Purpose
The purpose of the Approach is to describe Aberdeen Standard Investments’ approach to ensuring that it minimises its exposure to controversial weapons, which are considered to be cluster munitions and anti-personnel landmines (APLs).

Scope
The Approach applies to all funds managed by Aberdeen Standard investments, which includes funds managed by Aberdeen Asset Management PLC and Standard Life Investments Holdings Limited and their respective subsidiaries (together ‘Aberdeen Standard Investments’ or ‘the firm’).

Availability
Internally
The Approach is available on the ESG SharePoint site.

Externally
This Approach is publicly available on Aberdeen Standard Investments’ website and can be issued to external parties such as regulators, auditors, trustees, depositaries, and clients or potential clients, on request.

For the avoidance of doubt, no further approval is required to issue the Approach.

Variance
Where a jurisdiction applies more rigorous standards than are required by the Approach, those standards must be met locally.

Overview
Aberdeen Standard Investments acknowledges and supports, both legally and on principle, international legislation prohibiting involvement with cluster munitions and APLs, as these are weapons prohibited under international conventions.

Aberdeen Standard Investments supports the principles enshrined in both the Convention on Cluster Munitions 2008 (or ‘Convention on Cluster Munitions’) and the 1997 Convention on Anti-Personnel Mines (or ‘Mine Ban Treaty’), which ban these weapons as defined by the conventions (and as referenced in this document).

As a manager of assets for clients around the world, Aberdeen Standard Investments not only seeks to ensure compliance with all laws relevant to our clients’ investments regarding the financing or proliferation of cluster mines and APLs, but also strives to avoid investment in these weapons as set out in this document.

Aberdeen Standard Investments will follow this Approach in order to seek full compliance with international conventions and treaties regarding controversial weapons and will respond quickly to any future legislative changes in this area.

Approach
Aberdeen Standard Investments does not, and will not, knowingly invest in or finance the development, production, assembly, acquisition, repair, sale, use, possession, transport, transfer, stockpiling or conservation of cluster munitions or anti-personnel land mines. This covers Aberdeen Standard Investments’ direct and indirect investments, as defined by the scope in this document.

Aberdeen Standard Investments maintains a list of assets with known exposure to cluster munitions and/or APLs which are prohibited from investment by its funds. The firm retains the right to release information regarding constituents of the list(s) as it deems appropriate.

Scope
To adhere to its Approach on controversial weapons, Aberdeen Standard Investments will not knowingly subscribe for, or support the issue of, any security or other financial instrument issued by a company or other legal entity (including a fund) involved with cluster munitions and/or APLs.

As Aberdeen Standard Investments manages both direct and indirect investments, and has both active and passive holdings, there may be instances where indirect exposure to potential issuers involved in controversial weapons may inadvertently occur. These instances include, but are not limited to, circumstances where Aberdeen Standard Investments is not able to exercise full discretion in the choice of investment (through agreement with the client), in tracking an index, or where another manager has discretion over the underlying investments.

If, in these instances, Aberdeen Standard Investments subsequently becomes aware that an underlying fund is actively making investments in companies or entities which would lead to a material breach of this Approach, then Aberdeen Standard Investments will exit such investments.

Application
In its direct investments, Aberdeen Standard Investments considers, prior to making any investment, the business of companies or other legal entities in which Aberdeen Standard Investments invests. With regard to investments in indirectly managed funds, Aberdeen Standard Investments considers the Investment Objective and Policy (IOP) of such funds as stated in the funds’ prospectus or other offering document, and the extent to which the funds’ Objective or Policy (as applicable) includes involvement in the manufacture or distribution of cluster munitions and/or APLs.
Aberdeen Standard Investments maintains a list of entities which it views as prohibited investments under this Approach (the “Prohibited Investments List”). It also maintains a list of companies or entities which it views as potentially sensitive as the result of wider involvement with technology or armaments that could potentially be used in activity breaching the Convention on Cluster Munitions or the Mine Ban Treaty, as implemented into applicable law (the “Watch List”). Each list is reviewed regularly by Aberdeen Standard Investments’ Legal team and its Environmental, Social and Governance (ESG) Investment team.

Oversight
Aberdeen Standard Investments’ Prohibited Investment List and Watch List are the result of research conducted by its ESG Investment team and the use of third-party research on controversial weapons. Discretion as to whether or not to prohibit investment in companies or entities lies entirely with Aberdeen Standard Investments’ ESG Investment team, which is supported by its Legal and Compliance teams.

Transparency on the Prohibited/Watch Lists

As part of this Approach, Aberdeen Standard Investments does not release the entire list of companies and entities contained on its Prohibited Investment List nor on its Watch List, as these lists are the intellectual property of Aberdeen Standard Investments. However, at any point, Aberdeen Standard Investments’ ESG Investment team is available to confirm (in agreement with Aberdeen Standard Investments’ Legal team) certain names which are on the list in response to client queries, the completion of Requests for Proposals, or similar stakeholder engagements.

Definitions of Cluster Munitions and Anti-Personnel Landmines

Cluster munitions
Under the Convention on Cluster Munitions 2008, cluster munitions (or cluster bombs) are defined as being a conventional munition designed to disperse or release explosive sub-munitions, each weighing less than 20 kilograms and including those explosive sub-munitions. Explosive sub-munitions are defined as a conventional sub-munition that, in order to perform its task, is dispersed or released by a cluster munition and is designed to function by detonating an explosive charge prior to, on or after impact.

A cluster munition or explosive sub-munition is not defined by the convention as:

(a) a munition or sub-munition designed to disperse flares, smoke, pyrotechnics or chaff or a munition designed exclusively for an air defence role

(b) a munition or sub-munition designed to produce electrical or electronic effects

(c) a munition that, in order to avoid indiscriminate area effects and the risks posed by unexploded sub-munitions, has all of the following characteristics:

a. each munition contains fewer than ten explosive sub-munitions
b. each explosive sub-munition weighs more than four kilograms
c. each explosive sub-munition is designed to detect and engage a single target object
d. each explosive sub-munition is equipped with an electronic self-destruction mechanism
e. each explosive sub-munition is equipped with a self-deactivating feature.

Anti-personnel landmines
APLs are defined by the 1997 Mine Ban Treaty as mines “designed to be exploded by the presence, proximity or contact of a person and that will incapacitate, injure or kill one or more persons.” Mines that are not covered by the Treaty include those that are remotely triggered or are anti-vehicle mines.

Legal sources:
Cluster munitions:
The Convention on Cluster Munitions 2008 (“CCM”)

Anti-personnel Landmines:
The Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction 1997 (also known as the “Anti-Personnel Mine Ban Treaty,” or the “Ottawa Treaty” or the “Mine Ban Treaty”):
Important Information

Investment involves risk. The value of investments, and the income from them, can go down as well as up and an investor may get back less than the amount invested. Past performance is not a guide to future results.

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

The information herein should not be considered an offer, investment recommendation, or solicitation to deal in any financial instruments or engage in any investment service or activity. The information is provided on a general basis for information purposes only, and is not to be relied on as advice, as it does not take into account the investment objectives, financial situation or particular needs of any specific investor.

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Asia-Pacific