



Long-held commitment to ESG issues

LGT Capital Partners (LGT CP) has a long-held commitment to incorporating environmental, social and governance (ESG) considerations into its client programs and its business overall. Since 2003, many of our programs have had a responsible investment clause written into their governing documents, authorizing us to exclude investments that are substantially exposed to arms-related activities, violations of human rights, irresponsible treatment of the natural environment or other non-ethical conduct of business. Furthermore, the firm was among the first alternative investment managers to set up client programs as regulated structures in Ireland and Luxembourg, which have high standards of corporate governance. In 2009, LGT CP launched its dedicated sustainable bond and equity offerings. In addition, the firm has been a signatory to the Principles for Responsible Investment (PRI) since 2008, and it participates in CDP and Eurosif. The firm became a signatory to the Montreal Carbon Pledge in 2016.



ESG in our investment and monitoring process

Consideration of ESG issues is an integral part of our investment process, which we have developed to align with the UN's six Principles for Responsible Investment (PRI). Our investment teams are responsible for taking into account ESG considerations when performing due diligence on investments. Any opportunity that is pursued will have been vetted for such issues. These assessments form an important input for the portfolio manager and into the discussions held by the investment committee in reaching a decision whether to invest. We then monitor our portfolios for a wide range of risks, including those related to ESG, and we engage with managers by offering advice on further ESG integration. In addition, we conduct bespoke monitoring for certain clients to confirm compliance with their specific ethical frameworks.

Industry engagement

- Signatory to PRI, CDP and Montreal Carbon Pledge
- Member of Eurosif
- Partner with GES

Investment process

- Aligned with PRI
- ESG part of every investment decision

Team resources

- Designated ESG officers
- ESG committee

Commitment

- Business is carbon neutral
- Support for LGT Venture Philanthropy

Adherence to international conventions on controversial weapons

In addition to completing our own ESG analysis, we partner with Global Engagement Services (GES) and apply their guidelines to avoid exposure to companies involved in the manufacture, storage or transportation of controversial weapons, such as land mines, cluster bombs/munitions and biological, nuclear and chemical weapons. The partnership enables LGT CP to develop portfolios that comply with international conventions on these weapons.



Embedding ESG into our business

At LGT CP, we are committed to embedding ESG principles within our organization, in line with the expectations we place on our underlying managers. This includes:

Environment

- Have reduced LGT's carbon footprint by 30% since 2010, when the firm became carbon neutral. Offset emissions by supporting a small-scale hydropower project in Honduras
- Committed to reducing our carbon footprint further through energy efficiency measures and the purchase of renewable energy
- Procurement of materials produced in an environmentally and socially responsible manner using LGT's systematic supplier risk management framework

Social

- LGT Impact and LGT Venture Philanthropy – two initiatives aimed at growing enterprises that improve the quality of life of less advantaged people around the world
- LGT Employee Volunteering Program – supports employees who wish to volunteer their time locally to help less advantaged people in their own community
- Collaborative work culture – committed to maintaining a flat organizational structure that encourages the free exchange of ideas and people taking ownership of issues

Governance

- Although a privately held company, LGT Group is committed to transparency and makes its audited accounts publicly available through an annual report
- Employees are bound by a written code of conduct that puts client interests first and ensures high ethical standards
- Well-defined separation of powers is built into the governance structure, with appropriate checks and balances between the board of trustees and various company management boards

Team resources

LGT CP commits significant team resources to ensuring that its business and portfolios adhere to high ESG standards. Towards this end:

- Designated ESG officers promote and coordinate best practice within the firm
- An ESG Committee and its subcommittees coordinate the development of policies and procedures across investment management, reporting and client service
- Two managing partners provide strategic direction for the firm's ESG initiatives and represent this strategy on the firm's executive management team
- Our investment teams are responsible for considering ESG issues when performing due diligence on investment opportunities

About us

LGT CP is a leading alternative investment specialist with USD 55 billion in assets under management and more than 450 institutional clients in 37 countries. A large, international team is responsible for managing a wide range of investment programs focusing on private markets, liquid alternatives and multi-asset class solutions. Headquartered in Pfaeffikon (SZ), Switzerland, the firm has offices in New York, Dublin, London, Paris, Vaduz, Dubai, Beijing, Hong Kong, Tokyo and Sydney.