Minutes of a meeting held on Microsoft Teams on 1 April 2020

Ref. FIN/114/SRI

Present: Dr Easton (in the chair), Mr Mason, Dr Caldecott, Professor Bhaskaran¹, Mr Morse, Ms Mair, Kaya Axelsson (Oxford SU).

Apologies: Professor MacFarlane, Pro-Vice-Chancellor (Research).

In attendance: Sarah Cowburn (Secretary), Alex Cheetham (Executive Research Officer to the PVC for Development & External Affairs).

1. Minutes of the meeting held on 28 November 2019 (SRIRC(20)01)
   The minutes were approved for publication on the SRIRC website.

2. Note of the call held on 3 February 2020 (SRIRC(20)02)
   The note of the call was approved.

3. Matters arising not covered elsewhere
   The Chair updated the Committee on a number of items:
   - OUem had signed up to the Carbon Disclosure Project (CDP) in January and had made a definitive statement that they were aiming to become signatories to the UK Stewardship Code 2020. These positive steps would help to address the information gap;
   - The Chair’s role at Oxford would be changing as he was formally stepping down from the post of Pro-Vice-Chancellor (Development and External Affairs). He would still be involved with the University but for fewer days per week. It was not clear at this stage whether he would continue to Chair SRIRC or whether a new Chair would be identified.
   - The search for a successor as PVC was on hold at the moment.

4. Congregation resolution on fossil fuel divestment and Council’s response (SRIRC(20)03)
   SRIRC noted that a resolution relating to fossil fuel divestment and net zero investment, signed by 75 members of Congregation, had been published in the Gazette on 26 March. Council had considered the resolution and deemed it acceptable. The resolution had been the result of lengthy and constructive discussion between students, academics and OUem – it was divided into three parts:
   - **Divestment** - the University has no direct investments in fossil fuel extractors, and very low indirect investment (0.6%) in energy exploration and extraction, so this part of the resolution formalises current good practice and commits the University to continue the downward trajectory.
   - **Engagement** – it was a significant step for OUem to actively engage with fund managers to request evidence of net zero business plans across Oxford’s entire portfolio of investments.
   - Oversight – a new additional member of Investment Committee would be appointed to review and report on divestment and engagement. This individual would play an important role and would need the necessary gravitas and knowledge to carry it out. Any suggestions of possible appointees were welcome.

Further work was now required on the implementation of the resolution.

SRIRC noted that it had not been involved in the drafting of the resolution or advising on Council’s response. Those putting forward the resolution had been encouraged to use the existing SRIRC process for representations but the Congregation resolution route had been

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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.
preferred. There had been some concern that submitting a representation might result in a statement from Council, rather than a change in policy, as had happened in 2015. The Congregation route had also been seen as the most democratic option. Although SRIRC had not been formally consulted on the resolution as a committee, one of its members, the Oxford SU VP (Charities and Communities), had been instrumental in negotiating the final draft on behalf of the proponents and she was aware of SRIRC’s overall position during these negotiations.

As the resolution was on Congregation’s agenda for 26 April, it was possible that amendments or opposition might yet be received, but it was considered that this was unlikely, given the broad support amongst stakeholders. It would be important to ensure that the necessary communications were in place for if/when the resolution was approved.

5. University’s Environmental Sustainability Strategy Consultation – Investments (SRIRC(20)04)

The Committee noted that a large-scale consultation exercise was underway on the University’s Environmental Sustainability Strategy. Over 900 responses had been received to date. The following points were made:

- The section on investments was currently focussed heavily on fossil fuels and needed to be much wider;
- SRIRC had not been consulted before the draft was published. Although this consultation offered the opportunity to comment, it might have been more helpful to have had more of a role at the drafting stage;
- Any comments/suggestions for re-drafting the section on investments should be sent on to the Secretary following this meeting.

6. Benchmarking exercise (SRIRC(20)05) (re-circulated separately with password protection)

The information from the benchmarking exercise, covering 38 organisations, had been re-circulated for information. The Committee confirmed its previous view that the exercise had been very useful in demonstrating that:

- There was huge diversity in this area;
- SRI advisory committees were prevalent in the HE sector;
- Oxford’s dual governance structure - whereby both SRIRC and Investment Committee both reported separately to Council (SRIRC through GPC) on SRI issues - was unique.

The Committee noted that one of the reasons why SRI governance was different at Oxford was because Oxford’s structure was different and that, in academic institutions, tensions were not unusual and could often be beneficial. The fact that there were two committees reporting to Council on SRI was not, in itself, problematic, but the fact that they did not communicate well with each other, did lead to problems. There might be some scope for improving engagement and reducing the clash between the academic and management cultures.

