

**REPLY BY THE PRESIDENT OF THE POLICY & RESOURCES COMMITTEE TO
QUESTIONS ASKED PURSUANT TO RULE 14 OF THE RULES OF PROCEDURE BY
DEPUTY CAMERON**

Question 1

Which specific BlackRock funds are currently held within the States of Guernsey's investment portfolios, including the Common Investment Fund and any other relevant investment vehicles?

Answer

Following the reorganisation of the investment pools in 2023 there are now two portfolios managed by the States of Guernsey: the General Investment Portfolio and the Public Servants' Pension Scheme Portfolio (together, "the Investment Portfolios"). The Common Investment Fund no longer exists.

Four BlackRock index funds are held directly within the States of Guernsey's Investment Portfolios:

- BlackRock iShares Developed World Equity Index Fund AC GBP
- BlackRock iShares US Index Fund Flex USD Acc
- iShares Global Inflation Linked Bond Index Fund
- iShares 20+ Year Treasury Bond ETF USD Acc

The Investment Portfolios are highly diversified, with positions in a large number of underlying managers. These underlying managers may make limited use of BlackRock funds as part of their own strategies, giving rise to indirect positions in BlackRock funds. These indirect positions may be held for the short or long term and are not entered into at the States of Guernsey's discretion. Any individual indirect position is likely to be extremely small in relation to the size of the overall portfolio. As a result, indirect positions have been excluded from consideration in this response.

Question 2 (a)

For each fund identified in (1), can the Committee confirm:

(a) The top 10 equity or bond holdings by value;

Answer

The top 10 equity or bond holdings by value for each of the funds are listed below:

Fund:	BlackRock iShares Developed World Equity Index Fund AC GBP	BlackRock iShares US Index Fund Flex USD Acc	iShares Global Inflation Linked Bond Index Fund D GBP Acc	iShares 20+ Year Treasury Bond ETF USD Acc
As at date:	30/05/25	30/05/25	09/06/25	09/06/25
Top 10 holdings				
Rank:	Holding:			
1	Nvidia Corp	Microsoft Corp	TREASURY (CPI) NOTE 2.125 01/15/2035	US Treasury 4.63 15/02/55
2	Microsoft Corp	Nvidia Corp	TREASURY (CPI) NOTE 0.125 01/15/2032	US Treasury 4.63 15/05/54
3	Apple Inc	Apple Inc	TREASURY (CPI) NOTE 1.875 07/15/2034	US Treasury 4.50 15/11/54
4	Amazon Com Inc	Amazon Com Inc	TREASURY (CPI) NOTE 1.75 01/15/2034	US Treasury 4.75 13/11/53
5	Meta Platforms Inc Class A	Meta Platforms Inc Class A	TREASURY (CPI) NOTE 0.125 10/15/2026	US Treasury 4.25 15/08/54
6	Broadcom Inc	Broadcom Inc	TREASURY (CPI) NOTE 0.875 01/15/2029	US Treasury 4.25 15/02/54

7	Tesla Inc	Alphabet Inc Class A	TREASURY (CPI) NOTE 0.375 01/15/2027	US Treasury 4.13 15/08/53
8	Alphabet Inc Class A	Tesla Inc	TREASURY (CPI) NOTE 0.125 07/15/2031	US Treasury 4.00 15/11/52
9	Alphabet Inc Class C	Berkshire Hathaway Inc Class B	TREASURY (CPI) NOTE 1.125 01/15/2033	US Treasury 2.38 15/05/51
10	JPMorgan Chase & Co	Alphabet Inc Class C	TREASURY (CPI) NOTE 0.125 07/15/2030	US Treasury 3.63 15/02/53

Question 2 (b)

For each fund identified in (1), can the Committee confirm:

Whether any of the holdings include companies involved in weapons manufacturing or defence contracting;

Answer

None of the largest 10 holdings within each respective fund are securities issued by weapons manufacturers or defence contractors.

The BlackRock iShares Developed World Equity Index Fund AC GBP and the BlackRock iShares US Index Fund Flex USD Acc funds are broad index funds which aim to replicate the performance of specific indices by investing in the same securities, in the same proportions, as the indices they are designed to track. Therefore, there will be exposure to companies involved in weapons manufacturing or defence contracting within these funds. This exposure will reflect the exposure in the underlying index. The States Investment Board, together with their adviser Cambridge Associates, monitor and manage the ESG profile of the Investment Portfolios to ensure compliance with the Investment Mandate & Objectives. This includes consideration of exposure to controversial industries. The Investment Mandate & Objectives further require the States Investment Board to avoid investing in any strategy narrowly focused on controversial industries. Both of these funds are compliant with this requirement.

