



STOP FUNDING THE END OF THE WORLD

Working to eliminate nuclear weapons through divestment:
A guide for Scotland

(2019 edition)

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Introduction

Since the first edition of this guide was published in September 2018, the threat of nuclear war has remained dangerously high. Arms control measures are unravelling and a new nuclear arms race is underway.

US withdrawal from the Joint Comprehensive Plan of Action has stoked tensions between Iran, the US and the UK and the situation has come dangerously close to developing into a full-blown military conflict.¹

The demise of the 1987 Intermediate-Range Nuclear Forces Treaty has paved the way for Russia and the US to develop new mid-range nuclear weapons² and raised the prospect of US cruise missiles once again being deployed in Europe.³

Nuclear-armed rivals India and Pakistan are once again at odds over disputed region, Kashmir.

Meanwhile, all nine nuclear weapons states continue to “modernise” their nuclear arsenals.⁴ Vast sums of money are being spent on upgrades to existing systems and on the development of new types of nuclear weapons, ranging from hypersonic missiles⁵ to nuclear-armed underwater drones.⁶

The threat of nuclear war has increased over the last year, according to the Stockholm International Peace Research Institute.⁷ The director of the UN Institute for Disarmament Research believes that the risk of nuclear weapons use is greater now than at any time since 1945.⁸

The Doomsday Clock remains set at two minutes to midnight, the closest we have been to doomsday since 1953.

It is crucial that we act now to halt the new nuclear arms race and support international efforts to achieve nuclear disarmament. The future of humanity is at stake.

An easy and effective way to do this is to tell your bank and pension fund to stop investing in the companies that produce nuclear weapons. Divestment helps to stigmatise nuclear weapons and has the potential to curtail their production.

Research by Don't Bank on the Bomb in the Netherlands shows that most nuclear armed nations rely on private companies to produce and maintain their nuclear arsenals, while those companies, in turn, depend on financing from investors.⁹ If access to that financing is cut off, those companies will be forced to reconsider their involvement with nuclear weapons.

This guide shows that three Scottish financial institutions — RBS Group, Lloyds Banking Group and Standard Life Aberdeen — together invested **£5.7 billion** in major nuclear weapons between 2017 and 2019 (see section 6).

Scotland's largest public pension scheme, the Scottish Local Government Pension Scheme, holds shares worth **over £321 million** in 18 nuclear weapons companies (see section 3). However, a growing list of Scottish local authorities are challenging these investments (see section 3A.4).

¹ <https://www.nytimes.com/2019/06/20/world/middleeast/iran-us-drone.html>

² <https://www.nbcnews.com/news/world/putin-says-russia-also-suspending-key-nuclear-arms-treaty-response-n966146>

³ <https://cnduk.org/resources/inf-treaty/>

⁴ <https://www.sipri.org/media/press-release/2019/modernization-world-nuclear-forces-continues-despite-overall-decrease-number-warheads-new-sipri>

⁵ <https://www.nytimes.com/2019/06/19/magazine/hypersonic-missiles.html>

⁶ <https://www.businessinsider.com/russia-drops-first-video-of-putins-poseidon-doomsday-nuclear-torpedo-2019-2?r=US&IR=T>

⁷ <https://www.euronews.com/2019/06/17/world-s-nuclear-arsenal-down-but-risk-of-nuclear-conflict-up-sipri>

⁸ <https://www.independent.co.uk/news/world/europe/nuclear-war-conflict-united-nations-us-china-russia-second-world-war-a8925081.html>

⁹ https://www.dontbankonthebomb.com/wp-content/uploads/2019/05/2019_Producers-Report-FINAL.pdf

In May 2019, Renfrewshire Council became the first local authority in the UK to pass a resolution calling on its pension fund (Strathclyde) to divest from nuclear weapons producers. Renfrewshire Councillor Audrey Doig said:¹⁰

“In what is a dangerous and unstable world, it is really important that Councils stand up for doing things differently and encourage multilateral nuclear disarmament and divestment from companies involved in developing the ultimate weapon of mass destruction. By such actions we help to solve the ‘nuclear emergency’.”

Since then, West Dunbartonshire Council and Midlothian Council have passed similar resolutions and more are in the pipeline.

Many Scottish universities already have a more ethical approach towards investment. In this 2019 edition of the guide, we expanded our research to cover the top 10 universities in Scotland. We found that only two of those universities hold direct investments in nuclear weapons producers (Glasgow and Strathclyde) and at least six have policies that either explicitly, or implicitly, restrict investment in nuclear weapons producers.

We need to persuade more Scottish organisations to change their investment policies and exclude nuclear weapons producers altogether. This guide is intended as a resource for anyone who wants to take action:

Contents

- **Section 1** explains the reasons why Scottish organisations should divest from nuclear weapons producers.
- **Section 2** explains which nuclear weapons producers are covered in this report.
- **Sections 3** details the nuclear weapons investments and investment policies of Scottish local authority pension funds. **Section 3A** explains how divestment is possible and what action you can take.
- **Section 4** details the Scottish Parliamentary Pension Scheme’s investment in Rolls Royce. **Section 4.1** explains how you can raise the issue of divestment with your MSP.
- **Section 5** details the nuclear weapons investments and investment policies of the top 10 Scottish universities.
- **Section 6** details the investments and investment policies of Scottish financial institutions.
- **Section 7** provides information about other British financial institutions.
- **Section 8** contains a step-by-step guide for engaging with banks and pension funds on nuclear weapons divestment.
- **Appendix 1** contains more detail on the investments of Scottish financial institutions.
- **Appendix 2** contains template letters to financial institutions, councillors and MSPs.

¹⁰ <http://www.nuclearpolicy.info/news/nfla-welcomes-renfrewshire-council-resolution-nuclear-weapons-divestment-scottish-forum-discusses-just-transition-low-carbon-local-energy/>

1. Why Divest?

1.1 It's wrong to invest in nuclear war

Financial institutions like RBS Group and Lloyds Banking Group are helping to facilitate a new nuclear arms race. These banks are financing companies involved in the development of new types of nuclear weapons, such as the US's Long-Range Standoff missile and the Ground Based Strategic Deterrent.¹¹

Pension funds that invest in nuclear weapons producers are profiting from this arms race through dividend payments and increased share value. Instead of investing in industries that serve a socially beneficial purpose, these funds are betting on an industry that thrives on global conflict and instability.

As arms trade expert Andrew Feinstein says, "any possibility of greater conflict, especially involving a wide variety of countries, is very good news for the defense contractors".¹² In 2017, then Defence Secretary Michael Fallon explicitly acknowledged this dynamic in a speech to the DSEI international arms fair when he said:¹³

"At the start of the year the Doomsday Clock moved thirty seconds closer to midnight,¹⁴ it seems they weren't exaggerating. As the danger proliferates, defence's stock rises and the demand for the best kit goes through the roof."

Recent events offer an illustration. In October 2018, US President Donald Trump announced that the US would withdraw from the 1987 Intermediate-Range Nuclear Forces (INF) Treaty, raising the prospect of the reintroduction of land-based intermediate-range nuclear weapons by the US and Russia. The announcement was greeted with concern by arms control experts and peace activists alike, but it was good news for the nuclear weapons business. In the three months following the announcement, Washington signed over 100 new contracts, together worth more than US\$1 billion (£766 billion), with six nuclear weapons producers.¹⁵

The Scottish organisations that invest in nuclear weapon producers may not realise they are buying into this warped logic: the greater the threat of nuclear conflict, the better the return on investment.

1.2 Nuclear weapons threaten our survival

A conflict involving nuclear weapons would cause mass humanitarian and environmental devastation. As long as nuclear weapons exist, this threat will persist.

The effects of detonating just one nuclear weapon over a city were demonstrated when the US bombed the Japanese cities of Hiroshima and Nagasaki in 1945. Hiroshima survivor, Setsuko Thurlow, has told of how her fellow schoolchildren were "carbonized or vaporized" by the heat of up to a million degrees Celsius.¹⁶ Radiation affected survivors of the initial blast "in mysterious and

¹¹ https://www.dontbankonthebomb.com/2019_producers-report-final/

¹² <https://therealnews.com/stories/arms-industry-stocks-shoot-up-after-trump-withdraws-from-iran-deal>

¹³ http://www.defense-aerospace.com/articles-view/verbatim/4/186799/uk-to-refocus-mod%2C-boost-arms-exports-post_brexit.html

¹⁴ <https://thebulletin.org/2017/01/it-is-30-seconds-closer-to-midnight/>

¹⁵ <https://qz.com/1610133/the-us-has-started-a-new-nuclear-arms-race/>

¹⁶ Statement to the Second Conference on the Humanitarian Impact of Nuclear Weapons, Mexico, 13-14 February 2014: <http://www.reachingcriticalwill.org/images/documents/Disarmament-fora/nayarit-2014/statements/Hibakusha-Thurlow.pdf>

random ways, with some dying instantly, and others weeks, months or years later by the delayed effects”.

In Australia and the Marshall Islands, British and American nuclear weapons testing has left a legacy of cancer and birth defects in Indigenous communities.

Today, nine states together possess nearly 15,000 nuclear weapons, most of them several times more powerful than the bombs dropped on Japan in 1945. As well as causing mass casualties, studies have shown that a “limited” nuclear war using just 100 of these weapons would cause a sharp drop in global temperatures and rainfall lasting years.¹⁷ This would make food production impossible in some regions, leading to widespread famine.¹⁸ A larger nuclear war could end civilisation as we know it.

Scottish financial institutions have a choice, “either to contribute to the end of nuclear weapons, or to provide the financing that will allow nuclear weapons to end us” (Beatrice Fihn, Director of the International Campaign to Abolish Nuclear Weapons (ICAN)).¹⁹

1.3 Nuclear weapons are prohibited by international law

The Scottish organisations that choose to invest in nuclear weapons companies are on the wrong side of international law and out of step with the global trend towards nuclear weapons divestment.

The companies covered in this report are involved in nuclear weapons “modernisation” programmes that are incompatible with the obligations enshrined in the 1968 Nuclear Non-Proliferation Treaty (NPT). Article VI of the NPT commits member states to pursue good faith negotiations on nuclear disarmament.

In July 2017, international law on nuclear weapons was strengthened by the adoption of the UN Treaty on the Prohibition of Nuclear Weapons (TPNW). The treaty prohibits the development, testing, possession, acquisition and use of nuclear weapons. Importantly for investors, the treaty also obliges state parties not to “assist, encourage or induce, in any way, anyone to engage in” an activity prohibited by the treaty. Financing is a recognised form of assistance and is thus prohibited by the treaty.²⁰

As of 10 September 2019, 70 states had signed and 26 had ratified the TPNW, meaning that it will likely enter into force in 2020. None of the world’s nine nuclear-armed nations have signed the TPNW but if enough states apply its provisions consistently and uniformly, the treaty could become part of customary international law and therefore binding on non-member states.

Negotiation of the TPNW has pushed nuclear weapons towards “the top of the (responsible) investment community agenda”.²¹ Nearly 100 financial institutions have chosen to end their relationship with the nuclear weapons industry since the treaty was signed.²²

In another significant legal development, the UN Human Rights Committee issued a General Comment in November 2018 stating that the threat or use of nuclear weapons violates the right to

¹⁷ “Climatic consequences of regional nuclear conflicts” (Atmos. Chem. Phys., 7, 2003–2012, 2007), A. Robock, L. Oman, G. L. Stenchikov, O. B. Toon, C. Bardeen, and R. P. Turco: <http://climate.envsci.rutgers.edu/pdf/acp-7-2003-2007.pdf>

¹⁸ “Nuclear Famine: Two Billion People at Risk? Global Impacts of Limited Nuclear War on Agriculture, Food Supplies, and Human Nutrition” (2nd ed, 2013), Ira Helfand, MD: <http://www.psr.org/assets/pdfs/two-billion-at-risk.pdf>

¹⁹ <https://www.dontbankonthebomb.com/2018-introduction/>

²⁰ <https://www.dontbankonthebomb.com/wp-content/uploads/2017/12/Building-on-the-ban-briefing-paper.pdf>

²¹ <https://www.sustainalytics.com/sustainblog/nuclear-weapons-divestment/>

²² https://www.dontbankonthebomb.com/wp-content/uploads/2019/06/2019_HOS_web.pdf

life.²³ That right is enshrined in art.6(1) of the 1966 International Covenant on Civil and Political Rights. The committee's General Comments are regarded as authoritative interpretations of treaty law and can contribute to the development of customary international law.²⁴

As well as the ethical and legal dimensions, there is a financial risk to investing in companies that make prohibited weapons. When the TPNW enters into force, nuclear weapons producers will face reputational damage which could affect their value, making them a poor investment choice.

1.4 Scotland opposes nuclear weapons

The Scottish organisations that invest in nuclear weapons companies are supporting the production and maintenance of indiscriminate, immoral and illegal weapons of mass destruction. This is out of step with Scottish public opinion and inconsistent with the position of the Scottish government.

A majority of Scots opposed Trident renewal²⁵ and the Scottish government is firmly opposed to nuclear weapons. First Minister Nicola Sturgeon has signed²⁶ a pledge to work for the signature and ratification of the Treaty on the Prohibition of Nuclear Weapons, as have a majority of Members of the Scottish Parliament and a majority the Scottish MPs at Westminster.²⁷

At the 2019 SNP conference, the party voted unanimously to develop a roadmap for the removal of Trident "at the very earliest opportunity on Scotland regaining our independence".

Other evidence suggests that most Scots support nuclear weapons divestment. A March 2018 poll found that 72% of Scots believe that the Scottish Parliamentary Pension Scheme should not be allowed to invest in arms manufacturers.²⁸

1.5 Divestment can help achieve a world without nuclear weapons

"By divesting from nuclear weapon producers, we can make it harder for those that profit from weapons of mass destruction and encourage them to cut the production of nuclear weapons from their business strategies". Beatrice Fihn, Director of ICAN (foreword to the 2018 Don't Bank on the Bomb Report)

The aim of divestment is to pressurise companies to halt nuclear weapons production and increase the pressure on states to reconsider national security doctrines that rely on nuclear weapons.

1.5.1 How can this work?

When a financial institution adopts a comprehensive policy prohibiting financial involvement with companies that produce nuclear weapons (see section 8.1), those companies will be unable to access that institution's funds for any purpose. When pension funds, universities and other organisation decide to sell their shares in nuclear weapons producers, the stigma attached to nuclear weapons grows.

²³ https://tbinternet.ohchr.org/Treaties/CCPR/Shared%20Documents/1_Global/CCPR_C_GC_36_8785_E.pdf

²⁴ <http://www.unfoldzero.org/un-human-rights-committee-condemns-the-threat-or-use-of-nuclear-weapons-and-other-wmd/>

²⁵ <https://survation.com/wp-content/uploads/2016/03/Full-Scmnibus-III-Tables-100316DCCH-1c0d5h1-1803.pdf>

²⁶ <https://www.commonspace.scot/articles/11973/nicola-sturgeon-signs-pledge-support-nuclear-weapons-ban-treaty>

²⁷ <http://www.icanw.org/projects/pledge/>

²⁸ http://www.heraldsotland.com/news/16063941.Call_to_stop___3m_MSP_pension_fund_investments_in_weapons___tobacco_and_dirty_fuel_after_poll/?ref=twtrrec

As divestment becomes widespread, nuclear weapons producers will find it increasingly difficult to access the financing that they need. This should create a powerful incentive for those companies to stop producing nuclear weapons.

