



# LCC ASIA PACIFIC

CORPORATE FINANCE & STRATEGIC ADVISORY

## UN GLOBAL COMPACT

Communication on Progress 2016

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## From the Principal & Founder

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Since its initial commitment to the United Nations Global Compact ('UNGC') in 2009, LCC Asia Pacific ('LCC®') is pleased to confirm its continued support of the Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption and remains committed to advocate, integrate, respect and support the importance of these Principles.

In this our fifth annual Communication on Progress, we describe actions to further the integration of the Global Compact and its principles into our business strategy, culture, social responsibility and daily operations. We are also committed to share this information with our existing and prospective clients by adding this report to our business website.

Having been a signatory to the UNGC for many years now, It is also important to note that we continue to see a continued relevance for Initiatives such as this in the day to day work that we do as a Firm. As the world "flattens" in terms of commerce, we are increasingly dealing with International parties who come from a variety of cultural and economic backgrounds. Whilst we can commercially engage on standard terms, the use of the UNGC as a reference point what we view as acceptable "social & community" standards is very helpful.

Working from Australia some areas of the Ten Principles are more relevant than others. For example, we are fortunate in Australia not to face Issues such as child labour on a day to day basis. Nonetheless, the reference point of the UNGC allows us to keep front of mind the fact that these Issues remain on the global stage - and that we should be mindful in terms of clients we engage with that they themselves are maintaining these globally acceptable standards



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## **Reflecting on 2016 in short ...**

### *Philanthropic progress*

In terms of traditional philanthropy, our core focus continues to centre on organisations such as the Sydney Children's Hospital at Randwick

One of our latest areas of attention has been cyberbullying and cyberslander and its associated self-harm impact, resulting from extreme depression, on both children and adults alike. An alarming issue that faces all global citizens in today's digitally connected world. We are supporting local and regional thinking in how to deal with such issues - and to ensure that social media are used as positive tools In both the workplace and our day to day lives

We are currently looking at areas for charitable assistance in the region around charities that assist children in high risk situations - Including child labour. We have traditionally supported such organisation but are now focused on finding new grass roots charities to support.

### Focus on the environment

We have also as a Firm commenced a significant amount of our professional services advice In the area of environmental services and renewable energy.

Both of these industrial sectors are core areas of accountability within the UNGC framework. Working In these areas has also resulted In staff having a growing appreciation of the risks and challenges that all people face as urbanisation and the development of the middle class across the globe result In additional strains on basics such as the Electrical Power Grid. We need to produce more power in an environmentally friendly fashion, and also deal with the Increasing levels of waste that are produced as a result of that progression.



**Nicholas Assef**



## Practical actions and measurable outcomes

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### Human Rights

**Principle 1:** *Businesses should support and respect the protection of internationally proclaimed human rights; and*

**Principle 2:** *Business should make sure that they are not complicit in human rights abuses.*

Principle's 1 and 2 of the UNGC continue to provide LCC with a clear guide on the importance of supporting and respecting the protection of internationally proclaimed human rights and in ensuring that the Firm is not complicit, or aware of, human rights abuses in the Clients it services.

LCC engages its employees and business partners to respect the Universal Declaration of Human Rights and with increasing importance environmental protection.

LCC's business continues to develop and we more commonly engage with companies and individuals that have "borderless" interests. As such these first two Principles remain of the utmost importance in our day to day business operations. In our preliminary due diligence for any client relationship, LCC seeks to verify that the potential client, its subsidiaries and the individuals within it, engage in ethical business practices and abide by human rights protections in their policies and procedures from the top down.

LCC undertakes a significant level of work in the resources sector (with a priority on the mining services & engineering companies servicing the resources sector). Given certain sector issues with questionable human rights practices in developing countries, LCC is careful to analyse both the management's business practices, as well as (where possible with client) operations at ground level such as at mine sites. Fortunately the Industry as a whole continues to strive to maintain acceptable standards, but in smaller mining operations one still needs to be vigilant that they are in fact being implemented.

The UNGC's principles are upheld by LCC in our ongoing work with children's charities in both developed and developing nations. Through our interactions with these organisations we continue to learn of unacceptable circumstances where children are forced into human trafficking & child labour, in direct conflict with Principle 1 – "Businesses should support and respect the protection of internationally proclaimed human rights."

