LGT CAPITAL PARTNERS

ESG Report 2025

Marketing material

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SSE – portfolio company example, see page 24

Front cover: Resolution Capital – case study, see pages 32–33

Executive summary

Our Environmental, Social and Governance (ESG) Report 2025 is structured around four key chapters that reflect both recent developments in the ESG landscape and our ongoing journey as a responsible investor. Each chapter addresses priority ESG topics and illustrates our approach using selected examples of managers, portfolio companies and firm-level initiatives. Throughout the report, these examples highlight measurable progress in climate action and impact investing across private and public market strategies, as well as our own Corporate Social Responsibility (CSR) initiatives.

1. Manager assessments and ESG integration

In 2025, we implemented further enhancements to our proprietary manager assessment frameworks for both private and public markets. The updated methodology is more granular, regionally harmonized and quantitatively robust. It provides deeper insights into the ESG practices of our managers and it increases transparency around emerging trends and regional differences among our managers. In this year's assessment, 375 fund managers participated across both private and public markets. Notably, among our private equity managers, 86% now provide ESG reporting, reflecting the industry's rising levels of ESG integration. For our hedge fund managers, we still see a slower progress, where 53% of them provide ESG reporting.

2. Focus topic: climate action

The climate action section describes our progress since the firm made a net zero commitment five years ago. In the LGT Endowment, emission intensity has decreased by 40.6%[1] since 2021. Carbon budgeting frameworks are now systematically applied across all major asset classes, supporting ongoing decarbonization efforts. We continue to broaden our approach to climate solutions, focusing on the identification and integration of investments that contribute to the energy transition. Active ownership remains a key element, with regular engagement and collaboration with fund managers and portfolio companies to support climate objectives. In private markets, we contribute to advancing ESG data standards through our role on the Steering Committee of the ESG Data Convergence Initiative (EDCI), working with industry peers to improve the quality and consistency of ESG portfolio company level information available to investors.

3. Focus topic: impact investing

Impact investing has developed from a niche activity to an established investment strategy. In 2024, we launched the second generation of our impact private equity fund and our first impact private debt fund, maintaining a focus on climate action, healthcare and inclusive growth. Recent investments are illustrated through selected company examples in the areas of renewable energy, specialist education for students with high-complexity needs and access to healthcare services. We also highlight how different institutional clients pursue impact investing based on their specific objectives, with tailored approaches to address a diverse set of priorities.

4. Corporate Social Responsibility (CSR)

The final chapter covers our efforts to operate sustainably as a business, including initiatives to foster a culture of belonging, support communities, strenghten sustainabilty within our supply chain and reduce our operational footprint. In 2024, 100% of electricity used at our Swiss headquarters was sourced from renewables. As in previous years, around 10% of our annual dividend were donated to LGT Venture Philanthropy. Our workforce now includes colleagues from 72 nationalities, reflecting the global context in which we operate.

[1] Data as of 30 June 2025

Vidia Equity – case study, see page 40

Introduction

Navigating the evolving ESG landscape

The ESG landscape has become increasingly complex and fragmented over the past 18 months. While regulatory frameworks and investor expectations are maturing globally, the pace and direction of sustainable finance now vary more than ever across regions.

In the US, regulatory uncertainty has intensified, with legislative initiatives in over two dozen states restricting ESG integration and recent withdrawals from international climate alliances creating a fragmented policy environment. At the same time, measures such as the Inflation Reduction Act have supported job growth and renewable energy projects, highlighting the nuance and complexity of the US sustainability landscape.

Europe is entering a new phase in sustainable finance policy, marked by a stronger emphasis on competitiveness and regulatory simplification. In response to geopolitical developments and global competition, particularly from the US, the European Commission has acknowledged the need to streamline frameworks and reduce administrative burdens. This shift is reflected in the ongoing refinement of key regulations, including the Sustainable Finance Disclosure Regulation (SFDR), the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), the EU Taxonomy and the Omnibus proposal. Despite adjustments to their scope and timelines, the core objectives of the EU Green Deal remain intact, reaffirming Europe's leadership in sustainable finance.

In Asia, approaches to ESG continue to evolve, with certain markets accelerating their adoption of sustainable finance practices, while others advance at a more gradual pace. This diversity reflects the region's varied regulatory environments, as well as the diverging market priorities.

Against this backdrop, sustainability remains a priority for many institutional investors around the globe, even as approaches differ. While terminology and regulations continue to develop, integrating environmental and social considerations into investment processes remains widely recognized as essential for managing long-term risks and identifying attractive investment opportunities.

At LGT Capital Partners, we have always believed that a disciplined, long-term perspective is vital to manage risks and opportunities. Drawing on more than two decades of experience in integrating ESG across asset classes, we have continued to evolve our frameworks – not only to remain aligned with best practices but to ensure that we stay focused on delivering tangible outcomes. In 2024, we further enhanced our proprietary manager assessment methodologies for both private and public markets, deepening the quality and comparability of our ESG insights. These enhancements allow us to better identify areas of leadership as well as opportunities for further engagement across regions and strategies.

Our commitment to addressing climate change remains of central importance. Five years into our net zero journey, we have made significant progress in portfolio decarbonization, implemented structured carbon budgeting and identified climate solutions that support both risk management and long-term value creation. Through close partnership with managers and companies, we continue to prioritize open dialogue and practical support – recognizing that the path to net zero requires both ambition and pragmatism.

This year's report also highlights our belief that generating impact and achieving attractive market returns can go hand in hand. Our dedicated impact strategies – spanning private equity and private debt – are designed to address global challenges in climate, healthcare and inclusive growth.

Sustainable business practices remain equally important within our own organization. Over the past year, we have further advanced our approach to Corporate Social Responsibility (CSR) by strengthening our culture of belonging, supporting our communities, promoting responsible supply chain practices and reducing our operational footprint.

As we look to the future, we anticipate that ESG will remain dynamic and, at times, contested. We remain committed to navigating this evolving landscape with a clear focus on meaningful outcomes.

On behalf of LGT Capital Partners,

Tycho Sneyers
Chairman of the ESG Committee
Member of the PRI Board

100% renewable electricity at Swiss headquarters since 2022

375 managers assessed in 2025 across private and public markets

20+ years of experience integrating ESG into the investment process

40.6% reduction in GHG emissions intensity of the LGT Endowment since 2021

~10% of dividend donated annually to LGT Venture Philanthropy

13 years of annual ESG manager assessments

LGT Capital Partners – corporate image

ESG evolution through manager assessments: raising the bar across asset classes

Why we assess our managers

As a global multi-manager investor, we recognize that the effectiveness of our ESG strategy depends on the practices of the managers with whom we invest. For over 13 years, we have systematically assessed and rated our managers across asset classes to ensure that ESG integration is not only robust but is also continually advancing in line with the industry's best practices and stakeholder expectations.

The LGT Capital Partners' manager assessments are a critical component of our ESG practice. Each year we rate managers based on a detailed questionnaire, which serves as a reference point for ongoing monitoring and engagement.

Our annual manager assessment process serves several important purposes:

- **ESG as a value driver:** it helps us to identify managers who focus on ESG to uncover material investment opportunities.
- **Transparency:** it provides us, as well as our clients and stakeholders, with a clear, comparable view of ESG practices and progress across our portfolios
- **Engagement:** the process creates a foundation for meaningful dialogue with our managers, allowing us to share expectations, best practices and areas for improvement
- **Risk management:** by evaluating ESG integration, we strengthen our ability to identify and manage both financial and reputational risks
- **Continuous improvement:** regular assessment supports accountability and an ongoing cycle of learning and progress, both within our own investment activities and across the industry

Raising the bar in manager assessments

As ESG integration continues to mature across the asset management industry, we have taken the opportunity to further refine our manager assessment framework for both private and public market portfolios. While our existing process has long provided valuable insights into how managers incorporate ESG into their investment practices, the evolution and institutionalization of ESG standards have raised the bar across the board. These updates also reflect an increased awareness of regional differences in ESG approaches, helping us to ensure greater comparability and relevance across geographies. The refined framework supports a deeper understanding of ESG implementation and strengthens our ability to engage constructively with managers.

The purpose of updating our manager assessment approach is twofold: first, we aim to reflect a rising bar for ESG implementation; and second, we are seeking to harmonize ESG manager assessments across geographies. To achieve this ambition, we have added a number of new questions – for example on biodiversity – to our ESG questionnaire and finetuned many of our existing questions. Additionally, we have rephrased the questionnaire as a whole to obtain clearer responses from managers and enable the use of a point-based rating system with less room for interpretation.