1.5.2 Cluster munitions case study

The Cluster Munitions Coalition, and the Stop Explosive Investments campaign, have demonstrated that divestment can change the behaviour of weapon companies and weapons producing states.

Until relatively recently, the use of cluster munitions was considered legitimate by many states, including the UK. Cluster munitions were used extensively by the US and the UK in the 1999 NATO bombing of Yugoslavia and in the wars in Iraq and Afghanistan.²⁹ However, concerns about the indiscriminate effects of the weapons and the long-term threat posed to civilians led to the negotiation of the 2008 Cluster Munitions Convention, which prohibits all use, production, transfer and stockpiling of cluster munitions. The convention entered into force in 2010 and gave campaigners a powerful tool to persuade financial institutions to divest from cluster munitions producers.

By 2012, four major British financial institutions had banned shareholdings in companies that were involved in making or supplying cluster munitions, including major US manufacturers, Lockheed Martin and Textron.³⁰ This action brought fresh attention onto the harm caused by cluster munitions and intensified the pressure on companies to cease production.

Consequently, Lockheed Martin stopped producing cluster munitions components by the end of 2013.³¹ In 2016, the last remaining US manufacturer of the weapons, Textron, said that it would also cease production. In a 2016 statement to the US Securities and Exchange Commission, Textron said that demand for cluster munitions had diminished and the “current political environment has made it difficult” to obtain the government approvals necessary for sales.³²

About 16 states still produce cluster munitions and they are still being used to kill and maim civilians. However, production has been cut dramatically and the stigma attached to cluster munitions has made it harder for many states to justify possessing or using them.

²⁹ <http://www.stopclustermunitions.org/en-gb/cluster-bombs/use-of-cluster-bombs/a-timeline-of-cluster-bomb-use.aspx>

³⁰ <https://www.theguardian.com/business/2012/apr/09/uk-banks-blacklist-cluster-bomb-manufacturers>

³¹ https://www.banktrack.org/show/news/leading_financial_institutions_invest_in_producers_of_banned_cluster_bombs

³² Textron’s 2016 statement to the US Securities and Exchange Commission: <http://d1lge852tjjqow.cloudfront.net/CIK-0000217346/57f0bc04-5bf0-40d3-ab7c-159cbfc34be5.pdf?noexit=true>

2. Companies covered by this guide

The 2018 edition of this guide covered investments in 22 companies that are involved in the production and maintenance of nuclear weapons, their delivery systems or delivery platforms. In this 2019 edition of the guide, we have expanded our research to cover 30 companies.

We looked for investments in the top 28 nuclear weapons producers, that is, those companies that are most heavily involved in the nuclear weapons industry.³³ We have also included information about investments in **Rolls Royce** and **Babcock International** in sections 3, 4 and 5, as we believe that these companies play a key role in Britain's nuclear weapons programme.

Rolls Royce was involved in the development of Britain's current fleet of nuclear-armed Vanguard class submarines and has been working with Babcock International and BAE Systems on the development of the successor, Dreadnought class, submarines since 2007. Rolls Royce has a £1,082 million contract to manufacture the submarines' new PWR3 reactors, plus several other contracts related to the Ministry of Defence's nuclear projects worth £3,618 million.³⁴

Babcock International maintains the British Navy's nuclear submarines and is a member of the ABL Alliance, which is contracted to provide support for the Trident nuclear weapons system at Coulport and Faslane.³⁵

Rolls Royce and Babcock International are blacklisted by several financial institutions because of their involvement with nuclear weapons.³⁶

We found that Scottish banks, pension funds and universities have investments in 22 of the 30 companies:

Aecom	Honeywell International	Raytheon
Airbus Group	Huntington Ingalls Industries	Rolls Royce
Babcock International	Jacobs Engineering	Safran
BAE Systems	Leidos	Serco
Bechtel	Leonardo	Textron
Boeing	Lockheed Martin	Thales
Fluor	Northrop Grumman	United Technologies
General Dynamics		

³³ As defined in Susi Snyder, "Producing Mass Destruction – Private companies and the nuclear weapons industry": https://www.dontbankonthebomb.com/wp-content/uploads/2019/05/2019_Producers-Report-FINAL.pdf.

³⁴ <https://www.nao.org.uk/wp-content/uploads/2018/05/The-Defence-Nuclear-Enterprise-a-landscape-review.pdf>

³⁵ <http://www.awe.co.uk/about-us/our-locations/>

³⁶ https://www.dontbankonthebomb.com/wp-content/uploads/2018/03/2018_Report.pdf

3. Scottish Local Government Pension Scheme

Structure

The Scottish Local Government Pension Scheme (LGPS) is the largest public pension scheme in Scotland, with over half a million members and £45 billion in assets.³⁷ The scheme is comprised of 11 local authority pension funds. Each fund covers employees from one or more councils and a range of other local employers, with one council acting as the administering authority.

This table lists the local council(s) that are covered by each fund, with the administering authorities in italics:

Name of Pension fund	Councils covered
Dumfries and Galloway: http://www.dumgal.gov.uk/pensions	<i>Dumfries and Galloway</i>
Falkirk: http://www.falkirkpensionfund.org/	Clackmannanshire, <i>Falkirk</i> , Stirling
Fife: https://pension.fife.gov.uk/	Fife
Highland: http://www.highlandpensionfund.org/	Comhairle nan Eilean Siar, <i>Highland</i>
Lothian: http://www.lpf.org.uk/	<i>City of Edinburgh</i> , East Lothian, Midlothian, West Lothian
North East Scotland: http://www.nespf.org.uk/	<i>Aberdeen City</i> , Aberdeenshire, Moray
Orkney Islands: http://www.orkney.gov.uk/Service-Directory/S/pensions.htm	<i>Orkney Islands</i>
Scottish Borders: http://lgps-brochureware-prod.azurewebsites.net/scottish-borders-council-pension-fund/	<i>Scottish Borders</i>
Shetland Islands: http://www.shetland.gov.uk/finance/Pensions.asp	<i>Shetland Islands</i>
Strathclyde: http://www.spfo.org.uk/	Argyll and Bute, East Ayrshire, East Dunbartonshire, East Renfrewshire, <i>Glasgow City</i> , Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, South Ayrshire, South Lanarkshire, West Dunbartonshire
Tayside: http://www.taysidepensionfund.org/	Angus, <i>Dundee City</i> , Perth and Kinross

Local authority pension funds are governed by **pensions committees**, which are generally comprised of councillors from the administering authority and sometimes union representatives. Pensions committees act in a quasi-trustee capacity and are responsible for setting the pension fund's investment strategy. **Pension boards** scrutinise the decisions of pensions committees.

Membership lists for the 11 pensions committees and pension boards can be found via these links:

Dumfries and Galloway

Pensions committee members:

<https://dumfriesgalloway.moderngov.co.uk/mgCommitteeMailingList.aspx?ID=162>

Pension board members: <https://dumfriesgalloway.moderngov.co.uk/mgCommitteeDetails.aspx?ID=147>

Falkirk

Pensions committee members: <http://www.falkirkpensionfund.org/falkirk-council-pension-fund/about-us/the->

³⁷ Scottish Local Government Pension Scheme Advisory Board (SAB) Annual Report 2017-2018: <https://lgpsab.scot/wp-content/uploads/2019/03/SAB-annual-report-2018.pdf>

pension-committee/

Pension board members: <http://www.falkirkpensionfund.org/falkirk-council-pension-fund/about-us/local-pension-board/>

Fife

Pensions committee and pension board members:

<https://www.fifedirect.org.uk/news/index.cfm?fuseaction=committee.detail&servid=921A1591-E7FE-C7EA-07A9978E8A066E68>

Highland

Pensions committee and board members: <http://www.highlandpensionfund.org/highland-pension-fund/about-us/the-pension-committee/>

Lothian

Pensions committee members:

http://www.lpf.org.uk/info/40/how_the_fund_works/30/how_the_fund_works/5

Pension board members: http://www.lpf.org.uk/info/40/how_the_fund_works/30/how_the_fund_works/7

North East Scotland

Pensions committee members: <http://www.nespf.org.uk/TheFund/Governance/Committee.aspx>

Pension board members: <http://www.nespf.org.uk/TheFund/Governance/pboard.aspx>

Orkney Islands

Pensions committee and board members: <http://www.orkney.gov.uk/Files/Committees-and-Agendas/Elected-Member-Appointments-2017-19.pdf>

Scottish Borders

Pensions committee members: <http://lgps-brochureware-prod.azurewebsites.net/scottish-borders-council-pension-fund/about-us/the-pension-committee/>

Pension board members <http://lgps-brochureware-prod.azurewebsites.net/scottish-borders-council-pension-fund/about-us/local-pension-board/>

Shetland Islands

Pensions committee and board members: <http://www.shetland.gov.uk/finance/PensionFundGovernance.asp>

Strathclyde

Pensions committee members: <https://www.spfo.org.uk/index.aspx?articleid=16036>

Pension board members: <https://www.spfo.org.uk/index.aspx?articleid=15814>

Tayside

Pensions committee members: <http://www.taysidepensionfund.org/tayside-pension-fund/about-us/the-pension-committee/>

Pension board members: <http://www.taysidepensionfund.org/tayside-pension-fund/about-us/local-pension-board/>

Investments

Our research shows that the 11 Scottish local authority pension funds together hold shares worth over **£321 million** in 18 companies that undertake work related to nuclear weapons.

Strathclyde Pension Fund has the largest amount invested, holding shares worth nearly £108 million in 15 producers. Lothian Pension Fund comes a close second, with shares worth £105 million in six nuclear weapons companies, while Tayside is in third place, with nearly £50 million's worth of shares.

Out of the nuclear weapons companies listed in section 2, Lockheed Martin has attracted the largest share of Scottish LGPS funds. Lothian and Strathclyde hold shares worth over £66 million in the US arms giant. However, Rolls Royce is the most popular choice with at least seven out of the 11 local authority pension funds holding shares worth nearly £62 million in the company.

See sections 3.1 to 3.11 below for details of each fund's investments in nuclear weapons producers and information about their investment policies.

Most local authority pension funds state that they take environmental, social and governance (ESG) concerns seriously but prefer to "engage" with companies on these issues, rather than excluding harmful industries from investment (see section 3A.1 for more on this). However, a growing number of Scottish councils are taking a stand against nuclear weapons investments by passing a resolution that calls on their pension fund to divest from nuclear weapons producers (see section 3A.3). One fund, Scottish Borders, already has a policy that restricts investment in nuclear weapons producers.

If you are a member of a Scottish local authority pension fund, please see section 8.3 for information on what you can do to encourage your fund to divest from nuclear weapons. If you are a concerned citizen, please see section 3A.4 for tips on approaching your local councillors about divestment and see Appendix 2 for our template letter.

Note: Scottish councils may have other investments in nuclear weapons producers. This section only covers the investments of Scottish local authority pension funds.

3.1 Strathclyde

With at least £20 billion in assets, Strathclyde Pension Fund is Scotland's largest local authority pension fund and one of the largest in the UK. The fund's 230,000 members include employees of 12 different local authorities (see section 3) and more than 150 other organisations, such as Scottish Water, the Strathclyde Partnership for Transport, the University of West of Scotland and several colleges.³⁸

A list of assets taken from the fund's website shows that it held shares with a market value of over **£107 million** (0.54% of the fund) in 15 companies that are involved in nuclear weapons work as at 31 March 2019.³⁹

Company	Value of shares (£)*
Airbus	18,215,125
BAE Systems	14,202,821
Boeing	3,451,046
Fluor	84,599
General Dynamics	715,861
Honeywell International	8,922,646
Huntington Ingalls Industries	153,372
Jacobs Engineering	165,687
Lockheed Martin	1,228,713
Northrop Grumman	712,107
Raytheon	867,807
Rolls Royce	20,327,880
Safran	30,608,658

³⁸ <http://www.glasgow.gov.uk/councillorsandcommittees/viewSelectedDocument.asp?c=P62AFQDN2UZLZLDXUT>

³⁹ <https://www.spfo.org.uk/index.aspx?articleid=16962>

Textron	207,646
United Technologies	7,811,307
Total	107,675,275

**Note: the figures in this table, with the exception of the figures for BAE Systems and Rolls Royce, were converted from US dollars or Euros using exchange rate as at 31 March 2019: 1 EUR = 0.86032 GBP; 1 USD = 0.76672 GBP.*

Visit the resources page of our website to download our Strathclyde Pension Fund briefing sheet.

Strathclyde Pension Fund's statement of investment principles says that the fund is a "responsible investor and adopts policies and practices which acknowledge the importance of environmental, social and governance (ESG) issues".⁴⁰ However, Strathclyde Pension Funds has rejected divestment as an option⁴¹ and instead prefers to "engage" with companies on ESG issues. This means that the fund can invest in harmful industries, like arms and fossil fuels. There is no mention of engagement with companies regarding their involvement with nuclear weapons, or any weapons, in the quarterly reports on the fund's responsible investment activities from the last three years.⁴²

Two of Strathclyde Pension Fund's member councils, Renfrewshire and West Dunbartonshire, have now passed resolutions that call on the fund to divest from nuclear weapons companies. If all of the councils in the fund were to do the same, the demand for divestment would be hard to ignore.

If you live in any of the 12 council areas covered by Strathclyde Pension Fund, please contact your local councillors to urge them to support nuclear weapons divestment: see section 3A.4 for tips.

3.2 Lothian

Lothian Pension Fund is one of the largest in the UK, according to its website, with over 84,000 members and assets worth £7.8 billion in 2019.⁴³ Employers covered by the fund include the City of Edinburgh, East Lothian, Midlothian and West Lothian Councils, plus 84 other public and charitable bodies, such as Scottish Water, Edinburgh Napier University, Heriot-Watt University, Donaldson's Trust and Edinburgh Leisure.

Lothian Buses Pension Fund was merged with Lothian Pension Fund in February 2019. Lothian Pension Fund also manages the Scottish Homes Pension Fund.

A list of assets taken from the fund's website shows that Lothian Pension Fund and the Scottish Homes Pension Fund together held shares worth over **£105 million** (1.35% of the fund) in six companies that are involved in nuclear weapons work as at 31 March 2019:⁴⁴

Company	Value of shares (£)
Babcock International	1,158,151
General Dynamics	18,702,122
Lockheed Martin	65,140,508
Northrop Grumman	7,037,181
Raytheon	7,041,804

⁴⁰ <http://www.spfo.org.uk/CHttpHandler.ashx?id=12617&p=0>

⁴¹ http://www.heraldscotland.com/news/homenews/15567786.Scotland_s_biggest_public_pension_scheme_happy_to_keep_investment_in_arms_traders_but_can_t_say_who_they_sell_to/

⁴² <https://www.spfo.org.uk/index.aspx?articleid=20809>

⁴³ http://www.edinburgh.gov.uk/lpf1/download/downloads/id/938/lpf_unaudited_annual_report_and_accounts_201819.pdf

⁴⁴ http://www.edinburgh.gov.uk/lpf1/info/11/how_we_invest

United Technologies	6,349,983
Total	105,429,749

Visit the resources page of our website to download our Lothian Pension Fund briefing sheet which contains more information about each of these companies.

