

F&C Policy on Cluster Bombs and Landmines

F&C has been closely following the international negotiations on cluster bombs and land mines since 2007. F&C fully supports the Convention on Cluster Munitions and the Ottawa Convention on Landmines, as well as international efforts aimed at addressing the humanitarian concerns surrounding the use of these weapons. Consistent with its support of these Conventions, F&C regards the use of such weapons as deeply undesirable, and therefore makes available to all its institutional clients the option of avoiding such investment. For all such clients, F&C will not knowingly invest in any company that manufactures cluster munitions or landmines. This exclusion applies to both equity and corporate credit holdings.

In addition, for all F&C retail funds where F&C controls the investment policy, F&C will adopt the above-noted avoidance policy. ,

F&C works with an independent third-party research provider to identify companies that breach the above-noted policy. This list is updated quarterly based on detailed research.

For a more information about this policy or the funds to which it applies, please contact the F&C Investor Relations team at investorrelations@fandc.com.

F&C's approach to Responsible Investment

F&C also manages the flagship range of Stewardship ethical funds, and has had in place a comprehensive ethical screening process since 1984. In keeping with the strict Stewardship ethical criteria, these funds will not invest in companies that produce *any* weapons or weapons-related systems. The Stewardship ethical funds also exclude many companies who breach other ethical criteria such as those involved in tobacco, gambling, pornography, etc. For more information on the Stewardship funds, go to www.fandc.com/stewardship.

In addition, through our responsible engagement overlay (**reo**®) service, F&C engages with defence companies as an active investor to improve standards of corporate governance and responsible operating practices in order to protect and/or enhance investor value. While **reo**® does not call on companies to stop manufacturing weapons, it does highlight growing international legislation on this important issue and asks companies, and those that finance them, to be fully transparent about their involvement with these weapons, and to develop and disclose plans outlining how they plan to position the business proactively to adapt to pending regulatory changes.