

SOCIALLY RESPONSIBLE INVESTMENT REVIEW COMMITTEE
Minutes of a meeting held on Microsoft Teams on 11 June 2020

Ref. FIN/114/SRI

Present: Dr Easton (in the chair), Ms Mair, Mr Mason, Mr Morse, Professor Bhaskaran¹ (for items 1-4), Dr Caldecott, Professor MacFarlane, Kaya Axelsson (Oxford SU).

Apologies: Pro-Vice-Chancellor (Research).

In attendance: Sophie Hockley (Secretary), Alex Cheetham (Executive Research Officer to the PVC for Development & External Affairs), Ben Farmer (incoming SU sabbatical officer).

1. Minutes of the meeting held on 1 April 2020 (SRIRC(20)08)

The minutes were **approved** for publication on the SRIRC website.

2. Environmental Sustainability Strategy consultation

Harriet Waters (Head of Environmental Sustainability) provided the Committee with an introduction to the work of the Sustainability Strategy Group. The starting point for this work had been the VC's Oration at the beginning of the year; although the University had strategies in several different areas (such as a transport), there was not one overall strategy for environmental sustainability.

A roundtable with mostly academics led to the formation of a working group, which meets monthly. Representatives from SRIRC and OUem have been involved, and the group is focusing on a number of areas, including the impact of flights; better coverage of sustainability in the curriculum; operational activities; and the University's reach and influence through research and teaching. This group first gauged support for an environmental strategy within the wider University, then produced a paper that went out to consultation in March. The level of support was high, but a shorter and more specific policy (and a target date before 2050) was required.

Since this consultation, the working group has been redefining the timeframe. A draft strategy is expected to go to Council in February 2021 (the now delayed COP26 had been a key milestone) and therefore strategy proposals will be taken to the relevant committees in Michaelmas term 2020.

SRIRC commended the fact that the working group was taking a holistic view across the whole University and recommended that a target date was set in order to take the first steps towards this goal. In response to questions from the Committee, it was confirmed that addressing the supply chain would be one area where this work could have the most impact. However, this would be addressed alongside the University's own operational impacts, where there was opportunity, for example, to make greater use of central purchasing for supplies such as recycled paper and lab purchases. Given the large number of proposals in the consultation document the Chair suggested ranking each in terms of (a) scale and (b) impact.

It was agreed that Harriet Waters and the Chair of SRIRC would discuss the investment section of the draft environmental strategy in further detail, and that this part of the strategy (as revised in the light of the March/April consultation) would be reviewed by SRIRC before any further consultation was undertaken. This investment section would now need to reflect the accepted Congregation resolution on fossil fuels and net-zero engagement.

3. Matters arising not covered elsewhere (SRIRC(20)09)

The Chair noted that the 2015 SRIRC Final Report on Divestment required SRIRC to consider "climate change impacts" at each of its meetings. The Committee agreed that this was covered implicitly at each meeting and did not require a separate agenda item.

The Chair provided a summary of the GPC discussion of the SRIRC Annual Report. Although no final decision had been made, there was a willingness to dismantle the dual governance structure, and GPC was also supportive of the proposed changes to the SRI policy. Therefore, the next steps

¹ Professor Bhaskaran declared a conflict of interest as a board director of an OSI-funded spin-out company and asked that this be recorded at each meeting.

for these two items needed to be considered, as did a third item, the appointment of a new member to the Investment Committee. It was noted that recommendation 3 (OUem becoming a signatory to PRI) was still being pursued: GPC had requested that OUem consider membership and write back to GPC with its assessment, which will be forwarded to SRIRC.

The suggestion was therefore that SRIRC's future role would entail reviewing policy and being a forum for representations (either in its current format, or as an advisory body that was brought together as and when representations were received), and the current monitoring element would be removed. In the subsequent discussion, the following points were made:

Appointment of a new member of Investment Committee

- A lot was being asked of one individual, so it would be necessary to define the support and resources that would be available to this person. This might include support from SRIRC, the right to convene other groups or advisory bodies from a variety of constituencies, and the opportunity to draw on academic expertise, such as research to make the Oxford Martin principles operational. Given the scope of this role, it was thought this individual might need a similar level of authority to that of a committee chair.
- However, it was acknowledged that responsibility did not just sit with the one individual; it was the Investment Committee that was ultimately responsible for delivery.
- SRIRC was content to empower the selection panel for the new Committee member to amend the job description to reflect the discussion at SRIRC and to move ahead with the appointment. Two members of SRIRC are on the selection panel.

