

## SCIENCE ETHICS

# Is your pension fund wrecking the planet?

**Dr Emily Heath, Ethics4USS, appeals to academics and others to support the campaigns to divest our pension funds from fossil fuels and other unethical industries.**

**H**alf of all the money in the world is invested via pension funds: £3 trillion in the UK alone.<sup>1</sup> Diverting these funds from harmful to beneficial uses is a powerful way to change the world. What progress has been made by divestment campaigns, and how can we apply more pressure to unethical pension funds, such as the Universities' Superannuation Scheme (USS)?

USS holds assets worth £70 billion on behalf of its 420,000 members from mainly pre-92 universities.<sup>2</sup> More than £1.1 billion is invested in fossil fuel extraction, and USS also has significant holdings in airports and airlines.<sup>3</sup> The retirement savings of university staff are exacerbating the climate crisis, putting lives at risk.

The global fossil fuel divestment movement is growing rapidly, stigmatizing the world's biggest polluters and accelerating the transition to a low-carbon society. By September 2019, 1,115 institutions worldwide, worth over \$11 trillion, had broken their ties with the fossil fuel industry.<sup>4</sup> These institutions include sovereign wealth funds, banks, insurance companies, local authorities, pension funds, universities, charitable trusts and faith groups. This is a fantastic achievement!

However, USS remains resistant to divesting, despite a long-running campaign for it to invest ethically. The Ethics4USS campaign is led by academics, and has close links with organisations such as ShareAction, National Union of Students, University & College Union (UCU) and People & Planet. Recent tactics have included petitions, formal complaints, meeting with USS representatives and protesting at USS AGMs.

USS's approach to responsible investment doesn't exclude investment in unethical industries, but aims to influence companies through shareholder engagement. However, USS's voting record is worrying. At the Royal Dutch Shell AGM in 2018, USS voted against a shareholder request to publish targets consistent with the Paris Climate Agreement goal of limiting global warming to no more than 2°C. At the Lundin Petroleum AGM in 2017, USS voted for the reappointment of two senior executives who were, and still are, under investigation for aiding and abetting war crimes in Sudan between 1997–2003.<sup>5</sup>

In the past, fossil fuel companies have been attractive for pension funds, producing high levels of dividends even if the value of the company (the share price) is relatively static. However, the rapidly growing climate emergency changes everything. Uncontrolled climate change brings social and economic chaos, increasing levels of risk for all investments.

And as the world transitions away from fossil fuels, companies like Shell will lose value, as they will be lumbered with stranded assets and, perhaps, made to pay compensation for their reckless pollution and history of funding campaign groups which have undermined climate science.<sup>6</sup>

USS has a main 'Defined Benefits' (DB) fund, and in 2016 it launched a suite of 'Defined Contributions' (DC) funds. Members who are making additional voluntary contributions, or who are earning more than £59k, can choose which of these to pay into. A very good ethical investment policy is applied to some of these optional DC funds. They are performing well, suggesting that a wider roll-out of USS's ethical investment policy would benefit USS members as well as the planet. So far, only a small proportion of USS members have actively chosen to invest in an ethical fund<sup>7</sup> rather than the default (unethical) DC fund, although a large majority of members say that they are interested in ethical investment in USS member surveys.

USS has a poor track record of listening to its members. Only three of USS's twelve non-executive trustees are nominated by UCU, directly representing the employees and pensioners for whom USS exists. Around a quarter of USS staff are paid in excess of £100k, with annual pay and bonuses of £1.75m for each of the two highest-paid executives, and an appalling gender pay gap of 41%.<sup>8</sup> USS recently sacked a UCU-nominated trustee - Prof Jane Hutton - after she blew the whistle on the lack of transparency in the pension fund valuation.<sup>9</sup> This valuation lies at the heart of an ongoing dispute which prompted UCU members to strike for 14 days in 2018 and eight days in 2019, with more strikes likely in 2020.<sup>10</sup> Ethics4USS supports UCU in calling for USS to reform its governance and be more accountable to its members.

Ethics4USS is campaigning for USS's main (DB) fund, and the default option for the DC fund, to be invested ethically. We are determined to succeed in 2020!

## What you can do

If you are a USS member, please support the Ethics4USS campaign and get active:

- Join our newsletter mailing list at <https://divestuss.org/>
- Follow @DivestUSS on Twitter
- Contact [usdivest@gmail.com](mailto:usdivest@gmail.com) to join our steering group.
- If you have any DC ('Investment Builder') funds, choose one of the ethical options – this is easy to do via My USS, <http://www.uss.co.uk>
- You can also join USS's discussion forum: <http://www.uss.co.uk/members/members-home/member-voice> – and use every opportunity to demand an ethical pension.
- In a different pension scheme? Find out where your money is invested and what you can do to make it ethical: <https://shareaction.org/pensions>
- Check whether your bank and electricity and gas providers are funding the climate crisis – and switch if they are: <https://campaigncc.org/timetoswitch>

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## SECURITY

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## Challenging the demise of nuclear arms control

Key nuclear weapons treaties are being discarded, as the world's nuclear powers 'modernise' their arsenals. Where should campaigning be focused? asks Stuart Parkinson, SGR.