Score 1	means the manager is genuinely committed to ESG, with institutional processes in place. It applies ESG criteria in investment decision-making, is an active owner and reports on ESG.
Score 2	means the manager takes concrete steps to integrate ESG considerations into its approach and investment process, but room for improvement may have been identified in certain areas.
Score 3	means the manager demonstrates some commitment to ESG and recognizes sustainability-related risks but lacks fully institutionalized processes.
Score 4	means the manager fails to meet the minimum systematic ESG criteria of LGT Capital Partners.

Managers receive an overall score of 1 to 4 (where 1 = excellent and 4 = poor). Managers that receive low scores (3 or 4) for specific indicators are flagged as having scope for improvement over time.
Source: LGT Capital Partners

ESG manager assessments in private markets

LGT Capital Partners captures complementary opportunities in private equity across primary funds, secondary transactions and direct investments while integrating ESG throughout the investment process. We invest across the lifecycle of private equity strategies from venture capital to buyout and special situations. Through decades of stewardship in the private equity market, we have built longstanding relationships with both established and high-potential emerging managers globally.

The private markets manager assessments in detail

In the assessment, we evaluate managers based on four key areas of ESG practice:

- Manager commitment, such as the extent to which they follow an ESG policy, are committed to industry initiatives like the Principles for Responsible Investment (PRI) and set ESG goals
- Investment process, focusing on the integration of ESG
- Active ownership through activities such as establishing key performance indicators (KPIs), ESG responsibilities and value creation through ESG initiatives
- ESG reporting on a portfolio company level and on an aggregate fund level

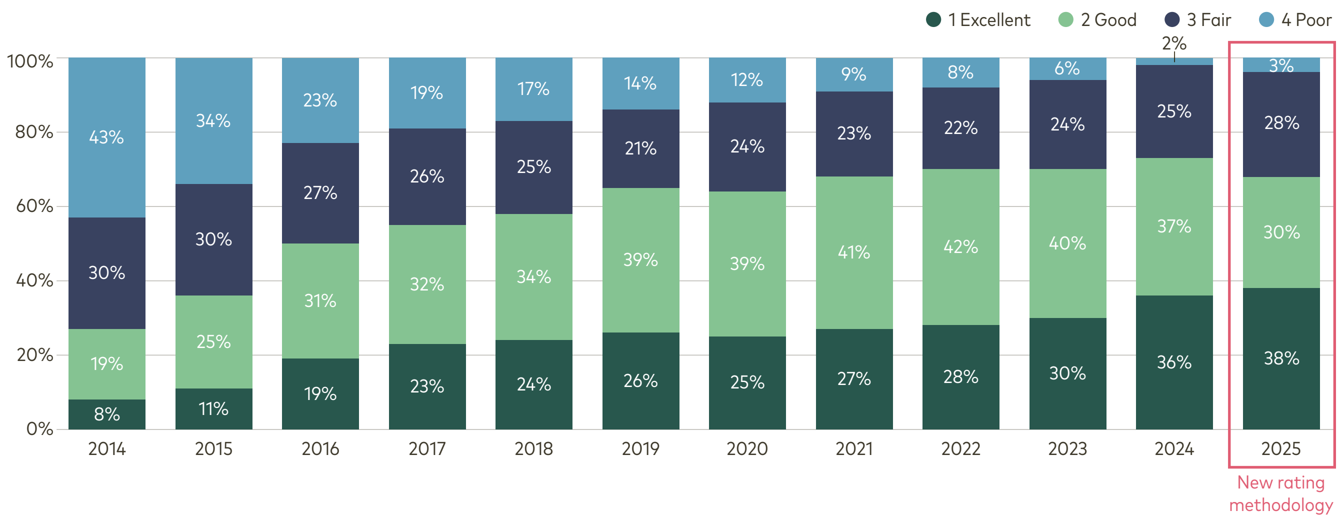
ESG manager assessment outcomes in 2025

At the beginning of 2025, we conducted our annual ESG assessment campaign and received responses from almost 300 private markets managers. Due to the changes made to our ESG assessment and rating approach, manager assessments are not fully comparable with those in previous years. However, the categories and nature of the questions remain mostly similar and therefore still provide a degree of comparability.

At a global level, we have witnessed a further increase in managers demonstrating very good ESG practices. However, mainly due to changes in our assessment methodology, we also observed a higher proportion of managers with less developed ESG approaches. Despite the changes made to this year's ESG assessment and rating approach, the results reflect the continuation of the ESG adoption trends previously observed among our managers.

Changes in ESG assessments can be explained by a number of effects. These include rebalancing under the new assessment approach, a different composition of managers and fundamental underlying changes in ESG adoption and communication.

Figure 1: Improvement in ESG manager assessments globally

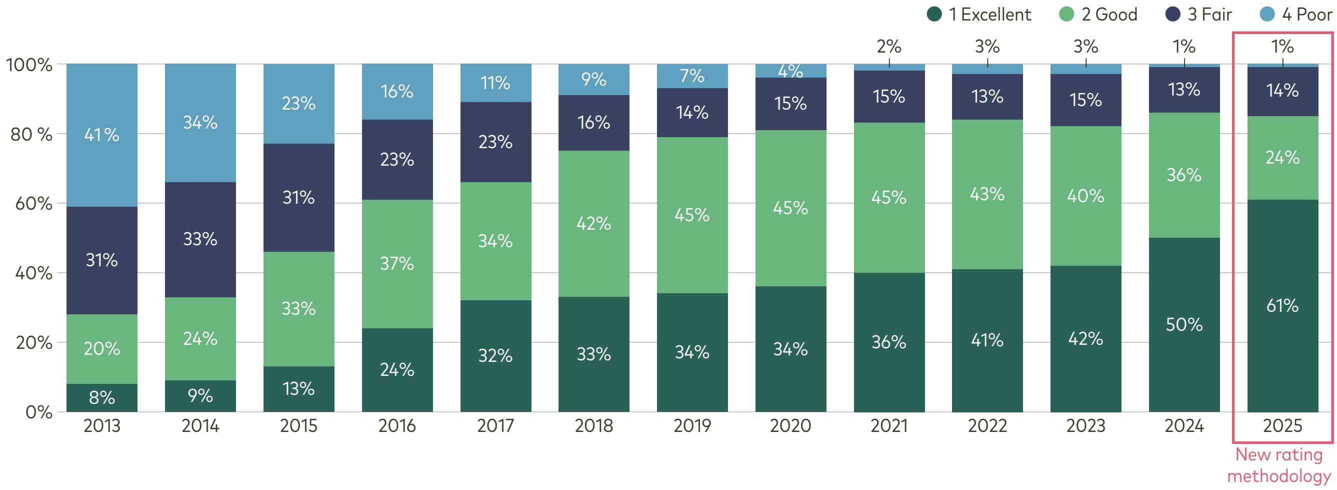


Source: LGT Capital Partners, data for 2025 obtained from manager questionnaires in Q1/Q2 2025

Looking more closely at individual regions, we see a divide in the development of ESG practices between Europe on the one hand and the US and Asia on the other. Our European private markets managers continue to demonstrate strong ESG integration and further institutionalization of their practices. In our view this is driven by a core belief of our European managers that ESG integration is a powerful tool to capture potential risks and opportunities. The strong ESG adaptation is further driven by increased ESG regulation, as well as continued investor preferences for ESG-aligned investments, especially from large institutional investors.

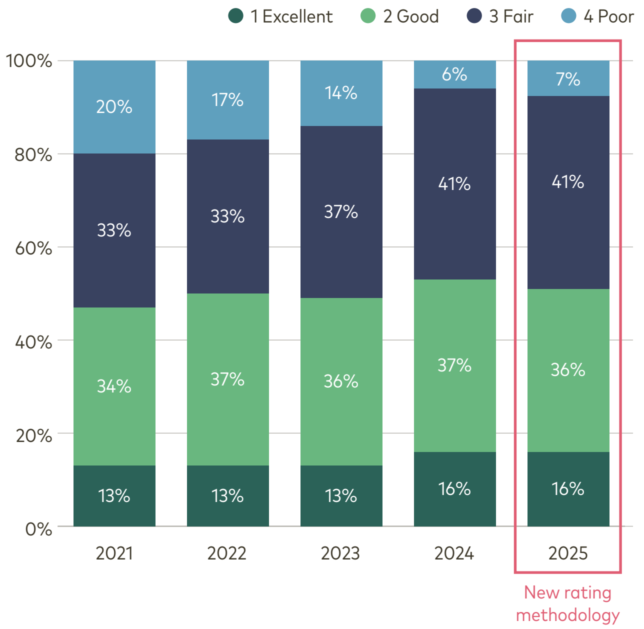
For private markets managers based in the US and Asia, the rebalancing effect is more evident, leading to lower average ratings compared to previous years – especially in Asia. It is important to note that this does not reflect a broad-based change in their commitment to ESG but is, instead, the result of applying a uniform, point-based rating scale across Europe, the US and Asia and removing regional perspectives from the ESG manager assessments. In addition, we are witnessing a general move towards more restrictive communication on ESG topics. However, with 68% of our managers rated 1 or 2, we continue to see strong commitment to ESG among our managers, irrespective of geography or communication practices.