The iShares Global Inflation Linked Bond Index Fund D GBP Acc and iShares 20+ Year Treasury Bond ETF USD Acc funds do not include any securities issued by companies involved in weapons manufacturing or defence contracting.

Question 2 (c)

For each fund identified in (1), can the Committee confirm:

Whether the fund applies any ethical screening or ESG exclusions related to the arms industry or companies supplying states engaged in active conflict.

Answer

These four funds are broad, passive, index funds that give exposure to an underlying equity or fixed income index and, as such, there are no ESG screens applied at the level of the fund.

Question 3

Does the States Investment Board currently operate under any ethical investment policy regarding exposure to defence or arms-related sectors, and if so, what are the key provisions?

Answer

The States Investment Board is subject to the Investment Mandate & Objectives which are set by the Policy & Resources Committee which include consideration of ESG factors in line with States' policies. This requires the States Investment Board to avoid narrowly focused strategies which may have meaningful exposure to controversial areas.

The most recent Investment Mandate & Objectives can be accessed here: [Investment Governance - States of Guernsey](#)

Question 4

In light of the recent statements by UN human rights experts warning against investment in arms companies supplying weapons used in Gaza, has the Investment Board considered reviewing its exposure to such companies?

Answer

The States Investment Board continually monitors and manages the ESG profile of the portfolio to ensure compliance with the Investment Mandate & Objectives.

The Investment Mandate & Objectives have not been amended as a result of recent conflicts.

Question 5

Will the Committee publish the full list of investment managers, funds, and any ESG screening policies currently applied across all States investment portfolios?

Answer

This information is included in the States Investment Board's Annual Report and the Investment Mandate & Objectives. The 2024 Annual Report was published on 23 June as an appendix to the States' Accounts. The other States Investment Board Annual Reports can be accessed here: [Investment Governance - States of Guernsey](#).

Question 6

Has the Investment Board reviewed recent actions by BlackRock in relation to ESG investing, including:

- **Its departure from the Net Zero Asset Managers Initiative in January 2025;**
- **The removal of sustainability-related terms from 56 of its funds;**
- **Reports indicating a broader retreat from social and environmental engagement?**

If so, what conclusions were drawn?

Answer

The States Investment Board has not reviewed these specific actions but continually monitors and manages the ESG profile of the portfolio to ensure compliance with the Investment Mandate & Objectives.

It should be noted that the specific funds in question are index funds and, therefore, solely replicate the relevant indices without BlackRock making active investment decisions.

Question 7

In view of these developments, does the Committee consider that continued investment in BlackRock remains compatible with the States of Guernsey's climate change, ESG, and energy policies as agreed by the Assembly?

Answer

The States Investment Board continually monitors and manages the ESG profile of the portfolio to ensure compliance with the Investment Mandate and Objectives. Continued investment in the specific BlackRock funds outlined in this document is consistent with the Investment Mandate & Objectives.

Question 8

What consideration has the Committee given to the reputational, legal, or ethical risks of continuing to invest taxpayer funds via BlackRock- particularly in light of growing international and local scrutiny?

Answer

The Committee is aware of the evolving landscape surrounding institutional investment managers, including BlackRock, and the increasing public interest in how taxpayer funds are managed. The Committee recognises that BlackRock has recently been the subject of heightened attention.

The Committee, along with the States Investment Board and their investment adviser, give careful consideration to the risks of our investments and our relationships with investment managers. Thorough due diligence is undertaken prior to entering into a new investment or manager relationship.

The States Investment Board also continually monitor and manage these risks, along with the ESG profile of the portfolio, to ensure ongoing compliance with the Investment Mandate & Objectives and States' Policies.

At present, there are no legal constraints or findings that would preclude the use of BlackRock as an investment manager and continued investment in the specific BlackRock funds outlined in this document is consistent with the Investment Mandate & Objectives.

The Committee is committed to ensuring that public funds are managed with integrity, transparency, and in alignment with both States' policies and ethical and fiduciary responsibilities. The Committee has asked the States Investment Board to continue to monitor developments closely and take appropriate action to safeguard both financial and reputational interests.