

## **SOCIALLY RESPONSIBLE INVESTMENT REVIEW COMMITTEE**

### **Minutes of a meeting held on 26 November 2009**

Ref: FIN/114/SRI

Present: Warden of Nuffield (in the chair), Pro-Vice-Chancellor (Education), Professor Clark, Ms Lean (OUSU), Professor Savulescu, Ms Tennant, Dr Wilkins.

In attendance: Mrs Hudspith (Secretary); Ms Wildsmith (CCLA) for item 2.

#### **1. Minutes (SRIRC(09)07)**

The unconfirmed minutes of the meeting held on 26 May 2009 were **approved**, subject to an amendment to minute 2 to record that the Committee had requested that a copy of Mr Edmondson's presentation be made available to it.

#### **2. Matters arising**

All matters arising were covered elsewhere in the agenda.

#### **3. Presentation by Helen Wildsmith, Head of Ethical and Responsible Investment, CCLA**

Helen Wildsmith, Head of Ethical and Responsible Investment, CCLA, made a presentation on the methods used by CCLA to establish and implement investment strategies in line with the ethical preferences of its church and charity clients.

Historically, the CCLA provided access to the capital markets for smaller church, charitable and local authority organisations with limited funds that would not be entitled to direct access. The CCLA now had approximately 30,000 charity clients and operated on the general principle that its role was to enable its clients to invest in accordance with their own principles.

The CCLA had surveyed the views of its largest clients in the first instance (a survey of all clients was planned) to identify key areas of concern. This had enabled the development of a strategy, combining a number of approaches to ethical investment: (a) the integration of certain elements into all investment decisions, for example, the exclusion of companies whose governance practices were ethically poor; (b) engagement through clearly devised programmes for example, in relation to climate change disclosure and the responsible marketing of alcohol; and (c) screening out any companies with significant involvement in tobacco, production of pornography or online gambling and of those companies with an ongoing involvement in the production of weapons banned by UN treaties (such as landmines and cluster bombs).

Another strategy for incorporating SRI was 'impact investing' in, for instance, companies working to develop climate change solutions.

The Committee noted that the CCLA was not directly comparable with OUEM, as the CCLA invests approximately 80 per cent of its funds directly into the capital markets whilst OUEM operates by selecting fund managers to invest on their behalf via pooled vehicles. However, the general principles of the CCLA strategy might be transferable.

#### **4. Guidelines for the operation of the Committee (SRIRC(09)08)**

The Committee noted the guidelines used by the Committee to Review Donations.

The Committee agreed that it would be beneficial to develop an overarching strategy within which all future requests under the SRI policy could be assessed.

It was noted that, as a charitable organisation the University was obliged to seek the best possible return on its investments, unless the action required to achieve such a return would be in direct contravention of its charitable objectives. In light of this, there were ethical implications to any decision that might reduce the level of income available to the University. The core element of the any strategy developed by the committee was likely to be that the

University primary aim must be to ensure economic security and compliance with its charitable objectives whilst applying the SRI policy to grossly unethical companies either through divestment or engagement.

The Committee would consider recommending to Council that the views and concerns of the University in relation to ethical investment be surveyed (via departments and divisions). Although, it noted that a survey might not elicit a cohesive University view on SRI. The Committee **agreed** that, wherever possible, the ethical standards adopted by the SRIRC should be guided by reference to external measures (e.g. compliance with UN conventions).

The Committee **agreed** that it should acquire further information on the different approaches taken to SRI and on ethical benchmarks for its next meeting. Professor Clarke agreed to investigate the UN Principles of Responsible Investment Global compact and would also bring information on the Norwegian approach to SRI. Ms Tennant agreed to provide information on the adoption of an SRI approach in Sweden. In addition, Ms Danyelle Guyatt of Mercer's global Responsible Investment team would be invited to make a presentation to the Committee.

5. **University investment in companies engaging in arms manufacturing**

The Committee continued its discussion of the request that the University should not invest in companies engaging in arms manufacturing. The Committee recalled that, as the Investment Committee has advised that there would be a financial loss associated with such a decision, it was required to consider whether investment in companies engaging in arms manufacturing was ethically inconsistent with the University's education and research aims.

The Committee noted that it might present a set of options to Council for consideration, one of which could be the adoption of the same approach as the CCLA, screening out only those companies with ongoing involvement in the manufacture of weapons banned by UN treaties, such as land mines or cluster bombs.

6. **Date of next meeting**

Thursday 4 February, 12 noon, Room 6B (formerly room 321(b)).

ERH  
26 January 2010