



# LGT Capital Partners approach to Responsible investing in defense

9 September 2026

Marketing material

# Would you invest?

## Lockheed Martin

*Public, US*

**Combat aircraft, missile systems and complex weapon systems** across air, land, sea and space dedicated to application in combat.

## Helsing

*Private, Germany*

**AI software for military drones** and strike platforms for **autonomous** target detection and **engagement** for European armed forces.

## ITP Aero

*Private, Spain*

Jet engine **components** that find appliance in both commercial airliners and military aircraft. ITP is in the **supply chain** of aircraft producers.

## Kongsberg

*Public, Norway*

**Air- and missile-defense** systems alongside maritime and subsea industrial businesses. Defense is **one division among several**.

## Palantir

*Public, US*

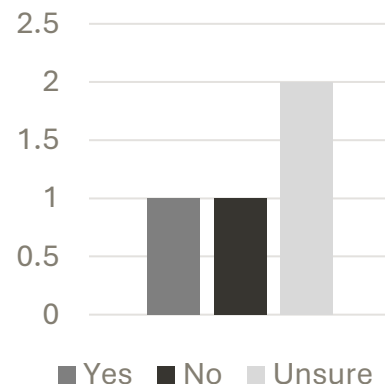
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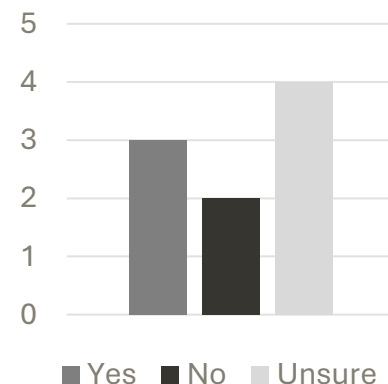
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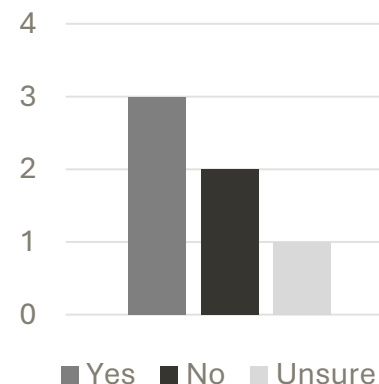
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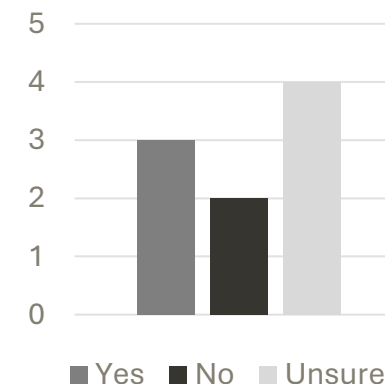
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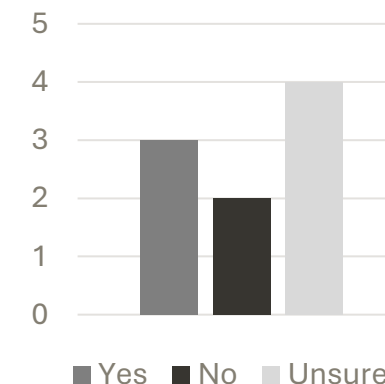
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# What do we mean when we say 'defense'?

Defense is a diverse ecosystem, not a single sector



## Why is the discussion changing now?

Geopolitics, capital and technology are redrawing the boundaries of defense



# Asset owners and managers reconsidering their stance on defense

## From blanket exclusion towards case-by-case approaches

### Uphold

#### Controversial weapons exclusions stay firm

- Landmines, cluster munitions, chemical & biological weapons.
- SFDR: disclose exposure to specified controversial weapons. Defense investments are not generally prohibited and may qualify as sustainable, subject to the SFDR sustainability tests.
- UN, EU, US and UK sanctions regimes apply unconditionally.

### Diverge

#### Reassessment of conventional weapons exclusions

- Conventional defense is reassessed with the Nordics in the lead.
- Some add exclusions, others relax them, yet others treat resilience as impact.
- Evolution towards case-by-case analysis.

### Emerge

#### New frameworks and vehicles are filling the gray zone

- Guidance for Responsible Investment in Defence-related companies (GRID).
- GRID, drafted through 2026, goes beyond exclusions, addressing use, human-rights risks, portfolio prioritization and expectations for company conduct.
- Dedicated vehicles offer targeted access.

# What ESG-related info would you need to know to support your investment decision?

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**1**

What does Palantir sell?

**2**

Can Palantir contribute to lethal operations?

**3**

Who are Palantir's customers and where are they located?

**4**

Can software be diverted like a physical weapon into the wrong hands?

**5**

What governance practices and safeguards does the company have in place?

**6**

Is Palantir a defense company or a tech company?

