

Fossil Fuel/Climate Change Investments. The ACIR received the first request for divestment from fossil fuels in 2014. In the 2014 final report to the President by then chair, Jim Cox, 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 issue was renewed in March of 2018 with a proposal for divestment from fossil fuels submitted to the ACIR by the Duke Climate Coalition. In October of 2018, upon the recommendation of the ACIR, President Price created a formal, well-defined working group, the Fossil Fuel Subcommittee or FFI, in conjunction with DUMAC, with a specific mission to research and consider viable options to divestment (considering Duke's complicated investment structure) with applicable measures to address fossil fuel/climate issues, and which would help Duke to keep the promise of being carbon neutral by 2024. The FFI submitted their final report to the ACIR in April 2019 for approval and the final report, with recommendations from the ACIR, was submitted to President Price in May 2019.

Chair Baxter summarized the report and the recommendations put forth for consideration. He provided further explanation on the reasoning behind said recommendations. In August of 2019, President Price accepted the recommendations and provided his response to the ACIR, and in May of 2020, these recommendations were presented to the Board of Trustees for consideration. The Board of Trustees approved DUMAC to consider the qualification of climate change and the effects of fossil fuels when considering investments. Other significant changes enacted include revisions to the responsibilities of the ACIR, identifying a clear threshold for divestiture, and creating a more direct role for the University Executive Vice President in corporate governance actions relating to proxy voting on Duke's direct investments.

The ACIR is not an investigative entity. The ACIR does not go seek issues out but will consider any brought forth as long as the topics are researched and a well written proposal is submitted. The ACIR cannot consider any issues until they are approached. Divestiture is a complicated matter and should only be considered when there is agreement among Duke leadership and the community, and evidence, that it is a case of moral abhorrence. Duke, as a shareholder, may exercise proxy vote on a resolution by a company on important, complicated issues such as climate change. Duke's voice is very

powerful and can make a difference using proxy voting. The recommendations adopted by the Board of Trustees allow the Executive Vice President to make decisions on proxy votes with DUMAC, without first going to the Board of Trustees for approval.

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

Fossil Fuel/Climate Change Investments:

- A forum attendee asked about the progress ACIR had made with regard to investments supporting carbon emission reduction as opposed to divestment. Chair Baxter explained that decisions about investments are not made by the ACIR, but by DUMAC. DUMAC will consider the fossil fuel/climate change issue with regard to investments once the new Executive Vice President arrives in December. The new structure allows for the Executive Vice President to address decisions about investments without going to the President and board of trustees first. DUMAC is investigating the use of proxy votes concerning this issue.
- The same attendee also asked about the next steps Duke will take to align with similar institutions. Other universities are considering divestiture and taking a collective common stand regarding fossil fuel/climate change investments, but there are differences of opinion among institutions. Each institution has a different investment structure which compels each to make their own decisions, and would require extensive collaboration before agreeing to making a collective statement. Duke is considered a leader in the field of climate change and will take a stand if it has merit. Duke has already made the commitment to be carbon neutral as of 2024 and the President is committed to considering and investing in other ways that could make a difference.
- A question was asked if the ACIR or DUMAC had worked with the [Intentional Endowments Network](#). Chair Baxter could not speak directly for DUMAC but he knows that DUMAC has reviewed various investment banks and specific investments that might make a difference. The type of direct investments that DUMAC makes that could influence the climate change issue are rapidly evolving and makes it quite difficult to make effective decisions with investments. DUMAC has been quite engaged with the ACIR to keep looking for investment alternatives. The University has a goal of acquiring investments in alternative energy of 50% which is a direct result of the work with the ACIR. The President intends for Duke to be seen as an honorable leader in the field of climate change. Anyone in the Duke community is encouraged to submit a proposal, as long as it is not a repeat of past requests to divest, but offers a suggestion for action that could make a genuine difference.
- The open letter by student groups at Duke, and part of an ACC-wide coalition, was sent to Duke administrators in September. The letter calls for Duke to divest from fossil fuel holdings and any investments it holds in contributing to the climate crisis and a range of other issues causing public concern. An attendee asked if Duke or the ACIR will respond. Chair Baxter explained that the ACIR will respond if the letter is submitted to the ACIR for consideration. As of yet, the letter has only been presented to the administration. ACIR cannot act or consider an issue until they are engaged directly.
- An attendee expressed agreement on the importance of the climate change issue and strongly supported the option to submit an alternative investment strategy to the ACIR and DUMAC for consideration as long as it is well researched. They continued by commenting on the argument that taking a stand or making a statement on climate change would be hypocritical on the part of Duke. Duke could make a statement on how they wish the world to be, agreeing in the complexity of the issue and acknowledging the immersive infrastructure that created the problem to begin with that we all find ourselves in. Duke is a respected institution with clout that could make a difference in the advancement of addressing the issue. It was suggested that Duke could concentrate on smaller actions by identifying individual companies that are engaging in activities harmful to the environment

such as deforestation or rain forest destruction. Chair Baxter explained that at the time the decision was made to not make a statement, it was an evolving situation. It was agreed that taking this action would cause more harm than good, and become divisive to the climate change issue. Identifying individual companies is difficult unless there is clear-cut evidence of said company doing reprehensible harm to the environment. In addition, the amount and rapidly changing environment of the direct investments Duke does hold, would make divestment from individual companies rather insignificant. Duke recognizes the importance of the climate change issue and the ACIR welcomes any suggestions on identifying companies that can assist DUMAC in making investment decisions.

Chair Baxter thanked everyone in attendance. He suggested that if there is interest, the ACIR could host another open forum in the spring.

The forum adjourned at 5:05 p.m.

Submitted by Michele Wittman