Lothian Pension Fund says that it cannot divest from companies for non-financial reasons, as this would conflict with the fund's fiduciary duty to its members (see section 3A.2 for more on fiduciary duty). The fund's statement of investment principles says that the fund "aims to encourage responsible behaviour by companies in relation to environmental, social and governance [ESG] issues" through engagement.⁴⁵

The effectiveness of engagement in changing company behaviour is questionable (see section 3A.1) and this policy allows the funds to continue investing in harmful industries, including nuclear weapons, fossil fuel and tobacco.

At a meeting on responsible investment in 2018, representatives of Lothian Pension Fund made it clear that fund managers only take into account ESG considerations if they effect returns.⁴⁶ Fund managers will not divest just because they disagree with a company's values and, in fact, a poor ESG rating may make a company an attractive investment.

Nevertheless, fund members are challenging the fund's investments in nuclear weapons. Midlothian council has passed a resolution calling on Lothian Pension Fund to divest from nuclear weapons producers. If you live in West Lothian, East Lothian or the City of Edinburgh, please contact your local councillors about Lothian Pension Fund's investments in nuclear weapons and urge them to support a divestment resolution: see section 3A.4 for tips.

3.3 Tayside

Tayside Pension Fund is worth over £3.7 billion and has over 48,000 members including employees of Angus Council, Dundee City Council and Perth and Kinross Council. The fund also covers Perth College UHI, Police Scotland and the Scottish Fire and Rescue Service (non-uniformed staff), Tayside Contracts and a range of other organisations.

A list of investments obtained via freedom of information shows that Tayside Pension Fund held shares worth **£49 million** (1.3% of the fund) in six companies that are involved in nuclear weapons activities as at 31 March 2019:

Company	Value of shares (£)
Airbus	£22,299,092
BAE Systems	£3,049,781
Leidos	£6,393,998
Leonardo	£2,824,778
Rolls Royce	£10,510,069
Safran	£3,849,162
	£48,926,876

Visit the resources page of our website to download a copy of our Tayside Pension Fund briefing sheet which contains more information about each of these companies.

⁴⁵ http://www.lpf.org.uk/downloads/file/238/statement_of_investment_principles_december_2018

⁴⁶ <https://www.youtube.com/watch?v=9PZzFzw4AJ0>

Many local authority pension funds say that it is not possible to divest from harmful industries because this would conflict with the fund's fiduciary duty to its members. However, Tayside Pension fund's policy on Environmental, Social and Corporate Governance (ESG) suggest that the pensions committee favours a different interpretation of fiduciary duty, one that is in line with advice from the Scottish Local Government Pension Scheme's Advisory Board.

The policy states the fund is required to "take a responsible approach, grounded in industry best practice, to administer their investment programmes and exercise their fiduciary duty to guard against extremes or selective interpretation of the legal principles which might unduly restrict the consideration of ESG and other wider factors which may influence the choice of investments so long as that does not risk material financial detriment to the Fund".⁴⁷ This language is taken from a 2016 letter⁴⁸ by the scheme's advisory board which accompanied legal advice⁴⁹ on the application of the legal principles of fiduciary duty (for more on fiduciary duty see section 3A.2).

Tayside's ESG policy goes on to say that the fund aims to divest from tobacco stocks.⁵⁰ If fund managers wish to invest in the tobacco industry, they must produce a business case which demonstrates "that there are no suitable alternatives at that time that better meet the criteria to meet their investment objectives".

It is not clear how effectively this policy is being applied, as the fund still holds shares in Tobacco companies. However, the existence of the policy suggests that Tayside pensions committee believes that it is possible for Scottish local authority pension funds to aim to divest from harmful industries. The committee could introduce a similar policy covering nuclear weapons.

If you live in one of the three council areas covered by Tayside pension fund, please contact your local councillor about the fund's investments in nuclear weapons and urge them to support a resolution that calls on the fund to divest: see section 3A.4 for tips.

3.4 Falkirk

Members of Falkirk Pension Fund include employees of Clackmannanshire Council, Falkirk Council, Stirling Council, the Scottish Environment Protection Agency and around 30 other public or charitable bodies in central Scotland. The fund holds assets worth over £2.3 billion.⁵¹

A list of investments taken from the fund's website shows that Falkirk Council Pension Fund held shares worth more than **£35 million** (1.54% of the fund) in two companies that undertake nuclear weapons work as at 31 March 2019:⁵²

Company	Value of shares (£)
BAE Systems	15,340,106
Rolls Royce	20,057,367
Total	35,397,473

⁴⁷ <https://www.taysidepensionfund.org/media/3948/194-2018-esg-040618.docx>

⁴⁸ <http://lgpsab.scot/wp-content/uploads/2016/06/Letter-to-Funds-on-Fiduciary-Duty.pdf>

⁴⁹ http://lgpsab.scot/wp-content/uploads/2016/06/Report-National-Scheme-Advisory-Board-v4-updated-23_2_16.pdf

⁵⁰ <https://www.taysidepensionfund.org/media/3948/194-2018-esg-040618.docx>

⁵¹ <http://www.falkirk.gov.uk/services/council-democracy/budgets-spending-performance/docs/annual-accounts/pension-fund/2017%20-%202018%20Falkirk%20Pension%20Fund%20Audited%20Annual%20Report%20and%20Accounts.pdf?v=201810031154>

⁵² <http://www.falkirkpensionfund.org/media/3921/investments-stock-listing-31032018.pdf>

Falkirk Pension Fund's statement of investment principles states that "the Fund's investment managers are required to integrate [environmental, social and governance] analysis into their decision-making" but the pensions committee prefers "engaging with companies to reduce risk, rather than divesting".⁵³ See section 3A for more on fiduciary duty and "engagement" versus divestment.

If you live in any of the three council areas covered by Falkirk Pension Fund, please contact your local councillor about the fund's investments in nuclear weapons and urge them to support a resolution calling on the fund to divest: see section 3A.4 for tips.

3.5 Highland

Highland Pension Fund is worth nearly £2 billion and has over 31,000 members, including employees of Highland Council, Comhairle Nan Eilean Siar and a range of other organisations, including local colleges, tourist boards, NHS Highland and the Hebridean Housing Partnership.⁵⁴

A list of assets taken from the fund's website shows that Highland Council Pension Fund held shares worth more than **£11.5 million** (0.64% of the fund) in two companies that undertake nuclear weapons work as at 31 March 2019:⁵⁵

Company	Value of shares (£)
General Dynamics	5,691,046
Rolls Royce	5,801,100
Total	11,492,146

Section 16 of Highland Pension Fund's statement of investment principles⁵⁶ says that the fund "recognises that social, environmental and ethical considerations are among the factors which Investment Managers will take into account, where relevant, when selecting investments for purchase, retention or sale. However, the over-riding consideration for Pension Committee members is their fiduciary duty to the scheme employers and scheme members".

The fund does not appear to have any policies that exclude harmful industries. Instead, fund managers are encouraged to influence companies on social, environmental and ethical issues through meetings, correspondence and the exercise of voting rights at annual general meetings.

See section 3A for more on fiduciary duty and "engagement" versus divestment.

If you live in either of the council areas covered by Highland Pension Fund, please contact your local councillors about the fund's investments in nuclear weapons and urge them to support a resolution calling on the fund to divest: see section 3A.4 for tips.

3.6 Fife

Fife Pension Fund has over 36,000 members, including employees of Fife Council, Fife College, the local Scottish Police Authority and Scottish Fire and Rescue Service (non-uniformed staff) and Fife Housing Association, as well as employees of a range of other public and charitable bodies in Fife.⁵⁷

⁵³ SIP: <https://www.falkirkpensionfund.org/media/4630/agreed-sip-falkirk.docx>

⁵⁴ https://www.highland.gov.uk/downloads/file/20893/audited_accounts_april_2018_to_march_2019

⁵⁵ <http://www.highlandpensionfund.org/highland-pension-fund/about-us/forms-and-publications/>

⁵⁶ <https://www.highlandpensionfund.org/media/3463/sip-approved-at-pc0-8-02-18.pdf>

⁵⁷ http://publications.fifedirect.org.uk/c64_Fife_Council_Pension_Fund_Annual_Report_2017-18.pdf

Fife Pension Fund is worth over £2.4 billion. A list of assets supplied under freedom of information shows that the Fund held shares worth more than **£7 million** (0.3% of the fund) in four nuclear weapons producers as at 31 March 2019:

Company	Value of shares (£)
BAE Systems	797,673
Honeywell International	2,314,337
Safran	2,133,636
United Technologies	2,037,353
Total	7,282,999

Fife Pension Fund's statement of investment principles says that fund managers should consider environmental, social and governance issues when making investment decisions as part of "a holistic analysis of financially material issues".⁵⁸ The pensions committee believes that "mechanistic divestment is inconsistent with the Fund's fiduciary duty to members and employers" and instead employs Hermes Equity Ownership Services to undertake engagement on the fund's behalf. See section 3A for more on fiduciary duty and "engagement" versus divestment.

If you live in Fife, please ask your local councillors to support a resolution that calls on Fife Pension Fund to divest from nuclear weapons: see section 3A.4 for tips.

3.7 North East Scotland

North East Scotland Pension Fund has over 65,000 members, including employees of Aberdeen City Council, Aberdeenshire Council, Moray Council and around 50 other public and charitable bodies in the area, such as Scottish Water, Visit Scotland, Moray College and Robert Gordon University.

North East Scotland Pension Fund is valued at over £4.1 billion.⁵⁹ A list of investments taken from the fund's website shows that the fund held shares with a market value of over **£4 million** (0.1% of the fund) in one company which is involved in nuclear weapons related work as at 31 March 2019:⁶⁰

Company	Value of shares (£)
Rolls Royce	4,050,897
Total	4,050,897

North East Scotland Pension Fund rejects divestment as an option. The fund seeks to influence companies on environmental, social and governance issues through engagement and through votes cast at annual general meetings, according to its Corporate Governance and Corporate Social Responsibility Policy⁶¹ (see section 3A.1 for more "engagement" versus divestment).

This policy means that means that the fund is not precluded from investing in harmful industries and the list of assets shows that the fund holds shares in tobacco and fossil fuel companies, as well as Rolls Royce.

If you live in any of the three council areas covered by North East Pension Fund and you're concerned about the fund's investments, please contact your councillors: see section 3A.4 for tips.

⁵⁸ http://publications.fifedirect.org.uk/c64_Pension_Fund_Draft_Accounts_2018-19.pdf

⁵⁹ <http://www.nespf.org.uk/TheFund/Investment/annual-report.aspx>

⁶⁰ http://www.nespf.org.uk/TheFund/Investment/Fund_Managers.aspx

⁶¹ <http://www.nespf.org.uk/nmsruntime/saveasdialog.aspx?IID=1331&SID=253>

3.8 Scottish Borders

Scottish Borders Council Pension fund has over 10,000 members, including employees of Scottish Borders Council, Borders College, Scottish Borders Housing Association and several other public and charitable organisations in the area.⁶²

Scottish Borders Pension Fund holds £685 million in assets. The response to our freedom of information request dated 5 June 2019 shows that the fund holds shares worth **£616,633** (0.09% of the fund) in one company which undertakes nuclear weapons-related work:

Company	Value of shares (£)
Rolls Royce	616,633
Total	616,633

Scottish Borders Pension Fund's statement on responsible investment suggests that the fund adopts a broader interpretation of fiduciary duty than some other Scottish local authority pension funds. The statement says that as well as seeking to enhance long-term returns on its investments, the fund seeks to "ensure that [it] minimises any harm to the environment and society".

The fund requires investment managers to uphold eight overarching principles which are set out in the statement under the headings "environment", "social responsibility" and "corporate governance". Principle 2.2.4, under the social responsibility heading, states:

"When companies are involved in certain controversial activities, we may refrain from investment in those companies. For example, we may decide to exclude companies which are involved in the production of controversial weapons."

Councillor David Parker, the Chair of Scottish Borders Council pensions committee and a member of the Scottish Local Government Pension Scheme's advisory board, confirmed that this policy covers nuclear weapons. Councillor Parker told us that the committee, in fact, instructs its external fund managers to try to avoid shareholdings in the arms industry altogether, as these investments are considered to be unethical. If the committee retrospectively becomes aware of a holding in that area, it may instruct the fund manager to disinvest. Councillor Parker told us that the fund is also working towards divestment from fossil fuels and tobacco.

We note, however, that the fund own shares in Meggitt Plc, a company that gets about a third of its sales from military equipment, as well as shares in Rolls Royce.

While principle 2.2.4 policy does not comprehensively prohibit the fund from owning shares in nuclear weapons companies, it is commendable that the fund has recognised the harmful effects of controversial weapons. The policy is also notable for the fact that it is the only reference to controversial weapons that we have found in the policy documents of all 11 Scottish local authority pension funds.

We asked Councillor Parker why the fund continues to invest in Rolls Royce, given the company's involvement with Trident (see section 2). The response stated that only 0.08% of the fund is invested in Rolls Royce and the defence element of the company's business represents less than 20% of its revenue. Councillor Parker also cited Rolls Royce's work on hybrid-electric power packs for rail operations and hybrid electric vertical take-off and landing aircraft.

However, the Rolls Royce holding means that the fund is still invested in one of the key contractors involved in Britain's nuclear weapons programme. If you live in the Scottish Borders and you think

⁶² <https://scottishborderscouncilpensionfund.org/media/4239/annual-report-2017-18-audited.pdf>

that the fund's policy should be strengthened to comprehensively preclude investment in nuclear weapons companies, please contact your local councillors: see section 3A.4 for tips.

3.9 Orkney Islands

Orkney Islands Council Pension Fund has over 3,800 members, including employees of Orkney Islands Council, Orkney Tourist Board, Orkney Ferries Ltd and Orkney Enterprise.⁶³

The fund is worth more than £366 million. The response to our freedom of information request shows that Orkney Islands Pension Fund held shares worth over **£0.5 million** (0.14% of the fund) in one company which is involved in nuclear weapons related work as at 31 March 2019:

Company	Value of shares (£)
Rolls Royce	504,753
Total	504,753

Orkney Islands Council Pension Fund's statement of investment principles says that the pensions committee "recognises that ESG issues including social, environmental and ethical considerations are among the factors which investment managers will take into account, where relevant, when selecting investments for purchase, retention or sale".⁶⁴ However, management of the fund is delegated to investment managers, Baillie Gifford, and Baillie Gifford sets the ESG policies that apply to the fund.

There is no indication that harmful industries are excluded. The list of assets provided to us shows that the fund has investments in fossil fuels and tobacco, as well as Rolls Royce.

If you live in the Orkney Islands and you're concerned about Orkney pension fund's investments, please contact your local councillors: see section 3A.4 for tips.

3.10 Dumfries and Galloway

Dumfries and Galloway Council Pension Fund has over 15,000 members including employees of Dumfries and Galloway Council, Dumfries and Galloway College, Dumfries and Galloway Housing Partnership, the Scottish Agricultural College and several other local public and charitable bodies.