We continue to investigate opportunities to partner with regional charitable organisations that focus on dealing with such issues - and expect to make additional donations to support suitable organisations in the coming 12 to 24 months.

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The most practical actions and outcomes are centred on discussion amongst employees and professional staff on a case by case basis to ensure that any potential Client has suitable standards in relation to these critical issues.

Over the years of Involvement with the UNGC we have noticed staff have become more aware of potential issues, and discuss them now on a regular basis in general conversation. We see this as a significant achievement - to have woven the UNGC principles into our business model.

## Practical actions and measurable outcomes

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### Labour

**Principle 3:** *Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;*

**Principle 4:** *the elimination of all forms of forced and compulsory labour;*

**Principle 5:** *the effective abolition of child labour; and*

**Principle 6:** *the elimination of discrimination in respect of employment and occupation.*

LCC continues to evolve its business practices to ensure that it only deals with organisations that have a demonstrated positive action in relation to Principles 3, 4, 5 and 6 of the UNGC or alternatively whose corporate leaders philosophically embrace those Principles where evidence of positive action is not readily available.

Additionally LCC periodically reviews its Employment Contracts for all staff in order to ensure that the firm's hiring policy also furthers our commitment to ensuring fair practice and the avoidance of discrimination in respect of employment and occupation in line with the Anti-Discrimination Act 1977.

LCC has continued its 'no securities trading policy' to ensure the highest ethical standards are maintained by all staff who handle and are enlisted with sensitive client information.

LCC is also vigilant of its client work practices to ensure, as far as possible, that no client LCC deals with breaches these principles. In particular clients whose business models are within (whole or part) the developing world.

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The most practical thing we do in this regard breaks down into the monitoring of the relationships we have as a service provider with our clients - and making sure that they in turn do not do anything that would trigger a negative "event" in relation to Principles 3,4,5 or 6.

We achieve this by regular monitoring of news and market releases by clients and the Industrial sectors within we work as a whole.



## Practical actions and measurable outcomes

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### Environment

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

LCC understands the importance of promoting greater environmental responsibility, and the development and diffusion of environmentally friendly technologies. Principles 8 and 9 of the UNGC provide LCC a good reference to these matters of global sustainability. Internally we continue to operate cloud base file management software which measurably reduces the amount of paper generation. The firm's Staff Orientation Guide communicates the importance of "paperless policies", encouraging staff to utilise the recyclable bin in-house whereby documents are destroyed of by a third party.

Documents are also scanned onto our cloud document management system for future reference and filing, as opposed to hard copy filing. We also, wherever possible, request from third party providers online invoices. The growing trend of communicating through digital channels and of organisation's opting to charge customers for hard-copy invoices, has made this decision both an effective environmental and economic one. We also use the same approach for our invoicing methods via email.

Making sure that our workplace employs current technologies allows a high level of energy efficiency. All computers are set to run with "sleep" and nightly "shut down" timers in place. This effectively cuts down on energy consumption.

LCC maintains strict in-house policies on the recycling of e-waste. The firm uses a high grade printer from Konica, the agreement of which includes the re-cycling of used printer cartridges and printer hardware. We also recycle computer hardware that have reached their end of life wherever possible. LCC has implemented new printing measures where all staff are to print non-client facing documents in "Greyscale/Toner SAVE Mode" as opposed to "Full Print Quality Mode". These printing measures have seen an 80% decrease in printing costs while also lengthening the life of ink cartridges and toners.

Our office location is in a building that is driven by it's commitment to sustainability. Primarily building management focuses on improving sustainability performance through management of resource consumption. Their environmental strategy aims to minimise the overall environmental impact of operations, both in the development of new properties and in the management and operation of existing properties.

LCC's office building has achieved a 4.5 star NABERS Energy rating and a 3.5 star average NABERS Water rating following the completion of the three year DEXUS NABERS Energy and NABERS Water Rating Improvement Program in 2012.



## Practical actions and measurable outcomes

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### Environment

When it comes to externally facing initiatives LCC has developed a strong professional services practice in the Renewables and Environmental Sector - which allows us to review and encourage various business models that are also in line with the UNGC principles. There are significant Innovations happening within this area, and we anticipate our work in such sectors will only increase.

