

Establishment of the Fossil Fuels Review Group

At the meeting of the Board of Governors on 8 July 2015, the Board received:

- (1) A paper from the campaign group Fossil Free Manchester and the University of Manchester Students' Union, proposing changes in the University's investment strategy in respect of fossil fuel companies.
- (2) An open letter signed by a number of academic and staff members within the University urging the University to assess the fossil fuel industry more carefully in accordance with the Policy for Socially Responsible Investment.

After due consideration, the Board resolved that "noting the arguments put forward in the paper brought forward by Fossil Free Manchester and the UMSU, the Finance Committee should consider a review of the Board's Socially Responsible Investment Policy. In readiness for this exercise, the University executive will examine the wider ethical arguments concerning divestment from fossil fuel companies, in order to support and inform the review process."

The following outline terms of reference are proposed for the Review to provide recommendations to the Senior Leadership Team, the Planning and Resources Committee and the Finance Committee.

Terms of reference

Taking due regard of the strategic aims of the University, and noting the fiduciary duty of the Board of Governors to maximise the returns from investments¹, the Group will:

- advise the University on the ethical and environmental arguments for and against active divestment from the fossil fuel industry within the University's investment portfolio, seeking representation and expert advice as appropriate. As part of this, the Report should bring forward a range of options for consideration.
- consider and assess the impact of any divestment decisions on the University's academically-drive relationships and partnerships with companies that are involved in the extraction and processing of fossil fuels.
- ensure the Report addresses the practicalities of adopting the options brought forward, in order to provide the University with additional information concerning implementation, where appropriate.

¹ Members of the Board of Governors, as trustees, are required by the Charity Commission to maximise financial returns. In relation to the ethical investment, the law permits the following reasons:

- a particular investment conflicts with the aims of the charity; or
- the charity might lose supporters or beneficiaries if it does not invest ethically; or
- there is no significant financial detriment.

A separate review of the Socially Responsible Investment Policy and its implementation will run alongside this process within the Finance Committee, informed by the ethical and environmental arguments made by this Group, and with cross working where appropriate.

Membership:

Professor James Thomson, Associate Vice President for Social Responsibility (Convenor), Faculty of Humanities

Professor Jonathan Redfern, Chair of Petroleum Geoscience, School of Earth, Atmospheric and Environmental Sciences.

Professor Nalin Thakker, Associate Vice President for Compliance, Risk and Research Integrity

Professor Kevin Anderson, Deputy Director of the Tyndall Centre for Climate Change Research, Faculty of Engineering and Physical Sciences

Professor Ian Cotton, Director of Manchester Energy / Professor of High Voltage Technology, Faculty of Engineering and Physical Sciences

Joel Smith, Activities and Development Officer, University of Manchester Students' Union

Professor Ken McPhail, Associate Dean (social Responsibility, Faculty of Humanities)

Emma Gardner, Head of Environmental Sustainability

Martin Conway, Deputy Secretary (Secretary to the Group)

Methodology

The Group will examine the case for, and impacts of, divestments from fossil fuels companies from the University investment funds and report back to the Senior Leadership Team, the Planning and Resources Committee, and the Finance Committee of the Board of Governors, in a timely manner.

It will seek to gather evidence externally and from an open consultation with members of the University and external stakeholders, and will examine the work of United Nations-supported Principles for Responsible Investment (PRI) Initiative in critically examining current investment practice.

The Group will seek to deliver a range of options for SLT, and PRC to appraise and consider, before a recommended approach is adopted and considered by the Finance Committee of the Board of Governors.

The Group will seek to convene at least five formal meetings and will issue a formal call for evidence within the University and from other expert sources, which it will consider before compiling its report.