

## UNIVERSITY OF EDINBURGH

**MINUTE OF A MEETING** of the Fossil Fuels Review Group held in the Elder Room, Old College on Wednesday 5 November 2014.

<b>Present:</b>	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
	Phil McNaull	Director of Finance
	Tracey Slaven	Deputy Secretary, Strategic Planning
	Jane Rooney	Minute Secretary

**Apologies:** Prof Lesley McAra, Chair of Penology, School of Law

## 1 Welcome and Introductions

The Convenor welcomed attendees to the first meeting of this short life working group of CMG.

## 2 Purpose and Remit of the Group

A

### The Wider Context

Central Management Group, as part of the review of the responsible investment policy, had agreed to the establishment of the group at its meeting on 8<sup>th</sup> October.

A number of Universities were considering or had recently considered divestment from fossil fuel related industries. Most recently, the University of Glasgow had taken the decision to divest. Similar discussions were underway at other institutions and there was considerable student activism on the issue.

A similar issue around armaments was on the horizon and would be considered in sequence (though that process may be set in motion before the current one was complete, and there may be some overlap in membership).

Considerable thought had gone into the membership of the group which included people representing wider groups such as EUSA and Investment Committee; academic expertise (GeoSciences and ECCI), and representatives of University management.

### Purpose & Remit

The Director of Social Responsibility & Sustainability introduced the paper, noting that members should ignore the reference to 'armaments' in the third bullet point, and emphasising the need to clarify key terms and consider all the angles. Members were asked to share their thoughts on the remit.

The remit of the group was to produce a range of options, ideally based on a consensus view of the group that could be considered by CMG, including the impacts of those options.

The Convenor noted Paper F, on evidence, as key in providing the context and

parameters. Whatever the outcome, it was essential to articulate why the decision had been made. Output would be reviewed in great detail by stakeholders and a strong evidence base would be critical to success.

The remit was agreed, subject to removal of references to 'armaments'.

### 3 Update on Context and Progress to Date - Overall SRI Policy

#### Socially Responsible Investment Policy

Papers B and C, which had been endorsed by CMG, set out the background to the issue and the current draft of the revised socially responsible investment policy. The updated policy included a process for reviewing divestment options, which this short-life working group was trialling for the first time. The Convenor clarified that an amendment to the process had been made at CMG, whereby CMG had set up the short-life working group to report directly to it, rather than working through the SRS Committee.

B  
C

#### UN PRI Consultation

Papers D and E had been informed by the consultation process undertaken to surface a range of views on the issues as a basis for the new SRI policy. Members were cautioned against reading too much in to the consultation outcomes as the response rate did not constitute a representative sample, though it did help to set the agenda. In many areas there had been a lot of agreement (e.g. on transparency). Further contextual information was available from the Director of SRS on request.

D  
E

Given the consultation outcome, the divestment request was made orally by representatives of EUSA at CMG and as such no formal written request was available. A petition had also been delivered to the University Secretary's office. There was an expectation that in future a formal written request would be made.

Action – TS to extract the relevant section of the CMG minute.

#### ***Post-meeting note: Outcome of UNPRI review and next steps (Paper E)***

*CMG noted discussion across the UK sector and overseas on taking forward the sustainability agenda particularly around ethical investment and the various approaches which had been adopted. There was significant interest within the student body on the development of the University of Edinburgh Socially Responsible Investment Policy against the backdrop of the University being a signatory to the UNPRI and the outcome of the University's consultation on these Principles was noted. CMG endorsed, in principle, the draft Socially Responsible Investment Policy as set out in the paper subject to further consideration of the procedure for avoiding investment.*

*The EUSA President and Vice-President Services presented concerns around investment in fossil fuels and armaments and the case for divestment particularly given the approach recently agreed by other Scottish Universities. There was discussion around how best to explore these issues and ensure that all views were considered: the University should take a measured approach. It was important to develop a robust process to consider investment issues and for this process to be tested.*

*It was agreed given the complexity of the issues involved to establish a short-life working group as soon as possible under the convenership of the Senior Vice-Principal to include student representatives, staff with relevant academic expertise and colleagues with relevant financial and investment experience to initially consider the case for divestment in fossil fuels against the principles and criteria as set out*

*in the Policy. If this approach proved appropriate thereafter a similar approach could be adopted to explore divestment in armaments. The working-group would update CMG on progress.*

#### **4 Process and Evidence**

##### Evidence Paper

Paper F was not intended to provide a definitive list or to close down other routes of generating evidence but rather to enable the group to build a broad understanding of the ways that evidence would be assembled.

