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January 27, 2015

To the Members of Divest Duke:

I write in response to your proposal regarding fossil fuel divestment. In keeping with the university's policy regarding ethical investment and the Duke University endowment, I forwarded the proposal and supporting materials to the Advisory Committee on Investment Responsibility (ACIR). As you know, the ACIR is a group with wide representation across the Duke community, including four students, chaired by Professor of Law James Cox. The ACIR has now sent me its report, which is publicly available at [http://today.duke.edu/showcase/reports/2014-11-24\\_ACIR\\_Report.pdf](http://today.duke.edu/showcase/reports/2014-11-24_ACIR_Report.pdf). I agree with the report's recommendations. I have discussed the recommendations with the Executive Committee of the Board of Trustees, which has governance responsibility for DUMAC. The Executive Committee agrees with the proposed course of action as well.

The ACIR and I share your deep concern regarding human-induced climate change and the disruptions it poses to the human and natural worlds. The committee gave careful consideration to the arguments you put forward and consulted with several Duke faculty experts before coming to its conclusion. At the end, however, the ACIR does not recommend divestiture from fossil fuel companies at this time on the terms proposed.

I urge you to read the report carefully, as it clearly articulates the reasoning of the ACIR. Duke's ethical investment policy specifies a level of community consensus as a precondition for divestiture; the committee did not feel that this degree of consensus had yet been reached, and it noted that other intermediate steps have not yet been taken. The committee was also not persuaded that divestiture by this university would have the impact on company conduct or the world climate and energy consumption that the proposal envisions.

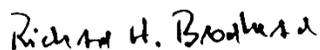
The proposal by Divest Duke makes a strong point regarding symbolic impact, and the ACIR recognizes the significance of such a gesture. However, Duke has even more potent means than divestment for expressing the institution's ethical commitments on climate and energy issues. These include, among others, the major investments Duke University has made to reduce energy use on campus and to wean Duke from the most environmentally damaging forms of fossil fuels. The prominence of the Nicholas School of the Environment, the Nicholas Institute for Environmental Policy Solutions, the Energy Initiative, and the energy theme in Bass Connections dramatize Duke's commitments in other ways. These important initiatives represent the primary means by which Duke and other universities create impact in the world: through teaching, research, and training in real-world problem solving.

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Duke will continue to be committed to creating a sustainable campus and to training future leaders for a sustainable world. The ACIR report will chart a path for Duke to pay new attention to the climate implications of investment decisions. Going forward, DUMAC will continue to disclose its direct holdings in this category to ACIR. The Executive Committee of the Board of Trustees, in overseeing DUMAC's investment strategies, will be mindful of this issue and will discuss periodically with the DUMAC leadership opportunities for investment in clean energy technologies. The university's Sustainability Committee will be asked to consider ways of engaging with companies where Duke has investments to urge better corporate practices. And the University Treasurer will be urged to vote proxies for university holdings where that is judged appropriate.

Divest Duke has done this university a significant service in raising the question of how our investments should be governed by ethical values regarding climate change. I'm grateful for the research and the commitment that undergirded your proposal. Please know that the depth and thoughtfulness of the proposal contributed greatly to the conversation of the ACIR and informed its suggestions. I thank you for helping your university with this progress.

Sincerely,



Richard H. Brodhead  
President