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CONTROVERSIAL WEAPONS

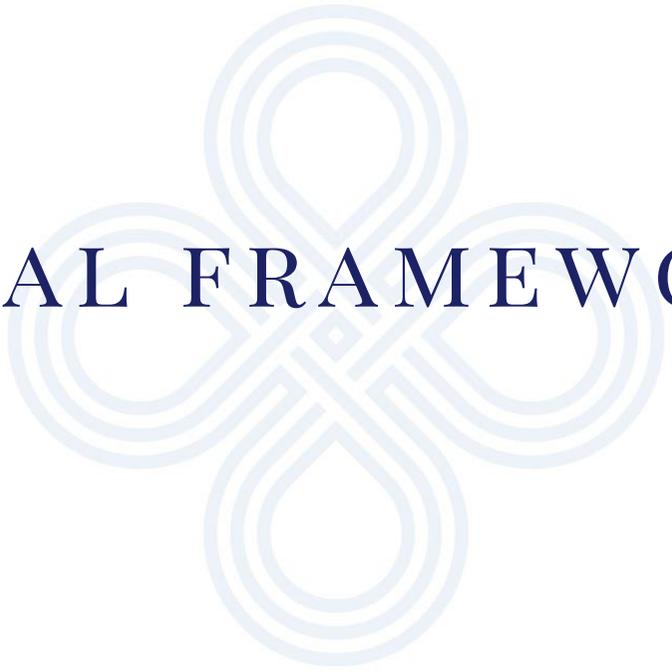
Policy for the exclusion of companies involved in cluster munitions and anti-personnel mines

2015



SUMMARY

- **Legal framework**
- **Definitions**
- **Stock analysis policy**
- **Exclusion policy**
- **Lists of listed/unlisted companies (2015)**



LEGAL FRAMEWORK



LEGAL FRAMEWORK

Anti-personnel mines (APM)

France signed the Ottawa Convention on 3 December 1997 and ratified it on 23 July 1998. It was transposed into French law by the Act of 8 July 1998.

→ 1.1 Convention on the prohibition of the use, stockpiling, production and transfer of anti-personnel mines and on their destruction opened for signature by States on 3 December 1997 in Ottawa.

In its Article 1, the Ottawa Convention specifies that:

“1. Each State Party undertakes never, under any circumstances:

(a) to use anti-personnel mines;

(b) to develop, produce, otherwise acquire, stockpile, retain or transfer to anyone, directly or indirectly, anti-personnel mines;

(c) to assist, encourage or induce, in any way, anyone to engage in any activity prohibited to a State Party under this Convention.

2. Each State Party undertakes to destroy or ensure the destruction of all anti-personnel mines in accordance with the provisions of this Convention.”



France signed the Oslo Convention on 3 December 2008 and ratified it on 25 September 2009. It was transposed into French law by the Act of 20 July 2010.

→ 2.1 Convention on cluster munitions signed in Oslo on 3 December 2008

In its Article 1, the Oslo Convention specifies that:

“Each State Party undertakes never, under any circumstances:

(a) to use cluster munitions;

(b) to develop, produce, otherwise acquire, stockpile, retain or transfer to anyone, directly or indirectly, cluster munitions;

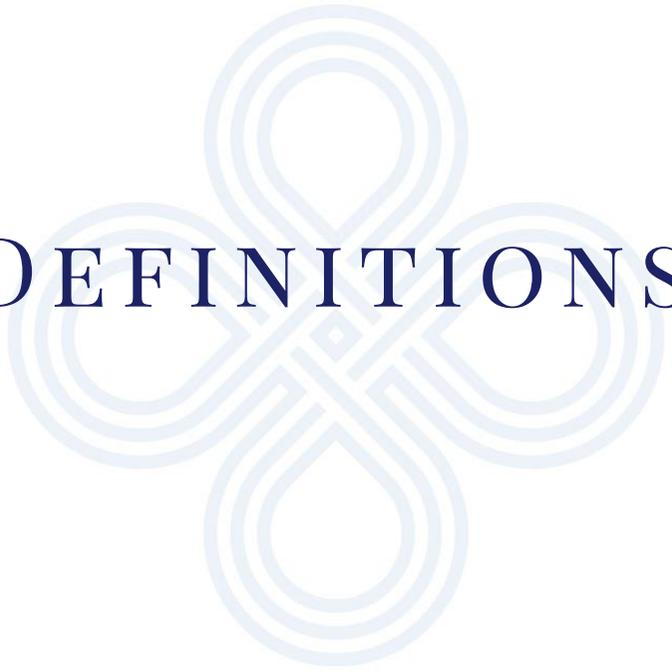
(c) to assist, encourage or induce anyone to engage in any activity prohibited to a State Party under this Convention.”