Figure 2: ESG manager assessments in Europe



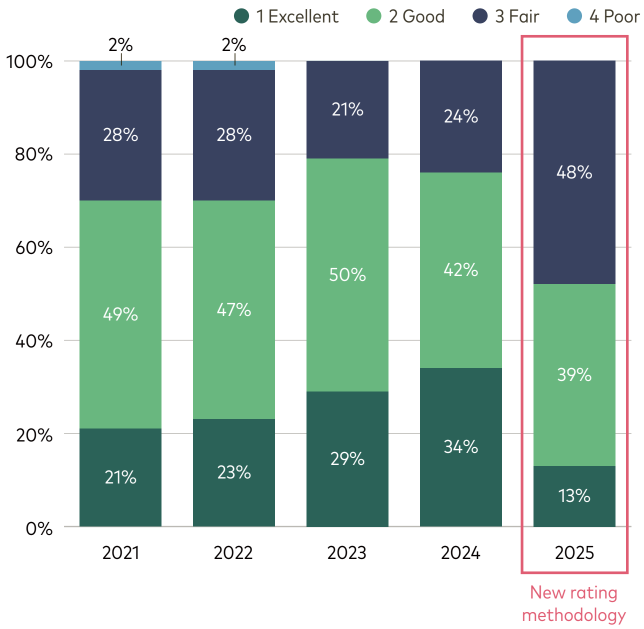
Source: LGT Capital Partners, data for 2025 obtained from manager questionnaires in Q1/Q2 2025

Figure 3: ESG manager assessments in the US



Source: LGT Capital Partners, data for 2025 obtained from manager questionnaires in Q1/Q2 2025

Figure 4: ESG manager assessments in Asia



Source: LGT Capital Partners, data for 2025 obtained from manager questionnaires in Q1/Q2 2025

ESG assessment highlights for private markets in 2025

Climate change

80% of managers consider climate change in their ESG policy

52% of managers implement a strategy to reduce the carbon footprint of their portfolio companies

75% of managers monitor GHG emissions

Biodiversity

30% of managers consider biodiversity in their ESG policy

27% of managers have a standardized process in place to assess and measure biodiversity-related risks and opportunities

Data & reporting

64% of managers monitor ESG KPIs in line with the EDCI

43% of managers monitor Principal Adverse Impact (PAI) indicators

86% of managers provide ESG reporting

Iberdrola – portfolio company example, see page 20

ESG manager assessments in public markets

LGT Capital Partners offers a broad range of public market strategies across multi-assets, hedge funds, sustainable equity and fixed income. Our approach combines active and systematic investment styles, with a focus on long-term value creation and downside protection. We manage diversified portfolios that integrate ESG considerations and aim to deliver consistent and attractive risk-adjusted returns. Through disciplined research and a robust investment process, we seek to identify opportunities across global markets and asset classes.

The public markets manager assessments in detail

In the assessments, we evaluate public markets managers based on five key areas of ESG practice:

- Policy and strategy, such as the extent to which managers follow an ESG policy, are committed to industry initiatives like the PRI and set ESG goals.
- Investment process, focusing on the integration of ESG
- Stewardship, through activities such as establishing an engagement policy and exercising proxy voting
- ESG reporting, such as the different reporting regulatory frameworks the managers follow in their disclosures at portfolio company level and at aggregate fund level
- CSR and internal initiatives

ESG manager assessment outcomes in 2025

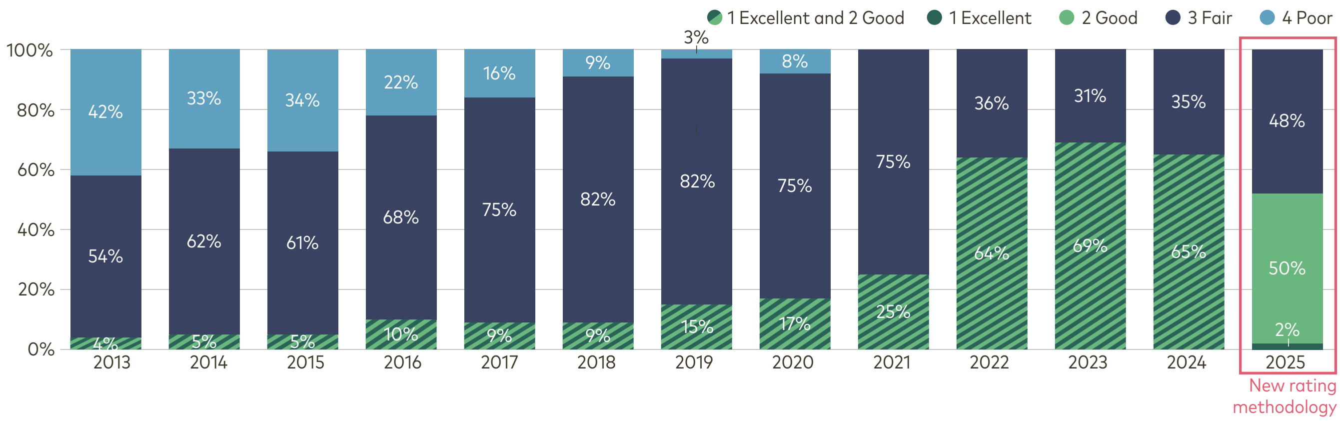
As a result of our methodological refinement, we observed a recalibration in public markets manager scores. While the overall distribution now shows a higher proportion of public managers receiving lower ratings, this does not necessarily indicate a decline in ESG quality. Instead, it reflects our more rigorous standards applied in evaluating ESG disclosures and practices.

Beyond the methodological update, broader market sentiment has also played a role in shaping ESG outcomes. Amid heightened scrutiny and evolving expectations around ESG, we observed that some smaller hedge fund managers and a few long-only managers have adopted a more cautious stance on ESG in terms of public statements, although often still applying the same ESG investment methodology.

Despite these headwinds, we continue to observe strong ESG leadership among a large group of public market managers. These firms not only maintain high standards of ESG integration but are also actively evolving their frameworks to address emerging issues such as biodiversity and net zero alignment. Their efforts underscore the long-term value of ESG as a strategic differentiator and risk management tool.

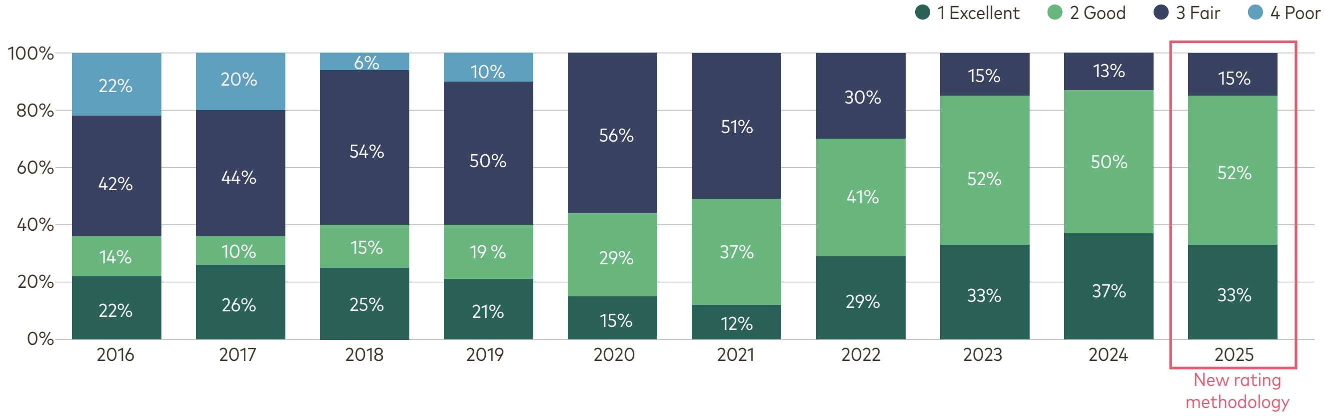
Given the changes made to the rating methodology, we also decided to show the split of 1 and 2 rated hedge fund managers this year. The number of 1 rated managers is still very low and we do not see high potential for a substantial increase here. Currently there is one hedge fund manager that achieved a 1 rating. This is a UK-

Figure 5: ESG manager assessment for hedge fund managers



Source: LGT Capital Partners, data for 2025 obtained from GP questionnaires in Q1/Q2 2025

Figure 6: ESG manager assessments for long-only managers



Source: LGT Capital Partners, data for 2025 obtained from GP questionnaires in Q1/Q2 2025

based long/short manager with a very extensive ESG policy covering a range of topics. They have an ESG committee in place and have also made formal commitments towards net zero at a firm level. Further, they take material ESG data into consideration in their investment decisions. Finally, the manager is also at the forefront in terms of engagement, including voting proxies where they see relevant.