The fund's statement of investment principles states that the pensions committee "take the view that non-financial factors should not drive the investment process at the cost of financial return on the Fund". The fund "does not actively disinvest in companies for ethical, social or environmental reasons".⁶⁵

We requested a list of the companies that Dumfries and Galloway Council Pension Fund invests in under freedom of information. However, the council sent us a list of pooled funds. We have been unable to obtain a complete list of the shareholdings of each of these funds but at least one (Legal & General UK Equity Index) holds shares in companies that undertake nuclear weapons work (BAE Systems and Rolls Royce).⁶⁶

⁶³ http://www.orkney.gov.uk/Files/Finance/2017-2018/Pension_Accounts_2017_2018.pdf

⁶⁴ http://www.orkney.gov.uk/Files/Committees-and-Agendas/Pension_Fund_Sub_Committee/PEN2018/21-11-2018/109__Statement_of_Investment_Principles.pdf

⁶⁵ [https://www.dumgal.gov.uk/media/20267/Pension-Fund-annual-accounts-2017-18/pdf/Pension_Fund_-_201718_Accounts_-_Audited_Version_\(web\).pdf?m=636827080391200000](https://www.dumgal.gov.uk/media/20267/Pension-Fund-annual-accounts-2017-18/pdf/Pension_Fund_-_201718_Accounts_-_Audited_Version_(web).pdf?m=636827080391200000)

⁶⁶ https://fundcentres.lgim.com/srp/lit/NoBJ27/Annual-Report-and-Accounts_Legal-General-Authorised-Contractual-Scheme_31-12-2018_UK-ADV_UK-INST_UK-PRIV.pdf

If you live in Dumfries and Galloway and you're concerned about the fund's investments, please contact your local councillors: see section 3A.4 for tips.

3.11 Shetland Islands

Members of Shetland Islands Council Pension Fund include employees of Shetland Islands Council, Orkney and Shetland Valuation Joint Board, Lerwick Port Authority, Shetland Islands Tourism and several other public and charitable bodies in the Shetland Islands. The fund is worth over £450 million.

Shetland Islands Council Pension Fund's statement of investment principles says that fund managers are expected to take into account environmental, social and governance factors "to the extent that these may materially affect the long-term prospects of such companies"⁶⁷ and to engage with companies "in relation to the pursuance of socially responsible business practices".

We asked Shetland Islands Council for a list of the pension fund's investments but the response stated that the fund "does not hold any shares in individual companies".

The fund's annual report shows that it is managed by five external investment fund managers: Blackrock – Passive UK Global Equities; KBI Global Investors – Active Global Equities; M&G – Alternative Bonds; Newton – Diversified Growth Fund; and Schroders - Active Property.⁶⁸ Each of these fund managers has a separate mandate that covers, amongst other things, "investment objectives and restrictions".

We asked for a copy of the mandates to see whether they contain any restrictions regarding nuclear weapons but this request was rejected on the grounds that disclosure would "prejudice substantially the commercial interests of fund managers". Shetland Islands Council did send us the names of the funds that it uses but we have been able to obtain a complete list of holdings for each of them.

We have therefore been unable to establish whether Shetland Islands Pension Fund holds investments in nuclear weapons producers.

If you live in the Shetland Islands and you're concerned about the fund's investments, please contact your local councillors: see section 3A.4 for tips.

3A How can we divest the Scottish Local Government Pension Scheme from nuclear weapons?

3A.1 Divestment versus "engagement"

Most local authority pension funds say that they address environmental, social and governance (ESG) issues through "engagement", which usually takes the form of correspondence or meetings with representatives of the companies that they invest in. They may also exert pressure through the exercise of voting rights at annual general meetings and by working with other shareholders on particular issues.

We have, so far, found no evidence that Scottish local authority pension funds have engaged with companies regarding their involvement with nuclear weapons.

⁶⁷ <https://www.shetland.gov.uk/coins/viewSelectedDocument.asp?c=e%97%9Dd%91r%82%8C>

⁶⁸ https://www.shetland.gov.uk/about_finances/documents/4SICPensionFundAuditedAccounts2017-18.pdf

Attempts to change company behaviour through engagement tend to be limited in scope and are unlikely to be effective if the company gets a significant part of its revenue from the activity in question.⁶⁹ The example of cluster munitions discussed in section 1.5.2 of this guide suggests that divestment is a far more effective way to curb the production of indiscriminate weapons.

From an ethical point of view, the preference for “engagement” over divestment means that local authority pension funds can continue invest in harmful industries. In the case of nuclear weapons, this means that fund members are benefiting from the production and maintenance of weapons of mass destruction which are capable of killing hundreds of thousands of innocent civilians.

3A.2 What about fiduciary duty?

Local authority pension funds often say that divestment on the basis of non-financial considerations is not possible because this would conflict with the fund’s fiduciary duty to act in the best interests its members. However, a legal opinion on fiduciary duty commissioned by the Scottish local government pension scheme’s advisory board makes it clear that funds *can* take into account non-financial factors in their investment decisions, “so long as that does not risk material financial detriment to the Fund”.⁷⁰

There is a strong case that the interests of fund members will be best served by a fund which helps to limit the threat of nuclear war by divesting from the companies that produce nuclear weapons. Moreover, the letter from the advisory board that accompanied the opinion emphasised the importance of guarding “against extremes or selective interpretation of the legal principles by Pension Committees and Pension Boards, for instance which might unduly restrict the consideration of ESG and other wider factors”.

The two largest nuclear weapons investors, Lothian and Strathclyde pension funds, both maintain that fiduciary duty prevents them from divesting from companies for ethical reasons. However, Scottish Borders Council and Tayside pension funds have adopted broader definitions of fiduciary duty.

Scottish Borders’ statement on responsible investment says:

“Fiduciary duty goes beyond simply enhancing long term returns, and in order to act prudently in the best interest of the scheme members, trustees should consider the impact of their investment decisions on risks such as climate change and other ESG related issues that can have an impact on sustainability and the value of the assets of the Fund over the long term.”

Tayside Pension fund’s policy on Environmental, Social and Corporate Governance uses language from the advisory board’s letter (cited above), stating that the fund should “exercise their fiduciary duty to guard against extremes or selective interpretation of the legal principles which might unduly restrict the consideration of ESG and other wider factors”.

Both Scottish Borders and Tayside have policies which restrict investment in certain harmful industries and there are examples in England too.

Principle 2.2.4 of Scottish Borders’ statement on responsible investment says: “When companies are involved in certain controversial activities, we may refrain from investment in those companies. For

⁶⁹ https://www.dontbankonthebomb.com/wp-content/uploads/2015/10/2015_campaigner_guide-web.pdf

⁷⁰ <http://lgpsab.scot/wp-content/uploads/2016/06/Letter-to-Funds-on-Fiduciary-Duty.pdf>

example, we may decide to exclude companies which are involved in the production of controversial weapons.” (For more in this policy see section 3.8.) While this falls short of a blanket exclusion, it does demonstrate that some form of restriction is possible.

Tayside Pension Fund’s ESG policy states that fund aims to disinvest from tobacco stocks (see section 3.3 for details).

In 2016, Waltham Forest became the first local authority to announce that it would divest its £735 million pension fund from fossil fuels.⁷¹ This was soon followed by a similar commitment from Southwark Council.⁷² Southwark’s investment strategy states that “The Fund commits to transferring over time any current investments in these traditional energy sources in a way that is both structured and affordable and also meets the Fund’s fiduciary duties”.⁷³

Both Waltham Forest and Southwark are working to reinvest in “green” focused assets.

These examples show that it is possible for Scottish local authority pension funds to pursue divestment from harmful industries.

3A.3 Councils can pass a resolution supporting divestment

Don’t Bank on the Bomb Scotland and Nuclear Free Local Authorities UK have created a model resolution on nuclear weapons divestment:

“Model resolution encouraging Council Pension Funds to divest from companies involved in the production, maintenance or development of nuclear weapons in the UK or other Nuclear Weapon States

- [If applicable: Council is a member of the Nuclear Free Local Authorities (NFLA) and / or Mayors for Peace, the national / international body of Councils working for almost 4 decades to promote multilateral nuclear disarmament and a more peaceful world. 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.
- [If applicable: 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:

⁷¹ <https://democracy.walthamforest.gov.uk/documents/s59084/Investment%20Strategy%20-%202028%2011%2017.pdf>

⁷² <https://www.theguardian.com/public-leaders-network/2017/nov/13/southwark-council-pension-fund-divesting-12bn-from-fossil-fuels>

⁷³ <https://www.southwark.gov.uk/assets/attach/3507/Southwark-Investment-Strategy-Statement-Fossil-Fuel-Appendix.pdf>

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 pensions committee to urge them to take full consideration of this resolution."

In May 2019, Renfrewshire became the first council in the UK to pass this resolution, calling on Strathclyde Pension Fund to divest from nuclear weapons.⁷⁴ Soon after, West Dunbartonshire passed a resolution that calls on the fund to divest from nuclear weapons and fossil fuels.⁷⁵ In June, Midlothian council passed a resolution calling on Lothian Pension Fund to divest.⁷⁶

Council resolutions do not bind local government pension funds but they are an important statement of support for nuclear weapons divestment from councillors, who are fund members. The more councils that adopt resolutions, the greater the pressure will be on funds to divest.

3A.4 ACTION: What you can do

A growing number of Scottish local authorities want their pension fund to divest from nuclear weapons producers. We need your help to increase the pressure:

1. Check section 3 of this guide to see whether the local government pension fund that covers your area has investments in nuclear weapons companies.
2. Write to your local councillors explaining why you think that the fund should divest (see Appendix 2 for our template letter). Include a copy of the model resolution on divestment with the appropriate information inserted (see section 3A.3 above) and suggest that this is put to the council, unless it has passed a resolution already.
You can find out who your local councillors are at www.writetothem.com. This site also allows you to email your councillors using an online form.
3. You should also request that your councillors pass on your concerns about nuclear weapons investments to the convenor of the pensions committee, which administers the fund.
4. If you do not receive a satisfactory response, request a meeting with your councillors or attend one of their regular surgeries.
5. If you are a member of the Scottish Local Government Pension Scheme, see section 8.3 for information on what you can do to encourage your fund to divest from nuclear weapons.
6. Let us know how you get on. If you get stuck, we can help: nukedivestmentscotland@gmail.com.

You could also contact members of the pensions committee directly, as they have the power to change the fund's statement of investment principles. See section 3 above for links to lists of pensions committee members.

⁷⁴ <http://www.nuclearpolicy.info/news/nfla-welcomes-renfrewshire-council-resolution-nuclear-weapons-divestment-scottish-forum-discusses-just-transition-low-carbon-local-energy/>

⁷⁵ <http://www.nuclearpolicy.info/news/nfla-welcomes-west-dunbartonshire-council-prohibition-nuclear-weapons-climate-emergency-divestment-fossil-fuels/>

⁷⁶ <http://www.nuclearpolicy.info/news/nfla-welcomes-further-council-resolutions-supporting-treaty-prohibition-nuclear-weapons-and-divestment/>

4. Scottish Parliamentary Pension Scheme

The Scottish Parliamentary Pension Scheme (SPPS) manages the pension contributions of Members of the Scottish Parliament. The scheme is overseen by a board of trustees, most of whom are MSPs. Its investments are currently held in two pooled funds managed by private investment firm, Baillie Gifford.

In 2014, a response to a question to the Scottish Parliamentary Corporate Body by Scottish Greens MSP, John Finnie, revealed that 4% of the SPPS was invested in arms companies, including Rolls Royce.⁷⁷ The most recent figures made available to us by the Scottish Parliament show that the fund still holds shares worth £147,592 in Rolls Royce.⁷⁸

Rolls Royce is one of four key contractors involved in Britain's Trident nuclear weapons programme (see section 2). Without Rolls Royce there would be no Trident. A majority of MSPs opposed Trident renewal and have signed ICAN's Parliamentary Pledge in support of the UN Treaty on the Prohibition of Nuclear Weapons,⁷⁹ but while the SPPS's investment in Rolls Royce continues, MSPs are effectively benefiting from the Trident programme.

A March 2018 Survation poll found that nearly three quarters of Scots believe that the SPPS should divest from arms, tobacco and fossil fuel.⁸⁰ After more revelations about the fund's unethical investments, it was reported in January 2019 that the fund's trustees were reviewing its investment strategy and would consider "options for incorporating a higher ethical, environmental, social or governance approach".⁸¹ However, no change has been announced yet.

Divestment from Rolls Royce could be achieved by the addition of an exclusion in the scheme's statement of investment principles, for example: "Companies involved in the development, production, testing, maintenance or trade in nuclear weapons, their delivery systems or their delivery platforms are excluded".

Alternatively, the scheme's trustees could switch to a fund with an ethical investment policy, or an "impact" fund that directs investment into certain areas, such as healthcare and the environment. This would ensure that MSPs would no longer be investing in harmful industries.

4.1 ACTION: What you can do

We believe that the SPPS can be persuaded to change its investment policy. Please write to your MSPs explaining why the fund should divest from nuclear weapons and request that they pass on your concerns to the chair of the scheme's trustees. You can use our template letter (see Appendix 2) or compose your own.

You can find out who your MSPs are at www.writetothem.com. This site also allows you to email them using an online form.

If you do not get a satisfactory response, you can seek a meeting with your MSPs at their local surgery.

⁷⁷ Meeting of the Scottish Parliament 13 November 2014 – Official Report:

<http://www.parliament.scot/parliamentarybusiness/report.aspx?r=9622&i=87435#ScotParlOR>

⁷⁸ Baillie Gifford, Scottish Parliamentary Contributory Pension Fund: Report for the quarter ended 30 June 2019.

⁷⁹ <http://www.icanw.org/projects/pledge/>

⁸⁰ http://www.heraldscotland.com/news/16063941.Call_to_stop___3m_MSP_pension_fund_investments_in_weapons_tobacco_and_dirty_fuel_after_poll/?ref=twtr

⁸¹ <https://theferret.scot/scottish-parliament-review-pensions/>

5. Scottish universities

We have expanded this section of the guide to cover the investments and policies of the top 10 universities in Scotland, rather than just the five universities that we covered in 2018.⁸² Of these 10 institutions, we found that only two hold direct investments in nuclear weapons producers. The **University of Glasgow** holds shares worth over **£2.1 million** in 18 nuclear weapons companies, while the **University of Strathclyde** owns shares worth **£328,997** in BAE Systems.

At least six universities have policies that either explicitly (Aberdeen and Edinburgh) or implicitly (St Andrews, Dundee, Stirling and West of Scotland) restrict investment in nuclear weapons producers. Some of these policies are not comprehensive, for example, the exclusion only covers direct investments (West of Scotland). In some instances, we have been unable to verify how the policies have been applied.

Nevertheless, it is clear that the University of Glasgow and the University of Strathclyde are outliers when it comes to nuclear weapons investments. We encourage students at these two universities to contact their university's principal to explain why the university should divest from nuclear weapons producers (see section 1) and adopt a comprehensive policy that prohibits future investments.

Students can also contact CAAT Universities Network (<https://caatunis.net/>) or People and Planet (<https://peopleandplanet.org/>) for information about how to get involved in student divestment campaigns. The example of Edinburgh University discussed below demonstrates how sustained student activism can lead to a change in investment policy.

If you are a student, or alumni, at an institution that is *not* covered in this section, we suggest you do some research to find out whether your place of study has a policy relating to nuclear weapons producers and whether it invests in them.

