



Information Statement on our Policy on the Consideration of Principal Adverse Impacts of Investment Decisions on Sustainability Factors

Sustainable Finance Transparency

The European Union has introduced a series of legal measures (the primary one being the Sustainable Finance Disclosures Regulation (Regulation (EU) 2019/2088), "SFDR") requiring firms that manage investment funds to provide transparency on how they integrate sustainability considerations into the investment process with respect to the investment funds they manage.

This information statement has been prepared for the purpose of meeting the disclosure requirements in Article 4 of SFDR, that is, specifically, the disclosure requirements applicable to us as a firm with regard to whether/how we consider principal adverse impacts of investment decisions on sustainability factors.

Please note that the regulatory technical standards ("RTS") which specify the details of the content, methodologies and presentation of the information to be disclosed under Article 4 of SFDR have been delayed and will not be issued when the relevant disclosure obligations in SFDR become effective.

Moreover, please note that the European Commission has recommended that from the effective date of SFDR, firms are recommended to comply with the specific disclosure obligations in SFDR that are reliant on RTS on the basis of a high-level, principles-based approach.

Our aim is to adhere to applicable disclosure obligations and issue this information statement as a means of achieving this objective. It is expected that this Information Statement will be reviewed and updated as deemed appropriate.

Our Approach to Sustainable Investment

At LGT Capital Partners and/or its affiliates ("LGT CP"), we believe that investors and asset managers that invest on their behalf, have a responsibility to make their investments in a way that effectively supports a sustainable society. At the core of our commitment to help our clients achieve their financial objectives is the conviction that this can be achieved by investing responsibly.

We value the importance of integrating Environmental, Social and Governance ("ESG") factors into our investment and risk processes and fundamentally believe that this is aligned with the aim of achieving long-term positive financial performance for our investors. We also recognize and value the fact that this will also support the better functioning of companies we invest in, enhancing behavior in a wide range of markets and industries, and having a positive societal impact beyond the financial markets.

What is a Sustainability Risk?

In this context, a sustainability risk is considered an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

Information Regarding the Consideration of Principal Adverse Impacts of Investment Decisions on Sustainability Factors

Principal adverse impacts ("PAI") are understood as the impacts of investment decisions that result in negative effects on sustainability factors. Sustainability factors mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

We use best-efforts to identify and consider PAIs when we make investment decisions. For many products in the public and listed domain this is possible. However, for certain products, for example in private markets, this can be more challenging due to low data availability and/ or quality. Such prevailing reasons would be specified in applicable documentation. Where we do not consider PAIs for a specific product, we still would include such product in our entity-level attestation and aggregation of PAI to ensure commentary and transparency at each respective level.

Our investment due diligence process involves reviewing and evaluating a range of ESG factors prior to purchasing an instrument or security, seeking to identify securities benefitting from ESG trends and avoid those with underappreciated risks. We generally consider ESG factors where we select external managers as well.

We consider whether companies we invest in contribute negatively to environmental objectives (such as climate change mitigation, climate change adaptation, and pollution prevention and control) or social objectives (such as corporate stewardship, human or labor rights controversies, anti-corruption and anti-bribery), which already form a portion of the mandatory PAI indicators. We also consider whether companies we invest in contribute positively to environmental objectives or social objectives (such as tackling inequality, fostering social cohesion, social integration and labor relations, or an investment in human capital or economically or socially disadvantaged communities).

When investing in sovereign bonds, we consider environmental objectives, such as CO₂ intensity as well as social objectives, such as corruption levels or public spending for education.

In addition, we apply certain firm-wide exclusions regardless of asset class or a product's ESG aim. These include the exclusion of companies engaged in controversial weapons, thermal coal production or power generation from thermal coal.

Where strategies have a dedicated ESG or impact remit, additional criteria and exclusions apply which are specified in pre-contractual documentation for each respective product. Our portfolios are systematically monitored based on their respective ESG criteria and ongoing news flow to factor in any changes to our assessment. One example, is a controversy alert or sudden drop in the ESG assessment, which allows us to identify any negative developments in a timely manner.