F

The Convenor noted concerns that the paper could be read as implying a decision to divest had already been made. He stressed that the paper had not been intended to suggest that any conclusion had been reached.

Evidence type (a) 'Global greenhouse, UK and Scottish emissions and sources; impacts of climate change; climate science' was not felt to be contentious. The group would need an outcome that was considered, reflected acceptance of the broad thrust of the evidence of climate change, and acknowledged UoE's role in contributing to the burning of fossil fuels. As summary evidence of the data was available it would be considered at the next meeting. A statement recognising the weight of this evidence was anticipated as an outcome of the next meeting.

Action – DG to produce a digest of relevant materials, with AK and AC feeding in.

Evidence type (b) Decisions Made by Other Asset Owners Including Universities: a number of Universities and Colleges had gone through a similar process and the Convenor was concerned to ensure the group learned from how they had reviewed the evidence and captured the issues that had been prominent in debates elsewhere.

Action – DG to produce a summary of the decisions three Universities (Harvard, Stanford and Glasgow) came to and why, including links to primary material.

Evidence type (c), dependence on fossil fuels and derived products, including collecting evidence in other areas.

Action – AK to draft a short paper.

Evidence type (d) – Values (and goals). For evidence type (d), a statement was needed of what the University was trying to achieve in terms of social responsibility, sustainability and carbon, and a statement of its values.

Action – DG to produce a document outlining UoE's direction of travel based on these values, previously agreed goals, the University's Strategic Plan and SRS Strategic Plan. To be shared with TS for comment.

Evidence type (e) 'Impact on Investment Strategy, Capital and Returns', members discussed the merits of divestment as opposed to continuing engagement. Noted that this area needed careful consideration and likely to require information gathered from University investment managers.

Action – MC to liaise with TB to draft criteria to use under the investment heading to guide the group's thoughts and generate evidence.

Evidence type (f) 'Impact on other areas of University activity', to explore the pattern of University activity in research and teaching in relation to the extraction and utilisation of fossil fuels and fossil fuel derived products and work focused on mitigating the effects of climate change.

Action-TS to compile a paper.

Once the issues were clearer the group could ask the Director of Procurement about the potential consequences as regards UoE purchasing.

Colleagues also raised a number of other issues:

Action TB to connect with MC on UN review of 20 academic studies on ethical investments.

Action – DG to send MC & TB details of the Oxford school looking into these campaigns.

Action – AC to take views from GeoSciences, which was a well-informed School comprising a wide spectrum of opinion, compile anonymised written input and share it with the group once complete.

### Process Diagram

This outline, driven by CMG and existing reporting structures, would be clearer after the next meeting once a set of evidence and how to generate it had been agreed.

**G**

Action – CJ & DG to think through relevant milestones to flesh out the process diagram for consideration at the next meeting.

## **5 Next Steps and Actions**

Not included in the evidence list was the extent to which the group would look to the views of various stakeholders, how to manage this process, and how best to respond. This should be informed by lessons learned from the UN PRI consultation process in terms of framing the options. The Deputy Secretary, Strategic Planning cautioned the group on the use of the term 'consultation' for this process. The group would come to a view in due course about how to proceed.

Action – JR to ensure that a number of follow up meetings were planned.

Initial evidence would be considered at the next meeting, The group would meet again in the new year and a final report would be prepared in late winter / early spring subject to a thorough review being undertaken.

**Date of next meeting:** 14.00-17.00 Thurs 27 November 2014 Ochil Room, Charles Stewart House