

COUNCIL MEETING – 13 JULY 2023

PROPOSED AMENDMENT TO MOTION 1

Motion 1: Divest from the Arms Trade

Proposed by Cllr Benali Hamdache
Seconded by Cllr Caroline Russell
Amendment moved by Cllr Paul Convery

Alteration to motion submitted in accordance with Procedure Rule 23.6

This Council notes:

- That the UK is one of the world's biggest ~~arms traders~~ defence equipment exporters, selling £86 billion of arms between 2010 and 2019.
- That the Saudi Arabian military is the biggest single purchaser of UK arms, despite being accused of war crimes in Yemen.
- The Governments of Sweden and Germany have banned the sale of weapons to Saudi Arabia, whilst this Conservative government continues to permit such exports and has repeatedly failed to stop selling weapons to rule breaking regimes.
- The world's militaries combined, and the industries that provide their equipment, are estimated to create 6% of all global emissions.
- That many countries are failing to be transparent about the carbon intensity of their militaries or to reduce their armed forces' emissions.
- The United Nations Paris Agreement, reaffirmed at the COP27, commits our governments to substantially reduce global greenhouse gas emissions to limit the global temperature increase in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees.
- Carbon budgets produced by the Intergovernmental Panel on Climate Change, United Nations and the International Energy Agency show that preventing two degrees of warming relies on not burning the vast majority of all proven fossil fuels.
- ~~That over half a billion of council pension funds across the country have been invested in the arms trade.~~

This Council further notes:

- That our council no longer holds shares in a number of defence manufacturers including BAE Systems, Rolls Royce, Smiths Industries, Weir Group, Lockheed Martin and Boeing.
- The value of the Islington Pension Fund's holdings in defence manufacturing companies has reduced from £1.6m in 2022 to £1.1m presently and this

represents just 0.06% of the Fund's 1.7bn total value. These interests are held indirectly through a diversified growth fund managed by Schroders and a multi asset credit fund managed by M&G. To fully exclude these holdings, Islington Pension Fund would need to entirely liquidate its holdings in the Schroders and M&G funds which would incur significant transaction fees and require a full re-procurement process. The majority of the Council's £1.1m holdings are in firms that are substantially involved in civilian manufacturing in aerospace, electronics and vehicles.

- Islington is one of many local authorities that combine through the Local Government Pension Forum to engage, lobby and persuade investment funds to reduce their exposure to firms which export to controversial regimes. We have participated in challenges to BAE Systems about military equipment that might be supplied to repressive regimes and the risk of weapons being used against civilians.
- In September 2018 Islington Council made a commitment to divest its pension funds from fossil fuels and has further committed to reduce the Fund's total carbon exposure to achieve the Paris Agreement 1.5 degrees Celsius target.
- ~~That £1.1 million worth of council pension funds are currently invested in companies that derive revenue from weapons and defence.~~
- Islington Council has achieved a 40% reduction in carbon exposure within its equities and securities in the last 2 years alone and this represents a carbon saving of 25,5000 tonnes of CO₂e – which is equivalent to 62 million vehicle miles.
- ~~That Islington Council has progressively reduced its exposure to these types of investments.~~
- ~~That councils like Liverpool City Council and Inverclyde Council have backed motions calling on pension funds to divest from the arms trade.~~

This Council resolves to:

- ~~To call on~~ Continue our pension fund's ~~to divest from arms dealers through the~~ development and adoption of responsible investment policies and recommends that the Pensions Committee proceeds with an upcoming three yearly review of the Fund's ethical investment framework. This already includes: ~~which:~~
 - ~~Immediately freeze any new investment in the Top 100 Arms-producing and Military Services Companies.~~
 - Exploring possible divestment options for divesting from direct ownership and any commingled funds that include investments in firms that derive more than 20% of their revenue from arms or weapons, subject to proper investment advice.
 - Actively seeking to invest in companies that will reduce greenhouse gas emissions and minimise climate risk.
- Continue the adopted strategy to reduce the fund's carbon footprint to achieve the Paris Agreement target holding global warming to within 1.5 degrees Celsius.
- Allocate 15% of the fund (and extend to 20%) invested into renewable infrastructure, resulting already in an estimated 94,000 tonnes of CO₂e reduction.
- Strongly urge the next Labour government to adopt a foreign and defence policy to restrict export licenses to prevent the sale of weaponry to autocratic and repressive regimes.

