Controversial Weapons Policy

This policy applies to investments made by Legal & General Investment Management.

EXECUTIVE SUMMARY

Through the implementation of this Controversial Weapons Policy, Legal & General Investment Management (Holdings) Limited (‘LGIM(H)’) and its subsidiaries will now exclude from its investments those companies involved in the manufacture and production of cluster munitions, antipersonnel landmines, and biological and chemical weapons.

This step is being taken for three principal reasons:

• Firstly, we want to help our clients meet their regulatory obligations; in certain jurisdictions it is illegal to invest in the debt and equity of these companies

• Secondly, in many more jurisdictions it is illegal to use these weapons; therefore as a responsible investor we do not want to be financing them

• Thirdly, the market for such weapons is very limited and involvement in it brings reputational risk. We believe it makes business and investment sense for companies to reconsider their involvement

The policy will be applied to active fixed income and equity funds, certain index funds and client-specific portfolios.

LGIM may inform companies on the exclusion list of the policy and will encourage them to reconsider involvement in the production of these weapons.

The policy will be reviewed on an annual basis and LGIM(H) will consider options for strengthening the policy over time.

CONTEXT & 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

• Such weapons include antipersonnel landmines, cluster munitions, chemical and biological weapons, and nuclear weapons

• There are a number of International Conventions and Treaties that have been developed with a view to prohibiting or limiting 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 2

• In a number of jurisdictions, the direct and indirect financing of these weapons is also prohibited by country-specific legislation

• Through implementation of the present Controversial Weapons Policy (“CWP”), the LGIM(H) Board is committed to supporting its clients to meet their regulatory obligations

• LGIM(H)’s CWP has also been adopted in recognition of the Board’s support for international Conventions that deem the use of such weapons to be unacceptable

1. “Treaty” and “Convention” are interchangeable terms for a legally binding document of international law

2. The Treaty on the Non-Proliferation of Nuclear Weapons (1968) has different terms and application. It does not prohibit their use; rather it limits the spread of nuclear weapons to the so-called Nuclear Weapons states (USA, Russia, UK, France and China).

Legal & General Group

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