



L&G – Asset Management Limited Controversial Weapons Policy

For professional and retail investors only. Capital at risk.



Overview

Our controversial weapons* policy relates to companies, where there is evidence that they are involved in the production, manufacturing and stockpiling of the weapons systems of: anti-personnel landmines, cluster munitions, biological and chemical weapons.** For clarity, weapons systems means the weapons themselves (core weapons) or components that are produced with the explicit purpose of forming a part of these weapons.

The policy means that, where we have the ability to do so, (see below for exceptions under “How this policy is applied across other areas of L&G”), L&G - Asset Management Limited will not invest in companies where there is evidence that they are involved in producing, manufacturing or stockpiling weapons systems of anti-personnel landmines, cluster munitions, biological and chemical weapons.

We believe controversial weapons have an indiscriminate and disproportional humanitarian impact on civilian populations; the effects of which can be felt long after military conflicts have ended.¹

As a responsible investor, we don't invest in these controversial weapons for two reasons:

In certain countries and regions, it is illegal to use these weapons, and it can also be illegal to invest in the debt and equity of the companies involved in their production. In addition to this, the market for these weapons is limited and involvement brings reputational risk, and hence potential negative financial impact. We believe it makes business and investment sense for companies to reconsider any involvement with these companies.

This policy therefore helps us to meet ours and our clients' requirements.

Context and background

- As listed below under Table 1, Controversial Weapons, several international conventions and treaties have been developed to prohibit or limit the availability and use of controversial weapons. ‘Treaty’ and ‘convention’ are terms for a legally binding document of international law
- Where a country has officially signed the conventions listed in Table 1 below, the production, stockpiling, transfer and use of certain weapons is illegal
- In some countries, the direct and indirect financing of these weapons is also prohibited by country-specific legislation, so our policy aims to protect our clients and investors from breaking these laws
- Our controversial weapons policy covers international weapons conventions, which determine the use and production of such weapons unacceptable and have received broad ratification in the UN forum²
- Although nuclear weapons can sometimes be considered as controversial weapons, they are not a part of our exclusions³

* See note under ‘Context and background regarding nuclear weapons.’

** Cluster munitions are air dropped or ground launched explosive weapons that release or eject smaller munitions, for example a cluster bomb. Anti-personnel landmines can include blast and fragmentation mines, designed to explode when a person or vehicle is nearby. Biological and chemical weapons are hazardous materials that can have a high impact on both military and civilian populations.

¹ Source: [Sustainalytics: Controversial Weapons Regulatory Landscape and Best Practices. June 2019](#)

² United Nations Office for Disarmament Affairs. 2024

³ The ‘Non-Proliferation of Nuclear Weapons’ (1968), limits the spread of nuclear weapons to the nuclear weapon states – USA, Russia, UK, France and China, and so does not specifically forbid their use. This treaty has received broad ratification in the UN forum.



How the policy is applied

Table 1. Controversial weapons

We screen companies and apply exclusions when there is evidence of not complying with the following treaties:

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

Additional weapons exclusions – depleted uranium

Some countries also prohibit the financing of depleted uranium. This is a by-product of the process used in nuclear power plants and weapons production. It is a dense, heavy metal with unique properties that make it useful for the military³. For the regions where this is applicable, we will also exclude investments in companies where there is evidence that they are involved in the manufacturing or distribution of depleted uranium.

Excluded companies and assets – scope

Our exclusion list has been developed using information from a third-party service provider and publicly listed, private and state-owned companies that are on the list will not actively be invested in. It should be noted that this exclusion applies to the entity that is involved in the controversial weapons activity, rather than the company’s parent and it applies to equities and bonds. This policy does not apply to sovereign bonds, which are debt instruments issued by a country’s government.

How this policy is applied to other areas of L&G

The policy is used by L&G business areas in Europe, America and Asia. It is used in both pooled and for segregated mandates as follows:

Pooled funds

Pooled funds combine investor funds together, using them to purchase a variety of investments under one umbrella.

Non-US funds

The policy applies to all investments made within all non-US pooled active funds, i.e. funds where we select the stocks in which to invest, and certain non-US pooled index funds, as well as certain segregated mandates, as per our clients’ requests.

³ <https://www.who.int/teams/environment-climate-change-and-health/radiation-and-health/environmental-exposure/depleted-uranium>



US mandates

US pooled funds apply these policies as permitted under the funds' offering and governing documents and for certain segregated mandates as agreed with the client.

Segregated mandates

- These are portfolios that are managed as a customised account, selecting investments on behalf of individual clients and tailored to their financial objectives. The way the policy is applied depends on the following: The client ultimately decides whether to adopt the policy
- Segregated portfolios that use derivative and/or currency hedging overlays (an investment strategy that provides exposure beyond those provided by the underlying portfolio assets, which may relate to currency or other types of assets) may have economic exposure to indices that don't apply the policy
- The policy isn't applied to investment guidelines of segregated index mandates unless included in a customised index

Implementation process

We use a third-party to identify companies involved in the production of controversial weapons and depleted uranium, as defined above, and to support us in the development of our exclusion list. The list is reviewed twice yearly. Where new companies are identified as being involved in controversial weapons, including depleted uranium, and thus should be added to the list, we will seek, where possible, to remove any of their holdings from the portfolios to which this policy applies, within the following 90 days.

We monitor compliance with the policy.

Process of appeal

For any queries about the policy, please contact:

RI&Stewardship@lgim.com



Appendix 1 – List of Product Providers whose pooled funds are subject to this policy

- Legal and General Assurance (Pensions Management) Limited and its unit linked life funds
- Legal and General Assurance Society Limited and its unit linked life funds
- Legal & General (Unit Trust Managers) Limited as management company for Legal & General Authorised Contractual Scheme and its various sub-funds
- Legal & General Investment Management Funds ICVC and its various sub-funds
- Legal & General Investment Funds ICVC and its various sub-funds
- Legal & General Multi-Index Funds and its various sub-funds
- Legal & General Unit Trust Managers I and its various sub-funds
- Legal & General Unit Trust Managers II and its various sub-funds
- Legal & General Unit Trust Managers III and its various sub-funds
- A range of standalone UK FCA authorised unit trusts
- LGIM Managers (Europe) Limited as management company for Legal & General Common Contractual Fund and its various sub-funds
- Legal & General ICAV and its various sub-funds
- Legal & General QIAIF ICAV and its various sub-funds
- Legal & General SICAV* and its various sub-funds
- Legal & General UCITS ETF Plc and its various sub-funds
- LGIM Liquidity Funds Plc and its various sub-funds
- LGIM (Ireland) Risk Management Solutions Plc and its various sub-funds
- Legal & General Investment Management America, Inc. as investment manager for various private funds**
- Legal & General Collective Investment Trust and its various sub-funds**

*This umbrella scheme adopted its own controversial weapons policy on 17 May 2017. If there is any discrepancy between this policy and the one relating to the Legal & General SICAV, the Legal & General SICAV controversial weapons policy shall prevail in relation SICAV only.

**Applicable to US pooled funds solely as set forth within the policy

The policy is reviewed periodically by our Chief Investment Officer and may be subject to change.

Important information

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