7. SRIRC Annual Report to GPC and Council: discussion paper (SRIRC(20)06)

The Committee considered the issues it would like to bring to GPC’s and Council’s attention in its forthcoming annual report.

- Governance – dual-reporting and policy

The Committee agreed that the most fundamental issue that needed resolving was the governance of SRI issues within the University. The dual reporting structure, with joint and overlapping responsibilities for SRI policy and monitoring by both SRIRC and the Investment Committee and both Committees reporting separately into Council on SRI, did not work, did not appear to provide any discernible advantage over other potential structures and was not an approach that the benchmarking study had found to be replicated elsewhere.

The Committee discussed possible options. Responsibility for assessing the processes and practices through which the SRI Policy is implemented should sit either (a) wholly with SRIRC (with Investment Committee reporting to it); (b) wholly with Investment Committee (with an
enhanced membership with expertise in SRI issues); or (c) with a subcommittee of Investment Committee constituted specifically for that purpose. It was noted that SRIRC had been established to provide accountability and it would therefore be important to ensure that whatever structure was put in place maintained an independent, external viewpoint. Consideration would also need to be given to the most appropriate body for receiving and handling representations going forward – this might best be done by means of an ad hoc committee, which would ensure members had the necessary expertise depending on the nature of the presentation.

The Committee agreed that, whilst making changes to the governance of SRI issues, it would be appropriate to consolidate the existing SRI policy - the restrictions/positions adopted by the University on various SRI issues (e.g. fossil fuels, arms and tobacco) should be included as part of the policy, rather than as separate stand-alone statements as currently.

Information required to fulfil its remit

In terms of further information on engagement and reporting, SRIRC agreed that a number of positive steps had been taken by OUem, although it had taken quite some time to get to that point. There was also little sense of urgency from OUem, with responses to suggestions from SRIRC taking up to a year. Signing up to the Carbon Disclosure Project and aiming to become signatories to the UK Stewardship Code clearly went some way to closing the gap between the information SRIRC needed to fulfil its remit and what was provided by OUem. However, there remained a gap. Signing up to the Principles for Responsible Investment (PRI, formerly UNPRI) would go further in closing that gap. SRIRC recognised that there would be cost and resource implications in signing up to PRI, but considered that, if an organisation considered SRI principles to be important, it was imperative to sign up, not least to demonstrate such commitment. PRI is relevant to many types of investment organisation, including both large and small.

Consultation with SRIRC

The Committee noted that it had not been consulted on the Congregation resolution (and Council’s response) and the Investment section in the Environmental Sustainability Strategy consultation. The fact that its advice was not sought and its recommendations rarely acted upon inevitably raised questions about the continued existence of the Committee. If another Committee (e.g. Investment Committee) was prepared to take on responsibility and accountability for SRI issues, perhaps that option should be pursued.

Relationship with the Investment Committee and OUem

If SRIRC were to remain in existence, further steps would need to be taken to improve the interface between the Investment Committee and SRIRC. If the Congregation resolution on fossil fuel divestment and net zero plans was approved, the new member of Investment Committee should either Chair, or at least be a member of, SRIRC, in order to ensure closer working and engagement between the committees. Further dedicated staff resource may be required in due course to support the new member of Investment Committee in facilitating meaningful engagement and reviewing recommendations.

The annual report to GPC and Council would be drafted following this meeting, to cover the points raised during discussion and to make a number of recommendations. The draft would be circulated to SRIRC members for approval by correspondence.

8. Any other business

SRIRC noted that:

- Ms Mair’s term of office was due to end at the beginning of Michaelmas term 2020. As this would be the end of her second full term of office, she would not be seeking reappointment. The time and commitment given by the Committee’s external members was most appreciated;
- Ms Axelsson would also be stepping down as Oxford SU VP (Charities and Communities) in June/July and would brief her successor on SRIRC’s work;
- Any suggestions of possible new appointees to the Investment Committee should be forwarded on to the Chair/Secretary. The Committee suggested that the use of an external recruitment consultant would be appropriate for such a key role. It was crucial
that the individual was seen as both independent of, but a useful addition to, the Investment Committee.

9. **OUem factsheet: quarterly performance summary** (SRIRC(20)07)
   The Committee received for information OUem’s most recent factsheet on the preliminary performance of the Oxford Endowment Fund (to 31 December 2019). The next factsheet would be dated 31 March 2020 and was due out around the middle of May.

10. **Date of next meetings**
    The Committee noted that the next meeting was scheduled as follows:
    - 11.00am – 1.00pm on Thursday 11 June 2020 (likely to be held remotely via Microsoft Teams)

    Dates for meetings to be held during the next academic year would be fixed by correspondence.