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As a part of “future proofing” our planet we have strategically developed a professional services practice in the areas of Environment & Renewables. This has included positioning to service leading organisations in the sector, developing and publishing research on a regular basis and advocating the requirement for corporate focus on Issues of environment.

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### Anti-Corruption

**Principle 10:** *Businesses should work against corruption in all its forms, including extortion and bribery.*

During 2016 LCC has continued to evolve a simple but mandatory risk assessment process for each potential client engagement where threshold questions must be answered in order to satisfy LCC that the client both engages in good corporate practice and has a business model that is consistent with UNGC standards.

We have also strengthened our client engagement contracts to reinforce the requirements of high standards of corporate governance combined with requirements of transparency and anti-corruption practices in each and every client. In the Firm’s engagement letters we go further to referring to our UNGC involvement and suggesting to clients that they should consider joining the initiative as well.

LCC is a licensed financial services provider, holding a Financial Services Licence and is therefore ASIC compliant. The Firm’s Employment Contracts communicates a very strict no share trading policy that all Employees must adhere to. Given the sensitive nature of our work, this is a fundamental requirement. Our core business involves dealing directly with Boards and Senior executives. The UNGC directly addresses the role of corporate Boards in moving their companies towards sustainable practice policies. LCC is then challenged to ensure its ongoing commitment to the UNGC by choosing to work with CEO’s, Boards of Directors and Shareholders that promote a demonstrated respect for environmental, anti-corruption, labour and human rights policies that are in line with the UNGC.



## Summation

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In this annual Communication on Progress, LCC has described, explained and discussed the importance of the initiatives, practical actions and steps we have taken to enhance our commitment to the United Nations Global Compact during 2016/2017.

This has involved analysis, due diligence, introduction of policies and procedures and philanthropic initiatives within the areas of Human Rights, Labour, Environment and Anti-Corruption. We have incorporated the Ten Principles further into our corporate culture and firm identity through the continuation of support for various charitable organisations and initiatives supporting and working for children in our region suffering from incurable medical conditions, the plight of poverty, human rights abuses and lack of education. We continue to uphold ethical business practices and seek to work with individuals and organisations that also maintain and uphold these values. Our work across 2016/2017 has certainly been guided around the fundamental human right to equality and respect. This has been clearly demonstrated in LCC's Charitable Initiatives.



### About LCC Asia Pacific

*LCC is a trusted, independent securities dealer specialising in the delivery of strategic Mergers & Acquisitions advice. As a boutique corporate finance firm, LCC has expertise in guiding Boards of Directors and Shareholders through complex Mergers & Acquisitions and Corporate Strategy Engagements. LCC's approach to all engagements is based on both technical and economic fundamentals, and how these fundamentals translate into shareholder value.*

*LCC's core principles are based on the understanding that its purpose as a Firm is to deliver deal making expertise, innovative thinking, deep commercial and financial judgment, and clear independent advice.*



## LCC Community Focus

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LCC'S corporate social responsibility strategy has four focus areas;



### PHILANTHROPY

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LCC Asia Pacific seeks to support a number of charitable organisations each year – from grass roots through to mainstream. All of our “giving” and focus revolves around children – be that from a medical angle in treatment or in trying to improve the lives of children in positions of crisis.



### GOVERNANCE

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[unglobalcompact.org](http://unglobalcompact.org)

We are governed by our commitment as a signatory to the UN Global Compact. The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies to ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.



### ACADEMIA

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[bond.edu.au](http://bond.edu.au)

LCC and Bond University has established a relationship around the importance of success, academic integrity and outstanding performance. To this end, LCC has sponsored various faculty awards in both the Business and Law Schools.



### SPORT

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[lccapacsailing.com.au](http://lccapacsailing.com.au)

LCC has sponsored 12 and 16ft skiffs in Sydney, over numerous sailing seasons and championships. In partnership with Variety the Children's Charity, Nicholas Assef proudly supported the Variety Port Jackson 12ft Skiff Championships. This event marked the launch of a series of projects committed to raising support for Alopecia Areata, which is a medical condition of which there is no known cure.





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