Reporting and accountability

- Reporting mechanisms were thought to be important, and a number of options for ensuring accountability were considered.
- The resolution had set a clear governance structure, and therefore it was argued that the new Committee member, and by extension the Investment Committee, needed to be empowered to address these issues. It was also noted that it would take time to engage through managers with companies, and although it would be fairly straightforward to demonstrate this engagement, it would be harder to measure the outputs, particularly in relation to pooled investment vehicles.
- It was agreed that building in a level of reporting and communication was required to address the residual lack of trust and concerns about accountability, and this should be written into the job description for the new member of the Investment Committee.
- A student request for student representation on Investment Committee was raised, as was a review to be undertaken after two years. However, other Committee members held opposing views, preferring to have an unambiguous governance structure with the Investment Committee being accountable as a whole and through the new member. A concern was also expressed about insufficient elected academic representation on the Investment Committee; one option might be for a member of SRIRC to also sit on this committee.

SRIRC's role

- Given that the resolution had effectively removed SRIRC from this area of work, it was strongly argued that a review of fossil fuel divestment was no longer the role of this Committee. Now that progress was being made to address the dual monitoring and reporting system, a return to a monitoring role was not thought to be appropriate.
- It was noted that disbanding the dual governance structure was not the same as disbanding the Committee, and so SRIRC is likely to continue to meet. The new member of the Investment Committee might also sit on (or perhaps chair) SRIRC.

It was therefore agreed that requirements for a robust reporting mechanism and an effective governance structure would be written into the job description. The Chair and the student member might also draft an outline (or template) report for this document.

4. Investment Committee Appointment (SRIRC(20)10)

In addition to the points raised in the discussion of the previous item, it was suggested that additional members of SRIRC would be welcome to join the appointment committee to provide divisional representation. It was proposed that an external recruitment agency might be used to help with the appointment, and it was confirmed that shortlisting information would be shared with SRIRC in due course.

5. Socially Responsible Investment Policy (SRIRC(20)11)

In light of GPC's approval of the recommendation to update the existing SRI policy, an initial draft was brought to the Committee for consideration. This draft had been informed by the recent benchmarking exercise, and the aim was to integrate and consolidate the existing statements and restrictions of SRI into the main policy.

It was agreed that the social element of the Environmental Social and Governance (ESG) issues needed to be given additional weight. The differences between ESG and SRI, and the way they were brought together also needed to be clarified. A view repeated by one member earlier in the meeting was that a consideration of what was 'socially responsible' might encompass much more than the baseline ESG standards. To avoid Oxford itself defining what comprised SRI and ESG, it would be preferable to draw on the UN's Principles for Responsible Investment (PRI) and the UN's Global Compact.

Whilst there was interest in significantly rewriting the policy, there was also acceptance that a more pragmatic approach might need to be taken. The policy should also be at the big picture level. Further communication and refinement of this policy would be conducted with SRIRC members via email and one-to-one phone calls over the summer.

It was reconfirmed that SRIRC's role would be to review the SRI policy and to be a forum for representations. Although the Committee did not wish to retain the dual governance structure, the question was raised as to whether representations to this forum might extend beyond the policy itself.

6. Any other business

Kaya Axelsson was thanked for her contribution to the Committee over the past year. It was hoped that the other members whose terms were coming to an end might be able to continue for another meeting to finalise the developments that were currently under way.

Items for approval or report without discussion unless a member of the Committee asks that any item be brought forward for discussion.

7. Factsheet from OUem (SRIRC(20)12)

The Committee received for information OUem's most recent factsheet on the preliminary performance of the Oxford Endowment Fund (to 31 March 2020).

8. Date of the next meeting

It was agreed that a call would be arranged for September to approve the policy and to provide an update on the appointment of the new member of the Investment Committee.

Dates for meetings would be fixed by correspondence over the next few weeks.