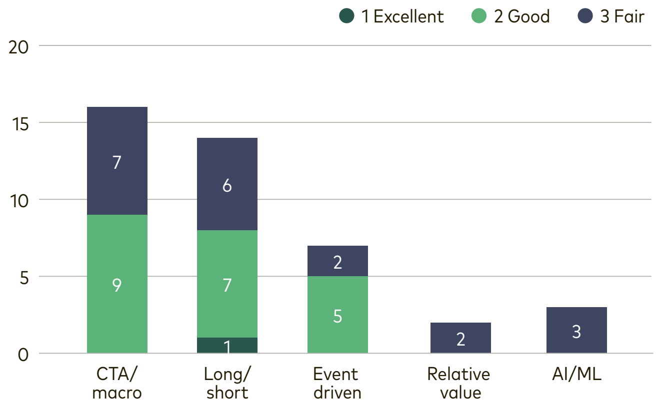
Deep dive by strategies for the 2025 manager assessments

The breakdown by strategies for hedge fund managers reveals meaningful differences in ESG integration across hedge fund styles. Commodity Trading Advisor (CTA) and global macro strategies show a relatively strong ESG profile, with over half of the 16 managers assessed given a score of 2, indicating good ESG practices. Long/short strategies display the widest distribution, with one manager achieving a top score of 1, while the majority are split between scores 2 and 3. Event-driven managers are mostly grouped in the mid-tier (score 2), with no top scorers. This reflects the complexity of integrating ESG into event-driven strategies, which often focus on short-term catalysts. Relative value and artificial intelligence/machine learning (AI/ML) strategies are lagging, with all managers scoring 3. This is mainly due to the technical and quantitative nature of these strategies, where ESG integration is harder to implement.

The results for the long-only managers show generally strong ESG profiles, particularly in fixed income and equity strategies. The stronger results observed in managers for our equity and fixed income strategies reflect the overall more advanced state of ESG integration in these asset classes.

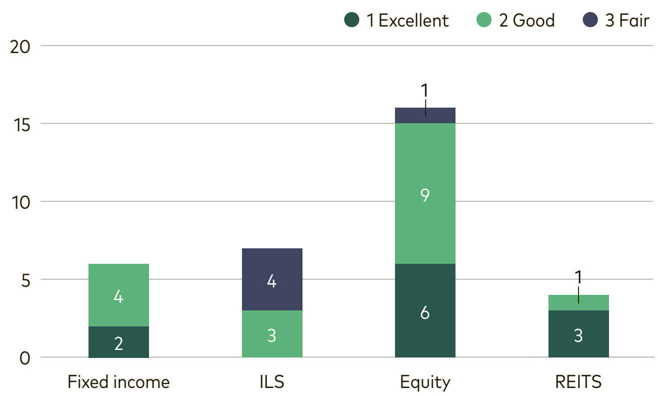
In fixed income, the rise of green, social and sustainability-linked bonds has provided tangible instruments for aligning investments with ESG objectives. Meanwhile, equity managers often have greater access to company-level ESG disclosures and shareholder engagement opportunities, enabling them to embed ESG considerations more deeply into their investment processes. These structural advantages, combined with our long-standing emphasis on ESG integration in manager selection, explain the higher proportion of stronger ESG ratings for managers in these strategies.

Figure 7: ESG hedge fund manager assessments by strategy



Source: LGT Capital Partners, data for 2025 obtained from GP questionnaires in Q1/Q2 2025

Figure 8: Long-only manager assessments by strategy



Source: LGT Capital Partners, data for 2025 obtained from GP questionnaires in Q1/Q2 2025

Focus topic: climate action Five years into our net zero commitment

Recent shifts in policy direction and sentiment – particularly in the US – are creating a more complex environment for the clean energy transition. A combination of changing federal priorities, evolving state-level regulations and increased public debate over the role of ESG considerations is creating additional uncertainty for investors and market participants.

Despite these regulatory and political headwinds, we have observed that the underlying drivers for climate action remain robust. Many climate-related initiatives are now embedded in long-term business strategies and are unlikely to be reversed by short-term political cycles.

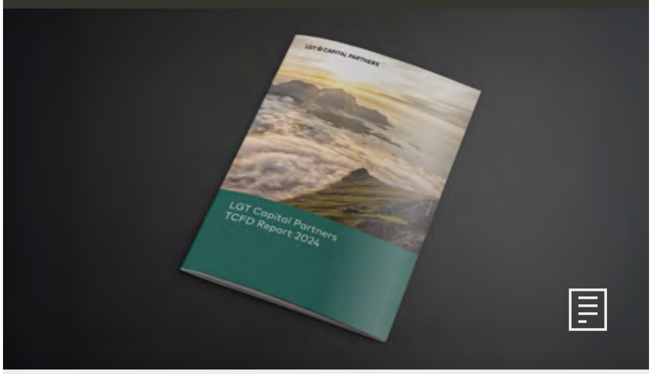
The economic advantages of renewables, including declining costs and increased competitiveness, continue to support the energy transition globally. Supply chain resilience, risk mitigation and the drive for energy independence are also increasingly shaping corporate and investor priorities. We expect companies to continue to pursue profitable climate initiatives, even as external communication and framing evolve in response to local policy environments. While the pace of progress may fluctuate in some markets, the broader structural trend towards decarbonization remains intact.

Five years ago, LGT Capital Partners made a net zero commitment at firm level to reaching net zero GHG emissions by 2050 across all assets under management, recognizing climate change as a mega trend that is continuing to reshape the global economy

Scan the QR code or click on the button below to explore more

Our journey towards net zero – AIC 2025 Interview and presentation
For an in-depth discussion on our net zero strategy and the realities of climate integration across asset classes, scan the QR code to access a video interview with Hanna Edström, Principal and Stephan Kind, Partner at LGT Capital Partners. Conducted at our Alternative Investment Conference (AIC) in April 2025, this conversation explores lessons learned, challenges faced and the way forward on our path to net zero and includes a presentation by Stephan Kind on our journey towards net zero.

Scan the QR code or click on the button below to explore more



Transparency on climate risks and opportunities
For highlights on how we manage climate-related risks and opportunities – including our latest approach to strategy, metrics and targets – scan the QR code to access the LGT Capital Partners TCFD Report 2024. The report includes updates on portfolio resilience, enhanced risk assessment, climate solutions and expanded private markets data.

and financial markets. For us as long-term investors, it remains a fundamental consideration in both strategic asset allocation and bottom-up investment decisions. By systematically integrating climate factors, we are better positioned to manage risks and capture emerging opportunities.

Since our net zero commitment was approved by the Executive Committee at the end of 2020, we have made significant and measurable progress. One of the most notable achievements is the substantial reduction in measurable portfolio emission intensity for the LGT Endowment, which has decreased by 40.6%[1]. In 2024, we published our first TCFD report, covering the year 2023 and marking a milestone in our commitment to transparency around climate-related disclosures. That same year, we advanced ESG data coverage by participating in the EDCI, collecting 20 standardized data points from private markets managers, including GHG emissions at the portfolio company level. This has contributed to greater transparency in private markets and helps to address a known challenge of data availability with respect to ESG.

