

**SECOND STATEMENT FROM THE
SOCIALLY RESPONSIBLE INVESTMENT REVIEW COMMITTEE
ON THE OUSU REPRESENTATION ON DIVESTMENT FROM FOSSIL FUEL COMPANIES**

Background

The Socially Responsible Investment Review Committee (SRIRC) has considered the resolutions by the Oxford University Student Union (OUSU) requesting that the University divest from fossil fuel companies. The Committee, with the approval of GPC, agreed to commence a broad consultation <http://www.admin.ox.ac.uk/councilsec/governance/committees/srirc/srircstatementonthefossilfueldivestmentcampaign/>.

The consultation requested:

- (i) evidence and opinions that might inform SRIRC's consideration of the question of possible divestment from companies '*that participate in exploration for and/or extraction of fossil fuel reserves*' as per the OUSU representation; and
- (ii) evidence or views on whether there are alternative ways in which the University should engage in the debate about climate change.

The responses to this consultation have been submitted. The Committee met on 2 July 2014 to consider the responses to the consultation and to determine the next steps in its deliberations and response.

Summary of response to the consultation

The Committee was pleased with the high level of response, demonstrating positive engagement by the University community. Submissions were made by individuals and by divisions, committees and colleges whose formal positions were determined after internal discussions with their members and constituent. There were a total of 34 submissions as set forth below.

Divisions - 4 responses received

Committees - 6 responses received

Colleges - 2 responses received

Individual members of staff - 9 responses received

Alumni - 6 responses received

Students - 4 responses received

Other responses - 3 responses received

Summary of views

While the views expressed were diverse, there was agreement that the issue of climate change is one of great importance. It was also widely agreed that the University has a responsibility to consider its position carefully, given the significance of the climate change issue. The Committee considers that this debate will further the engagement of the University community on this issue and, in this way, the debate in itself is a positive step and extremely welcome.

The Committee determined that the opinions expressed in the consultation generally fell under the following four categories: 1) those in favour of full divestment from fossil fuel companies, 2) those not

in favour of such full divestment, 3) those who presented alternatives to such full divestment, and 4) those who believed that they had insufficient information to make an informed response.

While it would not be possible to capture accurately all the views expressed in the consultation in a simple summary, the description below attempts to highlight the most significant and most frequently articulated arguments made in the consultation.

Proponents of fossil fuel divestment generally stated that the University has an ethical duty to divest in light of the significance of the climate change issue. Arguments were put forward that divestment would reduce global warming by encouraging market and government policy shifts and effecting changes in corporate behaviour, government regulation, legal statutes and share prices. Some contributors made the financial argument that fossil fuel companies were overvalued in light of likely regulations to curb the use of fossil fuel in the future, creating a “carbon bubble” in the valuation of fossil fuel companies and “stranded assets” which cannot be utilised. The argument was also put forward that if the University did not divest that this may deter some foundations and alumni from providing financial support to the University in the future.

Those who were not in favour of fossil fuel divestment cited the complex nature of the solution to climate change, highlighting the world’s dependence on energy produced by fossil fuel companies and the contribution by fossil fuel companies toward research and funding of clean energy solutions for the future. Concern was expressed that, if required to divest, the University’s endowment funds would be unable to invest in pooled vehicles impairing the ability of the funds to achieve long-term financial and investment objectives. Further concern was raised with respect to a resulting loss in the funding and support received by the University from fossil fuel companies (and related individuals and companies), including funding of academic posts, academic programmes and buildings and student support, such as career opportunities, development and internships.

Alternatives to full divestment were suggested, which included limiting divestment to companies with coal assets. There were suggestions to consider a positive carbon-sensitive investment strategy whereby the University would look to increasingly invest in sectors focused on sustainable energy and engage its investment managers to effectively consider climate. The University was praised for its current research on climate change and alternatives to fossil fuel and encouraged to continue its efforts. Contributors also encouraged the University to continue to minimise its own environmental impact and suggested that, rather than trying to limit the supply of fossil fuel by divesting, more demand-side solutions to climate change be investigated

Some contributors commented that they did not consider that they had sufficient information to make an informed response. Questions were raised regarding the cost and management of divestment, and how other forms of the relationship with these companies would be managed, such as research funding or collaboration.

New OUSU recommendations and next steps

Following engagement between OUSU and the University, SRIRC understands that OUSU may approve new resolutions at the meeting of its Council in the first week of Michaelmas term, amending the terms of its requests to the University regarding the divestment from fossil fuel companies.

As these resolutions may supersede the existing ones, SRIRC wishes to make its recommendation to Council after it has been able to consider any new resolutions from OUSU.

As SRIRC is allowing OUSU additional time, it will also continue to accept submissions from other members of the University community who may wish to express further views on the divestment from fossil fuel until 14 November 2014.

SRIRC will hold its next meeting on 27 November 2014. At this time, it will be in a position to consider any new OUSU resolutions and any further submissions which have been received.

During the period from now until 27 November, SRIRC will consider the opinions expressed in the consultation and work towards drafting a recommendation to the Council, such that Council can consider SRIRC’s recommendation at its meeting in the fourth week of Hilary term 2015.