



## **Referendum Motion**

**Should LSESU seek dialogue with LSE senior leadership to press for full and meaningful divestment from fossil fuels and weapons, including indirect investments?**

### **What is the issue you are trying to solve?**

Although LSE does not invest directly in any companies, it has significant indirect investments in fossil fuels and weapons companies. Several of LSE's Fund Managers are involved in financing fossil fuel and weapons companies, and one, JP Morgan, has ranked first in fossil fuel financing since 2016 according to the Rainforest Action Network. Recent research conducted by LSE Students, and published in the [Assets in Apartheid](#) report, shows evidence of LSE's continued financial complicity in companies with links to the production and sale of weapons and fossil fuels. The report also points to significant governance and transparency issues related to LSE's investments and ESG policy. These investments and related policy issues contradict the spirit of LSE's ESG commitments, undermine its world-leading reputation, and send a discouraging message to students who are actively working towards a more sustainable future.

### **What is the solution?**

LSESU should seek dialogue with LSE senior leadership to press for full and meaningful divestment from fossil fuels and weapons, including indirect investments. More specifically, based on the recommendations of the [Assets](#)

in [Apartheid](#) report, LSESU should make the following demands of LSE leadership in terms of governance, transparency, and divestment:

### Governance

1. Launch a transparent investigation to understand how and why LSE currently invests in companies that violate the spirit of its ESG policy and why the current LSE Asset Managers were selected; this should include ways to repair harm caused by these investment decisions.
2. Reconfigure the Investments Sub-committee to include meaningful and democratic faculty and student representation and oversight.
3. Establish an open process to update the ESG policy with substantial input from key LSE stakeholders, including the LSESU, LSE UCU, interested student societies, and faculty with expertise with ESG investments. This process should include mechanisms for all stakeholders to approve the new policy rather than only being consulted on it.
4. Establish regular feedback loops between the Investments Sub-committee and key LSE stakeholders to review the investments portfolio and its governance. Such stakeholders should include LSE UCU, Academic Board, LSE Transition Pathway Initiative Centre, the Just Transition Finance Lab, and other faculty with expertise in ESG investments and their relation to human rights violations, corporate complicity, disarmament, and just climate futures.
5. Create and publish a policy regarding unacceptable business activities of the LSE Asset Managers and mutual fund managers that aligns with LSE's ESG policy; consequently, this may necessitate selecting new fund managers that align with LSE's principles.
6. Create procedures for cases when LSE Asset Managers have selected funds that are not compliant with the ESG policy; this should include accountability mechanisms.

7. Establish a reporting and investigatory system whereby LSE members can register any violations of the ESG policy and any other types of fund mismanagement.
8. Establish a system for keeping up to date on corporate complicity in relation to the arms trade, climate breakdown, and human rights violations.

### Transparency

9. Publish the Investment Policy and Mandate and the Annual Investment Review by the Investments Sub-committee.
10. Create and produce an annual report written for LSE members and to be published with the investment portfolio. This annual report should detail how the investments portfolio aligns with LSE's ESG policy and list all of LSE's financial relationships through the portfolio, including with bond issuers, investee companies, mutual fund managers, and LSE Asset Managers.<sup>269</sup> The relationship to the company should be explicitly tied to a holding. The report should be written in accessible, jargon-free language.
11. Provide links to the annual reports of all mutual funds with the publication of the investment's portfolio.
12. Institutionalise dedicated quarterly checks and reports with the LSE Asset Managers to review how investments are in line with LSE's ESG policy.
13. Include the full name of the bond issuers in the publication of the investment portfolio.
14. Release all information on the funds managed by Mercer.

### Divestment

15. Announce LSE's intention to divest from all companies involved in human rights violations; extraction and/or distribution of fossil fuels;

proliferation and/or manufacture of arms; and financing of fossil fuel companies and/or weapons producers.

16. Immediately divest from all mutual funds that contain companies involved in any of these egregious activities. This includes holdings that invest in companies designated by the UN as involved in activities that violate the rights of Palestinians in the Occupied Palestinian Territory and any that comprise companies supplying the Israeli military.
17. Investigate all avenues to remove investments in bonds issued by companies involved in egregious activities. Meanwhile, LSE should distance itself from these investments and pledge to no longer provide financing to these companies.
18. Instruct LSE Asset Managers not to invest in any companies, whether through bonds or mutual funds, listed in Appendix B of the [Assets in Apartheid](#) report or a comparable and more complete report or resource. The resources listed in Appendix A of the report should be used to check for compliance with future investments.
19. Publish a report on the status of divestment from companies engaged in egregious activities one year after the initial announcement of commitment to divest.