5.1 University of Edinburgh

In 2016, the University of Edinburgh changed its policy on arms investments in response to a five-year responsible investment campaign led by students.

In May 2015, protesters from People and Planet occupied Charles Stewart House, the university's main financial office, to demand that the university fully divest from arms and fossil fuels. In response to this pressure, the university announced in October 2015 that it "has not and will never" invest in "controversial armaments".⁸³ The university's definition of controversial armaments⁸⁴ includes nuclear weapons but, at this time, the university still held shares in Rolls Royce (see section 2 for information on Rolls Royce's involvement in nuclear weapons).

The student campaigners responded that this policy was "nowhere near good enough", as it still permitted investment in lethal weapons.⁸⁵ The university continued to hold shares in drone company Meggit plc and Martin Marietta, a subsidiary of Lockheed Martin, as well as the shares in Rolls Royce.

⁸² As listed in the Times Higher Education World University Rankings 2019 : https://www.timeshighereducation.com/world-university-rankings/2019/world-ranking#!/page/0/length/-1/sort_by/rank/sort_order/asc/cols/stats

⁸³ <http://www.studentnewspaper.org/university-of-edinburgh-arms-investment-policy-condemned-by-activists/>

⁸⁴ <https://www.ed.ac.uk/about/sustainability/themes/responsible-investment/reviews/armaments>

⁸⁵ <http://www.studentnewspaper.org/university-of-edinburgh-arms-investment-policy-condemned-by-activists/>

In February 2016, the university changed its policy, announcing that it would no longer invest in coal or tar sands or in companies that get 20% or more of their revenue from arms sales.⁸⁶ In April 2016, the university told student campaigners that it no longer held investments in arms companies.⁸⁷

A list of investments made available under freedom of information shows that the University of Edinburgh had no direct holdings in the companies listed in section 2 of this guide as at 31 March 2019. However, the university may have indirect holdings in nuclear weapons through its investments in external funds and as it stands, the policy still allows investment in companies which get less than 20% of revenue from arms sales.

University of Edinburgh students wishing to get involved in the divestment campaign can contact People and Planet Edinburgh: <https://www.facebook.com/edunipeopleandplanet/>.

5.2 University of Glasgow

The University of Glasgow has been criticised for investing heavily in the arms industry, while claiming to be “committed to socially responsible investment”.⁸⁸ A list of investments supplied to us under freedom of information shows that the university held over **£2.1 million** worth of shares in 18 nuclear weapons companies as at 31 March 2019:

Company	Value of shares (£)
Aecom	20,493
Airbus	163,772
BAE Systems	457,711
Boeing	252,904
Fluor	37,335
General Dynamics	91,587
Honeywell International	200,258
Jacobs Engineering	41,315
Leidos	35,364
Leonardo	33,433
Lockheed Martin	145,813
Northrop Grumman	83,691
Raytheon	101,307
Rolls Royce	88,008
Safran	77,112
Textron	34,990
Thales	27,320
United Technologies	265,090
Total	2,160,503

⁸⁶ <http://www.studentnewspaper.org/edinburgh-university-revises-ethical-investment-policy-following-push-from-students/>

⁸⁷ <https://investethically.wordpress.com/2016/04/04/a-year-on-and-edinburgh-university-still-has-commitment-issues/>

⁸⁸ <https://www.gla.ac.uk/myglasgow/sustainability/ethicalinvestment/>

The University of Glasgow is committed to divesting from oil and gas sectors by 2024 and fund managers are instructed not to invest in the tobacco industry. Fund managers are also required to “take account of any serious breaches of international law committed by companies”, according to the university’s Statement on Socially Responsible Investment.⁸⁹ However, there is no mention of weapons within the statement, suggesting that no arms companies are excluded.

The statement goes on to say that “groups from within the University may make representations in respect of an investment or investments held by the University, where those groups have concerns”, and explains the process that should be followed.

If you are a University of Glasgow student, please make a representation to the University requesting that it divest from nuclear weapons producers. You can argue that these investments raise “wider issues of social, environmental and humanitarian concern”, one of the key criteria against which representations are assessed.⁹⁰ You can also argue that the investments breach international law (see section 1.3 above).

Students who wish to get involved in the divestment campaign can also contact the Glasgow University Amnesty group: campaigns@guamnesty.org.uk.

5.3 University of Aberdeen

The University of Aberdeen’s sustainable investments policy states that the university will not invest its endowments in “companies involved in the manufacture of controversial weapons including cluster bombs, landmines, nuclear weapons (systems or components), biological/chemical weapons systems or components) and depleted uranium weapons manufacturers”.⁹¹

We commend the University for having a policy that excludes nuclear weapons producers. However, we have been unable to verify whether this policy has been comprehensively applied. The university rejected our request for a list of its investments on the grounds that it does not hold this information. The University did send as a list of the pooled funds where its investments are held, but we have been unable to obtain a complete list of assets for each of these funds.

If you are a student at the University of Aberdeen’s and you are concerned about the university’s investments, you could write to the university’s principal to request more detailed information. You could also contact CAAT Universities (<https://caatunis.net/>) or People and Planet (<https://peopleandplanet.org/>) for information about how to get involved in divestment campaigns.

5.4 University of St Andrews

The University of St Andrews’ financial operating procedure on “sustainable and responsible investing” states that “the University believes that its investments should mirror its own desire to be sustainable and promote sustainability”.⁹² To this end, investment managers are required to consider several criteria when making investment decisions, including the “promotion of international co-operation and an end to international conflict including a prohibition of companies which produce armaments”. Since nuclear weapons are classed as armaments, this prohibition excludes nuclear weapons from investment.

⁸⁹ https://www.gla.ac.uk/media/media_597480_en.pdf

⁹⁰ https://www.gla.ac.uk/media/media_597480_en.pdf

⁹¹ <https://www.abdn.ac.uk/staffnet/documents/policy-zone-sustainability/Sustainable-Inv-Policy.pdf>

⁹² <https://www.st-andrews.ac.uk/media/finance/documents/fops/sustainable-investment-policy.pdf>

A list of the university's investments dated July 2019 shows that it holds no investments in the companies listed in section 2 of this report.⁹³

5.5 University of Dundee

The University of Dundee has an ethical investment policy which does not mention nuclear weapons specifically but states that “companies producing weapons and weapon systems, including cluster munitions and anti-personnel landmines” and “companies whose main business includes the supply of strategic components (such as weapons guidance systems), military vehicles and services” are excluded.⁹⁴

A consolidated valuation report for the university covering 31 March 2018 to 31 March 2019 reveals no investments in companies that are involved in the production of nuclear weapons, their delivery systems or delivery platforms.⁹⁵ However, the university's ethical investment policy could be strengthened in two ways to ensure that nuclear weapons producers are excluded: 1) addition of a reference to nuclear weapons in the list of “companies producing weapons and weapon systems”; 2) deletion of the word “main” so that the policy excludes all companies whose business includes the supply of strategic components, military vehicles and services.

If you are a student at the University of Dundee and you think that the university's investment policy should be strengthened, consider contacting the university's principal. You can also contact CAAT Universities (<https://caatunis.net/>) or People and Planet (<https://peopleandplanet.org/>) for information about how to get involved in divestment campaigns.

5.6 Heriot-Watt University

Heriot-Watt University told us that it invests its endowment funds in CCLA Investment Management Ltd's COIF Charities Investment Fund. The fund has a policy that excludes companies that produce cluster munitions or landmines from investment, however, there is no mention of nuclear weapons in the policy.⁹⁶

The University declined to send us a list of its shareholdings on the grounds that this information is held by CCLA, not the university. A portfolio statement in the COIF Charities Investment Fund's 2018 annual report suggests that the fund has no investments in the companies listed in section 2.⁹⁷

If you're a student at Heriot-Watt University and you're concerned about the university's investments, you can write to the university's principal. You can also contact CAAT Universities (<https://caatunis.net/>) or People and Planet (<https://peopleandplanet.org/>) for information about how to get involved in divestment campaigns.

You could also contact CCLA's Head of Ethical and Responsible Investment to suggest that the company adopts a comprehensive policy prohibiting investment in nuclear weapons producers: james.corah@ccla.co.uk.

⁹³ <https://www.st-andrews.ac.uk/staff/money/financialstatements/>

⁹⁴ <https://www.dundee.ac.uk/media/dundeewebsite/finance/documents/management/Ethical%20Investment%20Policy.pdf>

⁹⁵ <https://www.dundee.ac.uk/media/dundeewebsite/finance/documents/endowments/BW%20report%2031.03.18%20to%2031.03.19.pdf>

⁹⁶ <https://www.ccla.co.uk/sites/default/files/COIF%20Investment%20Fund%20August%202018.pdf>

⁹⁷ <https://www.ccla.co.uk/sites/default/files/6263%20CCLA%20COIF%20Investment%20Fund%20Annual%202018%20%2812%29.pdf>

5.7 University of Stirling

The University of Stirling's socially responsible investment policy states that the university "will use all reasonable endeavours" to ensure, among other aims, that it avoids investment in "organisations that trade in armaments and tobacco". This exclusion implicitly covers nuclear weapons producers.

We commend the university having policy that excludes arms companies from investment. However, we have been unable to verify whether this policy has been comprehensively applied. We requested a list of companies that the university invests in under freedom of information but the university sent us a list of the trusts and funds where its investments are held. At least one of the trusts listed (Murray Income Trust plc) holds shares in a company that undertakes nuclear weapons work (Rolls Royce).⁹⁸

If you're a student at the University of the Stirling and you're concerned about the university's investments, you can contact CAAT Universities (<https://caatunis.net/>) or People and Planet (<https://peopleandplanet.org/>) for information about how to get involved in divestment campaigns.

5.8 University of Strathclyde

The response to our freedom of information request shows that two of the University of Strathclyde University's endowment funds held shares in BAE Systems worth a total of **£328,997** as at 31 March 2019. BAE Systems is one of the world's largest arms companies and produces key components for nuclear weapons deployed by the UK, the US and France. BAE is also constructing Britain's four new nuclear-armed "Dreadnought" class submarines.

We asked the University of Strathclyde if it has an ethical, sustainable or responsible investment policy. The response stated that "the University does not currently have such a policy although it is reviewing its approach to ethical, sustainable and responsible investment with its investment managers".

If you are a student at the University of Strathclyde, we suggest you contact the university's principal to explain why the university should adopt a policy that excludes nuclear weapons producers from investment (see section 1 for points that you could include). You could also contact CAAT Universities (<https://caatunis.net/>) or People and Planet (<https://peopleandplanet.org/>) for information about how to get involved in divestment campaigns.

5.9 University of the West of Scotland

The University of the West of Scotland's Ethical Investment Statement states that the university "recognises its responsibility to operate in an ethical manner and to take account of social, environmental and ethical considerations in all activities including financial investment". The statement goes on to say that "the University will not hold any *direct* investments in companies involved in the arms, tobacco, and pornography and in the extraction and production on oil, gas and other fossil fuels" (our emphasis).

The university should be applauded for excluding arms companies (and implicitly nuclear weapons producers) from direct investment. However, we have been unable to verify how comprehensively this policy has been applied as the university rejected our request for a list of its investments. The response to our freedom of information request stated that "release of information relating to our

⁹⁸ https://www.aberdeenstandard.com/docs?editionid=843b2f38-d3e1-44e1-893e-4af7737ecc23#_ga=2.52584872.1865989049.1561102491-15661505.1561102491

spend in to the public domain would be detrimental to our commercial interest as it would allow other educational institutes in direct competition with us to use this information when determining their financial business models”.

Additionally, the policy on arms companies only covers *direct* investments so the university may hold *indirect* investments in nuclear weapons producers. The university did send us a list of the funds where its investments are held and at least one (Blackrock Continental European Income Fund⁹⁹) holds shares in nuclear weapons producers (Thales and Safran).

If you're a student at the University of the West of Scotland and you think that the university's policy should be strengthened, you can contact the university's principal or ask CAAT Universities (<https://caatunis.net/>) or People and Planet (<https://peopleandplanet.org/>) for information about how to get involved in divestment campaigns.

5.10 Edinburgh Napier University

Edinburgh Napier University provided us with a list of its endowment investments as at April 2019. The list shows that the university has no direct investments in nuclear weapons producers, however, the university may have indirect investments through some of the funds listed. For example, the Standard Life Investments European Equity Income Fund holds shares in Airbus.¹⁰⁰

Edinburgh Napier University is a registered charity. The university's Ethical Financial Investment Policy states that the trustees of the charity (the university) are under a duty to exclude investments that conflict with the objects of the charity, or those that would inhibit the purpose of the charity. However, the policy says that the university “would not wish to be proscriptive” and investment decisions are left to investment fund managers who are “required to consider social responsibility parameters before making any investment”.¹⁰¹

If you are a student at Edinburgh Napier and you think that the university's policy should be strengthened, consider contacting the University's principal. You can also contact CAAT Universities (<https://caatunis.net/>) or People and Planet (<https://peopleandplanet.org/>) for information about how to get involved in divestment campaigns.

⁹⁹ <https://www.blackrock.com/uk/individual/literature/annual-report/blackrock-continental-european-income-fund-annual-report-2019.pdf>

¹⁰⁰ https://funds.standardlifeinvestments.com/O_M_European_Equity_Income.pdf

¹⁰¹ See link at foot of this page:

<https://staff.napier.ac.uk/services/facilities/sustainability/procurementandservices/Pages/ProcurementandServices.aspx>

6. Scottish financial institutions financing nuclear weapons

This section presents information from Don't Bank on the Bomb on significant investments¹⁰² held by three Scottish financial institutions — Lloyds Banking Group, RBS Group and Standard Life Aberdeen — in the world's top nuclear weapons producers between January 2017 and January 2019.¹⁰³

Lloyds Banking Group, which includes Bank of Scotland, made **£3.4 billion** available to 11 of the top 28 nuclear weapons producers during this period, while RBS group made **£1.7 billion** available to 13 companies. These investments were made in the form of loans and the underwriting of bond issuances. Standard Life Aberdeen owned shares worth **£585 million** in three companies during the period.

These investments contravene art.1(e) of the Treaty on the Prohibition of Nuclear Weapons which prohibits state parties from assisting with activities banned by the treaty (see section 1.3 above for more on the treaty). After the treaty was adopted, the UN Global Compact (UNGC) announced that companies involved in the sale, production, manufacturing, possession, distribution and/or transport of nuclear weapons would be excluded from participation in the UNGC.¹⁰⁴

The UNGC is a non-binding pact which aims to encourage businesses worldwide to adopt sustainable and socially responsible policies. Participating companies commit to integrating 10 principles into their business practices, covering human rights, labour, the environment and anti-corruption.¹⁰⁵ Hundreds of financial institutions are members of the pact, including Lloyds Banking Group and Standard Life Aberdeen.

The exclusion of nuclear weapons companies was implemented following an integrity review to ensure that the UNGC's policies and procedures "more closely align with the broader UN system". The exclusion does not compel members of the pact to sever ties with nuclear weapons producers, however, it is a clear statement that their activities are at odds with the stated aims of the UNGC and with the values of the United Nations as a whole.

