

# OUR VISION OF ESG INTEGRATION

At London & Capital, wealth preservation is central to the way we manage all our clients' assets. Our investment philosophy is rooted in thinking and acting for the long term, and this is mirrored in how we behave for the long term benefit of the society in which we live and operate.

We are proud to share our clients' desire to leave a sustainable legacy for future generations. As part of this, we integrate ESG measures where practically possible – in terms of how we run internal operations, how we engage with other businesses and our plans for the future.

Our ESG-aware investing is fundamentally aligned with this key tenet - investing in assets with sustainability and resilience, where risks can be actively managed. Our view of ESG covers a range of metrics such as climate change, energy management, human rights, diversity, business integrity and fiduciary duty. Of course, these are not static, and we are committed to constantly seeking new ways to improve on these standards.

It is important to us that we are held accountable for our actions, ensuring that we act in the best interest of the business, our people, our stakeholders and our wider environment at all times and in everything we do.

## EMPLOYEES OF LONDON & CAPITAL

All employees of London & Capital are expected to embrace and demonstrate our core values of Integrity, Partnership, Excellence and Family. These are consistent with all employees' regulatory obligations to: act with integrity; act with due skill, care and diligence; be open and co-operative with the regulators; pay due regard to the interests of customers and treat them fairly; and observe proper standards of market conduct. These expected standards are embedded in London and Capital are well communicated through mandatory training form part of our job descriptions and are an important consideration as part of an employee's year end performance review.

To help ensure all employees are Fit & Proper to undertake their roles, and as part of the contract of employment, all employees of L&C are required to undergo background screening checks as specified from time to time and as permitted by law, both before employment starts and at regular intervals throughout their employment. We partner with an external party in undertaking these checks, we do not specify the exact nature of the checks as these can change from time and will always be updated in light of regulatory requirements.

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### EMPLOYMENT PRACTICES

The rights of our employees are protected by employment law and embedded in our contracts of employment and applicable HR policies and procedures.

### EQUALITY, DIVERSITY AND INCLUSION

Our organisation is fully committed to the elimination of unlawful and unfair discrimination and values the differences that a diverse workforce brings to the organisation; ensuring Equality, Diversity and Inclusion (ED&I) is a key business. London & Capital will continue to build a culture that values meritocracy, openness, fairness and transparency; a culture that truly reflects our Values. London and Capital's ambition is to ensure we have a working environment where everyone feels welcome and able to be themselves.

To date, the organisation has:

- Secured top-level ownership and sponsorship for the programme at Board level.
- Identified a senior level champion for leading the ED&I strategy, namely our CEO, Guy McGlashan.
- Secured financial sign-off to enable related activities to be undertaken.
- Set up an empowered ED&I Committee from all areas of the business to develop and cascade an ED&I vision, strategy and plan of action.
- Partnered with specialist external consultants to support us in our ambitions to drive meaningful change.

### RESPECT AT WORK

London & Capital is committed to creating a work environment free of harassment and bullying, where everyone is treated with dignity and respect, and we have policies and procedures in place to support this, and mechanisms in place for employees to raise concerns. All allegations of bullying and harassment will be investigated and, if appropriate, disciplinary action will be taken. We do not tolerate bullying and harassment of any kind.

### HEALTH & SAFETY

London & Capital values the health and wellbeing of all our employees, customers and clients. We have a comprehensive suite of benefits we offer to all our employees (both financial and non-financial) in supporting this.

### ENVIRONMENTALLY CONSCIOUS OFFICES

We selected our office building in London based on its environmental efficiency. This includes light sensors that activate lights only when needed.

Coffee bought for our offices is ethically sourced and in 2021 helped protect 720 square miles of rainforest and store 46.8 tonnes of carbon.

### SINGLE-USE PLASTIC/PRINTING

Our office ban single-use plastic. All printers used use 'tap to print' to minimise each employee's amount of printing.

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### TRAVEL

To reduce our impact on the environment, we have made a conscious decision to travel as efficiently as possible. We have used video conference for more than ten years for most of our overseas clients and will continue to take advantage of virtual communication where possible.

### OUR INVESTMENT PROCESSES

ESG issues are given significant consideration as they provide us with a more robust view of potential risks and opportunities; financially material ESG factors are weighed alongside other traditional financial metrics before an investment decision is made. This is especially relevant given that ESG issues can alter the expected risk/return profile of an investment.

L&C has developed an in-house ESG scoring methodology, which acts as a qualitative overlay to our existing investment process, informing investment decisions and incorporating ESG market data available today. We use data from external providers as well as our own analysis of annual reports that incorporate the key qualitative attributes behind a company's ESG standards.