Depending on the situation, this would result in engagement, voting against a company through proxy voting or ultimately divestment. We might also be invested in companies that do not perform well on certain ESG aspects, but are on track to implement changes to improve on these areas. We typically also engage with these companies to gain a better understanding of processes implemented and the current state regarding these topics.

For our investment activities with third-party managers, we monitor the ESG risks of our fund investments as part of our overall monitoring process. LGT CP conducts regular monitoring calls with fund managers in order to discuss a range of issues related to the partnerships, including ESG risks. The aim is to ensure the manager's continued adherence to its own or external ESG guidelines and continued improvement of practice. Issues addressed during monitoring are logged into an ESG assessment template. Particularly in private markets, we also monitor individual portfolio companies for ESG controversies by leveraging a solution that tracks in real time more than 80,000 independent information sources in 20 languages. This enables us to engage with managers on ESG on a well-informed basis, as well as offer advice on further ESG integration.

We engage with companies as part of our investment due diligence and to clarify or express concerns over potential environmental, social or governance issues at company or at industry level.

We aim to achieve a constructive dialogue between investors and investee companies to discuss companies':

- views on specific ESG-related negative events, measures taken to improve companies' practices, follow up actions to remedy the situation;
- management of ESG risks and business opportunities associated with sustainability challenges;
- enhanced disclosure of ESG-related information, data and practices. We specifically encourage companies to disclose more relevant information and environmental-related metrics by adapting to internationally well-respected reporting standards such as the Global Reporting Initiative ("GRI") or the Task Force on Climate-Related Financial Disclosure ("TCFD").

A more complete description of these activities can be found in our SRD II¹ Shareholder Engagement Policy, which can be found here: www.lgtcp.com/en/regulatory-information.

We adhere to business conduct rules and international standards including the Principles for Responsible Investment ("PRI"), the United Nations Global Compact ("UNGC"), United Nations Universal Declaration of Human Rights ("UDHR"), and the OECD Principles of Corporate Governance.

¹ Regulations transposing the second Shareholders' Rights Directive EU/2017/828 ("SRD II").

Further Information

This Information Statement is issued for informational purposes only. This Information Statement is not intended as investment advice and is not an offer or a recommendation about managing or investing assets and should not be used as the basis for any investment decision. The information contained herein is current as of the date of issuance and is subject to change without notice. We do not make any express or implied warranties or representations as to the completeness or accuracy or accept responsibility for errors. No risk management technique can guarantee the mitigation or elimination of risk in any market environment. Past performance is not a guarantee or a reliable indicator of future results and an investment could lose value. All investments involve risk, including the possible loss of capital. Before investing in a particular fund, a prospective investor should read the relevant fund prospectus and should understand the risks, costs and terms of investment in that particular fund.

Important Information

This information material was issued by LGT Capital Partners Ltd., Schützenstrasse 6, CH-8808 Pfäffikon, Switzerland and/or its affiliates (hereafter "LGT CP") with all reasonable care and to the best of its knowledge and belief. LGT CP provides no guarantee with regard to its content and completeness and does not accept any liability for losses which might arise from making use of this information. The opinions expressed in this document are those of LGT CP at the time of writing and are subject to change at any time without notice. If nothing is indicated to the contrary, all figures are unaudited. This document is provided for information purposes only and is for the exclusive use of the recipient. It does not constitute an offer or a recommendation to buy or sell financial instruments or services and does not release the recipient from exercising his/her own judgment. The recipient is in particular recommended to check that the information provided is in line with his/her own circumstances with regard to any legal, regulatory, tax or other consequences, if necessary with the help of a professional advisor. This document may not be reproduced either in part or in full without the written permission of LGT CP. It is not intended for persons who, due to their nationality, place of residence, or any other reason are not permitted access to such information under local law. Neither this information material nor any copy thereof may be sent, taken into or distributed in the United States or to U. S. persons. Every investment involves risk, especially with regard to fluctuations in value and return. Investments in foreign currencies involve the additional risk that the foreign currency might lose value against the investor's reference currency. It should be noted that historical returns and financial market scenarios are no guarantee of future performance.

This Information Statement is accurate as at: October 10, 2022.