The amended motion would read as follows:

Motion 1: Divest from the Arms Trade

Proposed by Cllr Benali Hamdache

Seconded by Cllr Caroline Russell

Amendment moved by Cllr Paul Convery

This Council notes:

- That the UK is one of the world's biggest defence equipment exporters, selling £86 billion of arms between 2010 and 2019.
- That the Saudi Arabian military is the biggest single purchaser of UK arms, despite being accused of war crimes in Yemen.
- The Governments of Sweden and Germany have banned the sale of weapons to Saudi Arabia, whilst this Conservative government continues to permit such exports and has repeatedly failed to stop selling weapons to rule breaking regimes.
- The world's militaries combined, and the industries that provide their equipment, are estimated to create 6% of all global emissions.
- That many countries are failing to be transparent about the carbon intensity of their militaries or to reduce their armed forces' emissions.
- The United Nations Paris Agreement, reaffirmed at the COP27, commits our governments to substantially reduce global greenhouse gas emissions to limit the global temperature increase in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees.
- Carbon budgets produced by the Intergovernmental Panel on Climate Change, United Nations and the International Energy Agency show that preventing two degrees of warming relies on not burning the vast majority of all proven fossil fuels.

This Council further notes:

- That our council no longer holds shares in a number of defence manufacturers including BAE Systems, Rolls Royce, Smiths Industries, Weir Group, Lockheed Martin and Boeing.
- The value of the Islington Pension Fund's holdings in defence manufacturing companies has reduced from £1.6m in 2022 to £1.1m presently and this represents just 0.06% of the Fund's 1.7bn total value. These interests are held indirectly through a diversified growth fund managed by Schrodgers and a multi asset credit fund managed by M&G. To fully exclude these holdings, Islington Pension Fund would need to entirely liquidate its holdings in the Schrodgers and M&G funds which would incur significant transaction fees and require a full re-procurement process. The majority of the Council's £1.1m holdings are in firms that are substantially involved in civilian manufacturing in aerospace, electronics and vehicles.
- Islington is one of many local authorities that combine through the Local Government Pension Forum to engage, lobby and persuade investment funds to reduce their exposure to firms which export to controversial regimes. We have participated in challenges to BAE Systems about military equipment that

might be supplied to repressive regimes and the risk of weapons being used against civilians.

- In September 2018 Islington Council made a commitment to divest its pension funds from fossil fuels and has further committed to reduce the Fund's total carbon exposure to achieve the Paris Agreement 1.5 degrees Celsius target.
- Islington Council has achieved a 40% reduction in carbon exposure within its equities and securities in the last 2 years alone and this represents a carbon saving of 25,5000 tonnes of CO₂e – which is equivalent to 62 million vehicle miles.

This Council resolves to:

- Continue our pension fund's development and adoption of responsible investment policies and recommends that the Pensions Committee proceeds with an upcoming three yearly review of the Fund's ethical investment framework. This already includes:
 - Exploring possible divestment options for divesting from direct ownership and any commingled funds that include investments in firms that derive more than 20% of their revenue from arms or weapons, subject to proper investment advice.
 - Actively seeking to invest in companies that will reduce greenhouse gas emissions and minimise climate risk.
- Continue the adopted strategy to reduce the fund's carbon footprint to achieve the Paris Agreement target holding global warming to within 1.5 degrees Celsius.
- Allocate 15% of the fund (and extend to 20%) invested into renewable infrastructure, resulting already in an estimated 94,000 tonnes of CO₂e reduction.
- Strongly urge the next Labour government to adopt a foreign and defence policy to restrict export licenses to prevent the sale of weaponry to autocratic and repressive regimes.