→ 2.2 Law No. 2010-819 of 20 July 2010 on the elimination of cluster munitions

Article 1 of the law inserts an Article L. 2344-2 in the Defence Code as follows:

“Art. L. 2344-2 – The development, manufacture, production, acquisition, stockpiling, retention, offering, sale, importing, exporting, trading, brokerage, transfer and use of cluster munitions are prohibited.

“The fact of assisting, encouraging or inducing anyone to engage in one of the aforementioned prohibited activities is also prohibited. (...)” Parliamentary debates specify that this prohibition is aimed at any financing, “*direct or indirect and with full knowledge of the facts*”, of cluster munitions.



DEFINITIONS



DEFINITIONS

- **Anti-personnel mines (APM):** is a mine designed to be exploded by the presence, proximity or contact of a person and that will incapacitate, injure or kill one or more persons.

Source: <http://www.diplomatie.gouv.fr/fr/politique-etrangere-de-la-france/desarmement-et-non-prolifération/la-france-et-l-élimination-des-2086/>

- **Cluster munitions:** According to the Convention, a cluster munition is “*a conventional munition that is designed to disperse or release explosive submunitions each weighing less than 20 kilograms*”. The Convention applies to all types of cluster munitions in use. Used for the first time during the Second World War, cluster munitions have been used in at least 32 countries and territories. Once launched, these munitions disperse a large number of submunitions over an area the size of several football pitches. These submunitions are intended to explode upon impact but often do not do so, thus transforming the contaminated ground into a veritable minefield.



STOCK ANALYSIS POLICY

The involvement of companies



STOCK ANALYSIS POLICY

The involvement of companies

- **a) The company is involved through the development, production, use, maintenance, sale, distribution, importing or exporting, stockpiling or transportation of cluster munitions and their key components.**

Certain munitions meeting very strict standards *“in order to avoid indiscriminate area effects and the risks posed by unexploded submunitions”* (Article 2, paragraph 2) are excluded and authorised by the Convention. This applies in particular to French/Swedish *Bonus* and German *SMart* bombs.

- a. A munition or submunition designed to disperse flares, smoke, pyrotechnics or chaff, or a munition designed exclusively for an air defence role;
- b. A munition or submunition designed to produce electrical or electronic effects;
- c. A munition whose characteristics are as follows:
 - i. Each munition contains fewer than 10 explosive submunitions;
 - ii. Each explosive submunition weighs more than 4 kilograms;
 - iii. Each explosive submunition is designed to detect and engage a single target object;
 - iv. Each explosive submunition is equipped with an electronic self-destruction mechanism;
 - v. Each explosive submunition is equipped with an electronic self-deactivating feature.

(Source: Convention on Cluster Munitions, 2008)

- **b) The company holds 50% or more of a company as defined in (a) above. In addition, information on shareholdings of 20% or more in a company that comes under (a) is included in analysis reports.**



EXCLUSION POLICY



EXCLUSION POLICY

- **The exclusion list (cf. slide 13) is provided by our extra-financial analysis partner, Sustainalytics.**
- **This list applies to all UCITS, open-ended and dedicated, as well as management mandates. The management company shall refuse to set up any UCI or Mandate for which the client expressly requests non-compliance with the management company's exclusion policy.**
- **For delegated management, the management company transmits exclusion policy to the delegator management company.**
- **For multi-management, the management company includes the exclusion policy in its due diligence, with communication of our policy to third parties and ex-post declarative verification.**
- **The list of excluded stocks is communicated to managers and included in our LT tool, for the purpose of carrying out ex-ante and ex-post controls (risk control, head of compliance and internal control, compliance and internal control).**
- **This analysis and exclusion policy is published on the website.**



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La Française has a multi-affiliate business model organized around four core activities: securities, real estate, investment solutions and incubation. The group caters to institutional and private clients throughout the world.

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