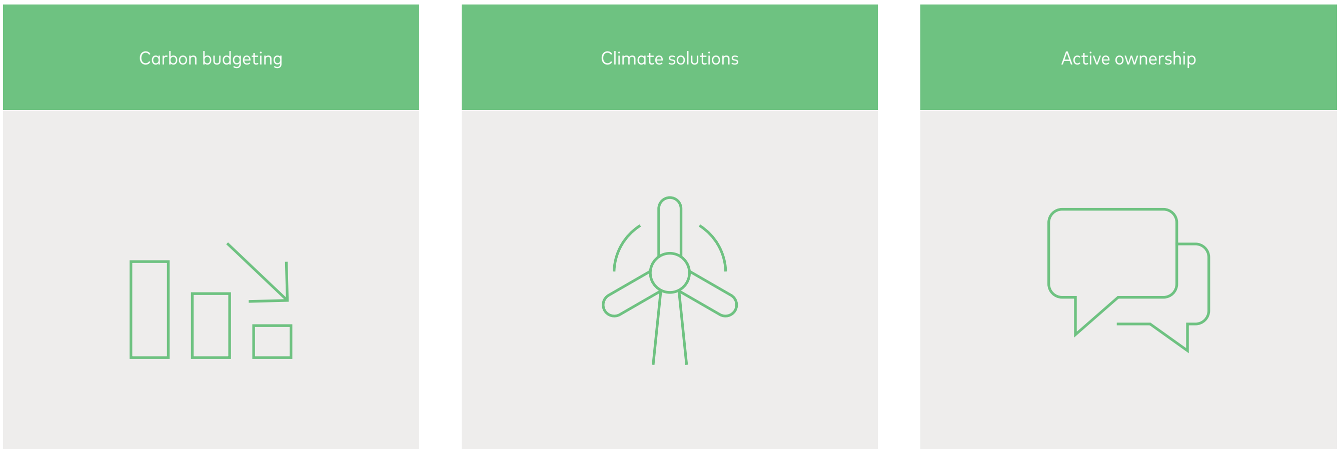
From commitment to implementation: our climate action framework

Our commitment to net zero is underpinned by a comprehensive yet pragmatic climate action framework, which we first implemented in the LGT Endowment. The framework consists of three pillars: carbon budgeting, climate solutions and active ownership.

Within the LGT Endowment, we invest in both traditional assets and alternative asset classes, including private equity, private credit, infrastructure, real estate, hedge funds and ILS. This breadth reflects the full range of our investment capabilities, from manager selection to direct investments across multiple asset classes. By starting with such a complex portfolio, we set a high ambition level and sent a clear signal across the firm that climate action is a strategic priority.

The portfolio action pillars of our climate action framework are summarized below and are discussed in detail in the following sub-chapters, with each pillar illustrated by selected investment examples across our portfolios.

Figure 9: Portfolio action pillars within the climate action framework



Source: LGT Capital Partners

[1] As of 30 June 2025

The LGT Endowment

Supported by the Princely Family of Liechtenstein, we established the LGT Endowment in 1998 with a clear mission: to generate equity-like returns and participate meaningfully in market upside while providing downside protection – much like the leading university endowment funds in the US. Building on this core principle, we have developed a long-term investment strategy that allocates at least 50% to alternative investments. While the strategy has evolved over time, it has always maintained a careful balance between long-term sustainable asset growth and wealth preservation.

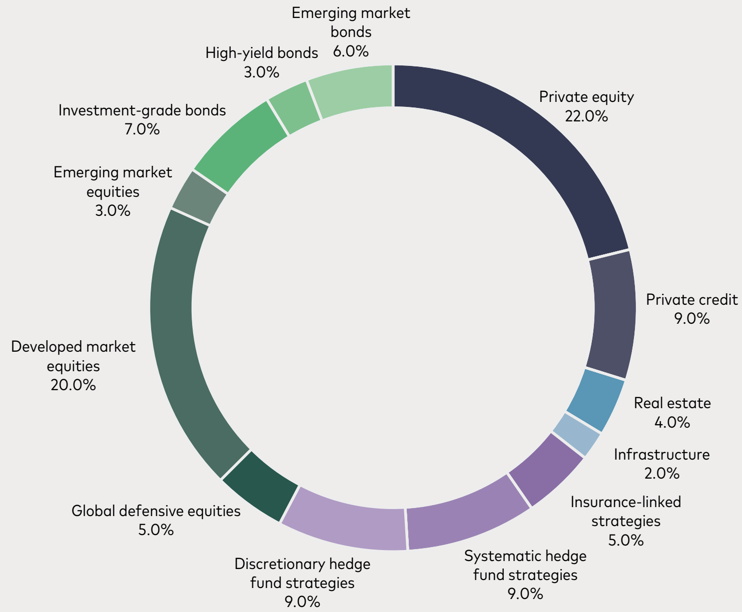
We started embedding ESG considerations into our investment approach in 2003, as we believe they offer valuable insights into both risks and value drivers – which may ultimately contribute to stronger risk-adjusted returns over time.

In 2020, we formalized our framework for ESG and climate integration, including the commitment of the Princely Strategy to net zero greenhouse gas (GHG) emissions by 2050.

Rather than relying on broad exclusions, we emphasize positive selection – focusing on leaders over laggards – while maintaining a few well-defined exclusions. The LGT Endowment's strategy applies tailored approaches to ESG integration across asset classes, investment styles and sectors, each of which is allocated a carbon budget that is aligned with our net zero 2050 target. Through our active engagement with managers and investee companies, we aim to drive change and encourage the adoption of best practices.

We continuously refine and advance our framework by incorporating forward-looking data, improving data coverage and promoting standardization in private markets as well as evolving our manager assessments to reflect current best practices. This ongoing development ensures that our strategy remains robust, forward-thinking and is aligned with the long-term objectives of sustainable asset growth and wealth preservation.

Figure 10: The LGT Endowment strategic asset allocation 2025



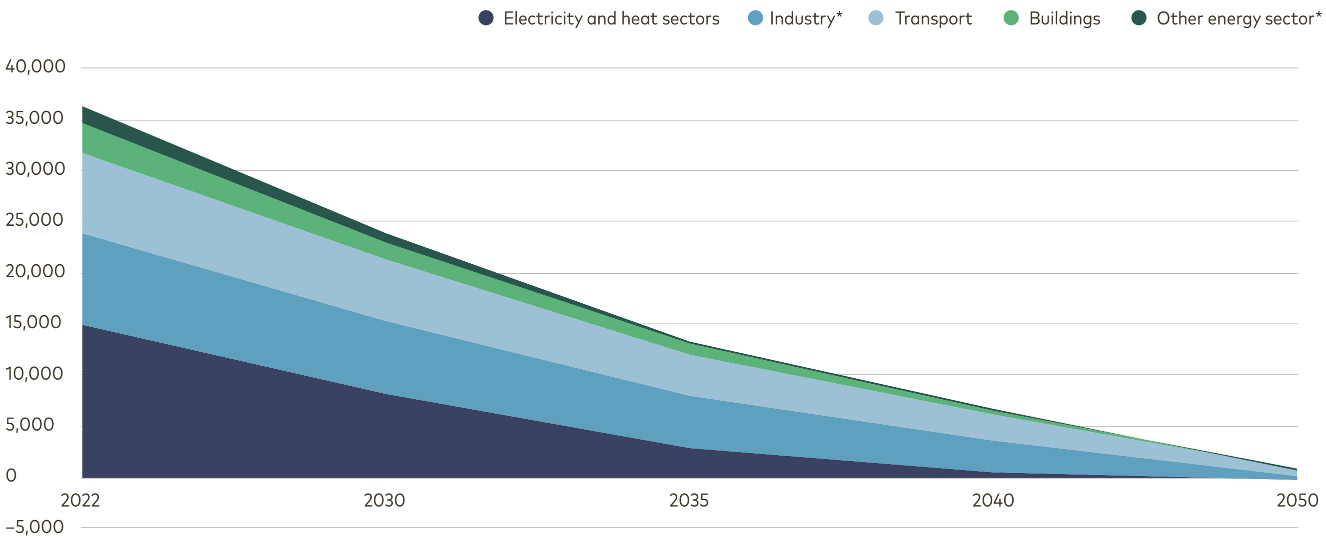
Source: LGT Capital Partners

Carbon budgeting

To limit global warming to well below 2°C, as outlined in the Paris Agreement, global GHG emissions that can still be released into the atmosphere are limited by an overall carbon budget, which decreases each year reaching net zero in 2050. This global carbon budget can be translated into a portfolio-level budget, aligning it with our net zero commitment. To guide our efforts, we use the Net Zero Emissions by 2050 Scenario (NZE) developed by the International Energy Agency (IEA). In practice, this means the LGT Endowment is assigned an annual carbon budget, which can be allocated across managers and direct investments. Similar to a risk budget, using up a larger share of the carbon budget in one area requires greater restraint elsewhere. This approach provides flexibility, allowing access to the full investment universe while ensuring we operate within defined carbon limits.

