

*Press release*

Zurich, 11 February 2019

## **Investors join forces to exclude controversial weapons manufacturers from mainstream indices**

Over 140 asset managers, asset owners, wealth managers and service providers from across the globe representing USD 6.8 trillion in investor funds have come together to demand Index providers to remove controversial weapons<sup>1</sup> from mainstream indices.

The open letter, which was sent to representatives from FTSE Russell, Morningstar, MSCI, S&P Dow Jones Indices and STOXX, was also published today in the Financial Times, Neue Zürcher Zeitung and Le Temps with all signatories calling on Index providers to act.

Investment in companies linked to controversial weapons is already against some national regulations and international conventions. However, mainstream indices continue to include them. For active investors, implementing the exclusions means subjecting portfolios to extra tracking error against standard benchmarks and additional cost. For passive investors, meanwhile, there is often no choice as the vast majority of the strategies replicate traditional, exclusion-free indices.

Today, investors tracking mainstream benchmarks are all contributing to the financing of companies involved in the manufacture of controversial weapons.

The initiative, which began in Switzerland, coordinated by Swiss Sustainable Finance, has gathered international momentum also thanks to a presence on the PRI Collaboration Platform.

Sabine Döbeli, CEO at Swiss Sustainable Finance, said "Aligning investor portfolios to established values and norms is becoming the new normal for pension funds and other institutional investors alike. The fact that our initiative gained the support of such a large number of organisations is a strong signal to index providers and we think it is the natural consequence to reflect this requirement in global indices."

Eric Borremans, Head of ESG at Pictet Asset Management said "We believe that in line with international convention, best investor practice and public opinion, funding for controversial

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<sup>1</sup> Such weapons – which include cluster munitions, anti-personnel mines, biological and chemical weapons, as well as nuclear weapons which are produced for countries that have not signed the Treaty on Non-Proliferation of Nuclear Weapons – may cause indiscriminate or disproportionate harm. Their use is banned or restricted under international conventions.

weapons manufacturers should be less readily available. Indices are used as the basis for many investment products, both active and passive, we firmly believe that the default position should be to exclude them.”

Peter Damgaard Jensen, CEO of PKA A/S said: “As a responsible investor representing more than 300.000 pension savers controversial weapons is unacceptable and excluded from all our investments. However, many service providers of index products don’t share this principle making it complicated for other investors to ensure that they in no way contribute to the funding for controversial weapons manufacturers. By joining forces with other investors around the globe we can hopefully get this message through and make Index providers once and for all exclude controversial weapons from mainstream indices.”

For more information visit the Swiss Sustainable Finance website [www.sustainablefinance.ch](http://www.sustainablefinance.ch)

**Further information:**

List of signatories:

[http://www.sustainablefinance.ch/en/engagement-initiatives-\\_content---1--3117.html](http://www.sustainablefinance.ch/en/engagement-initiatives-_content---1--3117.html)

Open letter to global index providers:

[http://www.sustainablefinance.ch/upload/cms/user/Controversial\\_Weapons\\_Letter\\_FINAL\\_2019\\_01\\_31.pdf](http://www.sustainablefinance.ch/upload/cms/user/Controversial_Weapons_Letter_FINAL_2019_01_31.pdf)

Appendix offering background information on controversial weapons:

[http://www.sustainablefinance.ch/upload/cms/user/Controversial\\_Weapons\\_Appendix\\_FINAL\\_2018\\_11\\_14.pdf](http://www.sustainablefinance.ch/upload/cms/user/Controversial_Weapons_Appendix_FINAL_2018_11_14.pdf)

**Contact:**

Swiss Sustainable Finance  
Sabine Döbeli, CEO  
Grossmünsterplatz 6  
8001 Zürich

Tel. +41 44 515 60 52

[sabine.doebeli@sustainablefinance.ch](mailto:sabine.doebeli@sustainablefinance.ch)

[www.sustainablefinance.ch](http://www.sustainablefinance.ch)

- > [Newsletter SSF](#) bimonthly
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**Swiss Sustainable Finance (SSF)** strengthens the position of Switzerland in the global marketplace for sustainable finance by informing, educating and catalysing growth. The association, founded in 2014, has representation in Zurich, Geneva and Lugano. Currently SSF unites 110 members and network partners from financial service providers, investors, universities and business schools, public sector entities and other interested organisations. An overview of Swiss Sustainable Finance’s current members and network partners can be found [here](#).