

MINUTE OF A MEETING of the Fossil Fuels Review Group held in the Elder Room, Old College on Thursday 27 November 2014.

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| Present: | Prof Charlie Jeffery | Senior Vice Principal (Convenor) |
| | Dave Gorman | Director of Social Responsibility & Sustainability |
| | Tasha Boardman | EUSA Vice President Services |
| | Mark Connolly | Director and Head of Fixed Income at Scottish Widows Investment Partnership (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 Welcome

The Convenor welcomed Lesley McAra to the Group.

2 Minute

The minute of the meeting held on 5 November 2014 was approved as a correct record.

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3 Matters Arising

Confidentiality

The Deputy Secretary Strategic Planning clarified the situation regarding possible future FoI requests. As standard with a policy in development, all meeting documents were currently confidential, protecting the freedom to have an open and measured debate, and would not be released until a decision had been made. Once the process was concluded, individual documents may be released subject to various exemption tests.

In the interests of transparency, the Convenor proposed that after each meeting a brief statement of progress be released, distilled from the minute and giving a wider sense of the discussion without attribution.

Action – CJ/DG/JR to produce progress reports to be made publicly available after each meeting.

Divestment Request

It was clarified that the discussion at CMG, included as a post-meeting note to the previous minute, constituted the formal request for divestment and the trigger for this process.

4 Evidence gathering: progress and next steps

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I. Climate Science and Emissions

The Director of SRS introduced a summary of the climate science. The latest IPCC 5th assessment report set out the evidence that the climate was changing according to predictions, that this was caused by humans, and that it would have a negative impact.

The biggest contribution to climate change was from fossil fuel use.

The Group noted a clarification of the distinction between adaptation, which responded to the problem by managing its impacts, and mitigation, which attempted to resolve it at source.

Action – DG to draft a short statement to provide a foundation for the work of this Group, taking as a baseline the IPCC report, including acknowledgement of the climate science, recognition of climate change as man-made, and the belief that UoE should make a contribution to both adaptation and mitigation. DG to share the statement with AK for his input before circulating to the Group for comment and agreement in advance of the next meeting in January.

II. Fossil Fuel Dependence

Contemporary society's dependence on fossil fuel-derived products should be considered by the Group. The Director of ECCI introduced the broad evidence base, drawn from the IPCC and IEA, including consideration of the role of fossil fuel-derived products in agriculture and the chemical, plastics, and metal industries.

80% of energy needs still came from burning fossil fuels. There was a clear hierarchy of fossil fuels in terms of emissions, with coal (particularly brown coal or lignite) as the worst. While there were clear pathways to taking coal and oil out of the system, there was no clear pathway that would allow natural gas to be taken out within the next 50 years. Members committed to distinguish the use and impacts of different fossil fuels.

The Convener suggested it would be valuable to have a document that made clear the relative contribution to climate change of different fossil fuels used for energy, and the feasibility of using alternative energy sources, as well as the relative contributions associated with fossil fuel-derived products, and the feasibility of using alternatives to such products.

Action – AK & AC to draft this document.

III. Impact on Other Areas of University Activity

The Convener emphasised the need for a clear understanding of the University's portfolio of teaching, careers and research activities in the field of fossil fuels and climate change. The Deputy Secretary Strategic Planning presented preliminary evidence on these activities, including:

- A list of programmes within the Global Academies with direct linkages to climate change or other environmental challenges.
- Data from the Careers Service on engagement with the oil and gas sector as potential recruiters.
- Output from Edinburgh Research Explorer using 'fossil fuels' and 'carbon' as search terms. It was noted that the main emphasis appeared to be on mitigation and finding alternatives to use of fossil fuels. Substantial levels of funding were involved.
- Data from ERI identifying a smaller list of industry-funded projects and studentships.

The Convener recognised that this was a first cut of the data and there was likely to be more activity in Geosciences, SPS, and the Business School relevant to the extraction of fossil fuels, renewables, carbon capture and so on. Further work would be needed to identify the full range of course and career opportunities open to UoE students and the full range of research activity in this field. It was noted that there was considerable student demand for hydrocarbons / exploration courses, though these now generally included discussion of climate effects.

Action – DG to circulate Olga Bloemen’s analysis of course descriptors ‘[Learning for Change: Social Responsibility & Sustainability in Undergraduate Courses at the University of Edinburgh 2012- 13](#)’ to give an overview of UoE provision in this field.

Members noted the importance of academic freedom in this as in other fields.

