



CONTROVERSIAL WEAPONS POLICY

Alken Asset Management Ltd

CONTEXT

This policy outlines Alken Asset Management (“Alken”) approach to controversial weapons investments.

It is noteworthy to remind us that although the term is widely used by the media, NGOs or investors, there is no official definition of the concept “controversial weapons”. The expression is used to group weapons that are either illegal because their production and use are prohibited by international treaties or because deemed particularly controversial due to their indiscriminate effects and to the disproportionate harm they cause, in particular to civilian populations.

Alken implemented an exclusion on cluster munitions for a number of years. The policy has recently been extended to include the following: anti-personal landmines, depleted uranium weapons, biological weapons, chemical weapons, non-detectable fragments weapons, blinding laser weapons and incendiary weapons.

PRINCIPLE

Alken considers that investment in companies involved in the aforementioned weapons shall be avoided.

Alken reviews the list twice a year, and the policy is updated every year.

SCOPE OF THE POLICY

The scope of Alken’s Controversial Weapons policy applies to all funds and managed accounts under Alken’s management.

1. Scope of assets

Alken has established, with the support of external research service provider, a list of excluded companies.

The exclusion list comprises the companies that have “any tie” with controversial weapons: *meaning companies that have any ties to cluster munitions, landmines, biological / chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments*¹.

Additionally, the list also includes *white phosphorus*: companies that produce incendiary weapons using white phosphorus.

¹ We use the controversial weapons list provided by data provider MSCI. In exceptional circumstances, we may deviate from MSCI’s list if deemed incorrect according to internal research.

Finally, some strategies also exclude *Nuclear Weapons*: meaning any company which is involved in the production of nuclear weapons, exclusive and dual-use delivery platform capable to delivery such products, intended and dual-use components of such products, services provided for such products, or is involved indirectly through ownership ties to companies involved in such products or services.

2. Legal bases used by Alken to identify controversial weapons

The following weapons are forbidden by international treaties:

- Landmines
- Cluster Munitions
- Biological weapons
- Chemical weapons

The following weapons are regulated or controlled by international treaties:

- Non-detectable fragments weapons
- Blinding laser weapons
- Incendiary weapons

The following lists the legislations preventing the aforementioned first category of weapons:

- Anti – Personnel Landmines
 - Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (or the Anti-Personnel Mine Ban Treaty or Oslo Convention)
 - Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects – Protocol II on Prohibitions or Restrictions on the Use of Mines, Booby-Traps and Other Devices as amended on 3 May 1996
- Cluster Munitions
 - Convention on Cluster Munitions (or the Oslo Convention)
- Biological weapon
 - Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction (or Biological Weapons Convention)
 - Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases, and of Bacteriological Methods of Warfare (or the 1925 Geneva Protocol)
- Chemical weapon
 - Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction (or Chemical Weapons Convention)
 - Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases, and of Bacteriological Methods of Warfare (or 1925 Geneva Protocol)

The following lists the legislations controlling or regulating the aforementioned second category of weapons:

- Non-detectable fragments
 - Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects – Protocol I on Non-Detectable Fragments
- Blinding laser
 - Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects – Protocol IV on Blinding Laser Weapons
- Incendiary weapons
 - Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects – Protocol III on Prohibitions or Restrictions on the Use of Incendiary Weapons

Additionally, the following explains the discussion currently taking place regarding depleted uranium weapons, which are allowed but criticised:

- For a decade now, a discussion on the health and environmental effects of depleted uranium weapons has emerged and a ban of these weapons is under discussion on an international level. We continue to follow further developments on the matter.

THE WORLD IS OVER-ARMED AND PEACE IS UNDER-FUNDED

Ban Ki-Moon, UN Secretary-General 2007-2016