

# A Request for Transparency on the Climate Impact of Duke's Endowment

Duke Climate Coalition

Initial Submission, December 2022

Updated, February 2023

## I. Introduction

On behalf of the Duke Climate Coalition (DCC), we are formally requesting that the Advisory Committee on Investment Responsibility (ACIR) make a case to the Duke University Management Advisory Council (DUMAC) for more transparency with Duke's \$12.1 billion endowment.<sup>1</sup> In light of the university's recent Climate Commitment, which aims to direct efforts and resources across Duke towards environmental sustainability, we believe it is necessary to include Duke's financial activities in this undertaking. That being said, there is currently very little public knowledge about Duke's financial investments, particularly the approximately 80% of the endowment that is invested with third-party managers. Given the collaborative nature of the Climate Commitment, shared knowledge about our institutional progress on these efforts, including our financial footprint, is vital in maintaining momentum towards our climate action goals.

## II. Our Request

Scope of the transparency request: We are requesting that DUMAC disclose the amount of money it has invested in the fossil fuel companies in the Carbon Underground 200,<sup>2</sup> which is an annually updated list of 200 publicly listed companies with the largest fossil fuel reserves. This list is what many investors (including universities) use to guide their responsible investment strategies. We specifically ask for the following information to be released on a yearly basis:

- Which companies on the Carbon Underground 200 that Duke is invested in;
- The total percentage of the endowment that is made up by these investments. We are NOT requesting a breakdown of the amount of money Duke has invested in each individual company.
- Disclose annually the value of endowment holdings in broad asset categories (I.E. natural resources, technology, agriculture, etc.)

As a separate request, we would like the ACIR to consider the possibility of requiring DUMAC to evaluate the greenhouse gas emissions associated with the companies in its investment

---

<sup>1</sup> Duke University. [Financial Statements 2021/2022](#).

<sup>2</sup> FFI Solutions. "[The Carbon Underground 200](#)". 4 Dec. 2022.

portfolio on an annual basis. This would come in the form of a report that could be released to the university community, providing detailed information about how Duke's investments are helping or hindering its goals under the Climate Commitment. The report does NOT need to individually break down the greenhouse gas emissions associated with each company, though this information could potentially be provided to the ACIR in confidential meetings.

Timeline: The annual disclosures of Duke's investments in fossil fuel companies should begin in 2024. The report on the greenhouse gas emissions associated with the endowment should also be released starting in 2024.

### **III. Arguments in Favor of Endowment Transparency**

The Climate Commitment is intended to be a university-wide effort.<sup>3</sup> While Duke's financial investments have not been mentioned as a part of the commitment up to this point, the university's \$12.1 billion endowment is a significant part of its global footprint, and should be considered in the goals and intentions of the Climate Commitment. In order for this to happen, it is necessary for more information to be released about Duke's investments, particularly as it relates to energy usage and fossil fuels. Information on the specific companies in the Carbon Underground 200 that Duke is invested in is particularly important, since the activities (both historically and currently) of these carbon-intensive companies frequently contradict Duke's mission statement and the Climate Commitment. In doing so, DUMAC would be able to demonstrate to the university community its progress toward achieving the sustainable investment principles outlined in the Board of Trustees' "Statement on Climate Change and Investment".<sup>4</sup>

Additionally, the Climate Commitment is designed as a collaborative effort. However, it is very difficult for students, faculty, and administrators to work together toward these new climate action goals without shared knowledge about our progress. By releasing more information about the endowment, the university community would be able to collaborate to ensure that every aspect of Duke's operations, including its investments, follows the sustainability principles mandated by the Climate Commitment.

With regard to our request for reports on the carbon footprint of the endowment, by releasing information on the endowment's emissions, Duke is given the opportunity to improve Environmental and Social Governance (ESG) and Socially Responsible Investing (SRI) initiatives, as well as receive comments from scientific experts. In addition, the endowment's emissions are important to consider when evaluating the university's overall carbon neutrality goals. Including them in Duke's total carbon emissions would not only increase the trust of the

---

<sup>3</sup> Duke University. "[In it for Life](#)". *Duke Climate Commitment*, visited 4 Dec. 2022.