Action –TS to review in more depth available data sources on teaching, careers and research.

Action – TS/CJ to review previous RAE & REF environment submissions for Geosciences, SPS and Engineering to provide a picture of developments over time.

Action – AC & DG to review the evolution of our teaching portfolio in the energy/fossil fuel and sustainability fields.

IV. Evidence criteria within the investment portfolio

The representatives from EUSA and Investment Committee fed back on information the Group might consider regarding the University investment portfolio. It was agreed that only investments made directly in fossil fuel activities would be considered. There were five main areas for consideration around investments:

- The overall investment strategy of the endowment fund
- Future returns
- Portfolio risk
- The ability to implement any proposed changes
- Costs associated with proposed changes.

The Group was interested in understanding better the impact of (the threat of) divestment on the behaviour of companies, in particular in transition of activities towards a lower carbon economy.

Action – MC to share evidence on impacts on company behaviour.

As of 30 September, the total value of the investment portfolio was £314m. There were four external fund managers:

- Baillie Gifford (a global equity fund manager responsible for £142m – oil and gas were an important part of their investment universe)
- Royal London Asset Management (£50m - high yield portfolios & fixed income securities)
- Black Rock (£58m)
- Hermes (£49m - property unit trust, UK commercial real estate)

In terms of high-level exposures, 10% could be defined as fossil fuel-related. Each fund manager drew the line at different points (mining, exploration, utilities etc.), creating a definitional issue that the Group would need to address.

MC had asked fund managers to consider how they might respond if asked to limit fossil fuel investment and the Group discussed initial responses.

Action – MC to collate and circulate table summaries of fossil fuel exposures of the four external fund managers, including definitional issues (e.g. if mining is included).

The Convener noted that the earlier distinction between fossil fuel extraction, the use of fossil fuels for energy by utilities, and their use in agriculture, petrochemicals and metals uses, was also significant here. It was noted that the EUSA request did not make such distinctions, and that additional clarity from EUSA in light of these distinctions would be helpful.

Action – CJ to liaise with TB on the use of the draft paper to be produced by AK/AC under II above for additional discussion with students to this end. TB to report back by

the 12 January meeting.

Action – MC to circulate Carbon Underground 200 - ranking of the top 200 public companies by the carbon content of their fossil fuel reserves.

In order to deliver a final report in March, the Group could not leave too much to the next meeting and work would need to go on in the interim.

Action – JR to circulate an action list to the Group by Monday, 1st December.

V. Geosciences Consultation

Engagement with the School through institute meetings was ongoing. Attendees were asked to submit their views in writing, which would be anonymised, collated and circulated to the Group.

VI. University Values and Strategic Goals

While there was not as yet any codified statement of the values of the University, the Group reviewed extracts from strategic documents that implied values, including the Mission Statement in the University's Strategic Plan, which recognised climate change as a major challenge and one that was caused by the use of fossil fuels. This and other statements were useful contexts for the Group's discussions.

VII. Decisions Made by Other Universities

The Director of SRS introduced the key themes in the Harvard, Stanford and Glasgow decisions and noted that information on similar processes in other universities was available. The Convener noted the usefulness of these decisions as illustrations of responses, but emphasised that the Group would come to its own decision based on its evaluation of the evidence.

5 **Potential options – initial discussion**

Action – DG to draft four to six possible options across the spectrum to stimulate discussion, including variables such as time dimension, carbon footprint of the portfolio, and aspects with most impact & signal value.

Action – All to share their ideas with DG to feed into the options and factors paper.

6 **Process and timelines**

The document had been updated to include dates of Group meetings. The update for CMG on 20 January would be a straightforward report on activity to date. Noted that the final report would go to CMG on 14 April rather than 4 March, though this group would come to an end in March.

7 **Any Other Business**

Companies' perspective

A concern was noted regarding an absence of evidence from the companies themselves, much of which may already be in the public domain. Noted that Exxon had responded at length to the carbon bubble argument and that statements were also on record from BP and Shell. Knowledge of their plans could potentially influence formulation of the options.

Action – MC to ask Baillie Gifford and Black Rock to share details of their engagement with the companies in order to sound out their amenability and direction of travel.

Meeting 10.00 – 12.30 Monday 12 January 2015, Elder Room, Old College
Dates: 11.30 – 13.30 Wednesday 11 February 2015 Elder Room, Old College
13.00 – 15.00 Monday 9 March 2015 Elder Room, Old College

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