Nuclear Divestment

‘FOR EVERYONE’
Agenda

1. What is Divestment?
2. How to divest?
3. Nuclear Divestment Guide
What is divestment?

- As part of sustainable investment
- Forming a negative list for companies, industries, states
- Excluding stocks or bonds from investment universe
- Selling stocks being held and
- Prohibiting further investments
- Best-in-Class
- Compliance Control

Who can divest?

- Individuals
- Banks, pension funds and other institutional investors
- Universities, foundations, religious organisations
- City and regional governments (pension funds)
- Federal governments (state wealth funds)
### Examples: int. divestment

<table>
<thead>
<tr>
<th>Federal Level (SWF)</th>
<th>USA</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand</td>
<td>Cambridge, Massachusetts</td>
<td>Berlin</td>
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<tr>
<td>Norway</td>
<td>Oakland, California</td>
<td>North Rhine-Westphalia</td>
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<tr>
<td>Switzerland</td>
<td>Takoma Park, Maryland</td>
<td>Baden Wuerttemberg</td>
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<tr>
<td>Lichtenstein</td>
<td>New York?</td>
<td>...</td>
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- **Divestment as a versatile policy instrument for the administration of public funds**
'Final Product' of the Divestment Decision

- Art 3 §1: Exclusion of 'ethically or ecologically problematic business practices' → Refers to Art 4
- Art 3 §2: must consider ESG criteria
- Art 3 §3: to which products applicable
- Art 4 §1: lists companies to be excluded
  - Reference to international treaties / commitments / organisations
  - Clear definitions of areas to be excluded
  - Turnover limit
- Art 4 §2: 'value preserving' sales

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**Article 3**

**Sustainable investment**

1. Securities (Article 6 Section 4 PRoG) of issuers with ethically or ecologically particularly problematic business practices may not be acquired. The minimum standard is compliance with the exclusion criteria stated in Article 4.

2. The assessment of the security and profitability of an investment shall take into account relevant aspects of sustainability, i.e. environmental and social aspects as well as the quality of the corporate or management of the issuer of the security under consideration (ESG integration).

**Article 4**

**Exclusion Criteria**

1. Securities are excluded from the acquisition if there are clear indications that one or more of the following facts exist for the issuer:
   
   (a) Clearly violate the principles of good corporate governance in the areas of human rights, labour, environment and anti-corruption laid down in the principles of the UN Global Compact;
   
   (b) producing controversial weapons (cluster bombs, land mines, ABC weapons),
   
   (c) manufacture of conventional weapons if the turnover from these transactions exceeds 5% of the total turnover of the issuer,
   
   (d) operation of nuclear power plants or production of essential components if the turnover from these transactions exceeds 5% of the total turnover of the issuer.

2. If, after the acquisition of a security, it turns out that one of the exclusion criteria under paragraph 1 exists, the security must be sold in principle. The sale takes place taking into account all circumstances of the individual case value-preserving at an appropriate time. In the case of securities acquired before 1.1.2017, in the case of sentence 1, the Investment Committee shall decide on a possible sale. When making the decision, the residual maturity until maturity of the security must also be taken into account.
Reasons for Divesting

Environmental Safety
- Regional weather occurrences
- Responsibility to contribute to stopping Climate Change

Securing Pensions in the long-run
- ...vs financial returns
- Sustainable market growth led to specialised vehicles and „normalised“ sustainable investment
- Investments in sustainable businesses as guarantee for long-term growth and security
# Nuclear weapons producers

<table>
<thead>
<tr>
<th>Company</th>
<th>Thales</th>
<th>Larsen &amp; Toubro</th>
<th>Leonardo</th>
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<tbody>
<tr>
<td>Safran</td>
<td>Thales</td>
<td>Larsen &amp; Toubro</td>
<td>Leonardo</td>
</tr>
<tr>
<td>Raytheon</td>
<td>Finmeccanica</td>
<td>Bharat Electronics</td>
<td>United Aircraft Corporation</td>
</tr>
<tr>
<td>Makeyev Design</td>
<td>Airbus</td>
<td>BAE Systems</td>
<td>Bureau</td>
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<tr>
<td>Serco</td>
<td>AECOM</td>
<td>Rolls Royce</td>
<td>Aerojet Rocketdyne</td>
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<td>Bechtel</td>
<td>Boeing</td>
<td>BWX Technology</td>
<td>Fluor</td>
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<tr>
<td>Charles Stark Draper Lab</td>
<td>General Dynamics</td>
<td>Honeywell International</td>
<td>Huntington Ingalls Industries</td>
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<tr>
<td>Jacobs Engineering</td>
<td>Lockheed Martin</td>
<td>Moog</td>
<td>Northrop Grumman</td>
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<tr>
<td>Orbital ATK</td>
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<td>Source: Don't Bank on the Bomb</td>
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Reasons for Divesting (cont’d)

**Ethical**
- Threat to all (human) life

**Legal**
- NPT Art 6: ‘cessation of nuclear arms race and disarmament’
- International Court of Justice decision 1996
- Treaty on the Prohibition of Nuclear Weapons
- Human Rights Committee statement 2018

**Political**
- Signalling (inter-/national)
- Support for international campaigns/bodies
- support for legislative and civil society action on nuclear weapons budgets
Nuclear Weapons Divestment Guide

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General knowledge
Previous experiences
Examples of divestments
Directions to progress
Nuclear Weapons Divestment Guide

- For whom:
  - Legislators on every level
  - Civil society/campaigners

- Why:
  - Divestment as tool for political empowerment

In case of interest:
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