

## Committee on Benefactions and External and Legal Affairs (CBELA)

### Classification of companies assessed against the University's Climate Change Guidelines

When determining whether the University should accept funding from energy sector companies, it is important carefully to weigh up the benefits as well as the reputational risks of these relationships, and to do so in the context of the University's mission 'to contribute to society through the pursuit of education, learning and research at the highest international levels of excellence.'

In making these decisions, the Committee has established a set of principles that would allow the University to move beyond a binary choice (yes/no) to a RAG scale of increasing reputational risk. The scale reflects that CBELA has to balance a complex set of reputational risks and opportunities in relation to the University's association with energy sector companies and that a simple binary choice does not offer the nuance needed to act in the best interests of the University as a whole.

The classifications set out in the RAG scale below match a broad description of the level of reputational risk with an outline of the corresponding character of the potential relationship with a company; a set of additional actions that the University could take to mitigate the reputational risk are also described. In addition, companies within a category will be assigned as 'positive watch' or 'negative watch' or neither. These terms will be used as credit rating agencies use them, to indicate expected subsequent rating changes (positive or negative) should the company's current trajectory continue.

Further, CBELA and the Research Policy Committee (RPC) have agreed that the former may seek advice from the latter to assess whether the purpose of funding might mitigate reputational issues arising from the source. If the purpose relates to the energy transition, RPC may advise CBELA that this could offset reputational risks arising from a source which is not fully aligned with the University's climate change guidelines. CBELA would then take this advice into account when reaching its decision.

The classification does not take into account whether there is a pre-existing partnership with a company nor the extent of that pre-existing partnership. These factors also need to be considered for CBELA's final decision.

**No or low reputational risk:** *The University's and the company's interests are fully aligned with regard to the climate change guidelines; there is a high degree of confidence that the company's trajectory with regard to the energy transition is in line with the Paris Agreement.*

Possible set of outcomes:

- Acceptance of funding for the following levels of research collaborations:
  - Institution-wide partnerships (including framework agreements)
  - Individual research collaborations
- Acceptance of philanthropic gifts of any size including naming opportunities
- Additional risk mitigation:
  - Monitoring: Review of the company in two years (in line with normal practice for CBELA)

**Medium reputational risk; material number of concerns:** *The University's and the company's interests are not yet fully aligned with regard to the climate change guidelines but there is reasonable confidence that the company is on a positive trajectory to achieve better alignment in the future.*

Possible set of outcomes:

- Acceptance of funding for the following levels of research collaborations:
  - Institutional partnerships (including framework agreements) considered by exception
  - Individual research collaborations

- Administrative Heads of Terms agreements accepted
- Acceptance of philanthropic gifts:
  - Large philanthropic gifts by exception
  - Small/medium size philanthropic gifts
  - No naming opportunities
- Additional risk mitigation
  - Consultation with RPC as to whether the purpose of the funds provides any mitigation of the reputational risk
  - Active monitoring: review of the company in one year, or earlier if there are any material changes
  - University leadership to engage actively with company to articulate areas of concern

**Heightened reputational risk, significant concerns overall:** *There is limited alignment between the interests of the University and the company with regard to the climate change guidelines but there are some indications that the company could achieve better alignment in the future.*

Possible set of outcomes:

- Acceptance of funding for the following levels of research collaborations:
  - Individual research collaborations considered by exception
  - Administrative Heads of Terms agreements accepted
- Acceptance of philanthropic gifts:
  - Philanthropic gifts considered by exception
  - No naming opportunities
- Additional risk mitigation:
  - Consultation with RPC as to whether the purpose of the funds provides any mitigation of the reputational risk
  - Active monitoring: review of company in one year, or earlier if there are any material changes.
  - University leadership to engage actively with company to articulate areas of concern

**High reputational risk, major concerns overall:** *The University's and the company's interests are currently not aligned and there is limited indication that the company's is on a trajectory to achieve better alignment in the future.*

Possible set of outcomes:

- The University will not accept funds from the company for either research or philanthropic purposes at this point in time.
- Additional risk mitigation:
  - Monitoring: review of the company in two years (in line with normal practice for CBELA)
  - University leadership to communicate to the company that there are significant concerns and a lack of alignment with regard to the University's commitment to climate change guidelines