ICAN Cities Appeal and divestment in nuclear weapons & climate change – a call for Council action!

Sean Morris / Cllr Audrey Doig / Linda Pearson
NFLA / Don’t Bank on the Bomb Scotland
May 2019, Dundee
Agenda

• NFLA, Mayors for Peace and ICAN
• ICAN Cities Appeal - TPNW resolutions
• Call for more Councils to endorse the Appeal
• Divestment campaigns in Scotland / UK
• Scottish Councils pension investment in nuclear weapons
• The challenge of the pension fund’s fiduciary duty
• Model resolution on divestment / challenge to the banks
• Basel Conference on divestment
• Conclusions
On nuclear weapons, NFLA works closely with Mayors for Peace and ICAN (and many other coalition groups!)

NPT – Joint Appeal for Common Ground launched by MFP to break stalemate and reduce tensions

“The prospect of the use of nuclear weapons is higher than it has been for generations” – Izumi Nakamatsu, UN High Representative for Disarmament

Unilateralism abounds and INF Treaty & START Treaty under threat

NFLA, MFP & ICAN strongly support Nuclear Weapons Prohibition Treaty

It has helped changed the debate and challenges the status quo

It puts pressure on the Nuclear Weapon States and encourages the much larger non-nuclear weapon state community
NFLA’s work on nuclear weapons

- Policy responses
- Joint meetings
- Ceremonial events
- Peace education
Renfrewshire Council is a member of the Nuclear Free Local Authorities and the Mayors for Peace, both of which have been working for over 3 decades to promote multilateral nuclear disarmament.

NFLA and Mayors for Peace work with the International Campaign to Abolish Nuclear Weapons (ICAN), which received the Nobel Peace Prize in 2017 for its work in encouraging over two thirds of United Nations members to agree to the International Treaty to Prohibit Nuclear Weapons (TPNW). Council regrets that the Governments of the existing nuclear weapon states, including the UK, refuse to support the Treaty. Council fully supports the TPNW as one of the most effective ways to bring about long-term and verifiable multilateral nuclear disarmament.

Council also calls on the United Kingdom Government to lead a global effort to prevent nuclear war by:

• Renouncing the option of using nuclear weapons first;
• Cancelling the plan to replace its entire Trident nuclear arsenal with enhanced weapons;
• Actively pursuing a verifiable agreement among nuclear-armed states to eliminate their nuclear arsenals by supporting the Treaty to Prohibit Nuclear Weapons and the ‘Good Faith’ Protocols within the Nuclear Non-Proliferation Treaty.

Council instructs the Chief Executive to write to the UK Government to inform them of this resolution and urge them to take account of it.
- N Council is a member of the Nuclear Free Local Authorities (NFLA) and the Mayors for Peace, both of which have been working for over 3 decades to promote multilateral nuclear disarmament.

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- Council is deeply concerned about the grave threat that nuclear weapons pose to communities throughout the world. We firmly believe that our residents have the right to live in a world free from this threat. Any use of nuclear weapons, whether deliberate or accidental, would have catastrophic, far-reaching and long-lasting consequences for people and the environment. Therefore, we support the Treaty on the Prohibition of Nuclear Weapons and call on our governments join it.

- Council instructs the Chief Executive to write to the UK Government and to ICAN to inform them of this resolution and urge them to take account of it.
ICAN Cities Appeal launched

Supported by –
- Australia – 13 cities including Sydney, Melbourne, Canberra & Fremantle
- Canada – Toronto and Cape Breton
- Germany – 12 cities including Munich, Bremen and Cologne
- Norway – 12 cities including Oslo, Bergen and Trondheim
- Japan – Hiroshima and Nagasaki and the Japanese Chapter of members
- Spain – 6 cities including Zaragoza, Granollers and La Coruna
- Switzerland – Berne and Geneva
- UK – Manchester, Renfrewshire and Hebden Royd
- USA – 5 cities including Washington DC, Los Angeles and Salt Lake City

…and shortly many more with your help!
Divestment in the UK - examples

% of Scottish Council pension funds in fossil fuel company investment £1.7bn

Broad support for fossil free / anti fracking / regime boycotts (e.g. on Israeli goods) – SOME SUCCESS AFTER BROAD BASED CAMPAIGNS
‘Climate emergencies’

- Urgency of IPCC report galvanises Councils
- Over 90 Councils declared ‘climate emergencies’ and developing ambitious programmes
- Strong public support for such activity
- Broad-based divestment campaigns have garnered strong political support
- Pension funds are slowly beginning to divest from fossil fuels – more will follow!
Scottish Council pension schemes

The Scottish LGPS is the largest public pension scheme in Scotland, with over 200,000 active members. It’s managed by 11 administering authorities which together have nearly **£300 million** invested in companies that undertake nuclear weapons work.

