



Information Statement on our Policy on the Integration of Sustainability Risks in the Investment Decision-Making Process

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.

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 invest in a way that their investments effectively support 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.

Information on how we integrate sustainability into our Investment Decision-Making Process

As part of the process to undertake appropriate due diligence on investments, consistent with our approach to sustainable investing (as outlined above), we will generally conduct a level of research on each company or issuer we invest in, which will give us an understanding of the company or issuer. This includes a consideration of fundamental and quantitative elements such as financial position, revenue, capital structure etc. At the same time, we aim to minimize the negative impact of our investments on the Sustainable Development Goals ("SDGs"). Towards this end, we assess and manage relevant financial risks stemming from climate change, resource depletion, environmental degradation and social harm. This can result in the exclusion of certain business activities and sectors from our investment solutions. Exclusions vary from zero-tolerance issues, such as child labor and controversial weapons, to sensitive business activities that require additional investment scrutiny. The latter includes natural resources (such as coal, oil and gas) and certain entertainment services and consumer goods. We apply a basic set of exclusions across all of our portfolios.

We further consider a company's or issuer's operations, its products and services and potential ESG controversies.

We recognize the importance of integrating these ESG factors and this sustainability risk assessment into our investment research process and our risk management process – both initially and on an ongoing basis for the duration of the period we hold an investment or pursue a particular investment strategy. We therefore continuously refine our ESG process and in particular our sophisticated proprietary ESG tool, the LGT CP ESG Cockpit.

Our proprietary ESG screening tool draws on publicly available raw ESG data from well-established information providers. This data is then processed by the tool using a range of proprietary Key Performance Indicators ("KPIs") and combined with the analysis of the sector specialists. This enables us to assess the ESG performance of companies expressed in a numerical ESG score. The tool is also applied to implement sector exclusions and to measure the ESG performance of aggregate portfolios relative to a benchmark or reference portfolio. The LGT CP ESG Cockpit is also used to analyze the ESG profile of our direct ILS business.

For our investment activities with third-party managers, i.e. private markets and hedge funds, the consideration of ESG issues is also an integral part of our investment due diligence process. We have developed the process to align with the UN's six Principles for Responsible Investment (PRI). LGT CP takes a holistic approach to ESG considerations, which largely avoids formal screens and concentrates instead on selecting the best managers that share our commitment to high standards on ESG issues. Our due diligence process seeks to assess managers' overall commitment to ESG and the sophistication of their approach, so we examine whether the manager has institutionalized ESG processes in place and whether they have a willingness or plans to improve in this area.

Any opportunity that is recommended to our Investment Committee ("IC") for approval will have been reviewed for ESG issues. These assessments form an important input into the discussions held by the IC in order to determine whether to invest or not. Particularly in private markets, we monitor our portfolio companies for ESG controversies with a solution that tracks in real time more than 80,000 independent information sources in 20 languages. This enables us to engage with managers regarding ESG matters on a well-informed basis, as well as to offer advice on further ESG integration. We also conduct bespoke monitoring for certain clients to ensure compliance with their specific ethical frameworks. We recognize the dynamic development of ESG in the financial industry, which is why we follow developments closely and adapt our investment policies and processes accordingly. As part of our ESG integration activities for various portfolios, we analyze the impact of our investments on the SDGs and use the SDGs as indicators to identify positive and negative impacts of an investment on sustainable social, environmental and economic development.

In respect of each investment fund, our investment approach and decision-making processes are based on clearly defined investment objectives, investment policies, investment strategy, investment restrictions and risk management parameters, as contained in the respective offering documentation.

For more details, please refer to the investment strategy of the relevant investment fund as set out in the offering documentation and associated investor materials.

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

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