

JULY 2023

Context and background

Controversial weapons are those that have an indiscriminate and disproportional humanitarian impact on civilian populations; the effects of which can be felt long after military conflicts have ended.

- The definition includes antipersonnel landmines, cluster munitions, chemical and biological weapons, and nuclear weapons. Nuclear weapons are not a part of our exclusions, because their use is not prohibited within the 'nuclear weapon states' (the 1968 treaty on the 'Non-Proliferation of Nuclear Weapons' limits the spread of nuclear weapons to the so-called Nuclear Weapons states, USA, Russia, UK, France and China).
- A number of international conventions and treaties have been developed to prohibit or limit the use and availability of these weapons
- Where a country has signed and ratified a convention, the production, stockpiling, transfer and use of that weapon is illegal
- In some jurisdictions, the direct and indirect financing of these weapons is also prohibited by country-specific legislation
- Additionally, we do not deem these companies to be a good investment based on their reputational risk profile

Scope

This exclusions policy applies to actively managed, both open-and closed-ended funds across all asset classes. It also applies to structured products to the extent that these are not linked to the performance of indices.

It rules out investments in companies involved in the production of cluster munitions, antipersonnel landmines, and biological and chemical weapons. We expect our active managers to apply screening and exclude companies where there is evidence of non-compliance with the following treaties:

- The Convention on Cluster Munitions (2008): prohibits the production, stockpiling, transfer and use of cluster munitions
- The Anti-Personnel Landmines Treaty (1997), also known as The Ottawa Treaty (1997): prohibits the production, stockpiling, transfer and use of anti-personnel landmines
- The Biological Weapons Convention (1975): prohibits the production, stockpiling, transfer and use of biological weapons
- The Chemical Weapons Convention (1977): prohibits the production, stockpiling, transfer and use of chemical weapons

This policy is effective from 1 April 2022 and will be reviewed annually.