The pace of projected decarbonization varies by industry, depending on each sector's mitigation potential and associated costs. To demonstrate how the framework functions in practice, we take a closer look at power generation – one of the highest emitting sectors and one that needs to decarbonize rapidly. As large-scale emission reduction technologies are already available in this sector, the decarbonization pathway is particularly steep.

Figure 11: Global CO_2 emissions pathways in the IEA Net Zero 2050 scenario



* Includes industrial process emissions
Source: LGT Capital Partners, IEA Net Zero Roadmap 2023, Global CO_2 emissions and reduction contributions by sector

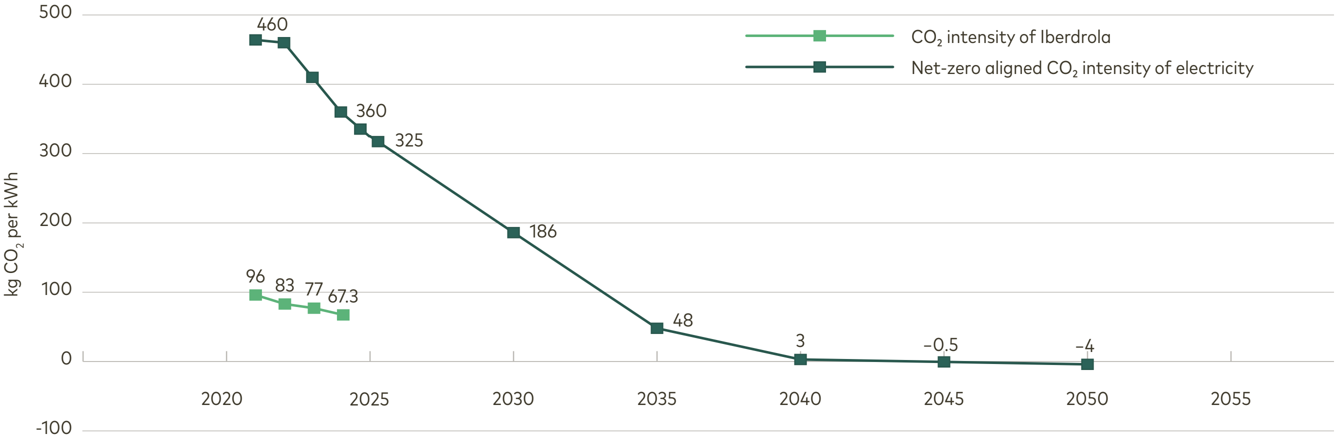
Example in practice: power generation sector – Iberdrola

One of our portfolio companies that is well aligned with the net zero pathway is Iberdrola, a Spanish utility provider. Iberdrola has set ambitious targets of carbon neutrality in scopes 1 and 2 by 2030 and net zero emissions before 2040 for all scopes. In 2024, Iberdrola generated 132.5 million megawatt-hours (MWh) of electricity, resulting in 8.91 million tons of CO_2 Scope 1 emissions (see callout box for definitions of Scope 1, 2 and 3 emissions). Compared to the allowable carbon budget from the IEA NZE scenario – 360 kg CO_2 per MWh, or 47.7 million tons of CO_2 in total – Iberdrola's emissions were almost 39 million tons lower than the budget allows. Looking at intensities, Iberdrola produced electricity with carbon emissions of 67.3 kg CO_2 per MWh, compared to a net zero aligned budget of 360 kg CO_2 per MWh. This comparison is illustrated in the graph below.

Iberdrola's climate strategy combines clear science-based targets, massive renewables and network investments, electrification and green hydrogen offerings as well as active global climate advocacy[1].

The example shows that keeping exposure to the utility sector is possible within a net zero strategy. Careful selection based on financial attractiveness and sustainability factors remains a core consideration in our investment decisions.

Figure 12: Iberdrola CO_2 intensity compared to IEA NZE CO_2 intensity of electricity generation



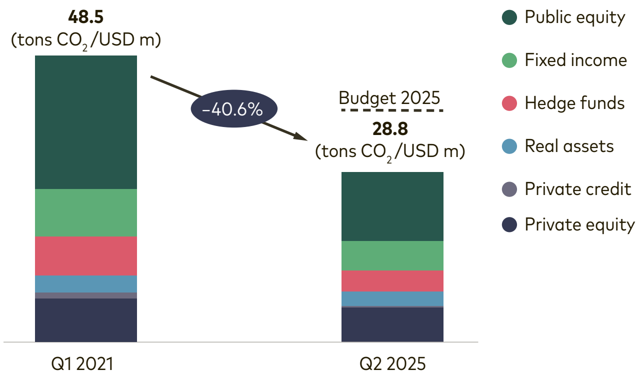
Source: LGT Capital Partners, IEA NZE scenario, company reported data

[1] Iberdrola, Data as of Q2 2025

Progress in the LGT Endowment since committing to net zero

As mentioned earlier in the report, our net zero alignment target for the LGT Endowment was approved in 2020. In Q1 2021, we conducted a first CO_2 assessment across the portfolio, including proxies, which at that time was still above the net zero target for the LGT Endowment. Through decarbonization efforts, we were able to align the portfolio with the net zero pathway already in the following year, 2022. In summary, since the start of our efforts in Q1 2021, we have managed to reduce the portfolio's emissions intensity by 40.6%[1]. Improvements in the carbon footprint were driven largely by shifting exposure towards more energy-efficient companies. So far this has mainly focused on the public market allocation.

Figure 13: Emission intensity reduction in the LGT Endowment



Source: LGT Capital Partners, MSCI, Refinitiv
Underlying AUM data, allocations and carbon intensities as of 31 December 2024; Baseline carbon intensity at 100% as of Q1/2021, when official commitment was made.
The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Challenges in implementing our carbon budgeting approach

While we have made measurable progress, several challenges remain. The current carbon budgeting approach does not yet extend to all asset classes, particularly those where data coverage is limited like ILS. Further, obtaining reliable Scope 1, Scope 2 and Scope 3 emissions data continues to be a constraint across both private and public markets, due to inconsistent methodologies, low disclosure rates and limited data quality – especially for Scope 3 emissions.

In addition, many strategies, including our own carbon budgeting approach, have so far focused on lowering the portfolio's carbon footprint. However, a significant portion of these reductions has often been achieved through portfolio rebalancing or divestments, leading to a limited decarbonization of the underlying companies and therefore the real economy.

Due to the limitations of decarbonization by only using a carbon budgeting approach, progress should be measured using a broader set of metrics, including engagement efforts and investments in climate solutions. We believe that these levers can drive more meaningful real-world impacts on emissions reduction than simply divesting from high-emitting companies, a strategy that risks allowing these firms to continue operating within portfolios of investors with lower standards.

Collaboration with initiatives such as the Net Zero Asset Managers (NZAM) or Institutional Investors Group on Climate Change (IIGCC) is crucial here in order to reach a common understanding and develop robust frameworks that truly prioritize real-world decarbonization.

What are Scope 1, Scope 2 and Scope 3 emissions?

- **Scope 1:** direct emissions from sources owned or controlled by the company (e.g. company vehicles, on-site fuel combustion)
- **Scope 2:** indirect emissions from the generation of purchased electricity, heating or cooling consumed by the company
- **Scope 3:** all other indirect emissions in the value chain, including those from suppliers, business travel and product use

[1] As of 30 June 2025

Climate solutions

The transition to net zero will require trillions of dollars in global investment. According to estimates from organizations such as the IEA[1] and McKinsey[2], USD 3 to 5 trillion per year will be needed through 2050 to remain on a 1.5°C pathway. This is leading to the emergence of entirely new markets and significant investment opportunities.

We follow a structured methodology to identify climate solutions, particularly when assessing corporate activities. Our focus is on evaluating how companies contribute to climate change mitigation and adaptation, as well as determining the significance of these activities within their overall business.

Our initial reference point is the EU Taxonomy's first two climate-related objectives. We assess the proportion of a company's capital expenditure and revenues aligned with these objectives and use this to quantify the share of an investment attributable to climate solutions. In cases where companies do not report EU Taxonomy data, we conduct a detailed analysis of their products and services. This involves mapping revenue contributions to climate mitigation and adaptation using a granular framework aligned with relevant Sustainable Development Goals (SDGs). For Green, Social and Sustainable (GSS) bonds, we apply a separate approach. We analyze the bond's use of proceeds based on the International Capital Market Association (ICMA) categories. Allocations toward "green" categories are fully recognized as climate solutions.

