

LBA's approach to ESG investing is guided by our core values, our clients and our long-term investment horizon. As stewards of our clients' funds, we are mandated to deliver returns that will enable our clients to achieve their long-term investment objectives. We believe that companies with sound business practices enhance corporate financial performance over the long term. This, in turn, is beneficial in achieving our clients' long-term objectives. Companies with strong corporate governance practices and responsible behaviour towards environmental and social issues will be viewed with favourable consideration and have a positive societal impact. Conversely, companies that have poor environmental, labour or corporate governance practices will in our view do poorly. Our research team investigates these issues by using both in-house and independent third-party research, and conclusions are incorporated into the investment decision-making process.

Environment

Through in-depth knowledge and research of an industry's competitive landscape and regulatory context, along with management dialogue, we evaluate a company's adherence to environmental restrictions and regulations and determine whether they are acting appropriately. We are alert to significant polluters or those creating large environmental liabilities. Companies that innovatively leverage their existing research platforms to develop new, sustainable technologies and solutions are considered favourably.

Social

We are drawn to companies that create real sustainable value for their clients and where the benefits are shared equitably between stakeholders. With a primary focus on large high-profile companies around the world, we gain comfort that the social issues of these firms are continuously monitored and scrutinized by the market and that their labor policies are highly visible. As a firm, we have never invested in companies with significant revenues coming from the tobacco industry. In addition to the ethical aspects, our fear is that these companies could at some point incur significant health-related liabilities. In addition, we have not wished to profit from the gaming industry and have hence avoided all investment in this sector. We are committed to shareholder advocacy in order to proactively influence corporate decisions to ensure that companies improve their labor practices and policies.

Governance

We believe the voting right is one of the most important rights inherent to shareholding. LBA takes very seriously its responsibility of ensuring that proxies received are voted and that the decisions taken represent the long-term interests of shareholders. In general, we promote equal treatment of all shareholders and vote against restricting the composition or conduct of the Board of Directors. We also seek to ensure that executive compensation and option plans are fair, reasonable, and minimize shareholder dilution. Our Proxy Voting Policy is available upon request. We monitor existing and developing legal actions against our companies.