

For professional clients only, not suitable for retail investors.

Controversial weapons policy



1 Introduction

Royal London Asset Management (RLAM) is committed to being a responsible investor and a good steward of our client's capital. As part of this approach, we have implemented a firm-wide exclusion of controversial weapons across all our funds, as we believe strongly that we should not support involvement in such products.

This policy document outlines our approach to implementing our controversial weapons exclusion across all RLAM funds. The policy is effective as of 1 January 2021. Regulatory documentation will be updated on a rolling basis to reflect this.

1.1 Policy review process

This policy is updated where required to reflect changes in international law and good practice. Along with all other exclusions applied within RLAM, the suitability of our controversial weapons exclusions definition is reviewed on an annual basis by our Investment Committee and our Distribution and Product Committee. The Investment Committee meets on a monthly basis and is chaired by our Chief Investment Officer.

1.2 Definition

While there is no one definition of controversial weapons, RLAM defines it as weapons which have an indiscriminate and disproportional impact on civilians or weapons that are illegal and prohibited by international conventions and treaties. International conventions and treaties relevant under this definition include:

- **The Anti-Personnel Mines Treaty 1997¹**, also known as the Ottawa Convention, prohibits the use, stockpiling, production and transfer of anti-personnel mines
- **The Biological Weapons Convention 1975²**, prohibits the development, production and stockpiling of bacteriological (biological) and toxin weapons
- **The Chemical Weapons Convention 1977³**, prohibits the development, production, stockpiling and use of chemical weapons
- **The Convention on Cluster Munitions 2008⁴**, prohibits the use, production, transfer and stockpiling of cluster munitions

2 Exclusion scope

Based on RLAM's definition of controversial weapons, no RLAM fund will knowingly invest in corporate equity and/or debt involved in the manufacture of cluster munitions, anti-personnel landmines and chemical and biological weapons (which we collectively define as 'controversial weapons').

The policy does not apply to indirect investments in controversial weapons. This includes, for example financial institutions who themselves invest in controversial weapons and/or companies who via their pension funds invest in controversial weapons.

2.1 Pooled funds and segregated funds

To date our firm wide exclusion policy includes all pooled and segregated funds.

In the instance of segregated funds, clients do have the ability to control the fund's investment policy and therefore while we would not encourage it, clients do have the ability to remove the use of the controversial weapons exclusions policy should they choose to do so. Currently, no segregated client fund has exposure to controversial weapons.

3 Exclusion process

RLAM has engaged a third party provider to identify companies involved in the production of controversial weapons, in line with the definition used in this policy, and prepared a list of excluded companies. This list is reviewed on a quarterly basis and results are embedded into our in-house order management system. By embedding the list of excluded companies into our order management systems, Fund Managers are prevented from investing in excluded companies.

In the rare instance a breach does occur, we will follow our existing policies and procedures regarding fund breaches.

4.1 Contact Details

For more information on RLAM's approach to the implementation of our Controversial Weapons Exclusions Policy, please contact us at: ESG@RLAM.co.uk

Notes

- 1 <https://www.armscontrol.org/factsheets/ottawa>
- 2 <https://www.un.org/disarmament/wmd/bio/>
- 3 <https://www.opcw.org/chemical-weapons-convention>
- 4 <https://www.clusterconvention.org/>

Contact us

For more information about our range of products and services, please contact us.

**Royal London
Asset Management**
55 Gracechurch Street
London EC3V 0RL

020 7506 6500
bdsupport@rlam.co.uk
www.rlam.co.uk

For professional clients only, not suitable for retail investors.

The views expressed are those of RLAM at the date of publication unless otherwise indicated, which are subject to change, and is not investment advice.

Telephone calls may be recorded.
For further information please see the Legals notice at www.rlam.co.uk.

Issued in November 2020 by Royal London Asset Management Limited, 55 Gracechurch Street, London, EC3V 0RL. Authorised and regulated by the Financial Conduct Authority, firm reference number 141665. A subsidiary of The Royal London Mutual Insurance Society Limited.

Ref: PO RLAM PD 0006