<table>
<thead>
<tr>
<th>Pension fund authority</th>
<th>Council areas covered</th>
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</thead>
<tbody>
<tr>
<td>Dumfries and Galloway</td>
<td>Dumfries and Galloway</td>
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<tr>
<td>Falkirk</td>
<td>Clackmannanshire, Falkirk, Stirling</td>
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<tr>
<td>Fife</td>
<td>Fife</td>
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<tr>
<td>Highland</td>
<td>Comhairle nan Eilean Siar (Western Isles), Highland</td>
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<tr>
<td>Lothian</td>
<td>City of Edinburgh, East Lothian, Midlothian, West Lothian</td>
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<tr>
<td>North East Scotland</td>
<td>Aberdeen City, Aberdeenshire, Moray</td>
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<td>Orkney Islands</td>
<td>Orkney Islands</td>
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<td>Scottish Borders</td>
<td>Scottish Borders</td>
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<td>Shetland Islands</td>
<td>Shetland Islands</td>
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<tr>
<td>Strathclyde</td>
<td>Argyll and Bute, East Ayrshire, East Dunbartonshire, East Renfrewshire, Glasgow City, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, South Ayrshire, South Lanarkshire, West Dunbartonshire</td>
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<tr>
<td>Tayside</td>
<td>Angus, Dundee City, Perth and Kinross</td>
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</tbody>
</table>
## LPGS investment in nuclear weapons

<table>
<thead>
<tr>
<th>LGPS</th>
<th>Airbus</th>
<th>Babcock</th>
<th>BAE Systems</th>
<th>Boeing</th>
<th>Fluor</th>
<th>General Dynamics</th>
<th>Honeywell</th>
<th>Huntingdon Ingalls</th>
<th>Jacobs Engineering</th>
<th>Lockheed Martin</th>
<th>Northrop Grumman</th>
<th>Rolls Royce</th>
<th>Safran</th>
<th>Serco</th>
<th>TOTAL £</th>
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<tbody>
<tr>
<td>Lothian</td>
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<td>24,051,361</td>
<td>16,882,299</td>
<td>86,483,617</td>
<td>29,821,299</td>
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<td>158,807,653</td>
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<td>Strath’clde</td>
<td>26,009,098</td>
<td>1,821,278</td>
<td>113,729</td>
<td>807,653</td>
<td>6,782,769</td>
<td>93,363</td>
<td>112,691</td>
<td>1,195,998</td>
<td>797,271</td>
<td>34,299,308</td>
<td>17,139,870</td>
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<td>89,173,028</td>
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<td>Falkirk</td>
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<td>13,643,217</td>
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<td>Tayside</td>
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<td>3,564,911</td>
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<td>2,859,960</td>
<td>2,105,722</td>
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<td>12,673,778</td>
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<td>5,595,570</td>
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<td>11,504,424</td>
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<td>3,069,915</td>
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<td>Fife</td>
<td>846,670</td>
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<td>1,816,971</td>
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<td>2,663,641</td>
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<td>Borders</td>
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<td>Orkney</td>
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<td>552,256</td>
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<td>552,256</td>
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<tr>
<td>TOTAL £</td>
<td>30,152,283</td>
<td>1,569,077</td>
<td>14,092,565</td>
<td>1,821,278</td>
<td>113,729</td>
<td>30,767,868</td>
<td>25,482,039</td>
<td>93,363</td>
<td>112,691</td>
<td>87,679,615</td>
<td>30,618,570</td>
<td>52,149,240</td>
<td>17,139,870</td>
<td>2,105,722</td>
<td>293,897,910</td>
</tr>
</tbody>
</table>
Why divest?

