

Statement on investments in companies involved with nuclear weapons



Introduction

Following the vote and coming into force of the UN Treaty on Prohibition of Nuclear Weapons (UN TPNW) in January 2021, Nest has reviewed and considered its investment in companies involved in the supply chain and/or maintenance of nuclear weapons.

The following points were brought up during the review:

- › The Law Commission's review of trustees' fiduciary duties concluded that trustees should consider ethical issues in only very limited circumstances; "*Trustees should not invest in activities which are illegal [...] or in activities which contravene international conventions*". While the UN TPNW has been passed, it has not been signed by the UK or any of the other nuclear states. The UK has released a statement regarding the TPNW which includes the following:
"The treaty [TPNW] will therefore not be binding on the UK. Furthermore, the UK would not accept any argument that this treaty can constitute a development of customary international law binding on the UK or on other non-parties. Importantly, states possessing nuclear weapons have not taken part in the negotiations. As has been made clear, the UK, as a Nuclear Weapons State, has been pursuing a step-by-step approach to nuclear disarmament consistent with the NPT and its other treaty commitments."
The UK has signed and continues to follow the UN Non-Proliferation Treaty (NPT), which aims to prevent the spread of nuclear weapons, but does not prohibit them.
- › The divestment from companies involved in the production and/or maintenance of nuclear weapons is unlikely to have any real-world impact on nuclear weapon stocks, on governments' stance/use of nuclear weapons, or on member returns.
- › It is difficult to determine the exact percentage of companies' revenues generated by the production and/or maintenance of nuclear weapons, although it is estimated to be only a small portion. For the companies concerned, the majority of their revenues are generated by a wide variety of activities, which Nest would no longer be exposed to should a nuclear weapons divestment policy be implemented. A policy on nuclear weapons divestment is not precise and would exclude some of the largest companies in the aerospace & defence industry.

Conclusion/Statement

Nest has decided to retain in its investable universe companies involved in the supply chain and/or maintenance of nuclear weapons. The UN TPNW is not recognised as binding by the UK and divestment would likely have little real-world impact on companies' involvement in nuclear weapons, government's stance/use of nuclear weapons, or member returns. A divestment policy would also be imprecise and exclude large, diversified companies in the aerospace & defence industry with only small percentages of their revenues being generated from their involvement in nuclear weapons.

For members who want to avoid investing in companies associated with nuclear weapons, Nest has an ethical fund which excludes them and has made switching funds easy, quick, and free of charge. Members wishing to switch to Nest's ethical fund may find instructions on how to do so [here](#).

Nest will review its position on investing in companies involved in the supply chain and/or maintenance of nuclear weapons if there is a change in the UK law, or if there is an investment case to do so.

Version control

Version	Change	Date implemented
1	Document created	31 January 2022

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