If you are a customer of any of the financial institutions covered in sections 6 and 7, please let them know that you oppose their investments in nuclear weapons and ask them to adopt a comprehensive exclusion policy. See section 8 for a step-by-step guide on how to engage. See Appendix 2 for our template letter.

Note: The figures in this section are approximate as they were converted to GB pounds from the US dollar figures provided by PAX, which are rounded to the nearest million. We used the exchange rate as at 31 December 2018: 1 USD = 0.78369 GBP.

6.1 Royal Bank of Scotland Group

Royal Bank of Scotland Group is headquartered in Edinburgh and currently holds more than £738 billion in assets.¹⁰⁶ Key subsidiaries of the group include Royal Bank of Scotland, NatWest and Ulster Bank, as well as private banking subsidiaries Coutts & Co, Adam and Company and Drummonds Bank.

¹⁰² Using the international Don't Bank on the Bomb campaign's definition of significant investments, i.e. providing loans, investment banking or holdings above a threshold of 0.5% of all outstanding shares or bonds: see <https://www.dontbankonthebomb.com/2019-hos/>

¹⁰³ Investment information drawn from Susi Snyder, "Shorting our Security – Financing the Companies that Make Nuclear Weapons" (2019) and from additional information made available by researchers at PAX (see Appendix 1).

¹⁰⁴ https://www.globalcompact.de/wAssets/docs/Newscenter/Integrity-Recommendation_Statement-for-Website_-12-September-2017.pdf

¹⁰⁵ <https://www.unglobalcompact.org/what-is-gc/mission/principles>

¹⁰⁶ https://investors.rbs.com/~/_media/Files/R/RBS-IR/results-center/annual-report-2018.pdf

The group has a policy which partially restricts investments in nuclear weapons producers (see section 6.1.1), but it is still heavily invested in 13 of the world's top 28 nuclear weapons producing companies. RBS Group made approximately **£1.7 billion** available to the following companies between 2017 and 2019:

Company	Amount (£ million)
Airbus	259.4
BAE Systems	71.3
Bechtel	178.7
Boeing	98.0
General Dynamics	17.2
Honeywell International	232.8
Jacobs Engineering	218.6
Leonardo	119.8
Lockheed Martin	66.6
Safran	107.4
Serco	57.2
Thales	120.0
United Technologies Corp	146
Total	1,693

For details of how each of these companies is involved with nuclear weapons see Susi Snyder, "Producing Mass Destruction – Private companies and the nuclear weapons industry" (PAX-ICAN, 2019).¹⁰⁷

RBS Group provided financing to these companies in the form of loans and through the underwriting of bond issuances (see Appendix 1 for details).

6.1.1 RBS Group's policy

RBS Group's defence sector Environmental, Social and Ethical Risk (ESE) Policy treats companies differently according to where they are based and which nuclear weapons programme they are involved in.¹⁰⁸ The policy states:

- The bank does "not support customers and/or transactions involved in prohibited activities". Prohibited activities include the "financing of companies involved in the manufacture, sale, trade, servicing or stockpiling of Nuclear Weapons in jurisdictions outside NATO countries and that are not officially involved in and accredited to the national nuclear weapons programmes of UK, US or France".
- Companies involved in restricted activities "undergo enhanced due diligence including review by a reputational risk committee or approver and re-evaluation every one or two years". Restricted activities include the "financing of companies involved in the manufacture, sale, trade, servicing or stockpiling of Nuclear Weapons and the manufacture or sale of Bespoke Components in NATO countries and are officially involved in and accredited to the national nuclear weapons programmes of only UK, US or France".

¹⁰⁷ https://www.dontbankonthebomb.com/wp-content/uploads/2019/05/2019_Producers-Report-FINAL.pdf

¹⁰⁸ https://www.rbs.com/content/dam/rbs_com/rbs/PDFs/Sustainability/Downloads/Defence_policy.pdf

This policy is not comprehensive (see section 8.1) as companies that are involved in “restricted” nuclear weapons activities, such as BAE Systems and Lockheed Martin, are not automatically excluded from RBS Group investment. Moreover, the policy only covers RBS Group’s lending and investment banking operations, not its asset management activities, meaning that the bank can invest in companies involved in “prohibited” activities on behalf of third parties.

Members of the DBOTB Scotland network met with representatives of RBS Group in 2019 while the bank was undertaking a review of its defence sector policy. We explained why the bank should stop financing nuclear weapons producers and emphasised the significance of the Treaty on the Prohibition of Nuclear Weapons.

The bank decided not to change its policy this time, but we believe that it will be persuaded if enough customers make their opposition to nuclear weapons investments known. Please write to RBS Group’s CEO Ross McEwan to request that the group adopt a comprehensive policy against nuclear weapons investment: ross.mcewan@rbs.co.uk (note: McEwan is leaving the position at the end of 2019 and his replacement is yet to be named).

See section 8.2 for guidance on how to engage with banks and see Appendix 2 for our template letter.

6.2 Lloyds Banking Group (including Bank of Scotland)

Britain’s third largest bank, Lloyds Banking Group plc, was formed by the merger of Halifax Bank of Scotland and Lloyds TSB in 2009. Its operational headquarters are in London but it has registered headquarters in Edinburgh, and most of Bank of Scotland’s customers are based in Scotland.

Lloyds Banking Group made nearly **£3.4 billion** available to 11 of the world’s top 28 nuclear weapons producers between 2017 and 2019:

Company	Amount (£ million)
Aecom	72.1
Airbus	90.1
BAE Systems	71.3
Boeing	265.7
Flour	161.4
General Dynamics	1,610.5
Honeywell International	47.0
Jacobs Engineering	58.8
Lockheed Martin	558.0
Northrop Grumman	413.8
Serco	30.6
Total	3,379.3

For details of how each of these companies is involved with nuclear weapons see Susi Snyder, “Producing Mass Destruction – Private companies and the nuclear weapons industry” (PAX-ICAN, 2019).¹⁰⁹

¹⁰⁹ https://www.dontbankonthebomb.com/wp-content/uploads/2019/05/2019_Producers-Report-FINAL.pdf

Lloyds Banking Group provided financing to these companies in the form of loans and through the underwriting of bond issuances (see Appendix 1 for details).

The group has a policy covering its lending activities which states that “we undertake robust due diligence on all customers who may be involved in the following activities ... the manufacture, trading, storage or servicing of Nuclear weapons or Depleted Uranium ammunition (or components)”.¹¹⁰ This policy applies to Lloyds’ subsidiaries, including Bank of Scotland.

DBOTB Scotland network asked Lloyds Banking Group whether Bank of Scotland provides financing to any of the nuclear weapons producers listed in the table above. The bank’s Responsible Business and Inclusion unit declined to provide this, citing customer confidentiality.

Lloyds’ policy also states that companies involved in trading in weapons that are banned by international convention “will be prohibited from doing business with us”. We asked the group’s Responsible Business and Inclusion Unit whether it agrees that this should apply to nuclear weapons producers, since nuclear weapons are now banned by international convention, and whether the group would therefore commit to ending its involvement with nuclear weapons producers. We also asked whether the group has a policy covering activities other than lending. We have not yet received a response.

We encourage you to email Lloyds Banking Group’s CEO, Antonio Horte-Osorio, to request that the group stop financing nuclear weapons producers and adopt a comprehensive policy prohibiting involvement with them: antonio.osorio@lloydsbanking.com. See section 8.2 for guidance on how to engage with banks and see Appendix 2 for our template letter.

6.3 Standard Life Aberdeen

Investment company Standard Life Aberdeen was created by the merger of Standard Life and Aberdeen Asset Management in 2017. Headquartered in Edinburgh, Standard Life Aberdeen is reported to be Europe’s second biggest fund manager.¹¹¹

Standard Life Aberdeen offers customers some socially responsible investment funds that exclude nuclear weapons producers¹¹² but most of its funds do not. The company owned or managed shares worth over **£585 million** in three of the world’s top 28 nuclear weapons producers between 2017 and 2019 (see Appendix 1 for details):

Company	Amount (£ million)
BAE Systems	263.3
Raytheon	315.8
Serco	6.3
Total	585.4

Both BAE Systems and Serco are involved in Britain’s nuclear weapons programme. BAE Systems produces key components for the Trident II (D5) nuclear missiles that are used by the US and UK and is constructing the UK’s four new nuclear-armed “Dreadnought” submarines. Serco is part of the

¹¹⁰ https://www.lloydsbankinggroup.com/globalassets/our-group/responsible-business/reporting-centre/lbg_sector_statements_updated-jul-2018.pdf

¹¹¹ <https://www.independent.co.uk/news/business/news/standard-life-aberdeen-asset-management-merger-deal-11-billion-a7892316.html>

¹¹² <http://lib.standardlife.com/library/uk/invsria.pdf>

consortium that manages the Atomic Weapons Establishment, where Britain's nuclear warheads are manufactured. BAE is also involved in the nuclear weapons programmes of the US and France.

Raytheon has several nuclear weapons-related contracts with the US and is involved in the development of new types of nuclear weapons.¹¹³

If you are a customer of Standard Life Aberdeen or a concerned citizen, please consider writing to the company to request that it divest from nuclear weapons producers and adopt a comprehensive policy prohibiting involvement with them (see Appendix 2 for our template letter).

7. Other British financial institutions' investments in nuclear weapons

If you live in Scotland and you are not a customer of RBS Group, Lloyds Banking Group or Standard Life Aberdeen, you may be a customer of another British financial institution that is heavily invested in the nuclear weapons industry.

A total of 26 British financial institutions together made at least **£23 billion** available to major weapons producers between January 2017 and January 2019.¹¹⁴ For details of each financial institution's investments see the 2019 report, "Shorting our Security – Financing the Companies that Make Nuclear Weapons", by Susi Snyder (PAX).¹¹⁵

Britain's largest Bank, HSBC, invested **£2.3 billion** in nuclear weapons producers during this period. HSBC has a policy covering the defence sector which states that the bank will not provide financing to companies which manufacture or sell anti-personnel mines or cluster bombs and states that the bank "does not provide financial services to customers who solely or primarily manufacture or sell other weapons".¹¹⁶ This means that the bank can still finance companies which are heavily involved in weapons work, but which also undertake other activities, and the policy does not specifically restrict the financing of nuclear weapons producers.

Barclays, Britain's second largest bank, has a policy which states that it will not "finance trade in, or manufacture of, nuclear, chemical, biological or other weapons of mass destruction".¹¹⁷ However, the policy is not comprehensive and Barclays made more than **£3.9 billion** available to nuclear weapons producers between 2017 and 2019.

For more detail on the investments and policies of British financial institutions, look out for a forthcoming report "Banks, Pensions and Nuclear Weapons: Investing in Change" by the UK Nuclear Weapons Financing Research Group. The group comprises representatives of UK-based faith-groups concerned with the amount of corporate financing that supports nuclear weapons production and has been engaging with British banks and pension funds on the issue.

For information on how you can encourage British financial institutions to divest, see section 8.

¹¹³ Susi Snyder, "Producing Mass Destruction – Private companies and the nuclear weapons industry" (PAX-ICAN, 2019): https://www.dontbankonthebomb.com/wp-content/uploads/2019/05/2019_Producers-Report-FINAL.pdf

¹¹⁴ <https://www.dontbankonthebomb.com/2019-hos/>

¹¹⁵ <https://www.dontbankonthebomb.com/2019-hos/>

¹¹⁶ <https://www.hsbc.com/-/files/hsbc/our-approach/risk-and-responsibility/pdfs/100210-defencepolicy.pdf?download=1>

¹¹⁷ <https://home.barclays/content/dam/home-barclays/documents/citizenship/our-reporting-and-policy-positions/policy-positions/Barclays-Statement-on-the-Defence-Sector.pdf>

8. ACTION: Banks and pension funds

Anyone who has a bank account or a pension can play a key role in the global movement against nuclear weapons by joining the campaign for divestment. Divestment has the potential to be particularly effective in Scotland, as there is already widespread opposition to nuclear weapons here.

This section contains information about how you can engage with your bank (section 8.2) and pension fund (section 8.3) on nuclear weapons divestment.

8.1 Aim: to persuade financial institutions to adopt comprehensive policies prohibiting financial involvement with nuclear weapons producers

Divestment is intended to create an incentive for companies to stop producing nuclear weapons by cutting off their access to financing. The most effective way of doing this is for financial institutions to adopt *comprehensive* policies that prohibit any financial involvement with nuclear weapons producers.

Comprehensiveness is key. Why? Banks may make money available to a company on the condition that it is not used for nuclear weapons activities, but “[t]here is no way to prevent a company from reallocating money once it’s been invested”.¹¹⁸ Therefore, “[t]he only way to make sure the investments do not facilitate the production of nuclear weapons or key components of nuclear weapons is to exclude the company as a whole”.

If a bank has a policy which only prohibits the financing of specific nuclear weapons projects, or if the policy only covers some of the bank’s activities, nuclear weapons producers will still be able to access financing. This will not create enough of an incentive for them to stop producing nuclear weapons.

The 2018 Don’t Bank on the Bomb Report (2018 DBOTB report) defines a comprehensive policy as one that meets the following criteria:¹¹⁹

Excludes all nuclear weapon associated companies

The policy excludes:

- whole companies, not only nuclear weapons related projects
- companies associated with nuclear weapons, including through joint ventures
- companies regardless of their country of origin
- companies regardless their country of operation

Excludes all nuclear weapon associated activities

The policy excludes companies associated with:

- development, testing, production, maintenance or trade of nuclear weapons related technology, parts, products or services
- delivery systems such as missiles, that are specifically developed for nuclear tasks. It does not include delivery platforms such as bombers and submarines. [Note: DBOTB Scotland believes Rolls Royce and Babcock *should* be excluded by the policies of Scottish organisations. These companies are involved in the production and maintenance of the UK’s nuclear weapons delivery platform, submarines (see section 2)].

¹¹⁸ <https://www.dontbankonthebomb.com/no-excuses-for-profiting-from-armageddon/>

¹¹⁹ <https://www.dontbankonthebomb.com/2018-hof/>

Apply to all the institution's products and services - commercial banking, investment banking and asset management.

The institution applies the policy:

- for the entire group, including subsidiaries
- in all markets
- to all asset management classes – passive and active, internal and external
- to all existing and future investments.

The 2018 DBOTB report highlights 22 examples of comprehensive policies in the “Hall of Fame”.

8.1.1 Example of a comprehensive policy: Co-operative Bank

The Co-op Bank is the only British Financial Institution with a comprehensive policy. The bank's Ethical Policy prohibits the financing of the “manufacture or transfer of indiscriminate weapons”, which includes nuclear weapons.

The policy is not limited to the financing of nuclear weapons-related projects but prohibits the bank from *any* financial involvement with companies that are involved in nuclear weapons production. The policy covers *all* The Co-operative Bank's products and services.

8.1.2 Example of a policy that is *not* comprehensive: RBS Group

RBS Group's defence sector Environmental, Social and Ethical Risk (ESE) Policy states that the Group will not finance companies which are involved in nuclear weapons programmes, other than those of the UK, US or France.¹²⁰ Companies involved in the nuclear programmes of the UK, US and France “undergo enhanced due diligence including review by a reputational risk forum or approver and evaluation every one or two years”.

