Minutes of a meeting held on 29 October 2009

Ref: FIN/114/SRI

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

In attendance: Mrs Hudspith (Secretary); Mr Edmundson (OUEM) for item 2.

Apologies Professor Clark, Dr Wilkins

1. Minutes (SRIRC(09)05)
   The confirmed minutes of the meeting held on 26 May 2009 were noted.

2. Oxford University Endowment Management Ltd
   Mr Jack Edmundson, Investment Director, OUEM Ltd, made a presentation to the Committee on the governance and operation of OUEM. The Committee noted that OUEM was responsible for the management of the Oxford Endowment Fund and the University’s Capital Fund, in accordance with financial objective set by Council and under instruction from the Investment Committee.

   The Committee noted the target distribution of the two funds across different classes of investment, and examples of the types of funds that OUEM was able to access. OUEM sought to invest funds across a diverse range of vehicles, primarily pooled funds.

   The Committee asked whether a copy of the Powerpoint slides could be made available to it.

3. Referral by Council: University investment in companies engaging in arms manufacturing (SRIRC(09)06)
   The Committee received a paper setting out the views of the Investment Committee on the efficacy and financial consequences for the Endowment and Capital Funds of the University ceasing to invest in arms manufacturing companies. The Investment Committee’s conclusions were that an overall ban on such investments would be difficult to effect and could have severe financial consequences as it would restrict the range of pooled vehicles available to the University; however, a ban on direct investments in arms manufacturers might be effected with little or no impact, essentially because the investment strategy pursued by the Investment Committee involves more or less no direct investments in companies. The Committee recalled that the terms of the University’s Socially Responsible Investment Policy permitted divestment on ethical grounds in the following circumstances: (a) where such action would not reduce the financial return on investment; or (b) where the activities of a company were, on ethical grounds, inconsistent with the educational and/or research objectives of the University, even if a reduction in return might result. Although the policy also covered engagement as an alternative to divestment, the question before the Committee was whether the University should divest from companies engaging in arms manufacturing.

   The Committee noted that the background to this request was objection to companies that were supplying arms to Israel, in light of the situation in Gaza. Nevertheless, the question before the Committee related to all arms companies. The Committee need not make an all or nothing answer to this question. However, it was noted that there were difficulties associated with singling out certain companies as suppliers because their arms were being used by illegal/objectionable regimes. Once arms had been produced and supplied to the initial purchaser, any future supply or application of the weapons was not in the control of the manufacturer. The question to consider, therefore, was whether arms manufacturing in itself was an unethical activity. In this respect, the Committee noted the scope for debate as to who arms the peacemakers.
The Committee notes that there may be risks involved in divesting from companies that also provided research funding to the University. This risk should be highlighted in making any recommendation to Council.

It was agreed that it should aim to conclude its discussion after two further meetings. It was noted that the Committee would not necessarily reach unanimous agreement on a single recommended action. In this case, it would present a majority recommendation and set out clearly the minority view.

During discussion of the specific question before it, the Committee also considered whether it should be entirely reactive in responding to representations made under the terms of the Socially Responsible Investment Policy, or whether it might wish to develop a set of guidelines within which to consider requests received. The Committee noted that [as required by its remit] the Committee to Review Donations had produced such a set of guidelines to assist its work. The Committee noted that the benefit of producing guidelines was to ensure consistency of approach. However, guidelines could take some time to develop and it was not clear that the question in hand could be put on hold pending the completion of such work. The Committee agreed that it would be useful to know whether, and how, other charitable institutions had managed to adopt SRI. To that end, it agreed to invite Helen Wildsmith, Head of Ethical and Responsible Investment at CCLA, to make a presentation to its next meeting.

4. **Date of next meeting**

   Thursday 26 November, 12 noon, Room 2.