We assign climate solution activities to six different categories, each representing a range of relevant corporate actions (see below examples).

Figure 14: Overview of climate solutions across categories

Energy generation

- Renewable energy generation
- Carbon capture and storage
- Renewable energy (ICMA)

Technological solutions

- Solar energy systems and solutions
- Products/ components for renewable energy
- Construction of/services for renewable energy projects
- Consulting services on energy efficiency/ renewable energy
- Wind power solutions
- Energy efficient products/services
- Consulting services on emission reduction
- Filters/catalysts
- Eco-efficient and/ or circular economy adapted products, production technologies and processes (ICMA)
- Energy efficiency (ICMA)

Financial services

- Financial services for renewable energy projects
- Green bonds/loans, impact investing
- Clean energy funds/ investments
- Financing of eco-efficiency measures
- Financing of sustainable buildings certified to a less strict standard

Mobility

- Public transport services
- Electric vehicles/ alternative drive vehicles and components
- Rail transport/ infrastructure
- Public transportation services/ infrastructure
- 2nd generation biofuels
- Alternative drives, components and technology
- Car rental (based on electric and hybrid cars)
- Traffic management solutions
- Alternative fuels
- Vehicles/transport powered by alternative fuels
- Bicycles
- Clean transportation (ICMA)

Buildings

- Insulating materials
- Facility services regarding energy efficiency
- Green buildings (ICMA)

Agriculture and ecosystems

- Plant-based meat products
- Climate change adaptation (ICMA)
- Climate change mitigation (ICMA)
- Environmentally sustainable management of living natural resources and land use (ICMA)
- Pollution prevention and control (ICMA)
- Sustainable water and waste water management (ICMA)
- Terrestrial and aquatic biodiversity conservation (ICMA)

[1] International Energy Agency (IEA), Net Zero by 2050: A Roadmap for the Global Energy Sector, 2021
[2] McKinsey & Company, The net-zero transition: What it would cost, what it could bring, January 2022

Iberdrola – portfolio company example, see page 20

Allocating to climate solutions

Over the past year, we have further developed our structured approach for identifying companies within our investment universe that deliver climate solutions. This allows us to place an even stronger emphasis on the decarbonization of the real economy. While carbon budgeting is primarily aimed at reducing the operational emissions of companies, the assessment of climate solutions focuses on investments in durable products and technologies with a low carbon footprint, that support the reduction of emissions.

Instead of setting top-down targets, we have analyzed the potential of different asset classes and continue to steer our allocation based on compelling investment opportunities. We see the greatest potential for pure-play climate solutions in private equity, private credit and infrastructure. These asset classes have a more direct influence on portfolio companies' strategies, operations and capital allocations which makes it easier to implement transformative climate initiatives. Further, climate solutions, whether renewable infrastructure, energy efficiency tech, sustainable agriculture, or circular economy business model, often require several years before returns materialize. The long-term investment horizon of private market investments is supportive to allow the business models to mature.

On the liquid side, green bonds offer another way to invest in climate solutions.

Challenges in defining and allocating to climate solutions

There is no universally agreed definition of climate solutions, so investors must establish their own framework. When developing our approach, it was important to create a methodology that is both robust and practical. With multiple investment teams managing assets for the LGT Endowment, we aim to ensure that each team can consistently determine whether an investment qualifies as a climate solution.

Climate solutions are concentrated in a few sectors, which limits their share in the LGT Endowment due to our commitment to broad asset and sector diversification. It's important to set clear expectations with stakeholders: we won't compromise the LGT Endowment's risk/return profile. Accordingly, our allocation to climate solutions will remain flexible and may vary over time. We regularly review this allocation and assess opportunities based on both financial and sustainability criteria.

In some instances, allocating capital to climate solutions can lead to a temporary increase in the emissions profile of the overall portfolio. For example, investing in companies that provide decarbonization technologies to emissions-intensive sectors may result in a short-term rise in reported emissions. We recognize that this dynamic is inherent to the real-world decarbonization process and we seek to capture the long-term climate impact rather than focusing solely on near-term portfolio metrics. We prioritize genuine emissions reductions across the economy to drive systemic change, even if this means accepting short-term fluctuations in the portfolio's carbon footprint.

Spotlight on climate solutions

Two examples of investments in companies providing climate solutions held in the LGT Endowment are provided below.

H&MV Engineering (technological solutions category)
H&MV Engineering is a leading European provider of high-voltage engineering services, with a strong focus on supporting the energy transition through renewable infrastructure. The company designs and constructs substations that connect renewable energy sources such as wind and solar farms, battery storage systems and industrial facilities to national grids. Its comprehensive service offering spans from feasibility studies to commissioning and maintenance, ensuring seamless project execution. A key strength lies in its early contractor involvement model, which fosters long-term client relationships and enhances project planning and delivery. With strategic expansion into the UK and German markets, particularly in renewables and battery energy storage systems, H&MV is well-positioned to address Europe's urgent need for grid modernization. The company also integrates sustainability into its operations through tools like its in-house carbon calculator, helping clients measure and manage the environmental impact of their projects.

SSE (energy generation category)
SSE is a UK-listed energy company that invests in, builds and operates electircity infrastructure and businesses needed for a clean, secure and affordatble energy system. Through their Net Zero Acceleration Programme Plus they forecast to invest GBP 17.5 billion[1] over five years to build energy systems for the future. These networks are vital to facilitate the ongoing energy transition.

With 5 giga watt (GW) of renewable power generation capacity already operational and an additional 2.4 GW of wind, solar and battery capacity currently under construction, SSE is one of the leading renewable energy operators in the UK. Further, the company has demonstrated strong overall commitment to sustainability, having cut its total carbon emissions by 49% since 2018[1]. SSE remains on track to meet its Science Based Targets initiative (SBTi) approved net zero targets for Scope 1 and Scope 2 emissions by 2040 and Scope 3 emissions by 2050.

[1] Source: SSE Renewables, 2025


SSE – portfolio company example, see page 24

Case study: Neoen co-investment for climate impact

In Q4 2024, we co-invested in Neoen alongside Brookfield Asset Management (Brookfield), a leading global alternative asset manager, focused on investing across real estate, private equity, private credit, infrastructure and renewable energy. Neoen is a global renewable energy developer, owner and operator with a diversified portfolio of wind, solar and battery energy storage systems. Founded in 2008, the company has organically grown to build one of the world's largest independent renewable energy platforms, with around 8.7 GW of assets in operation or under construction as of Q3 2024. Neoen's operations span key markets including Australia, France and the Nordics, supported by an advanced 20 GW development pipeline and more than 10 GW early-stage pipeline[1].

Our co-investment in Neoen represents a strategic partnership aimed at scaling renewable energy solutions. Brookfield's experience in structuring corporate power purchase agreements and providing large-scale financing is expected to enhance Neoen's ability to accelerate development and pursue growth in both existing and new markets. This expansion is expected to make a material contribution to global decarbonization efforts and aligns directly with our net zero commitment.

Figure 15: Neoen current and future renewable energy portfolio overview[2]

[1] Source: www.neoen.com, Neoen unaudited estimated 2024 full-year results
[2] Source: LGT Capital Partners, Neoen

Climate impact

Neoen's renewable energy assets are projected to avoid approximately 8 million tons of CO_2 emissions annually in 2030[1]. The company's balanced focus on solar, wind and battery storage not only supports a stable and clean energy supply but also plays a significant role in enabling the broader energy transition. Neoen continues to expand in markets with strong renewable potential, allocating development efforts across established geographies such as Australia, Nordics and France as well as high-priority growth markets including Germany, Italy and Canada. Its emphasis on long-term asset ownership is reflected in consistent delivery of over 1 GW of new projects annually and continued investment in grid-scale battery storage, underscoring a strong commitment to sustainable infrastructure.