<sup>4</sup> Duke University Board of Trustees. "[Statement on Climate Change and Investment](#)". 8 May 2020.

wider public, but also would strengthen the idea that Duke is dedicated to tackling climate change.

#### **IV. Climate Transparency and DUMAC's Confidentiality Obligations**

Requiring DUMAC to provide an annual update on its holdings in fossil fuel companies would not make Duke an outlier, but rather have the university join a growing trend of institutional investors and companies that are recognizing the importance of awareness about sustainability concerns.

Specifically, we believe that releasing information about the fossil fuel content of Duke's investments would not put it at a competitive disadvantage compared to other universities, given that multiple have taken this step in recent years. For example, Princeton released the value of its investments in fossil fuel companies in early 2022,<sup>5</sup> as well as Yale in 2021.<sup>6</sup> As investments in fossil fuel companies have become less profitable and increasingly frowned-upon, universities are recognizing the importance of sharing the contents of their holdings with the public in order to improve their accountability to climate action goals. We also would like to point out that Duke has already taken the step of partially disclosing the fossil fuel companies it holds in its endowment by saying that "there is little to no direct investment" in any of the Carbon Underground 200 companies.<sup>7</sup> Thus, Duke has already been willing to disclose its fossil fuel investing strategy for the approximately 20% of the endowment that is directly managed by DUMAC.

Furthermore, regulators have increasingly valued increasing corporate and institutional investor transparency in recent years. One instance of this is the SEC's upcoming requirement for public corporations to report the greenhouse gas emissions associated with their operations, as well as any climate risks they face that could harm their business prospects.<sup>8</sup> The SEC is also poised to release a rule requiring asset managers to release diversity and gender data for their workforces and boards.<sup>9</sup> While neither of these two examples exactly covers the scope of what we are requesting, they emphasize how financial regulators view increased transparency as a useful mechanism for promoting broader social and environmental goals.

We would also like to emphasize that our transparency proposal has been narrowly-crafted to limit its infringement of DUMAC's confidentiality obligations. First, we are not requesting that DUMAC release the exact amount of money invested in each company, but rather provide an aggregate figure of the total value of its investments in fossil fuel companies. This ensures that

---

<sup>5</sup> Bonnette, Julie. "[University Shares Fossil-Fuel Holdings in Endowment](#)". *Princeton Alumni Weekly*, May 2022.

<sup>6</sup> Yale University. "[New principles regarding fossil fuels to guide Yale's endowment](#)". *YaleNews*, 16 April 2021.

<sup>7</sup> Golcha, Rosin. "[Duke moves forward on sustainability but stops short of fossil fuel divestment](#)". 21 April 2021.

<sup>8</sup> Flatt, Victor. "[SEC Climate Change Rules Will Have Most Impact on Energy Markets](#)". 5 Jan. 2023.

<sup>9</sup> Hudson, Clara. "[SEC Readies Diversity Guidance for Asset Managers, Gensler Says](#)". 15 Sept. 2023.

competitors would not be able to emulate DUMAC's specific strategy. Our request also only involves the release of a narrow subset of Duke's total investment portfolio, as we have been assured in the past that Duke has only a limited amount of exposure to fossil fuel companies at the present moment. Additionally, because we are only requesting annual reports and many of these investments are time-sensitive, this delay would decrease any potential value of the information.

## **V. Conclusion**

The time has come for Duke to lift part of the veil that has long obscured its ever-growing endowment. As Duke has moved to signal its dedication to climate action with the Climate Commitment, the university community deserves to know how much of the school's operations is being funded by the companies responsible for causing the same climate crisis that the university claims to be fighting. By releasing this information, Duke would join a growing wave of institutions around the country that are recognizing the importance of financial transparency for achieving sustainability goals. In the words of the Climate Commitment, everyone at Duke is "in it for life", and the most productive collaboration on climate issues will only occur when we all have access to this critical information.