In the last two years, two major nuclear arms control treaties have effectively been discarded. In 2018, the USA pulled out of the Iran nuclear accord and, in 2019, the USA and Russia withdrew and thus dissolved the Intermediate-range Nuclear Forces (INF) treaty. Treaty negotiations between the USA and North Korea have also stalled. In 2021, we could see the demise of New START, the only remaining treaty restricting US and Russian nuclear weapons, if negotiations don't proceed this year. Furthermore, hopes for a positive outcome to this year's review conference of the Nuclear Non-Proliferation Treaty (NPT) are not high. The US government – often backed by the British – is keen to blame others for the resulting increase in the threat of nuclear war, but the evidence shows that Donald Trump's damaging role has been central.

### Trump and nuclear weapons

One of the most disturbing aspects of the Trump presidency is his attitude to nuclear weapons. He has insisted that the USA should be “at the top of the pack” in terms of nuclear capability and has criticised and undermined safeguards preventing potential use of these weapons.<sup>1</sup> This has led to four very dangerous effects. Firstly, US spending on nuclear weapons – already huge – has further increased. Secondly, American policy on the use of these weapons – as laid out in the 2018 Nuclear Posture Review<sup>2</sup> – has expanded the circumstances in which they might be used. These two effects have combined to generate a third problem – that smaller “more usable” nuclear weapons are now being developed and deployed. Hence, at the end of 2019, a new ‘low-yield’ warhead, the W76-2, was carried for the first time on a US submarine.<sup>3</sup> Fourthly, the Trump government has sought to dismantle nuclear arms control treaties.

Trump first took aim at the Iran nuclear accord – more formerly known as the Joint Comprehensive Plan of Action (JCPOA).<sup>4</sup> This treaty greatly restricted Iran's ability to produce fissile

material that could be used in nuclear weapons in return for relief from economic sanctions. The deal was agreed in 2015 between Iran, USA, Russia, China, France, Germany and the UK. Iran's compliance was being certified by the International Atomic Energy Agency which reports to the UN. But the USA withdrew in 2018 – Trump having called it a “very bad deal” – and re-imposed sanctions. The other parties disagreed and initially sought to protect the deal. However, following the US assassination of Iranian general Qassem Suleimani in January, the Iranian government decided it no longer had anything left to gain by sticking with the controls set out in the deal. Boris Johnson has since supported Trump's position that a new agreement is needed.

The INF treaty was agreed in 1987 between Presidents Reagan and Gorbachev, and led to the elimination of an entire class of ground-based nuclear weapons – those with ranges of between 500 and 5,500km.<sup>5</sup> Nearly 2,700 missiles were removed and destroyed under the auspices of the treaty – famously including US cruise missiles deployed at Greenham Common, as well as their Russian equivalent. However, the treaty had been under strain due to NATO's expanding ballistic missile defence system and new Russian ‘SSC-8’ cruise missiles. The treaty included a dispute resolution mechanism designed to deal with such problems, but this was not enough for Trump who ordered US withdrawal – and this was completed in August 2019. Russia immediately followed suit. NATO, including the UK, supported Trump's decision.

The only treaty left which restricts the size of US and Russian nuclear forces is the New Strategic Arms Reduction Treaty or ‘New START’.<sup>6</sup> This was signed in 2010 by Presidents Obama and Medvedev, and limits the numbers of deployed warheads and bombs held by each side to 1,550. It will expire in February 2021 if agreement on an extension is not reached by then. President Putin has publicly stated his support for an extension – but Trump has not.

### Challenging the nuclear weapons states

The behaviour of the president of the country with the world's largest military is setting the standard for the other eight nuclear weapons states. Nuclear weapons ‘modernisation’ programmes are in full swing in all of them, including obviously the UK with its Trident renewal programme. Furthermore, all eight are showing little enthusiasm for nuclear arms control treaties.

However, non-nuclear weapons states are challenging this highly dangerous situation – as are a growing number of regional and local governments, campaigners, scientists, engineers and others. At the time of writing, 35 nations have ratified the 2017 Treaty on the Prohibition of Nuclear Weapons (TPNW).<sup>7</sup> This treaty will come into legal force when 50 nations have done