ENVIRONMENTAL	SOCIAL	GOVERNANCE
<ul style="list-style-type: none"> <li>■ Climate change</li> <li>■ Biodiversity</li> <li>■ Energy resource management</li> <li>■ Biocapacity</li> <li>■ Ecosystem quality</li> <li>■ Air pollution</li> <li>■ Natural resource management</li> <li>■ Water resource management</li> <li>■ Water pollution</li> </ul>	<ul style="list-style-type: none"> <li>■ Human rights</li> <li>■ Employee relations</li> <li>■ Skilled labour policies</li> <li>■ Health and safety</li> <li>■ Diversity</li> <li>■ Customer relations</li> <li>■ Product responsibility</li> <li>■ Supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>■ Business integrity</li> <li>■ Shareholder rights</li> <li>■ Executive pay</li> <li>■ Audit practices</li> <li>■ Board independence/expertise</li> <li>■ Fiduciary duty</li> <li>■ Transparency/accountability</li> <li>■ Related-party transactions</li> <li>■ Dual class share structures</li> <li>■ Tax practices</li> </ul>

### ESG WEIGHTING AND DISCLOSURE

To ensure these ESG considerations are appropriately incorporated into our bottom-up due diligence, with each company's and industry's specific ESG considerations reviewed, updated and evaluated by our investment teams, we capture the following information.

### ESG DISCLOSURE POLICY

The powerful lobby of strategic shareholders and investors demand details of efforts made to make the word more sustainable, be it from an emissions perspective or from a workers' equality angle.

### ENVIRONMENTAL SCORE

Further assessment to assess the willingness of a company to address environmental considerations by examining the number of key standard environmental policies it has disclosed in its latest annual reports.

### SOCIAL SCORE

Further assessment to assess the willingness of a company to address social considerations by examining social policies around diversity, community relations, health and safety and general business ethics.

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### GOVERNANCE SCORE

Further assessment to assess the willingness of a company to address governance considerations through policies such as board composition and diversity, compensation structures and level of director independence.

Our ESG incorporation can be taken further by using London & Capital's negative screening process. Whilst the integration of ESG scoring into portfolios gives clients the peace of mind that their portfolio reaches a pre-set threshold of ESG standards; the negative screening is an additional screening layer.

Our ESG integration and negative screening approaches minimise exposure to companies causing harm to the environment or society more broadly, working within the London & Capital investible universe to create a portfolio which minimises ESG impact and fits with our long-term investment capabilities.

Our goal is to support high standards of corporate governance in the companies in which we invest – something which we closely monitor to ensure investee companies align with our philosophies.

We believe that exercising our voting rights positively contributes by promoting the long term life of companies, along with a wider responsible investment approach. We vote in line with management guidance to approve the strategy, governance and ESG behaviours as well agree with the overall policy as well as carrying out thorough assessments of every company we engage with.

### OUR FUTURE PLANS

As part of our pledge to continually improve our ESG integration we have a number of plans which we look forward to implementing over the coming months. These include:

- Appointing a Head of ESG within the business, responsible for ensuring our proposition and partners continue to operate within our agreed metrics.
- On-going support of the Financial Reporting Council's UK Stewardship Code (though we are not signatories of the code).
- Committing to measuring our carbon footprint and working with external parties to reduce our carbon emissions.
- Implementing an Equality, Diversity and Inclusion Strategy with targeted activities to bring about meaningful change across the business.
- Introducing and following the [10,000 Black Interns Programme](#).

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### THE DANIEL FREEDMAN FOUNDATION

We believe that true prosperity goes hand in hand with responsibility – both economically and socially. Founded in 2005, our Foundation began with a simple yet profound aspiration: to make a meaningful impact on the lives of those in need. Since then, we have dedicated ourselves to this cause, contributing over £500,000 to various charitable endeavours.

Our mission is clear: we aim to empower children by supporting initiatives that address their health, education, and overall opportunities. It is our firm belief that nurturing the potential of our youth paves the way for a brighter future, not only for them but for society as a whole.

One distinctive aspect of The Daniel Freedman Foundation is our deep commitment to hands-on involvement. Our trustees and committee members are drawn from our dedicated staff, who generously offer their time and skills to selected charities. This personal engagement ensures that our contributions are not only financial but also imbued with a sense of genuine care and commitment.

Every two years, we select a headline national charity and also a smaller charity to support annually. Our current headline charity, Grief Encounter, is dedicated to providing vital support to bereaved children and their families during their time of need. Our annual charity, Bookmark Reading, champions the cause of literacy among young readers, opening doors to a world of knowledge and imagination.

If you would like to donate to the Daniel Freedman Foundation or would like further information, please email [foundation@londonandcapital.com](mailto:foundation@londonandcapital.com).