

SOCIALLY RESPONSIBLE INVESTMENT REVIEW COMMITTEE

Minutes of a meeting held on 13 June 2019

Ref. FIN/114/SRI

Present: Dr Easton (in the chair), Professor MacFarlane, Professor Bhaskaran, Mr Morse, Ms Mair (by phone), Rosanna Greenwood (Oxford SU).

Apologies: Mr Mason, Dr Caldecott, Pro Vice Chancellor (Research).

In attendance: Sarah Cowburn (Secretary), Alex Cheetham¹, Kaya Axelsson (Oxford SU)².

1. Minutes of the meeting held on 10 October 2018 (SRIRC(19)01)

The minutes were **approved**.

2. Matters arising not covered elsewhere

There were no matters arising.

3. SRIRC Annual Report to GPC (SRIRC(19)02)

Following the SRIRC meeting held on 10 October 2018, the Chair had had numerous further discussions with OUem and with the Chair of the University's Investment Committee to try to bridge the gap between the information expected by SRIRC and the information provided by OUem.

SRIRC received the final version of the annual report which had been considered by GPC on 3 June 2019, together with the minute of GPC's discussion.

SRIRC discussed the following points:

- OUem had previously been a signatory to the UK Stewardship Code but had withdrawn for cost reasons. It was now considering signing up again and was also considering becoming a signatory to the Carbon Disclosure Project³;
- becoming a signatory to the Principles for Responsible Investment (PRI) framework was problematic for OUem as the framework currently included a principle on 'lobbying others' – this might be possible at the University level but was not something OUem itself could undertake;
- SRIRC was keen to receive data and metrics, whereas OUem tended to work with case studies. The student representatives were keen to understand the potential for a more quantitative assessment e.g. the percentage of "positive" investments at OUem. SRIRC should request again the percentage of investments (or forward commitments) with a positive bias towards social or environmental outcomes;
- OUem had offered to invite SRIRC members to a 'deep-dive' session to demonstrate their approach to SRI issues – the Committee agreed that this would be very helpful;
- the Chair had held a number of Q&A sessions with representatives of Oxford SU and OUem. The students appreciated this opportunity for helpful dialogue;
- a light benchmarking exercise had been undertaken to ascertain how other institutions approached SRI policy and governance and OUem had undertaken a study focusing on ESG/SRI implementation and communications (see item 4 below). Initial findings suggested a wide range of different approaches – however, none of the organisations appeared to have a dual reporting structure like Oxford's;
- members of the Investment Committee were appointed by GPC (under delegated authority from Council), primarily for their recent and relevant expertise of investment management. If the University were to rely on Investment Committee for SRI monitoring

¹ In attendance in relation to the benchmarking exercise (item 4)

² In attendance as the incoming VP (Charities and Community)

³ <https://www.cdp.net/en>

and compliance, the intention should be that some members would have experience in SRI matters;

- the University's SRI policy and SRIRC pre-dated the set-up of OUem. Since its establishment the scale of OUem had increased significantly and it now managed not only the University's endowment but also those of a large number of colleges and a number of associated and external charitable trusts;
- the University's statements on exclusions were very clear and the SRI policy would benefit from being revised to include these;
- while admirable, it was not possible to apply academic rigour to the application of SRI policies when investing. There is always an element of reputational risk associated with the application of any SRI policy, however that policy is defined;
- GPC had noted that given the high standards required by the University both in relation to its investment returns and its socially responsible conduct, the University would always need to accept some level of risk in balancing the two – what the University needed to determine was what level of assurance on SRI issues it considered to be appropriate;
- following the GPC meeting, OUem had been asked to provide Council (on 24 June) with a fuller report on ESG issues. The Chair of SRIRC and the Registrar had also been tasked with taking forward the benchmarking exercise to consider how SRI issues are handled at comparable institutions;
- there were a multitude of codes and frameworks to which organisations could sign up e.g. ISS as an example of a voting framework used in pooled vehicles;
- the students' main concern was currently climate change. The Oxford SU VP had worked hard to manage student representations to SRIRC, so that none were brought unless very fully considered.

The Committee agreed that, following the Council meeting on 24 June, the Chair would arrange a conference call to update members on Council's discussion. The next SRIRC meeting was scheduled for 28 November – OUem would be asked to join that meeting, to provide their annual report. In advance of that, the 'deep-dive' session with OUem would take place⁴.

4. Benchmarking exercise

The Chair gave an oral report on benchmarking of SRI/ESG policies undertaken by his office and OUem. The exercise, which had been a mix of desk-based research, telephone and face-to-face interviews, had so far covered six charities and foundations and five universities. Information had been shared on a confidential basis so any identifying information was not for wider circulation. An initial assessment showed that institutions took a wide range of different approaches to dealing with SRI matters, including:

- informal approaches
- advice from investment consultants
- appointment of an ESG Officer
- led by CIO
- monitored by Board and Trustees
- stakeholder forum
- internal advisory committee
- ad hoc committee formed in response to a SRI particular issue

None had a dual reporting structure like Oxford's and, in all cases, there was a much greater focus on charitable or institutional mission than on SRI issues. It was not clear whether the dual reporting structure made a positive difference as it was very difficult to measure relative SRI performance. One option for Oxford might be for SRIRC to meet once a year to make an assessment on OUem's SRI reporting and for an ad hoc group to respond to particular issues as and when they arose.

⁴ Post meeting note: the 'deep dive' session will also now take place on 28 November.

It would be helpful for SRIRC to understand the steps that OUem went through when making an investment and it was envisaged that the 'deep-dive' exercise would help with this.

The benchmarking exercise had been very thorough and was helpful in confirming the atypical SRI governance structure in the University. It was suggested that the University would benefit greatly from addressing this issue, potentially merging the Investment Committee and SRIRC in some way. It was noted that although further benchmarking was unlikely to add to what the initial screen had established, other institutions which might be worth considering would be:

- Edinburgh University
- Toronto University
- McGill University
- UC Berkeley
- Sydney University
- The Church Commissioners
- UK Environment Agency
- University of Texas (UT) Austin⁵

One of the external members offered to put the Chair in touch with the former PRI Chairman, for some informal advice.

5. **Student representation** (SRIRC(19)03)

The Committee considered a minor change to its student membership and agreed that, given the specialist work of this Committee, it would be important to ensure that the student representative was suitably engaged and well-informed. It was noted that, going forward, it was likely that the student representative would continue to be a sabbatical officer. However, the Committee **agreed** that this should be specified in the regulations as follows:

~~'(9) a student member appointed by the Executive of the~~ one sabbatical trustee of Oxford University Student Union ~~from among their own number.'~~

6. **Any other business**

There was no other business.

7. **Date of next meetings**

SRIRC noted that its Standing Orders state that the Committee shall ordinarily meet at 9.00 a.m. on the Thursday of Week 7. However, as the Chair has another regular commitment at that time, the SRIRC meetings for the 2019-20 academic year have therefore been provisionally scheduled as follows:

- 11am on Thursday 28 November 2019
- 11am on Thursday 5 March 2020
- 11am on Thursday 11 June 2020

There was some discussion as to whether it might be possible to hold the meetings later in the day or on a different day but, on balance, it was agreed to stick with the dates above.

⁵ Post meeting note: the endowment of the UT Austin is part of the organisation UTIMCO (one of the top US university endowments), which is covered in OUEM's study.