



CONTROVERSIAL WEAPONS POLICY

Controversial weapons policy

This statement sets out Quilter Cheviot's position with respect to investments in companies involved in the manufacture, development or trade of controversial weapons, specifically anti-personnel mines¹ and cluster munitions². These weapons are subject to international and national law and are of concern due to their humanitarian consequences and the unacceptable harm caused to civilians through their use.

Legal context

The Anti-Personnel Landmines Convention 1997 bans the use, stockpiling, production and transfer of anti-personnel mines and prohibits assisting others in these prohibited acts. Over 160 countries, including the UK, have signed the Convention. This treaty has been implemented in the UK through the Landmines Act 1998.

The Convention on Cluster Munitions 2008 bans the use, production, stockpiling and transfer of cluster munitions. It became legally binding on 1 August 2010, and at the time of writing 94 countries, including the UK, are signatories. Countries that have signed the Convention undertake "never under any circumstances to assist, encourage or induce anyone to engage in any activity prohibited". This treaty has been implemented in the UK via the Cluster Munitions (Prohibitions) Act 2010.

Quilter Cheviot's position

Quilter Cheviot will not knowingly invest directly in securities (equity or debt) of listed companies involved in the manufacture, development or trade of anti-personnel mines or cluster munitions or components or services of the core weapon system which are considered tailor-made and essential for the lethal use of such weapons³. This policy applies to portfolios directly managed by Quilter Cheviot where we have discretion over security selection. Information regarding companies' involvement in anti-personnel mines or cluster munitions is provided by an independent third-party provider.

Attestation

For indirect holdings via funds, we have undertaken an engagement process with the relevant manager to determine exposure and asked managers to sign an attestation letter to confirm avoidance of cluster munitions and anti-personnel landmines. Our focus has been on the active funds that we hold⁴. With some managers, where data or definitions were not absolutely aligned, this led to a more detailed review of their approach to ensuring this exclusion.

¹ An "anti-personnel mine" is a landmine which is designed to be detonated by the presence, proximity or contact of an individual and is capable of incapacitating, injuring or killing an individual.

² "Cluster munition" means a conventional munition that is designed to disperse or release explosive sub-munitions each weighing less than 20 kilograms. "Prohibited munition" means a cluster munition, or an explosive bomblet that is specifically designed to be dispersed or released from dispensers affixed to aircraft ("a relevant explosive bomblet").

³ The policy covers long and short positions in companies that manufacture develop or trade in core weapon systems which are components/services that are tailor-made and essential for the lethal use of the weapon, e.g. warhead, propulsion system. The policy does not apply to supporting systems or technical/administrative support that whilst essential are not tailor-made for the core weapon system. In the event of exposure via a parent/subsidiary company relationship we apply a 20% ownership threshold.

⁴ Given the nature of funds that track or replicate indices, policies relating to controversial weapons are not generally applicable to them.

