LINGNAN UNIVERSITY

Environmental, Social, and Governance ("ESG") Investment Policy

1. ESG investing is the consideration of environmental, social, and governance factors, alongside traditional investment factors in the investment process. This complements traditional analyses on financial statements, industry trends, and other fundamentals of the companies. Firms that adhere to environmental efficiency, social awareness, and high governance standards are well-positioned to stand against risks and capture new opportunities. Thus, the inclusion of ESG metrics in the traditional investment analysis and decision-making process would enhance returns in the longer term.

2. The University's portfolio is largely invested through the subscription of mutual funds managed by external investment managers, and each fund will have its own ESG policies.

3. The University will require investment managers to report at least on an annual basis how ESG is integrated into their investment process with well-documented evidence, such as the ESG ratings given by external parties.

4. For the self-managed portfolios, i.e. the HK stock portfolio and the bond portfolio, to foster a healthy community and a low-carbon society, the University shall avoid investing in the following industries:

   (a) tabacco;
   (b) alcoholic liquor;
   (c) gambling/casino;
   (d) fossil fuels-reliant businesses; and
   (e) armaments.