

# BARGAINING OBJECTIVE 5

## Ethical investment and banking

### BACKGROUND

Many institutions hold investments, these are mostly from endowments (donated money) and provide the institution with a regular financial return to put back into their operations. These investments can be in things like real assets (property or infrastructure), bonds (debt) or shares (part ownership of companies). Often, institutions outsource their investment activity to external investment managers.

#### What is divestment?

Divestment is the opposite of an investment – it simply means getting rid of stocks, bonds, or investment funds that are unethical or morally ambiguous.

The term is also used to describe the call to end fossil fuel sponsorship. Fossil fuels companies cultivate sponsorship relationships to help create a ‘social licence to operate’. This contributes to the veneer of legitimacy that enables them to keep expanding operations at a time of climate crisis and to stifle the demands for justice of those communities who live on the frontline of their destructive, polluting operations.

#### Full Divestment

Since most CO<sub>2</sub> emissions do not arise from the direct activity of fossil fuel companies, but through the use of fossil fuels by others, full divestment is the more ambitious step to shift investments to carbon efficient companies. This is a more radical, comprehensive and justified approach than disinvestment based on fossil fuel extraction alone agroecological farming methods.

### FOSSIL FREE CAMPAIGN RUN BY PEOPLE & PLANET

The divestment campaign in the UK university sector has been hugely successful. Since 2014 over 50% of HE institutions have adopted some form of divestment yet it is estimated that much of the divested £15 billion has been reinvested in listed equities of little or no social good..

People & Planet want all educational institutions to:

- exclude the fossil fuel industry from their investment portfolio
- introduce publicly accessible ethical investment policy excluding the fossil fuel industry





- full divestment within three years.

As of June 2020, there were 82 higher education institutions that had announced that they were removing investments from fossil fuel companies. However, only 19 were awarded full marks by the People & Planet (P&P) University League for explicitly screening out all fossil fuels in their ethical investment policy. Chris Saltmarsh, Co-Director: Climate Change Campaigns at P&P states *“Universities’ failure to embed divestment commitments in policy is a crisis of accountability. Student bodies are always changing and without clear policy landmark pledges are easily brushed under the rug. We won’t allow universities to let themselves off the hook by waiting for students to leave before abandoning divestment”*.

UCU reps in the university sector can check the current state of play in their own institution here: <https://peopleandplanet.org/fossil-free-scorecards>

## BANKING

The Bank of England, in its supervisory statement issued in April 2019, recognises that failure to meet the Paris goals could result in the most severe financial risks crystallising in the banking sector, and that banks, as lenders to the whole economy, will inevitably feel the consequences of events caused by >1.5°C scenarios. These events include physical risks, such as flooding, which can impact the value of assets held by banks and increase credit risks. Banks and other financial institutions also have a role to play in funding the infrastructure needed for Green Industrial Revolution. Institutions need to review their banking arrangements to assess the investment policies.

## UNIVERSITIES SUPERANNUATION SCHEME (USS)

USS, the pension scheme for university staff who work predominantly in the pre-92 sector in the UK, is one of the largest pension schemes in Europe. In January 2020 they held over £ 1 000 million in fossil fuels companies, £ 400 million in tobacco and £ 200 million in arms manufacturers.

## STOP PRESS

On the 1st June 2020, USS took the decision to divest from selected tobacco, coal, and weapons manufacturers after years of demand for this action by its members Christine Haswell, UCU National Pensions Official, says: *“UCU represents members of USS who work in universities actively working on health and alternative energy among other issues who have been particularly concerned about their pensions being invested in sectors such as tobacco to which they are fundamentally opposed. This move from USS should please all members, many of whom have expressed horror that their pensions were invested in landmines and weapons. Members have indicated that they want pensions invested responsibly and UCU welcome this move as a step to a more ethical scheme.”*

Ethics for USS is a group of USS members committed to reform USS and ensure an investment strategy that protects the planet, respects human rights, invests responsibly and ensures good pensions. Ethics for USS works closely with student groups including People and Planet and also with Share Action. For more information and to support the work of Ethics for USS:

<https://divestuss.org/2020/01/14/about-this-campaign/>





## DEMANDS

- Full divestment from fossil fuels.
- Trade union and student representation on the institution's investment and/or finance committee. If such a committee does not yet exist, one should be established.
- The establishment of an investment committee with union and student representation.
- Full disclosure of investment portfolios and an ethical banking policy, the main aim of which is to switch accounts to a bank without investments in the fossil fuel industry and an ethical insurance policy (as above).
- USS branches may wish to add to their claim a request that their employers make representations to the USS Trustees directly with a request to divest.

## NEGOTIATORS RESOURCES

- **NUS guide** 'Don't dither divest' <https://www.nusconnect.org.uk/resources/don-t-dither-divest--2>
- **SOS guide** 'Fossil fuel declaration' <https://peopleandplanet.org/fossil-free-declaration>
- **Fossil free guide on Reinvestment Principles** <https://gofossilfree.org/divestment/reinvestment/>
- **People & Planet Reinvest in a Just Transition** <https://peopleandplanet.org/system/files/resources/Reinvestment%20Action%20Guide%20Online%20Version.pdf>
- **SOS-UK Invest for Change** A campaign for university money to act in the interests of students, not against them. <https://www.investforchange.uk>
- **Ethical Insurance** <https://unfriendcoal.com/insurance/>
- **People & Planet Divestment overview** <https://www.investforchange.uk/divestment>
- **SOS-UK Invest for Change, universities guide** <https://sustainability.unioncloud.org/resources/invest-for-change-universities-guide>
- **SOS-UK ethical investment policy checklist** <https://sustainability.unioncloud.org/resources/invest-for-change-developing-a-responsible-investment-policy>
- **SOS-UK policy library - an easy way to find university investment policies** [www.investforchange.uk/policy-library](http://www.investforchange.uk/policy-library)

**THIS GND QUICK GUIDE** provides an overview and entry point to engaging with one of six UCU Green New Deal demands for universities and colleges. To access the full GND bargaining and negotiation framework, click here: [https://www.ucu.org.uk/media/11326/Green-new-deal-bargaining-guide--model-claim/pdf/green-new-deal\\_bargaining-guide\\_jan21.pdf](https://www.ucu.org.uk/media/11326/Green-new-deal-bargaining-guide--model-claim/pdf/green-new-deal_bargaining-guide_jan21.pdf)

To discuss this further, seek advice on progressing this demand or other aspects of the GND, and to use the model claim and letter, contact [environment@ucu.org.uk](mailto:environment@ucu.org.uk)

