



LORDS LB
Asset Management

LORDS LB ASSET MANAGEMENT UAB

2019-2020

Corporate Social Responsibility Report



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

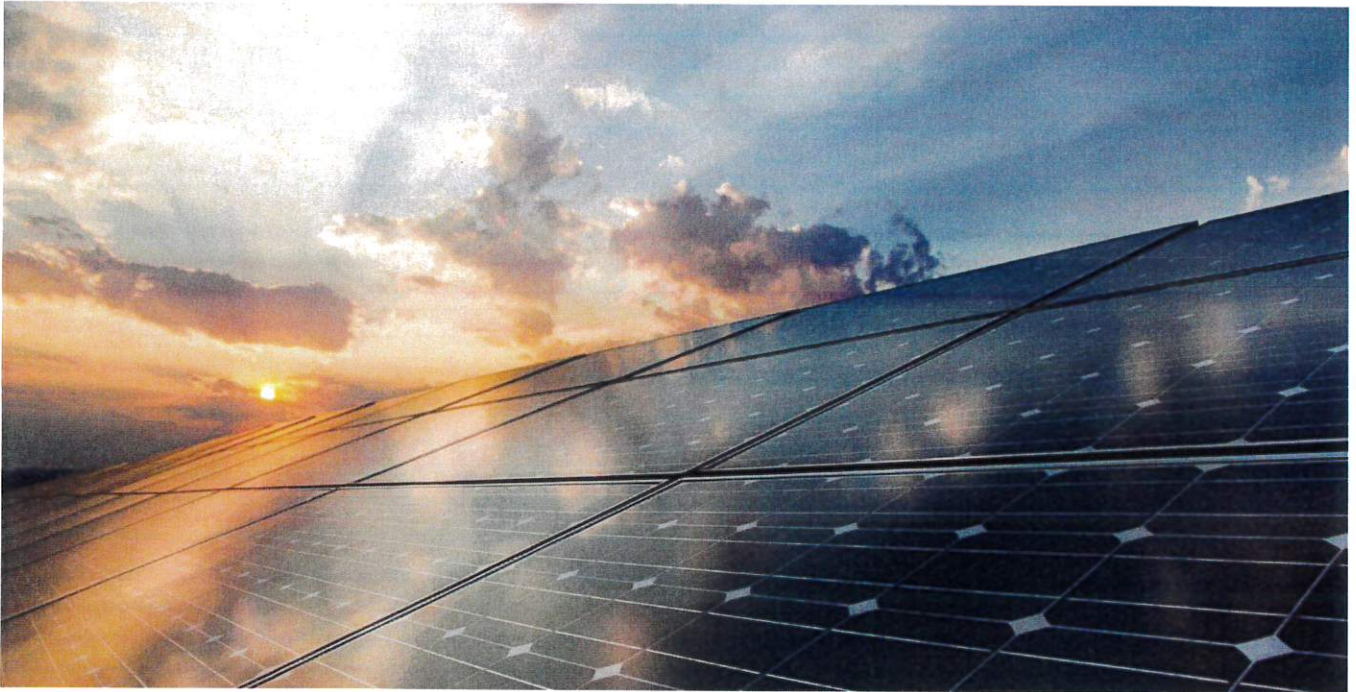


FOREWORD BY THE COMPANY HEAD

Lords LB Asset Management UAB participates in the United Nations Global Compact initiative since 17 April 2015. We are pleased to reaffirm our support for the 10 Principles of the United Nations Global Compact in the areas of human rights, labour relations, environmental protection and the fight against corruption. These principles guide our activities and are an essential part of the Management Company's culture, day-to-day operations and operational policy.

In this report, we provide specific examples and actions for the integration of these principles into the activities of Lords LB Asset Management UAB.

Yours respectfully,
Vilma Tvaronavičienė
Lords LB Asset Management UAB
CEO



10 Principles of the United Nations Global Compact

Human rights

Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights in their influence.

Principle 2 Making sure that they are not complicit in human rights abuses.

Rights of employees

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

Principle 4 Businesses should seek the elimination of all forms of forced and compulsory labour.

Principle 5 Business should seek the effective abolition of child labour.

Principle 6 Businesses should seek the elimination of discrimination in respect of employment and occupation.

Environmental protection

Principle 7 Businesses should support a precautionary approach to environmental challenges.

Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

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



LORDS LB ASSET MANAGEMENT

Lords LB Asset Management UAB (hereinafter – the **Management Company**) is an investment management company licensed by the Bank of Lithuania, working with institutional clients and private investors managing high value assets. The Management Company was incorporated in 2008 and establishes and manages real estate, private equity and infrastructure collective investment undertakings under the right of trust. In total, the Management Company manages the following collective investment undertakings: 12 real estate funds, 2 private equity funds, 1 energy and infrastructure fund, 1 renewable energy infrastructure investment company and 1 real estate investment company (hereinafter - the **Funds**). The total value of assets managed by the Funds amounted to 660 million euro at the end of December 2020. The activities of the Management Company are licensed and supervised by the Bank of Lithuania and audited by KPMG. The Company's Fund depositories are SEB Bankas AB, Swedbank AB and Šiaulių Bankas, AB.



HUMAN RIGHTS

The Management Company notes and ensures that all persons working in the Management Company or in the companies belonging to the Funds managed by it are legally employed in accordance with the laws of the Republic of Lithuania or the respective country.

The employment relationships in the Management Company are based on the following principles:

- Trust, respect and honesty;
- High work quality standards;
- Dynamics and operational efficiency;
- Operational transparency; and
- Independence from political parties.

The Management Company respects the protection of human rights and ensures that its activities and the activities of the Funds it manages do not contribute to human rights violations. Various events are organised in the real estate objects managed by the company in order to reduce social exclusion and discrimination. Among them:

- Contribution to the initiative of the Vilnius City Municipality "Gift to Vilnius" – installation of an interactive fountain on Lukiškės Square donated to Vilnius City;
- Furniture donations provided to the following organisations: Nemenčinė Disability Day Employment Centre, Širvintos District Police Commissariat, Švenčionys District Police Commissariat, Vilnius Chief Police Commissariat, Šalčininkai District Police Commissariat, and Aukštadvaris Gymnasium;
- Support was provided for the needs of COVID-19 patients at the Santara Clinic of Infectious Diseases;
- Support allocated for the following organisations: Mes Esame VŠĮ (We Are), a day centre for the disabled, organising vocational training and employment for adults, Mamų Unija VŠĮ

(Mothers' Union), a charity organisation for children with oncological diseases, Jaunimo Linija VŠJ (Youth Line), psychological assistance for young people via the phone;

- Premises and furniture were provided to the organisers of KPMG Christmas Support Fair 2019, during which funds were raised for various support and charity organisations;
- COVID-19 risk management measures were implemented and promoted in real estate objects managed by the Funds (especially in supermarkets);
- A container for donating clothes to charity has been installed in one of the supermarkets owned by the Fund managed by the Management Company.

The Management Company complies with all the requirements of the laws and legal acts of the Republic of Lithuania, therefore, the Management Company has not received any complaints regarding human rights violations during its time of existence.



EMPLOYEES

The activities of the management company are aimed at ensuring high quality of working conditions, promoting a healthy working environment and cooperation among employees.

It is ensured that employees have direct access to the managers of the Management Company – they can submit issues of concern to the Board of the Management Company for the consideration at the Board meeting, which takes place at least once a week.

Since 2018, the Management Company has an active labour council, which has the following rights:

- To participate in information, consultation and other participation procedures in which employees and their representatives are involved in the employers' decision-making;
- To submit proposals to the employer regarding economic, social and labour issues, decisions of the employer relevant to the employees, and implementation of labour law standards;
- To initiate a collective labour dispute regarding the law, if the employer does not comply with the requirements of labour law standards or agreements between the labour council and the employer;
- If necessary, to discuss important economic, social and labour issues of the employer's employees, to convene a general meeting of the employer's or workplace employees.

On the last Friday of each month, a Lords LB lunch is organised, during which employees have lunch together, share their work practice and experience, relevant information and talk about news in their fields of work.

Several times a year, in order to strengthen the friendly working atmosphere, internal events are organised, such as common dinners, trips, and other events.

The Management Company provides all opportunities for employees to participate in trainings and conferences, develop their skills, realise their ideas and improve. It is ensured that only duly

qualified and experienced persons of impeccable reputation are hired by Lords LB Asset Management UAB.

Lords LB Asset Management UAB ensures a work environment with equal opportunities. The ratio of women to men working in the Management Company is about 40:60 percent. No manifestations of harassment or discrimination related to employment practices have been reported in the Management Company.



ENVIRONMENTAL PROTECTION

The Management Company draws its employees to the necessity to protect the environment, act in line with environmental quality standards and conserve natural resources. The Management Company seeks to develop and manage sustainable and environmentally friendly facilities and contributes to various environmental projects.

