



## Environmental, Social and Governance Policy

### 1. GENERAL PROVISIONS

#### 1.1. Purpose and definitions

- 1.1.1. This Environmental, Social and Governance Policy (the '**Policy**') of LTL Credit Union (the 'LTL') defines the key Environmental, Social and Governance ('ESG') framework and principles applied at the LTL.
- 1.1.2. The purpose of the implementation of this Policy shall be to promote consistent application of ESG principles across the LTL's activities for the benefit of the LTL's stakeholders and broader society, as well as to capture business opportunities presented by ESG and enable improved ESG risk management.
- 1.1.3. The Policy shall be binding on the LTL's governance and executive bodies, employees of the LTL and other parties who act as authorised persons and/or representatives of the LTL.
- 1.1.4. The terms used in this Policy, unless otherwise noted, shall be defined as follows:
  - 1.1.4.1. ESG principles – the environmental, social and governance principles the LTL follows that aim at contributing to sustainable development, identifying potential new business opportunities and identifying and assessing risks;
  - 1.1.4.2. European Union Green Deal – a high-level strategic roadmap developed by the European Union ('EU') that aims to create a climate neutral European continent by 2050. It includes a package of policies spanning all major areas of the EU economy, industry and finance;
  - 1.1.4.3. Paris Agreement – an international agreement reached in 2015 which designates a commitment of the ratifying countries (including the EU) to limit global warming to well below 2°C and pursuing efforts to limit it to 1.5°C compared to the pre-industrial era;
  - 1.1.4.4. Sustainable development – development that promotes the use of environmental, social and economic resources in such a way that meets the needs of the present without compromising the ability of the future generations to meet their needs;
  - 1.1.4.5. Sustainable Development Goals ('SDGs') - The 17 global goals adopted by the United Nations General Assembly in 2015 which describe the areas of sustainable development needed to tackle by 2030 in order to achieve prosperity and peace for people and planet;
  - 1.1.4.6. United Nations Global Compact ('UNGC') – a voluntary commitment of businesses to a set of 10 principles representing corporate responsibility in the areas of anti-corruption, labour, human rights, and the environment.

### 2. MAIN ESG PRINCIPLES

- 2.1. The LTL shall aim to reduce its potential negative impact on sustainable development and maximise its positive impact on sustainable development and the SDGs.
- 2.2. The LTL shall build and maintain an environmentally and socially responsible organisation that follows high ethical business practices, consistently improves its corporate governance practices and maintains the principles of the UNGC.
- 2.3. The LTL shall adhere to the following **environmental principles**:
  - 2.3.1. The LTL shall adopt a precautionary approach to environmental issues;
  - 2.3.2. The LTL shall undertake initiatives to promote greater environmental responsibility and environmental awareness among employees, including more efficient resource use in its daily operations;
  - 2.3.3. The LTL shall seek to contribute positively, and, at a minimum, to do no harm to the environmental objectives developed in connection with the Paris Agreement and the EU Green



Deal, specifically, but not limited to, climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems;

- 2.3.4. The LTL shall recognize the risks and opportunities posed by climate change and will seek to take them into account in its operations.
- 2.4. The LTL shall respect the **social principles** enshrined in the fundamental conventions of the International Labour Organisation and the Charter of Fundamental Rights of the European Union. This includes but is not limited to:
  - 2.4.1. The LTL shall not tolerate any forms of forced and compulsory labour;
  - 2.4.2. The LTL shall not tolerate any forms of child labour;
  - 2.4.3. The LTL shall uphold the freedom of association and the right of collective bargaining;
  - 2.4.4. The LTL shall respect and protect internationally proclaimed human rights in its own business operations as well as along the supply chain, set relevant terms on the LTL's management and employees, suppliers and business partners, review their performance and raises human rights awareness;
  - 2.4.5. The LTL shall promote equal opportunities and creates an environment where all employees can realise their potential based on shared values, cultural diversity, gender, race and other equality. The LTL shall not discriminate its employees on the basis of their sex, race, nationality, citizenship, language, origin, social status, religion, convictions or beliefs, age, sexual orientation, disability, health, ethnicity, membership in a political party or association, religion, familial or marital status, and any other personal qualities or characteristics not relevant to the performance of their job duties;
  - 2.4.6. The members of the LTL's governance and management bodies and employees shall adhere to the principles of non-discrimination and respect for equal opportunities in their daily activities and in interactions with internal and external stakeholders;
  - 2.4.7. The LTL shall not tolerate any conduct by employees that jeopardises the safety of the workplace and the physical or mental well-being of other employees or members of the public;
  - 2.4.8. The LTL shall apply high standards and best practices in the area of inclusivity, respect and protection of human rights.
- 2.5. The LTL shall strive to implement **good corporate governance principles** that can strengthen its business resilience through improved risk management, mutual trust-based business and customer relationships. Some of these governance principles include but are not limited to:
  - 2.5.1. The LTL shall ensure the privacy and data security of personal financial data;
  - 2.5.2. The LTL shall promote business transparency, shall not tolerate any forms of corruption, bribery, extortion, fraud and money laundering;
  - 2.5.3. The LTL shall observe fair and transparent tax practices;
  - 2.5.4. The LTL shall seek to expand the accessibility of its services to facilitate the goals of society's economic development, shall apply transparent marketing and labelling practices of its financial products, and promote principles of responsible lending;
  - 2.5.5. The LTL expects the members of its governance and management bodies as well as its employees to act with integrity in their business dealings and apply the highest standards of ethical conduct.