- Investing in nuclear weapons producers fuels a new nuclear arms race
- Nuclear Ban Treaty prohibits assistance with nuclear weapon activities – divestment is a key plank to this
- Increases the financial risk of investing in nuclear weapons producers, affecting their profitability
- Ethical – it’s wrong to invest in nuclear weapons
- Share price – financial analysts say election of governments / councils committed to divestment will damage companies share price
<table>
<thead>
<tr>
<th>Date</th>
<th>PEACE (↓)</th>
<th>ARMS SHARES (↑)</th>
</tr>
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<tbody>
<tr>
<td>August 2017</td>
<td>US President Donald Trump threatens North Korea with “fire and fury like the world has never seen”</td>
<td>Share prices of multinational arms giants, Lockheed Martin, Northrop Grumman and Raytheon, each hit a record high.</td>
</tr>
<tr>
<td>Sept 2017</td>
<td>North Korea claims to have successfully tested a hydrogen bomb.</td>
<td>Raytheon’s share price hits another all-time high while shares in Northrop Grumman, Lockheed Martin and other arms companies rise again.</td>
</tr>
<tr>
<td>April 2018</td>
<td>The leaders of N and S Korea agree to formally end the Korean War and to work towards the de-nuclearisation of the Korean Peninsula</td>
<td>The value of Lockheed Martin, Northrop Grumman, Raytheon, General Dynamics and Boeing shares drop by over US $10 billion in one day.</td>
</tr>
<tr>
<td>May 2018</td>
<td>President Trump announces US withdrawal from the joint Comprehensive Plan of Action, putting war with Iran back on the table.</td>
<td>Arms shares rally again as analysts predict that “defence contractors with significant exposure to the Middle East are poised to gain immensly from international tensions that are flaring up”.</td>
</tr>
<tr>
<td>June 2018</td>
<td>President Trump and North Korean leader Kim Jong-un hold a landmark summit in Singapore and agree to “join their efforts to build a lasting and stable peace regime on the Korean Peninsula”.</td>
<td>Raytheon, Northrop Grumman and Lockheed Martin shares fall.</td>
</tr>
</tbody>
</table>
Why is it difficult though?

- Most funds say that they take ESG (environmental, social and governance) considerations into account in investment decisions but must adhere to strict interpretation of **fiduciary duty** to fund members, i.e. achieving best financial return on investments.
- ESG considerations are only taken into account in as far as they affect returns – as a result though they may reward bad behaviour.
- Most funds are a coalition of Councils so it can be hard to get a common cause between them – climate change has united them more than opposing nuclear weapons to date.
- Many of the more political councillors tend to avoid pension committees – seeing them as technical and dull.
The way forward?

- Councils could pass carefully worded resolutions to support divestment and pass in to pension committees (see next slide)
- Pension funds could change the investment strategy of the fund to exclude certain classes of assets, or direct funds towards investment in particular areas, providing there is no financial detriment
- London Borough of Waltham Forest has done this with ‘green’ investments as an example (why not nuclear weapons too?)
- Identify / lobby sympathetic councillors / members of pension committee
- Needs lobbying NGO movements to put pressure on Councils and pension funds
- A ‘nuclear emergency’ idea is needed in the same way as the idea of a climate emergency
Draft model divestment resolution

• Council is a member of the Mayors for Peace, the global international body of Councils working for over 3 decades to promote multilateral nuclear disarmament and a more peaceful world. [If applicable] Council passed [name of resolution] on [date] calling on the UK government to cancel Trident replacement plans and support the 2017 Treaty on the Prohibition of Nuclear Weapons (TPNW).

• [Name of pension fund] manages the pension contributions of Council employees. [Name of pension fund] is known to hold shares in companies that are involved in the production or maintenance of nuclear weapons or their delivery systems, [if applicable] including some that undertake work on the UK’s nuclear weapons programme.

• Any investments in nuclear weapons producers are at odds with Council’s support for the TPNW and Council’s opposition to Trident renewal. Such investments also present a growing risk to [name of pension fund]. The TPNW has increased the stigma associated with nuclear weapons and companies which continue to produce nuclear weapons after the treaty enters into force will face damage to their reputation which could affect their value.

• Council calls on [name of pension fund] to:
  1. Work towards eliminating current and future financial exposure to companies that are involved in the production or maintenance of nuclear weapons and their delivery systems, giving due regard to fiduciary duty.
  2. Council asks the Chief Executive to write to the convenor of [name of pension fund]’s pension committee to urge them to take full consideration of this resolution.
Under TPNW there is a legal duty to divest
Link the ‘nuclear emergency’ to the ‘climate emergency’
Direct investment into high impact climate reduction instead
There is an economic value to peace and divestment lays at
the heart of this
Investors need to personally experience the benefits of
divestment to do it
There is a need for a ‘peace-industrial complex’
Local divestment encourages national divestment
It’s a great ‘win-win’ to move money from nuclear weapons
and fossil fuels to green energy and social empowerment
Conclusions

• ICAN Cities Appeal is a good way to publicise Council commitment to disarmament – Scottish Councils should support it!
• Money is a key factor in the nuclear weapon issue
• Effective movements have encouraged divestment against fossil fuels and for renewable energy
• Anti-nuclear weapons movement needs to learn the lessons of the climate change divestment movement
• It is not easy – but companies, banks and pension funds DO respond to public pressure
• NFLA new model resolution on divestment will go out to members
Thank you for listening!