

# How we invest sustainably for you

## Sustainability out of conviction

With our sustainability approach, we actively work to address the urgent challenges facing humanity, such as climate change.

As a signatory to the Principles for Responsible Investment, we are committed to making a valuable contribution to sustainability as investors. Through our investment decisions, we can guide the capital costs of companies as well as the financing options for long-term sustainable investments.

In our selection of sustainable investments, we rely on a systematic and methodically comprehensive process. This process combines negative exclusion and positive selection criteria relating to sustainability, building the important bridge between the sustainable side and the fundamental economic side.

Like any other investor, sustainable investors seek a competitive financial risk / return combination for their investments. We are convinced that sustainable portfolios are at least equal to traditional portfolios in terms of performance.

«This allows our investors to invest using a well-balanced sustainability approach and to implement ethical values in their investments without sacrificing returns. Also from a sustainability perspective, we enable our clients to make global and broadly diversified investments, relying on our expertise».

**Markus Wiedemann**  
Chief Investment Officer of the LLB



## Core elements

We invest exclusively in companies that meet our high sustainability requirements and our strict selection criteria. This is reflected in the three core elements of our sustainability approach.



### Showing responsibility

Controversial corporate behaviour can lead to unexpected risks. We exclude investments in companies that violate defined international or national standards or generate more than 10 % of their turnover in controversial industries. We also exclude all companies with serious controversies – i.e. with an ESG score of «red» (red flag).

Controversial industries include:  
tobacco, military weapons, gambling,  
pornography, thermal coal, shale oil  
and gas.



### Promoting sustainability

In addition to the risk dimension, sustainability analyses always also provide information about return potentials. For our investment universe, we accept only companies that give substantial consideration to the three ESG sustainability factors (environmental, social, and governance), demonstrating above-average sustainability within their industry.



### Exerting influence and making an impact

Through our investment decisions and by exercising our own shareholder rights, we can encourage companies to exercise their responsibility on behalf of society and the environment. To implement our active ownership strategy, we have developed a voting and engagement selection process and actively exchange views with other asset managers and owners on voting and engagement.

## Consideration of the Principal Adverse Impacts on sustainability

As part of our sustainability approach, we strive to minimise the adverse impact of our investment decisions on sustainability factors. These impacts on sustainability are referred to as Principal Adverse Impacts (PAIs).

Before investing, we conduct careful and transparent due diligence, and we take into account what we consider to be material ESG risks and opportunities alongside all other key indicators on financial instruments. This due diligence generally includes all selected key indicators such as carbon emissions, human rights, labour rights, and violations of internationally recognised standards.

If our analysis and professional judgement indicate that an investment has a significant negative impact on our portfolios, our investment teams adjust the exposure accordingly.

## Consistent application

We apply our sustainability approach equally to all asset classes. We implement it in various products such as investment funds as well as in portfolio management and advisory mandates. Our sustainable recommendation and selection lists for equities and bonds are also based on this approach. Our range is supplemented by sustainable third-party fund recommendations.

For third-party funds, we base our qualitative analysis on information from the reporting<sup>1</sup> of the target funds and on all other information from the third-party fund manager that allows conclusions to be drawn on the implementation of the issue in the target fund.

<sup>1</sup> Resulting from the EU Sustainable Finance Disclosure Regulation (SFDR) on investment funds with a classification according to Article 8 or 9.

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