

UNIVERSITY OF EDINBURGH

MINUTE OF A MEETING of the Fossil Fuels Review Group held in the Elder Room, Old College on Wednesday 11 February 2015.

Present: Prof Charlie Jeffery	Senior Vice Principal (Convenor)
Dave Gorman	Director of Social Responsibility & Sustainability
Tasha Boardman	EUSA Vice President Services
Mark Connolly	CIO, Fixed Income, Aviva Investors (Member of Investment Committee)
Prof Andrew Curtis	Professor of Mathematical Geoscience
Dr Andy Kerr	Executive Director, Edinburgh Centre on Carbon Innovation
Prof Lesley McAra	Chair of Penology, School of Law
Phil McNaull	Director of Finance
Tracey Slaven	Deputy Secretary, Strategic Planning
Jane Rooney	Minute Secretary

1 Minute

A

Members noted an amendment to the previous minute: Mark Connolly's job title would be updated to read 'CIO, Fixed Income, Aviva Investors'.

The minute of the meeting held on 12 January 2015 was approved as a correct record.

2 Matters ArisingLaw RAE & REF submissions

Action – CJ to review and incorporate RAE 2001, RAE 2008 and REF 2014 environment returns from the Law School within the report 'Fossil Fuels and Climate Change: Themes in RAE and REF'.

3 Further Progress on Evidence Gatheringa) Teaching and courses

B

FFRG noted this background paper on plans to further enhance the student offering on social responsibility and sustainability within the curriculum, presented at Learning and Teaching Committee on 28 May and SEAG on 10 June 2014.

b) Investment issues

C

Mark Connolly introduced a summary of fossil fuel exposures at 31 December 2014, noting a significant reduction in the level of exposure over the preceding six months, partly due to a fall in oil prices. A consolidated report would be presented at Investment Committee on 24 February and would be shared with the Group if the data was substantially different.

The Group discussed an early draft report which summarised the research gathered to date, sought to reflect key points and the diversity of views arising in discussions, and outlined how potential options for CMG might be formulated in the light of the evidence. A second iteration would be discussed at the next meeting on 2 March and the final report submitted to CMG on 14 April.

Members agreed with the broad thrust of the report, proposing a series of changes to refine the presentation of the evidence gathered and strengthen the conclusions reached. Decisions would follow on how much evidence to include in the report versus the appendices. Further consideration would be given to messaging and how to present the material for different audiences and purposes.

Full Discussion & Section Analysis

1. *Background and Introduction*

Members agreed that a short 2-3 sentence summary was needed, which could only be drafted once broad agreement had been reached.

Action – DG to include a reference for the criteria from CMG listed in bullet form.

Action – DG to clarify in the third paragraph regarding the request from EUSA that CMG had agreed in setting up the Review Group to *consider* divestment.

2. *Evidence Reviewed and Findings*

a. Climate Science

This section was agreed - a public statement had already been released.

b. University Values

Members agreed on the need for a strong statement of how the University positioned itself on these issues, while recognising challenges around particular KPIs due to the growth of the estate. Care should be taken to put previous commitments in context and focus in the longer term on the University's mission rather than individual KPIs. The Group noted the recommendation in the final section of the draft report for a consolidated single statement of values to guide similar future work.

Action – TS to work with DG on redrafting the values section.

d. Evidence on Fossil Fuel Dependence, Mitigation Strategies and Relative Contributions by Fuel Type

This evidence had formed a central part of the Group's thinking and the section would need further development. The AK/AC joint paper may be released separately among other key documents.

Action – DG to include in this section references or dynamic links to key supporting documents.

Action – DG to shift the focus from hydrocarbons to clarify here and throughout that *emissions* were the problem.

Action – AK & AC to work with DG on developing this section.

e. University Learning and Teaching and Research

Members acknowledged the need for a single section covering the academic activities of the University which recognised that the balance of teaching and research was very strongly toward climate change, though there was still a significant element within learning and teaching, research, and the careers that graduates went on to focused around the exploration and exploitation of fossil fuels.

Action – AC to assist DG in adding a paragraph on carbon capture and storage to illustrate the complexity of the issue.

Action – AC to liaise with GeoSciences School Office to secure figures for the last ten years on research funding associated with climate science, fossil fuel exploration / exploitation and mitigation.

Action – AC to provide a definition of mitigation including CCS and hydrocarbon funding, biofuels and biochar.