- The Management Company sorts the secondary raw materials: paper is disposed into a paper container and glass into a glass waste container. This contributes to the protection of the environment and conservation of natural resources;
- The Management Company uses LED lamps instead of ordinary light bulbs;
- The paper costs are reduced, i.e., care is taken not to print low-value material, e-mails, etc., and paper sheets with unnecessary information is used for notes. A document shredder is provided in the Management Company, which is used by all employees; the Board meetings are held in an electronic format without printing the information on paper;
- All empty printer cartridges are collected and returned to the service provider for refilling;
- Used batteries are collected for recycling and delivered to collection points;
- Transfer of all data of the Management Company to cloud servers is in the process of development;
- All obsolete used equipment in the activities of the Management Company is replaced with a new equipment, which requires less resources to ensure the operation (mobile phones, updated computers, etc.);
- Computers and tablets are used during the meetings of the Management Company – as few paper documents as possible are used.

In 2019, the Management Company approved the Environmental, Social and Governance Policy in accordance with the United Nations Principles for Responsible Investment. In accordance with this policy, the Funds managed by the Management Company seek to follow the principles of environmental, social and sustainable management policy when investing and managing their investments. This policy also defines a list of exceptions – controversial sectors in which the Funds managed by the Management Company do not invest.

In 2019, a new real estate investment fund established by the Management Company was launched, the aim of which is to create a portfolio of environmentally friendly, sustainable and certified real estate with a medium risk and return balance, and covering assets that are already sustainable and/or upgradeable, where both physical and operational efficiency change actions can be taken while maintaining the stable income flows necessary for the fund's operations at the portfolio level.

In 2020, one of the real estate investment funds managed by the Management Company completed the Class A office complex, which was launched in 2016, and in the summer of 2020 it was successfully occupied by the only tenant of the building, SEB Bankas, which opened its doors to customers in August of the same year. It is the first and so far the only building in the Baltic States to be awarded by highest-level international certificate for sustainable buildings – BREEAM Outstanding. Other real estate objects developed by the Funds managed by the Management Company also seek the highest ratings and certificates in the field of sustainability.

Since the end of 2020, the Management Company is managing an investment company investing in renewable energy infrastructure, which develops solar and wind farms in Lithuania, Latvia, Estonia and Poland. The Management Company seeks to expand investments in renewable energy projects in order to contribute to a better quality of life, the reduction of greenhouse gas emissions and fight against climate change.

ANTI-CORRUPTION

When providing management services to collective investment undertakings, the Management Company pays great attention to ensuring fair, just and professional activities. The Management Company and the Funds managed by it operate in accordance with the policies and procedures for the conflicts of interest management, inducements, prevention of money laundering and terrorist financing, investment decision-making and other policies approved by the Board. The Management Company has independent compliance and risk management functions that report directly to the management bodies of the Management Company.

In providing services, the Management Company operates on the principle of “know your client” and works with investors whose funds and assets have been legally acquired and lawfulness of which is beyond doubt. Moreover, prior to concluding transactions with clients and periodically after conclusion thereof, the Management Company verifies the data of investors against the international lists of sanctions, terrorism and politically exposes persons. The risk that a person involved in money laundering or terrorist financing will become a client of the Management Company is lower than in other financial institutions, as the only activity of the Management Company is the management of collective investment undertakings, and the managed collective investment undertakings are closed-ended. Clients’ monetary transactions are rare, no cash is used for transactions, clients’ money invested in the Funds is managed by the Management Company, money in Funds managed by the Management Company is deposited or credited to clients to/from the accounts of the credit institutions and/or payment service providers (usually operating in Lithuania or other Member States of the European Union), all operations are also controlled by the bank providing depository services to the respective Fund – SEB Bankas AB, Swedbank AB and Šiaulių Bankas AB.

The Management Company’s procedure for anti-money laundering and terrorist financing is periodically reviewed and updated. The Management Company has appointed a person responsible for the implementation of AML/TF prevention (compliance officer), who periodically submits reports on the implementation of AML/TF prevention to the Board of the Management Company. In 2020, the person appointed responsible for the AML/TF prevention has obtained the internationally recognised ACAMS-Audit qualification certificate and is continuously updating professional knowledge by participating in the training provided by the ACAMS organisation. A member of the Management Company’s Board has also been responsible for the prevention of money laundering.

Training on the topic of prevention of money laundering and terrorist financing is organised for the staff of the Management Company at least once a year by the specialists from the Financial Crime Investigation Service or a compliance officer.

The Management Company values accountability and integrity and adheres to the highest ethical standards in its operations. It has established an autonomous breach reporting channel through which employees, clients or other persons can report possible cases of unethical or illegal conduct. The Management Company shall ensure that such notifications are examined by the responsible persons of the Management Company in a confidential manner.

