

Local Pensions Partnership Investments Ltd

Responsible Investment Policy Annex on Controversial Weapons

As a responsible investor, Local Pensions Partnership Investments Ltd (LPPI) supports internationally recognised norms of corporate practice and seeks to avoid investments in companies which produce controversial weapons.

LPPI's Controversial Weapons Policy has been adopted in line with the principles set out in its Responsible Investment Policy and in recognition of international conventions and treaties, ratified by the UK government, that deem the production of such weapons to be unacceptable. 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. This policy reflects LPPI's commitment to avoid funding these activities by not investing in companies which are producers of controversial weapons.

Scope of the policy

The policy applies to companies involved in the production of cluster munitions, anti-personnel landmines, biological and chemical weapons, and nuclear weapons. Screening will be carried out and exclusions applied 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: 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.
- The Treaty on the Non-Proliferation of Nuclear Weapons (1968) does not prohibit the use of nuclear weapons, and rather it limits the spread of nuclear weapons to the so-called Nuclear Weapons states (US, Russia, UK, France and China).

The policy is applicable to publicly listed, private and state-owned companies on the following basis:

- the company is involved with the core weapons system, or their core components, considered tailor-made and essential for the lethal use of the weapon;
- the company is involved in production (as opposed to systems maintenance/service, integration and testing of the weapons);
- the activities are carried out by the company and not by a parent owner or a subsidiary.

Implementation

As at the publication date of this policy, a review conducted on the information available on LPPI's investments indicate that LPPI does not hold, directly or indirectly, any confirmed producer of controversial weapon as defined by the Policy.

In practice, implementation of the Policy means that LPPI will not knowingly make new direct investments in the production of cluster munitions, anti-personnel landmines, biological weapons, chemical weapons, and nuclear weapons produced for non-nuclear weapon states. The policy is also applicable to indirect investments and LPPI will share the policy with its delegate managers.

In listed markets (public equity and fixed income), where information on investee companies is available, implementation will take effect immediately. In private markets and alternative asset classes, where information on investee companies is many times significantly limited, LPPI will work closely with delegate managers to avoid investment and, should any unintended investment in controversial weapons be identified in the future, LPPI will seek divestment through active redemption or natural maturity of the fund when divestment imposes material financial detriment.

Implementation of this policy will be supported by LPPI's Responsible Investment team and is subject to an annual review by the LPP Stewardship Committee.

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Distribution List (To be completed if Document is classified as confidential)

All staff