Responsible Investment Policy Annex on Controversial Weapons

July 2026

LPPI *Together,* let's do more

Contents

1. Introduction

1.1 Definitions

Abbreviation (A-Z)	Definition
LPPI	Local Pensions Partnership Investments Ltd
The/this Policy	Responsible Investment Policy Annex on Defence Investments

1.2 Summary of relevant regulations and legislation

There is no relevant regulation or legislation expected to affect the policy.

1.3 Purpose

As a responsible investor, Local Pensions Partnership Investments Ltd (LPPI) supports internationally recognised norms of corporate good 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 known producers of controversial weapons.

Additionally, we acknowledge that our treaty-based approach may need to be supplemented with other national policies, legislation, or international standards should they arise in relation to escalating conflicts, the use and impact of new technologies, or changing views of the national interest that take precedence over the existing normative standards outlined in this policy. For clarity, these include sanctions put in place by the UK government on Russia and Belarus as a result of their involvement in the Russia- Ukraine war. Should such developments occur, our operational due diligence, investment decision making, and portfolio monitoring activities will be updated to accommodate, as outlined in the implementation section of this Policy.

We note that LPPI's approach to managing investment risks associated with the wider defence sector are detailed in a separate dedicated Responsible Investment Policy Annex on Defence Investments, which outlines how our due diligence, monitoring, and stewardship processes address the challenges and complexities of defence-related investments.

2. Policy standards and criteria

2.1 Scope of policy

This 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 (1997): 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).

This policy applies 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.

2.2 Implementation

On 1st April 2026, as an outcome of LGPS pooling consolidation under the UK government's Fit for the Future programme, LPPI commenced fiduciary management services for 6 additional LGPS Funds (partner funds). The transfer of these partner funds' existing portfolios into LPPI's pooled investment arrangements involves a process of transition and assimilation. Whilst this is underway, to the extent transitioning mandates do not already encompass equivalent approaches, minor variations in responsible investment practices may apply until mandates assimilate LPPI Responsible Investment Policy standards. This Policy Annex on Controversial Weapons articulates our substantive approach and guiding parameters both during and after the transition process.

At the date this policy was published, a review of available information on LPPI's investments indicated LPPI did not hold, directly or indirectly, any confirmed producer of controversial weapons as defined by this Policy.

In practice, implementation means 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.

In listed markets (public equity and fixed income), where information on investee companies is readily available, funds are screened automatically against a pre-defined list of excluded companies (see Appendix A). Fund holdings are also reviewed against this Policy on a quarterly basis. In private markets and alternative asset classes, where information on investee companies is many times significantly limited, LPPI takes a pragmatic approach and works closely with delegate managers to avoid investment. Should any unintended investment in controversial weapons producers be identified, LPPI will seek divestment through active redemption or through natural maturity of the fund when divestment imposes material financial detriment.

2. Policy standards and criteria *continued*

The pre-defined list is updated quarterly and produced by a combination of the analysis of reports sourced from reputable NGOs and company reports.

We systematically screen the investable universe for our Global Equities and Fixed Income Funds against the controversial weapons standards cited in section 2.1 of this policy and include a requirement for external managers to screen and exclude controversial weapons in side letter agreements.

LPPI has produced and will maintain a list of companies excluded under this Controversial Weapons Policy (Appendix A). The list will be reviewed and updated on a regular basis. Beyond complying with this list, LPPI welcomes the use of alternative screens by delegate managers whose own policies go beyond the minimum requirements set out within this Policy.

This Policy is subject to an annual review by the LPPI Stewardship Committee, and its implementation will be supported by LPPI's Responsible Investment team.

3. Appendix

3.1 Appendix 1 - Full list of relevant regulations and legislation

Please refer to Section 2.1 (Scope of Policy)

3.2 Appendix 2 –List of Excluded Companies

All companies listed below are to be excluded from the LPPI investment universe.

This list represents a minimum standard for complying with our policy commitment on Controversial Weapons.

Where delegate managers have adopted their own policies on controversial weapons and these place a more extensive range of conditions and restrictions on this sector, we expect them to be applied.

Company	Exclusion
Avibras Indústria Aeroespacial S/A (Avibras)	Cluster munitions
Anhui Great Wall Military Industry Co., Ltd.[1]	Cluster munition
Bharat Dynamics Limited	Cluster munitions/Nuclear weapons
China Aerospace Science and Industry (CASIC)	Cluster munitions/Chemical weapons
Korea Defense Industry Corp. (KDI)	Cluster munitions
LIG Nex1 (LIG Nex1 Co. Ltd)	Cluster munitions
Larsen & Toubro Ltd	Cluster munitions
Norinco (China North Industries Corporation)	Cluster munitions
Poongsan (Poongsan Corp.)	Cluster munitions
SNT Dynamics	Anti-personnel mines
Solar Industries India Ltd	Cluster munitions/Anti- personnel mines
Walchandnagar Industries Limited	Nuclear weapons

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1 Aka Anhui GreatWall Military Industry Co., Ltd, ANHUI GREATWALL MILITARY INDUSTRY COMPANY LIMITED.

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