# LGT Capital Partners' Responsible investing in defense framework

## Key questions guide our risk assessment

| Key questions                                                             | Dimensions                              | Guidance                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. What does the product or service do?                                   | 1a. Proximity to lethal                 | <p><b>Guiding questions:</b> Where is the product / service along the kill-chain, and what is the potential degree of harm (both intentional and un-intentional)?</p> <p><b>LGT CP view:</b> Exclude controversial and prohibited weapons; avoid conventional weapons and weapon systems active in target / engage</p>                                                       |
|                                                                           | 2a. Customer type                       | <p><b>Guiding questions:</b> Is the customer type aligned with LGT CP values? Is there NATO membership? What is the intention of the end-users and where are they based?</p> <p><b>LGT CP view:</b> Avoid engagement with autocratic regimes, private militias in high-risk jurisdictions; exercise caution for engagement with countries in non-UN sanctioned conflicts</p> |
|                                                                           | 2b. Risk of proliferation and diversion | <p><b>Guiding questions:</b> What is the production capability, cost, attritability, autonomy, and dual-use potential of the product and service? Is there diversion risk?</p> <p><b>LGT CP view:</b> Avoid exposure to hard-to-track, mass produced, autonomous products that have potential to contribute to higher degree of harm</p>                                     |
|                                                                           | 2c. Company integrity and governance    | <p><b>Guiding questions:</b> How does the company determine who to sell to? Does the company have governance practices in place to protect against risks?</p> <p><b>LGT CP view:</b> Avoid exposure to companies without robust governance and compliance practices (e.g., adherence to export controls, regulatory requirements)</p>                                        |
| 2. Who will use the product or service, for what, and how is it governed? |                                         |                                                                                                                                                                                                                                                                                                                                                                              |

## Structure company-level judgement across four defense-risk dimensions

| 1. What does the product / service do?                                                                                                                 |   | 2. Who will be using the product / service?                                     |   |                                                                                                                                                                                   |   |                                                                                                                             |   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|---|---------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------|---|
| 1a. Proximity to lethal                                                                                                                                |   | 2a. Customer type                                                               |   | 2b. Risk of proliferation and diversion                                                                                                                                           |   | 2c. Company integrity and governance                                                                                        |   |
| Low<br>Non-core, outside core defense                                                                                                                  | 1 | Low<br>Neutral states<br>(Minimal exports, e.g.<br>CH, AUT)                     | 1 | Low<br>Hard to replicate and tightly controlled,<br>complex systems, licensing (e.g., advanced<br>fighter jets, nuclear subsystems, due to very high<br>cost and strict controls) | 1 | Low<br>Value-based screening (e.g., exclusions<br>of regions, board level oversight of sales,<br>refusal history)           | 1 |
| Low<br>Peripheral support services to enable defense provision<br>(e.g., satellites, radars, comms systems, maintenance, repair,<br>overhaul services) | 1 | Low<br>EU / NATO                                                                | 1 | Low-Moderate<br>Controlled dual use; civilian + military use with<br>strong safeguards                                                                                            | 2 | Low-Moderate<br>Clear internal policy, export controls,<br>guardrails, limited transparency beyond<br>regulatory compliance | 2 |
| Low-Moderate<br>Find / fix<br>Detect and identify potential targets, confirm target's identity,<br>location, activity                                  | 2 | Moderate<br>Allied non-EU states,<br>active in non-UN<br>sanctioned conflict    | 3 | Moderate<br>Scalable with moderate cost, some portability<br>(e.g., tactical UAVs with semi-autonomy, ISR<br>payloads)                                                            | 3 | High<br>Commercially opportunistic (e.g., broad<br>customer base and limited in value-based<br>filtering)                   | 5 |
| Moderate-High<br>Track / assess<br>Maintain surveillance, evaluate the outcome                                                                         | 3 | High<br>Autocratic regimes and<br>high-risk jurisdictions in<br>active conflict | 5 | Moderate-High<br>Easily scalable at low cost, portable,<br>adaptable                                                                                                              | 4 | High<br>Sales driven as long as it's legal                                                                                  | 5 |
| High<br>Target / engage<br>Decide on appropriate weapon or effect, and deliver chosen<br>effect                                                        | 5 | High<br>Non-state actors /<br>private militias                                  | 5 | High<br>Mass production, autonomous, hard to track<br>(e.g., attritable drones, AI-driven interceptors,<br>open-source autonomy stacks)                                           | 5 |                                                                                                                             |   |
| High<br>Controversial<br>Weapons that attract controversy and violate human rights                                                                     |   |                                                                                 |   |                                                                                                                                                                                   |   |                                                                                                                             |   |
| High<br>Prohibited<br>Weapons prohibited by treaty                                                                                                     |   |                                                                                 |   |                                                                                                                                                                                   |   |                                                                                                                             |   |

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