This means that major nuclear weapons producers, like BAE Systems and Lockheed Martin, are not automatically excluded from RBS Group investment. Moreover, the policy only covers RBS' lending and investment banking operations, not its asset management activities, meaning that the bank can invest in companies involved in “prohibited” activities on behalf of third parties.

The example of RBS Group illustrates the need for financial institutions to adopt comprehensive policies that prohibit any financial involvement with nuclear weapons producers. Without such a policy, investments in nuclear weapons can continue.

8.2 Tell your bank to stop financing nuclear weapons producers

If you have money in a British bank account, there's a good chance that it is being used to fund nuclear weapons. A total of 26 British financial institutions together made at least **£23.4 billion** available to nuclear weapons companies between January 2017 and January 2019.¹²¹ See section 6 above for details of the Scottish banks which finance nuclear weapons.

Four steps towards divestment

Step 1: do your research

Find out:

¹²⁰ https://www.rbs.com/content/dam/rbs_com/rbs/PDFs/Sustainability/Downloads/Defence_policy_Dec_2016.pdf

¹²¹ www.dontbankonthebomb.com/wp-content/uploads/2019/06/2019_HOS_web.pdf

- Whether your bank is financing nuclear weapons producers (check the DBOTB report).¹²²
- Whether your bank has a comprehensive policy prohibiting the financing of nuclear weapons producers (check the 2018 DBOTB Hall of Fame¹²³).

If your bank is not listed in the latest report, it is best to write and ask the bank whether it has a policy related to nuclear weapons and whether it is financing any nuclear weapons producers.¹²⁴

Step 2: express your concerns

If the bank either does not have a comprehensive policy or does have a comprehensive policy but is still financing nuclear weapons producers, write to your bank's Chief Executive to express your concerns. You can use our template letter (see Appendix 2) or compose your own including the following points:

- Say that you're an account holder.
- Say that you are aware of the bank's financing of nuclear weapons producers and explain why you believe that the bank should end its relationship with these companies (see section 1 for arguments you can use in favour of divestment).
- If the bank does not have a comprehensive policy, suggest that it adopts one. There are many examples of comprehensive policies which you can point to in the 2018 DBOTB report's Hall of Fame.¹²⁵ Check the report's Runners-up category too, as the bank may already have a policy which can be strengthened.
- Let them know that you expect a response and say that you will move your money if the bank does not adopt a comprehensive policy.

Step 3: arrange a meeting

If the bank is unwilling to divest, try to arrange a meeting. You may wish to look for like-minded account holders and approach the bank as a group. Go as high as you can, so try to get a meeting with a member of the board of directors or someone who is in a position to influence internal company policies. See the DBOTB Campaigner Guide for guidance on who you should approach (page 18), along with tips on how to negotiate and how to rebut common arguments against divestment (pages 21 to 24).¹²⁶

Step 4: move your money

If you can't persuade your bank to change its policy, consider moving your money to a bank with a comprehensive policy. Tell your previous bank that you have closed your account because of its involvement with nuclear weapons producers. You can also post about your decision on social media to spread the word and encourage others to take action.

8.3 Tell your pension fund to stop investing in nuclear weapons producers

Since 2008, all UK-based employers have had a statutory obligation to offer their employees a workplace pension scheme. An estimated £3 trillion is managed by private pension funds in the UK, giving us enormous scope to influence the behaviour of nuclear weapons producers. If the money in our pension funds can be directed away from nuclear weapons producers, this could force those companies to reconsider their involvement in nuclear weapons work.

¹²² Check here: www.dontbankonthebomb.com/wp-content/uploads/2019/06/2019_HOS_web.pdf.

¹²³ https://www.dontbankonthebomb.com/2018_report/

¹²⁴ https://www.dontbankonthebomb.com/wp-content/uploads/2015/10/2015_campaigner_guide-web.pdf

¹²⁵ 2018 DBOTB report, Hall of Fame: https://www.dontbankonthebomb.com/2018_report/

¹²⁶ https://www.dontbankonthebomb.com/wp-content/uploads/2015/10/2015_campaigner_guide-web.pdf

Pensions can be complex. It may be necessary to do some research to find out where your pension contributions are invested and who you should contact about the fund's policy. ShareAction is a charity that promotes responsible investment and has lots of useful resources for people who want to promote divestment. ShareAction's Pension Power Toolkit explains different types of pension funds, offers tips on how you can find out where your pension contributions are invested and includes a step-by-step guide for influencing pension fund policy.

ShareAction's Education and Organising Team is available to provide further assistance and can be contacted via phone or email: 020 7403 7800; info@shareaction.org.¹²⁷

Four steps towards divestment

Step 1: do your research

Find out:

A. Where your pension is invested and whether divestment is possible

If you're a member of a statutory pension scheme, for example if you work for NHS Scotland or teach in a state school, divestment will not be possible as your contributions are paid to the state.

If you work for a local authority, you will be a member of the Scottish Local Government Pension Scheme (see section 3 above) and there is scope to influence your fund's policy.

If you work for another type of employer, you should be enrolled in a workplace pension scheme. This might be a scheme specific to your company or something like the National Employment Savings Trust (NEST), which is a workplace pension scheme that can be used by any UK employer.

If your employer has not given you information about your pension scheme, you can request it. You can also contact ShareAction to help you with this: info@shareaction.org; 020 7403 7800; <https://shareaction.org>.

B: Whether the fund has investments in nuclear weapons producers

Check the 2019 PAX report, "Shorting our security",¹²⁸ the pension fund's website or write to the fund. If you work for a local authority or any of the other bodies covered by the local government pension scheme, you can check section 3 of this guide to see whether your pension fund is invested in nuclear weapons.

C. Whether the fund has a comprehensive policy prohibiting investments in nuclear weapons producers

Check the 2018 DBOTB report's Hall of Fame,¹²⁹ the pension fund's website or write to the fund.

Step 2: express your concerns

Write to your pension fund's managers to explain your concerns, request that the fund divest from nuclear weapons producers and adopt a comprehensive policy. We suggest you include the following points:

- Say that you are a member of the fund.
- Say that you are aware of the fund's investments in nuclear weapons and explain why you believe that the fund should divest (see section 1 for arguments that you can use).

¹²⁷ ShareAction Pension Power Toolkit: <https://shareaction.org/wp-content/uploads/2016/09/MissionPensionPower.pdf>

¹²⁸ https://www.dontbankonthebomb.com/wp-content/uploads/2019/06/2019_HOS_web.pdf

¹²⁹ https://www.dontbankonthebomb.com/2018_report/

- Suggest that the fund adopt a comprehensive policy prohibiting investment in nuclear weapons producers. There are many examples of comprehensive policies in the report's Hall of Fame¹³⁰ which you can point to.
- Let them know that you expect a response and say that you will move your money if the fund does not adopt a comprehensive policy.

Step 3: arrange a meeting

Seeking a face-to-face meeting with representatives of the fund is the best way to effect change, according to ShareAction. ShareAction also recommends forming a group with like-minded fund members and approaching the fund collectively.

You will need to decide who the best person is to approach for your fund and the Pension Power Toolkit gives some suggestions. It could be the fund's trustees, asset managers or designated responsible investment officers.¹³¹ You can also contact your union, as there will often be union representatives serving as trustees of the pension fund.

Step 4: move your money

Workplace pension schemes often offer a choice of funds and you may be able to move your pension into an ethical fund with a policy relating to nuclear weapons. You can check whether the policy is comprehensive and whether the fund has investments in nuclear weapons producers as per step 1 above.

¹³⁰ https://www.dontbankonthebomb.com/2018_report/

¹³¹ <https://shareaction.org/wp-content/uploads/2016/09/MissionPensionPower.pdf>

Appendix 1

How Scottish financial institutions finance nuclear weapons

These tables show the types and amounts of financing made available to nuclear weapons producers by Scottish financial institutions between January 2017 and January 2019.

This information was kindly provided to us by PAX: see Susi Snyder (2019) *"Shorting our security - Financing the companies that make nuclear weapons"*, available at https://www.dontbankonthebomb.com/wp-content/uploads/2019/06/2019_HOS_web.pdf.

Royal Bank of Scotland Group

Table 1 Loans provided by Royal Bank of Scotland Group

Producer	Total deal value (in US\$ mln)	Per Bank Value (US\$ mln)	Closing date	Maturity date	Source
Airbus	4,346	153.4	14-04-2011	09-10-2021	Bloomberg, 'BBID: BL771978 Corp', viewed in February 2019.
Airbus	3,797	178.0	14-10-2014	14-10-2019	Thomson Reuters Eikon, 'Tearsheet 6410226116', viewed in February 2019.
BAE Systems	2,754	90.5	30-04-2018	30-04-2023	Thomson Reuters Eikon, 'Tearsheet 3742575116', viewed in February 2019.
Bechtel	1,000	78.3	19-09-2014	17-10-2019	Thomson Reuters Eikon, 'Tearsheet 8267089116', viewed in February 2019.
Bechtel	1,000	50.0	19-09-2014	17-10-2019	Thomson Reuters Eikon, 'Tearsheet 5657410116', viewed in February 2019.
Bechtel	2,000	100.0	19-09-2014	17-10-2019	Thomson Reuters Eikon, 'Tearsheet 5657403116', viewed in February 2019.
Boeing	2,473	125.0	23-09-2014	16-10-2019	Thomson Reuters Eikon, 'Tearsheet 5773785116', viewed in February 2019.
General Dynamics	1,000	21.8	10-11-2015	10-11-2020	Thomson Reuters Eikon, 'Tearsheet 3192538116', viewed in February 2019.
Honeywell	4,000	120.0	30-06-2015	10-07-2020	Thomson Reuters Eikon, 'Tearsheet 3137620116', viewed in February 2019.
Honeywell	4,000	120.0	27-04-2017	27-04-2022	Thomson Reuters Eikon, 'Tearsheet 3442100116', viewed in February 2019.
Honeywell	1,500	45.0	27-04-2018	26-04-2019	Thomson Reuters Eikon, 'Tearsheet 3642135116', viewed in February 2019.
Jacobs Engineering	925	84.1	06-12-2010	28-03-2019	Bloomberg, 'BBID: BL739737 Corp', viewed in February 2019.
Jacobs Engineering	545	100.0	07-02-2014	07-02-2020	Bloomberg, 'BBID: BL124340 Corp', viewed in February 2019.
Jacobs Engineering	460	20.2	07-02-2014	07-02-2019	Thomson Reuters Eikon, 'Tearsheet 3487442116', viewed in February 2019.
Jacobs Engineering	1,140	75.0	07-02-2014	07-02-2019	Thomson Reuters Eikon, 'Tearsheet 3068395116', viewed in February 2019.
Leonardo	2,728	102.3	09-07-2014	06-07-2020	Bloomberg, 'BBID: BL135436 Corp', viewed in February 2019.
Leonardo	2,223	50.5	13-02-2018	13-02-2023	Thomson Reuters Eikon, 'Tearsheet 3605652116', viewed in February 2019.
Lockheed Martin	1,500	85.0	14-08-2014	14-08-2019	Thomson Reuters Eikon, 'Tearsheet 6386343116', viewed in February 2019.
Safran	2,744	137.4	04-12-2015	04-12-2020	Thomson Reuters Eikon, 'Tearsheet 3198252116', viewed in February 2019.
Serco	178	13.3	28-03-2012	30-04-2019	Bloomberg, 'BBID: BL053887 Corp', viewed in February 2019.

Serco	714	59.5	12-03-2015	12-03-2019	Thomson Reuters Eikon, 'Tearsheet 9998241116', viewed in February 2019.
Thales	1,835	152.9	19-12-2014	19-12-2019	Thomson Reuters Eikon, 'Tearsheet 8314246116', viewed in February 2019.
United Technologies Corp	1,500	45.0	16-12-2016	13-04-2020	Bloomberg, 'BBID: BL228819 Corp', viewed in February 2019.
United Technologies Corp	1,500	45.0	16-12-2016	16-12-2021	Bloomberg, 'BBID: BL233884 Corp', viewed in February 2019.

Table 2 Underwriting of bond issuances by Royal Bank of Scotland Group

Company	Total deal value (in US\$ mln)	Known participation of this bank (US\$ mln)	Issue date	Maturity date
Honeywell	750	7.5	23-10-2017	30-10-2019
Honeywell	450	4.5	23-10-2017	30-10-2019
United Technologies Corp	300	6.2	10-04-2017	15-07-2019
United Technologies Corp	1,100	22.8	10-04-2017	15-03-2022
United Technologies Corp	950	19.7	10-04-2017	15-03-2024
United Technologies Corp	1,300	26.9	10-04-2017	15-03-2027
United Technologies Corp	1,000	20.7	10-04-2017	15-04-2047

Sources: Thomson Reuters Eikon, 'Tearsheet 3166837001', viewed in February 2019; Thomson Reuters Eikon, 'Tearsheet 3166836001', viewed in February 2019; Bloomberg, 'BBID: AN046041 Corp', viewed in February 2019; Bloomberg, 'BBID: AN046207 Corp', viewed in February 2019; Bloomberg, 'BBID: AN046229 Corp', viewed in February 2019; Bloomberg, 'BBID: AN046366 Corp', viewed in February 2019; Bloomberg, 'BBID: AN046468 Corp', viewed in February 2019.

Lloyds Banking Group

Table 3 Loans provided by Lloyds Banking Group

Producer	Total deal value (in US\$ mln)	Per Bank Value (US\$ mln)	Closing date	Maturity date	Source
Aecom	510	9.1	13-03-2018	13-03-2021	Thomson Reuters Eikon, 'Tearsheet 3619383116', viewed in February 2019.
Aecom	196	3.5	13-03-2018	13-03-2023	Thomson Reuters Eikon, 'Tearsheet 3619381116', viewed in February 2019.
Aecom	386	6.9	13-03-2018	13-03-2023	Thomson Reuters Eikon, 'Tearsheet 3619380116', viewed in February 2019.
Aecom	1,350	24.1	13-03-2018	13-03-2023	Thomson Reuters Eikon, 'Tearsheet 3619382116', viewed in February 2019.
Aecom	1,350	22.9	17-10-2014	13-03-2023	Bloomberg, 'BBID: BL143188 Corp', viewed in February 2019.
Aecom	500	15.0	11-08-2014	17-10-2019	Thomson Reuters Eikon, 'Tearsheet 6612267116', viewed in February 2019.