Action – DG having received this definition, to approach Hugh McCann to nominate the most appropriate person to liaise with to secure corresponding figures for Engineering.

f. Investment, Financial and Behavioural Issues

Members agreed that the Group's focus was on the Endowment Fund, though acknowledgement would be made of other investment funds deployed on the University's behalf.

Action – MC to assist DG in drafting a section on the University's investment approach using external managers and clarifying that larger institutions such as Harvard had the resources to engage directly and design their investment strategy in a way that would be extremely difficult for institutions with smaller funds to do.

Action – DG to redraft this section to explore the balance between continuing to hold shares, having leverage and a say in the direction of a company, and the signal value of threatening to divest, along with other organisations sending the same message. This section should reflect the conflicting evidence the Group considered and arguments on both sides.

Action – DG to include recognition that the more complex the strategy given to an Investment Manager the more costly it would be and the fewer the managers that would be willing to take it on.

Action – TB & MC to assist DG in redrafting this section.

3. Evaluation of Evidence and Conclusions

A balance should be struck between taking action to accelerate the transition from high to low carbon while not diminishing academic freedom, the value of the Endowment Fund, or the core activities of learning and teaching, and research.

Action – DG to remove this section, distributing the evidence based content across the previous sections and moving evaluative passages to the conclusion and recommendations section.

4. Development of Options

Members acknowledged that these were a useful set of options but felt that there were some methodological challenges around the matrix. The Convener advised that beyond a certain point these discussions on how quickly to act and in what measure strayed into Investment Committee business. The remit of this Group was to produce a set of options for CMG to consider.

Action – DG to reconsider the matrix element while retaining the set of options, expand the short narratives in Figure 3, and add a column to map out analysis of timing or transition, specifying the different intensities and multiple options within each option.

Action – DG to meet with MC to discuss the practical implications of the options from the perspective of Investment Committee.

Action – DG to think through and include the risks and indirect impacts of non-action.

Options 2 – Assess stranded assets argument/trigger

Action – DG to address the consistency of the text across the report on the stranded assets argument.

Option 3 – Reduce Supply Chain Carbon

This option could be framed across energy companies (the Carbon Underground top 200) or across the entire supply chain.

Action – DG to reconsider wording around supply chain carbon to delivering energy with a low carbon focus.

Option 4 – Identify and Replace

Action – DG to address the consistency of this option, given that earlier the report stated that replacing at the same level would be difficult to achieve.

Option 5 – Divest from High(est?) Carbon Activity

Members expressed mixed views and a need to clarify this option.

Action – DG to reword from 'Divest from High(est?) Carbon Activity' to 'Divest from High(est?) Carbon Emissions'.

Action – DG to unpack options 2-5 in some detail to help clarify the thinking and explore the question of how to relate the options to the evidence and to the range of actions they suggest. It would be particularly important to unpack Option 5 quite precisely.

5. Summary and Discussion of Options and Impacts

The expanded Figure 3 should provide some guidance for this section. Members agreed that the extreme positions (total divestment and no action) were unlikely to be among its recommendations, and to reflect on which of the other options were most promising in which intensities and timescales.

Action – DG to produce a set of possible actions at different intensities and timescales with a matrix under each, consult with members offline, and come

back at the next meeting with a further iteration of the report.

Action – MC & DG to work through the practical implications and put a framework around this to include cost, risk and mechanism for each option.

Action – DG to circulate a revised draft for comment.

6. *Other recommendations to the University*

FFRG agreed this section.

Recommendation 2 Exploration of Low Carbon Investment

The representative from the Law School proposed that UoE might consider endowing a chair in climate justice.

Action – DG to include specific draft recommendations on climate justice.

5 Review of Items for March Agenda

The next meeting on 2 March would reflect on:

- the incorporated REF-RAE data from the Law School
- additional data on research income from Engineering and GeoSciences
- the second iteration of the draft report.

Following discussion at CMG, the Group may wish to take advice from Communications and Marketing on messaging for different audiences.

The Convener noted that the Group could meet again after 2 March if necessary.

6 Any Other Business

AC highlighted the absence of focus or specialist input on evidence on the role of energy in alleviating poverty globally.

Action – CJ to consult with Vice-Principal International James Smith.

Date of next meeting: 10.45 – 12.30 Monday 2 March 2015 Lee Room, Old College