Creation of President’s Special Committee on Investment Responsibility
and Advisory Committee on Investment Responsibility

Preamble
The Board of Trustees recognizes that Duke University’s ability to meet its educational mission
and financial goals requires enhancing the value of the endowment over the long term by
investing in companies that achieve real growth. It also recognizes the importance of ethical
practices. A mechanism is necessary to assist the President in making recommendations to the
Board of Trustees in keeping with the Board’s Guideline on Socially Responsible Investing,
which is attached. The committees noted below provide such a mechanism.

(1) President’s Special Committee on Investment Responsibility (PSC)
The President’s Special Committee shall consider proposals from the University
community regarding specific investment responsibility concerns, first determining
whether there is a credible allegation of social injury on the scale envisioned in the
guidelines.

If the PSC finds that an issue merits further investigation, it will refer it to the Advisory
Committee on Investment Responsibility (ACIR).

PSC Membership
The President’s Special Committee on Investment Responsibility shall be composed of
the Provost and the Executive Vice President (or their delegates); the Dean of one of the
professional schools; the chair of ECAC or faculty member designated by ECAC; and a
young trustee designated by the Board.

The PSC chair shall be appointed by the President.

PSC Operations
The PSC shall examine issues of investment responsibility involving the University’s
endowment securities. If it finds that a company’s activities or policies plausibly cause
substantial social injury, and that a desired change in the company’s activities could have
a direct and material effect in alleviating such injury, the PSC will forward to the
President a recommendation that the ACIR examine the issue in greater depth. The PSC
will determine, on a case-by-case basis, the threshold of evidence necessary to forward a
recommendation for further examination to the President.

The Chair is responsible for setting agendas. The Chair accepts written proposals from
any member or group of the Duke community for possible inclusion on the agenda.
Advisory Committee on Investment Responsibility (ACIR)
The Advisory Committee on Investment Responsibility is a University body advisory to the President with the following functions:

a. Receive issues referred to it by the PSC;

b. Monitor trends and activities in investment responsibility that have an impact on educational institutional investors;

c. Conduct research, update Duke’s files on companies, and provide analyses when requested by the PSC;

d. 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.

ACIR Membership
The Advisory Committee on Investment Responsibility shall include ten voting members: one undergraduate and one graduate or professional student nominated respectively by the Duke Student Government and Graduate and Professional Student Council, one alumnus nominated by the Duke University Alumni Association, three faculty members nominated by the Academic Council, the University Counsel or his or her delegate, the Deputy Treasurer or his or her delegate, and two administrative appointees chosen by the President. Each representative body will be asked to nominate two individuals for each position and the President will select who will be invited to serve.

Members shall be appointed for at least two years and may be reappointed, serving until their successors take office.

The ACIR Chair shall be appointed by the President from among the voting members.

ACIR Organization
The ACIR shall meet on call of the Chair.

The ACIR may ask individuals, from within the University or outside of it, to attend its meetings as consultants or otherwise provide advice and information.

To assist in its review of social responsibility proxy issues, the ACIR will have access to data compiled by or on behalf of the University on companies the securities of which are held directly by the University. It is understood that certain pooled or commingled investment vehicles may not permit the degree of disclosure possible for direct holdings.
ACIR Operations
The ACIR shall examine issues of investment responsibility involving the University’s endowment securities and propose to the President recommendations for action by the Trustees. Such recommendations shall take into consideration the following factors: (1) the facts and information the ACIR has gathered in its study of the issues; (2) whether the offending firm’s culpability is substantial and proven; (3) the opinions expressed within the Duke community regarding the issues, including the degree of consensus; and (4) the legal and financial impact of the recommended action on the companies in question.

The Chair is responsible for setting agendas. The Chair shall take as an agenda item only matters referred by the President or the PSC.

The ACIR may, at its discretion, sponsor or encourage the convening of occasional public meetings or forums of the Duke community to assess the views of members of the community.

In considering an allegation of substantial social injury, the ACIR shall investigate and analyze the allegation in whatever manner it deems appropriate and may then make a recommendation to the President, provided that the recommendation is first approved by the majority of the ACIR’s members. Recommendations may call for voting Duke’s shares in shareholder resolutions, making representations to management, divestment of securities, or other action as the ACIR deems appropriate.

The ACIR shall make its recommendation in writing to the President. The recommendation shall be accompanied by factual findings and an analysis of the question involved. Voting members of the ACIR who hold dissenting or divergent views may submit them in writing with the ACIR’s recommendation.

Where the ACIR indicates a desire to deliberate on a proxy or divestment issue, the President will, where practicable, await a timely recommendation from the ACIR before taking action.

The President will make decisions on all recommendations for action under this policy.

Role of the President
The President will review the analysis and recommendation of the ACIR and, if he or she concurs, will forward a recommendation to the Board of Trustees.

If the President chooses not to forward the ACIR’s recommendation to the Board of Trustees, he or she will explain his or her decision in writing to the ACIR.

An annual report published by the President’s office will inform the University community of the issues examined by the PSC, recommendations made by the ACIR, and the disposition by the President’s office and the Board of Trustees.