Aecom	1,050	10.0	11-08-2014	17-10-2019	Thomson Reuters Eikon, 'Tearsheet 5738784116', viewed in February 2019.
Airbus	4,346	75.6	14-04-2011	09-10-2021	Bloomberg, 'BBID: BL771978 Corp', viewed in February 2019.
Airbus	3,797	39.6	14-10-2014	14-10-2019	Thomson Reuters Eikon, 'Tearsheet 6410226116', viewed in February 2019.
BAE Systems	2,754	90.5	30-04-2018	30-04-2023	Thomson Reuters Eikon, 'Tearsheet 3742575116', viewed in February 2019.
Boeing	30	0.7	30-10-2013	31-10-2023	Bloomberg, 'BBID: BL115977 Corp', viewed in February 2019.
Boeing	2,473	50.0	23-09-2014	16-10-2019	Thomson Reuters Eikon, 'Tearsheet 5773785116', viewed in February 2019.
Boeing	2,365	50.0	25-09-2015	03-11-2020	Thomson Reuters Eikon, 'Tearsheet 3170831116', viewed in February 2019.
Boeing	2,470	57.4	04-11-2015	31-10-2023	Bloomberg, 'BBID: BL194591 Corp', viewed in February 2019.
Boeing	2,520	50.4	05-10-2016	02-11-2021	Thomson Reuters Eikon, 'Tearsheet 3343176116', viewed in February 2019.
Boeing	2,610	50.0	02-10-2018	30-10-2019	Thomson Reuters Eikon, 'Tearsheet 3717547116', viewed in February 2019.
Fluor	1,700	85.0	25-02-2016	25-02-2021	Thomson Reuters Eikon, 'Tearsheet 3234124116', viewed in February 2019.
Fluor	1,800	100.0	25-02-2016	25-02-2021	Thomson Reuters Eikon, 'Tearsheet 3234125116', viewed in February 2019.
General Dynamics	1,450	33.3	27-11-2015	27-11-2020	Bloomberg, 'BBID: BL184611 Corp', viewed in February 2019.
General Dynamics	700	30.0	27-11-2015	30-11-2022	Bloomberg, 'BBID: BL184393 Corp', viewed in February 2019.
General Dynamics	590	24.1	30-11-2016	30-11-2019	Bloomberg, 'BBID: BL228422 Corp', viewed in February 2019.
General Dynamics	466	19.0	30-11-2016	30-11-2023	Bloomberg, 'BBID: BL228079 Corp', viewed in February 2019.
General Dynamics	850	34.7	05-07-2017	30-11-2023	Bloomberg, 'BBID: BL243868 Corp', viewed in February 2019.
General Dynamics	1,549	66.4	29-12-2017	30-11-2022	Bloomberg, 'BBID: BL257823 Corp', viewed in February 2019.
General Dynamics	1,000	57.1	14-07-2011	10-11-2020	Bloomberg, 'BBID: BL829353 Corp', viewed in February 2019.
General Dynamics	1,000	120.0	14-07-2011	10-11-2020	Bloomberg, 'BBID: BL829353 Corp', viewed in February 2019.
General Dynamics	1,000	21.8	10-11-2015	10-11-2020	Thomson Reuters Eikon, 'Tearsheet 3192538116', viewed in February 2019.
General Dynamics	7,500	375.0	16-03-2018	15-03-2019	Thomson Reuters Eikon, 'Tearsheet 3619825116', viewed in February 2019.
General Dynamics	1,000	83.3	16-03-2018	10-11-2020	Thomson Reuters Eikon, 'Tearsheet 3624062116', viewed in February 2019.
General Dynamics	2,000	125.0	16-03-2018	16-03-2023	Thomson Reuters Eikon, 'Tearsheet 3619806116', viewed in February 2019.
Honeywell	4,000	60.0	30-06-2015	10-07-2020	Thomson Reuters Eikon, 'Tearsheet 3137620116', viewed in February 2019.
Jacobs Engineering	1,140	75.0	07-02-2014	07-02-2019	Thomson Reuters Eikon, 'Tearsheet 3068395116', viewed in February 2019.
Lockheed Martin	1,500	50.0	14-08-2014	14-08-2019	Thomson Reuters Eikon, 'Tearsheet 6386343116', viewed in February 2019.
Lockheed Martin	2,500	150.0	09-10-2015	09-10-2020	Thomson Reuters Eikon, 'Tearsheet 3178255116', viewed in February 2019.
Lockheed Martin	2,500	125.0	02-08-2016	09-10-2021	Thomson Reuters Eikon, 'Tearsheet 3316514116', viewed in February 2019.
Lockheed Martin	2,500	125.0	09-10-2017	09-10-2022	Thomson Reuters Eikon, 'Tearsheet 3542734116', viewed in February 2019.
Lockheed Martin	2,500	104.2	24-08-2018	24-08-2023	Thomson Reuters Eikon, 'Tearsheet 3700844116', viewed in February 2019.
Northrop Grumman	1,600	54.1	19-06-2015	08-07-2020	Thomson Reuters Eikon, 'Tearsheet 3128171116', viewed in February 2019.
Serco	178	13.3	28-03-2012	30-04-2019	Bloomberg, 'BBID: BL053887 Corp', viewed in February 2019.
Serco	714	25.5	12-03-2015	12-03-2019	Thomson Reuters Eikon, 'Tearsheet 9998241116', viewed in February 2019.

Table 4 Underwriting of bond issuances by Lloyds Banking Group

Group	Total deal value (in US\$ mln)	Per Bank Value (US\$ mln)	Issue date	Maturity date	Source
Boeing	300	6.9	14-02-2017	01-03-2022	Thomson Reuters Eikon, 'Tearsheet 3070193001', viewed in February 2019.
Boeing	300	8.4	14-02-2017	01-03-2027	Thomson Reuters Eikon, 'Tearsheet 3070196001', viewed in February 2019.
Boeing	300	11.1	14-02-2017	01-03-2047	Thomson Reuters Eikon, 'Tearsheet 3070195001', viewed in February 2019.
Boeing	350	8.4	21-02-2018	01-03-2023	Thomson Reuters Eikon, 'Tearsheet 3215702001', viewed in February 2019.
Boeing	350	9.8	21-02-2018	01-03-2028	Thomson Reuters Eikon, 'Tearsheet 3215703001', viewed in February 2019.
Boeing	350	13.3	21-02-2018	01-03-2038	Thomson Reuters Eikon, 'Tearsheet 3215705001', viewed in February 2019.
Boeing	350	12.6	21-02-2018	01-03-2048	Thomson Reuters Eikon, 'Tearsheet 3215704001', viewed in February 2019.
Boeing	350	4.9	29-10-2018	01-11-2028	Thomson Reuters Eikon, 'Tearsheet 3304073001', viewed in February 2019.
Boeing	350	4.9	29-10-2018	01-11-2048	Thomson Reuters Eikon, 'Tearsheet 3304074001', viewed in February 2019.
Fluor	600	21.0	20-08-2018	15-09-2028	Thomson Reuters Eikon, 'Tearsheet 3278860001', viewed in February 2019.
General Dynamics	500	45.0	11-09-2017	15-11-2024	Thomson Reuters Eikon, 'Tearsheet 3148582001', viewed in February 2019.
General Dynamics	500	45.0	11-09-2017	15-11-2027	Thomson Reuters Eikon, 'Tearsheet 3148583001', viewed in February 2019.
General Dynamics	2,000	260.0	08-05-2018	11-05-2020	Thomson Reuters Eikon, 'Tearsheet 3242699001', viewed in February 2019.
General Dynamics	500	65.0	08-05-2018	11-05-2020	Thomson Reuters Eikon, 'Tearsheet 3242698001', viewed in February 2019.
General Dynamics	2,000	260.0	08-05-2018	11-05-2021	Thomson Reuters Eikon, 'Tearsheet 3242700001', viewed in February 2019.
General Dynamics	500	65.0	08-05-2018	11-05-2021	Thomson Reuters Eikon, 'Tearsheet 3242697001', viewed in February 2019.
General Dynamics	750	97.5	08-05-2018	15-05-2023	Thomson Reuters Eikon, 'Tearsheet 3242696001', viewed in February 2019.
General Dynamics	750	97.5	08-05-2018	15-05-2025	Thomson Reuters Eikon, 'Tearsheet 3242695001', viewed in February 2019.
General Dynamics	1,000	130.0	08-05-2018	15-05-2028	Thomson Reuters Eikon, 'Tearsheet 3242701001', viewed in February 2019.
Lockheed Martin	1,577	157.7	27-10-2017	15-09-2052	Bloomberg, 'BBID: AP341757 Corp', viewed in February 2019.
Northrop Grumman	1,000	57.5	10-10-2017	15-10-2020	Thomson Reuters Eikon, 'Tearsheet 3162400001', viewed in February 2019.
Northrop Grumman	1,500	86.3	10-10-2017	15-10-2022	Thomson Reuters Eikon, 'Tearsheet 3162397001', viewed in February 2019.
Northrop Grumman	1,500	86.3	10-10-2017	15-01-2025	Thomson Reuters Eikon, 'Tearsheet 3162401001', viewed in February 2019.
Northrop Grumman	2,000	115.0	10-10-2017	15-01-2028	Thomson Reuters Eikon, 'Tearsheet 3162398001', viewed in February 2019.
Northrop Grumman	2,250	129.4	10-10-2017	15-10-2047	Thomson Reuters Eikon, 'Tearsheet 3162399001', viewed in February 2019.

Standard Life Aberdeen

Table 5 Shareholdings managed by Standard Life Aberdeen

Group	Per Bank Value (US\$ mln)	% of shares or total debt outstanding	Filing Date
BAE Systems	153.3	0.82	01-12-2018
BAE Systems	0.6	0.00	31-12-2018
BAE Systems	3.0	0.02	30-11-2018
BAE Systems	209.2	1.12	01-12-2018
Raytheon	24.8	0.04	30-09-2018
Raytheon	24.7	0.04	30-09-2018
Raytheon	116.4	0.20	30-09-2018
Raytheon	18.0	0.03	30-09-2018
Raytheon	22.7	0.04	30-09-2018
Raytheon	196.3	0.33	30-09-2018
Serco	8.2	0.51	01-01-2019

Source: Thomson Reuters Eikon, "Share ownership: most recent filings", viewed in January 2019.

Appendix 2 - Template letters

1. Letter to financial institutions

Dear **[name of Chief Executive]**

I am writing to you as an account holder to express my concern about **[name of financial institution]**'s relationship with the nuclear weapons industry. A recent report shows that **[name of financial institution]** made £**[insert amount from section 6 of this guide]** available to some of the world's major nuclear weapons producing companies between 2017 and 2019:

<https://nukedivestmentscotland.org/scottish-financial-institutions-financing-nukes/>

I believe that **[name of financial institution]** should not be financing companies that produce weapons of mass destruction. Any use of nuclear weapons would constitute a war crime, given their inherently indiscriminate effects. Moreover, a nuclear war using as few as 100 of the world's 15,000 nuclear weapons would have a devastating effect on the global climate, leaving at least two billion people at risk of starvation.

The unique danger posed by nuclear weapons was recognised by 122 countries when they adopted the UN Treaty on the Prohibition of Nuclear Weapons in 2017. The treaty prohibits member states from manufacturing, acquiring, possessing or using nuclear weapons and prohibits assistance with these activities. Financing is a form of assistance so when the treaty enters into force, **[name of financial institution]** will be on the wrong side of international law.

The treaty has already increased the stigma associated with nuclear weapons and 94 financial institutions have divested from nuclear weapons since it was signed. Companies that continue to make nuclear weapons when the treaty enters into force will face a growing risk of reputational damage, making them a poor investment choice.

I therefore urge **[name of financial institution]** to adopt a comprehensive policy which excludes all financial links with companies involved in the production of nuclear weapons. **[IF APPROPRIATE: I am aware that **[name of financial institution]** already has a policy relating to nuclear weapons, but it is not comprehensive, as evidenced by **[name of financial institution]**'s continuing investments in major nuclear weapons producers.]**

If **[name of financial institution]** does not change its policy on investment in nuclear weapons, I will move my money to an institution which has a comprehensive exclusion policy.

I look forward to your response.

Yours sincerely,

[Your name]

2. Letter to local councillors

Dear Councillor **[Name]**

I am a resident of **[name of your ward]** and I am writing to express my concern about **[name of pension fund]**'s investments in nuclear weapons companies.

A list of assets shows that **[name of pension fund]** owns shares worth **[total amount]** in companies that undertake nuclear weapons work. This means that members of **[name of pension fund]** are profiting from the production of weapons of mass destruction that are prohibited by international law.

Nuclear weapons are designed to destroy cities and kill indiscriminately. A nuclear war using as few as 100 of the world's 15,000 nuclear weapons would create ash clouds in the atmosphere that would have a devastating effect on the global climate, putting billions at risk of starvation. A larger nuclear war could end civilisation as we know it.

The unique danger posed by nuclear weapons was recognised by 122 countries when they adopted the UN Treaty on the Prohibition of Nuclear Weapons in 2017 (TPNW). The treaty prohibits member states from manufacturing, acquiring, possessing or using nuclear weapons. The treaty has already increased the stigma associated with nuclear weapons and 94 financial institutions have ended their relationship with the nuclear weapons industry since 2017.

[Name of pension fund] has a fiduciary duty to act in the best interests of its members, yet its investments in nuclear weapons companies present a growing financial risk to the fund. The (TPNW) is set to enter into force in 2020 and companies that continue to produce prohibited weapons will face damage to their reputation which could affect their value, making them a poor investment choice.

I therefore believe that it would be appropriate for **[name of pension fund]** to divest from companies that undertake nuclear weapons work.

I would be grateful if you would consider putting the **[attached / enclosed]** model resolution on divestment to council. Please also pass my concerns on to the convenor of the pensions committee and forward me their response.

I look forward to hearing from you.

Yours sincerely

[Your name]

3. Letter to MSPs

Dear **[Name]** MSP

I am a resident of **[name of constituency]** and I am writing to express my concern about the Scottish Parliamentary Pension Scheme's investment in Rolls Royce. A list of investments dated 30 June 2019 shows that the fund holds shares worth £147,592 in the company, which plays a key role in Britain's nuclear weapons programme.

Rolls Royce was involved in the development of the UK's current fleet of nuclear-armed Vanguard class submarine's and continues to provide maintenance. The company has been working with others on the design of the successor submarines since 2007 and has a £1 billion contract with the Ministry of Defence to manufacture the submarines' nuclear reactors.

[If applicable*]: I am pleased to see that you have signed ICAN's Parliamentary Pledge in support of the 2017 UN Treaty on the Prohibition of Nuclear Weapons. It is clear that you understand the catastrophic humanitarian consequences that would result from any use of nuclear weapons and, consequently, the need to eliminate them. However, as a member of the Scottish Parliamentary Pension Scheme, you are benefitting from Britain's nuclear weapons programme through the fund's investment in Rolls Royce.]

I believe that the Scottish Parliamentary Pension Scheme should adopt a policy that prohibits investment in companies that are involved in the development, production, testing, maintenance or trade in nuclear weapons, their delivery systems or their delivery platforms.

Alternatively, the Scheme's trustees could switch to an "impact" investment fund that directs investment into specific areas, such as healthcare or renewable energy, with the aim of generating positive social or environmental impacts.

I would be very grateful if you could pass on my concerns to the chair of the scheme's trustees and let me know their response.

I look forward to hearing from you.

Yours sincerely

[Your name]

*Click on United Kingdom at the foot of this webpage for a list of MSP's who've signed the pledge: <http://www.icanw.org/projects/pledge/>.



Don't Bank on the Bomb Scotland is a network of groups campaigning for Scottish organisations to divest from companies that are involved in the production and maintenance of nuclear weapons and their delivery systems. We are part of the International Campaign to Abolish Nuclear Weapons (ICAN) network in Scotland.

Don't Bank on the Bomb Scotland members:

Guy Johnson (**Medact**), Brian Larkin (**Edinburgh Peace and Justice Centre**), Michael Orgel (**Medact**), Linda Pearson (**Scottish CND**), Arthur West (**Scottish CND**)

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We are grateful for the assistance of **Susi Snyder (PAX)** who reviewed the content of this guide prior to publication.