

# M&G Investments

## Controversial Weapons Policy

June 2025



## 1. Introduction

- 1.1. This policy sets out M&G Investments approach to the exclusion of companies Involved in controversial weapons. M&G Investments relates to the M&G Group Limited ('MGG') investment and asset management businesses and activities ('M&G Investments') including M&G Investments Southern Africa (MGSA) and ResponsAbility<sup>1</sup>.
- 1.2. This policy is owned by M&G Investments' Head of Sustainability. This Policy is approved by the MGG Executive Committee which has delegated authority for ESG matters from the MGG Board. The Sustainability Steering Committee has further delegated authority to approve minor amendments. It will be refreshed at least annually.
- 1.3. Controversial weapons are those that cause indiscriminate or disproportionate harm. Use of controversial weapons is banned in many jurisdictions under international and national laws, some of which also prohibit investment in certain type of weapons and activities. Exclusion is necessary to meet our own and our clients legal and regulatory obligations and reflects our values as a responsible investor.
- 1.4. This Policy applies to the following categories of controversial weapons:
  - Cluster Munitions
  - Anti-Personnel Landmines
  - Chemical Weapons
  - Biological Weapons
  - Nuclear Weapons outside the Non-Proliferation Treaty
  - Depleted Uranium Weapons
  - Incendiary White Phosphorus Munitions
  - Non-detectable Fragments
  - Permanently Blinding Laser Weapons
- 1.5. This definition is in response to a combination of national laws and international treaties including but not limited to:
  - The Convention on Cluster Munitions (2008)
  - The Anti-Personnel Landmines Treaty (1997)
  - The Chemical Weapons Convention (1997)
  - The Biological Weapons Convention (1975)
  - The Treaty on the Non-Proliferation of Nuclear Weapons (1970)
  - The Belgian Controversial Weapons Act (2006)
  - The UN Convention on Certain Conventional Weapons (1983)

### 1.6. Definition of Involvement

- 1.6.1. M&G Investments consider Involvement to be the development, production, acquisition, stockpiling, retention, or transfer of any of the aforementioned weapons or any components or launch/delivery systems which are considered tailor made and essential (dedicated or customised to only be used in combination with the controversial weapon).

## 2. Scope of Policy

### 2.1. Funds in scope of policy

- 2.1.1. This policy applies to all assets under management for funds where M&G Investments has full discretion, including those funds sub-advised by other managers. For segregated mandates and

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<sup>1</sup> Entities acquired within the past 12 months are also excluded from scope of this statement whilst integration is ongoing.

single investor funds, where the client does not wish to apply the policy, opt out may be agreed by exception, subject to relevant regulatory requirements being met.

## **2.2. Asset class and instrument application:**

- 2.2.1. For in scope funds, M&G Investments will not knowingly hold any equity or debt instruments issued by corporate entities involved in controversial weapons as per the definitions above. For the purpose of this policy, single name derivatives are treated as single name corporates and thus in scope.
- 2.2.2. M&G Investments manage both direct and indirect investments, as well as passive and active holdings. The exclusion policy does not apply to the holdings of external products, like index derivatives, ETFs, securitised assets, third party funds and trackers.
- 2.2.3. In the context of private real estate investments (equity and debt), M&G Investments will not acquire or lend against any buildings where companies on the exclusion list<sup>2</sup> are already in occupation. For private equity real estate holdings only: where M&G Investments has control over lettings, we will not make any new lettings to companies on the exclusion list. When companies are added to the exclusion list, the policy cannot be applied retrospectively, but will apply to future lettings.
- 2.2.4. This policy applies to companies and not sovereigns.

## **3. Implementation of Policy**

### **3.1. Determination of excluded companies**

- 3.1.1. M&G Investments use third party data providers as well as proprietary research to identify companies flagged for involvement in controversial weapons. As with all screening, M&G Investments maintains the right to utilise our in-house exceptions process where there may be disagreement with a data point triggering exclusion. Exception cases are reviewed through internal governance. Decisions to grant exceptions will be on a case by case basis by our Sustainable Investing Standards Committee or delegated sub-committees, which will review the details of the case and supporting evidence. M&G Investments implement processes to monitor compliance with this policy.

### **3.2. Divestment**

- 3.2.1. M&G Investments will not make an investment in any company or corporate which, at the time of purchasing an asset, is within scope of excluded activities based on knowledge obtained through reasonable research or enquiry in the pre-investment due diligence process. The Investment Manager will continue to monitor involvement of investments in excluded activities, record any such involvement and adopt as a priority objective to resolve that situation. M&G Investments will divest in line with all applicable regulation and fund specific guidelines taking into account market conditions and the best interests of clients. Due to the illiquid nature of private assets, it may not always be possible to dispose of the investment post-acquisition.

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<sup>2</sup> The list only covers publicly listed companies. Private companies are not assessed against the exclusions due to the lack of coverage of private companies within currently available data used for screening. We apply exclusions as far as we are able within the context of national and local regulations regarding landlord and tenant relations. For example, in the UK, the Landlord and Tenant Act requires landlords to grant new leases on expiry and restricts our ability to prevent leases being reassigned to companies subject to exclusion.