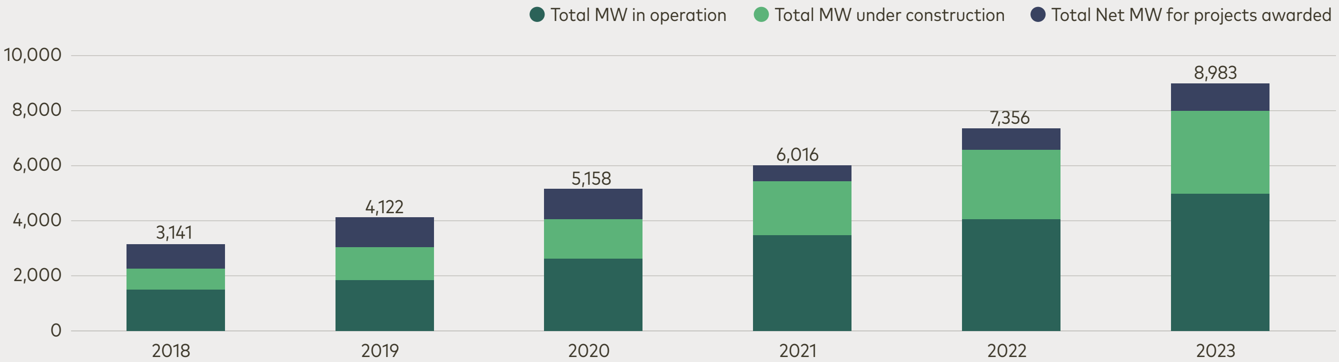
Operational outlook

Financial performance remains central to our investment approach and we view strong ESG credentials as a key contributor to long-term value creation. Neoen's scale and maturity provide a solid foundation for both impact and resilience. The company's ability to generate stable cash flows is supported by a significant installed base of 8.9 GW[2] operating capacity at the end of 2024, largely underpinned by long-term contracts. Implementing an active asset rotation strategy will allow Neoen to operate under a self-funded business model, supporting continued growth. The expected increase in development pace, driven by a 20 GW pipeline, further underlines the scalability of Neoen's platform.

Conclusion

Our co-investment in Neoen reflects our ongoing efforts to allocate capital to sustainable solutions with long-term positive climate impacts. By supporting the continued development of utility-scale renewable energy, we are helping to reduce emissions at scale while contributing to the global transition to clean energy. This investment aligns with our net zero commitment and demonstrates how environmental and financial objectives can be advanced in in parallel through thoughtful, strategic partnerships.

Figure 16: Neoen secured portfolio development in megawatt (MW)



Note: total awarded projects are net of projects whose construction commenced in the same year to avoid double counting.
Source: LGT Capital Partners, Neoen, as of Q4 2024

[1] Estimated based on the planned installed capacity by 2030 and calculated using the combined margin grid emission factor of various countries as published in the 2021 Harmonized IFI Default Grid Factor dataset. The actual GHG emissions avoided may result in variance from estimated emissions as a result of changes in the energy mix over time.
[2] Source: www.neoen.com, Neoen unaudited estimated 2024 full-year results

Active ownership

Engaging with companies held in our direct strategies and with our managers is a priority for LGT Capital Partners. By actively using our voice – through both engagement and voting – we can help drive necessary change while safeguarding long-term investment value. Unlike divestment, which removes an investor's voice, engagement allows asset owners to influence companies and managers from within, encouraging better practices, improved strategies and more resilient business models.

As a long-term investor, we are convinced that actively engaging with companies and managers about their material risks can have a positive effect on future performance. This is also relevant for climate-related risks as many of our engagements with companies and managers are linked to environmental topics.

Ultimately, engagement aligns with the fiduciary duty of both asset managers and asset owners to serve the best long-term interests of their beneficiaries. It connects financial stewardship with active ownership, enabling asset owners to both protect the value of their investments and contribute to broader environmental and social goals.

Progress in advancing active ownership

Every year, LGT Capital Partners assesses the ESG practices of several hundred managers, establishing and renewing the proprietary ESG manager assessment (see "ESG evolution through manager assessments" chapter for more information). If a manager lacks commitment to ESG or maturity in implementation, we seek to establish a dialogue to emphasize the importance of the topic to us as a firm as well as to our investors and regulators. Additionally, we share best industry practices and highlight key topics for us, including decarbonizing portfolios and other ESG factors.

Our focus when selecting managers is to work with them in a true spirit of partnership over the long term. We are willing to invest in managers who are at an earlier stage of their ESG or climate journey if they demonstrate a willingness to evolve over time.

One such example is our partnership with Arrowstreet Capital, a longstanding quantitative equity manager with a robust track record. When we started aligning our portfolios with our net zero targets, we found the original strategy did not meet its carbon budget and the existing investment vehicle had limited flexibility for changes as it was a fund investment with other investors. Arrowstreet was very open and interested in working with us on a solution and they collaborated closely with our ESG and investment teams to create a new ESG defensive equity benchmark with MSCI, adjusting their investment process to include ESG and carbon metrics. Subsequently they launched a new, adapted strategy seeded by LGT Capital Partners, with an over 80%[1] reduction in emissions. The performance of the adapted strategy has so far been in line with the original one.

This ongoing collaboration highlights how active ownership and sustained engagement can encourage ESG integration and support the evolution of investment strategies in alignment with broader sustainability objectives.

Engagement in private markets

In addition to the engagement based on our annual ESG assessments outlined in the first chapter of this report, we seek an ongoing exchange with our private markets managers to advance important topics. For example, for large investor accounts, we identify a subset of managers with comparably high portfolio emissions. We then proactively discuss their ESG practices and perspectives on decarbonizing the portfolio, as well as providing transparency on relevant ESG disclosures.

We also regularly engage with managers who are at an advanced stage of their ESG integration journey. These managers often apply novel approaches and initiatives, such as developing decarbonization roadmaps, considering biodiversity risks and impacts, measuring detailed ESG KPIs and providing robust sustainability reporting. For LGT Capital Partners, these interactions are a key mechanism for building expert knowledge, sharing perspectives with less advanced managers and enhancing ESG practices across the industry.

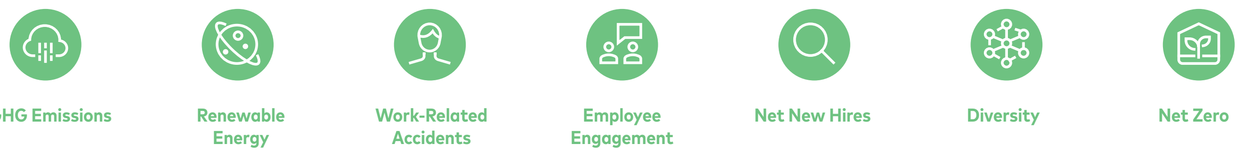
[1] Arrowstreet, data as of Q2 2025

Enhancing ESG transparency in private markets

In addition to rating our private equity managers, LGT Capital Partners has placed a strong focus in recent years on assessing the sustainability performance of the underlying portfolio companies. We have done so by leveraging the metrics framework provided by the ESG Data Convergence Initiative (EDCI). The EDCI is a collaborative effort aimed at standardizing and improving the quality of ESG data in the private equity industry. By fostering greater transparency and consistency, the initiative seeks to enhance the ability of investors to make more informed decisions by taking into account sustainability and responsible business practices.

LGT Capital Partners was an early supporter of the EDCI, having joined the initiative in 2021. Since then, we have actively partnered with the EDCI and demonstrated our commitment to its vision through ongoing engagement with managers and comprehensive data collection efforts. In 2024, we received data from a total of 175 managers, covering more than 3,400 underlying companies. This is a significant increase compared to the data collected in 2023, where we received data from 125 managers, covering approximately 1,600 portfolio companies. Managers can report on all or some of the metrics defined by the initiative. The size of this dataset highlights our dedication to ESG transparency. We intend to leverage it to gain better insights into our private equity portfolios and to use it increasingly to inform and enhance our investment decision-making processes.

Figure 17: Standardizing ESG data in the private equity industry



- ESG Data Convergence Initiative launched by CalPERS and Carlyle, convened by ILPA, and supported by BCG
- Supported by both LPs and GPs: +500 organizations, representing approx. USD 38 trillion AUM
- Goal: Drive standardization and benchmarking of ESG data
- The 2024 benchmark includes data on >8,000 portfolio companies
- LGT CP joined the initiative in 2021 and in 2024 was elected as a member of the Steering Committee
- LGT CP conducted its second data collection campaign in 2024 and received responses from 175 GPs, covering ~3,400 portfolio companies

Source: LGT Capital Partners

For example, using the EDCI helped us collect GHG emission data more consistently, enabling a better understanding of where our private equity portfolio stands on the path to net zero emissions. The chart below provides a breakdown of the data collected, comprising financial metrics as well as climate-related metrics sourced through the EDCI's standard reporting template. While our efforts are still in the early stages, we are pleased to have achieved approximately 30% weighted coverage (by NAV) of our overall private equity portfolio for Scope 1 and Scope 2 emissions. We remain committed to expanding this coverage in the future to further enhance our ESG data integration and transparency.

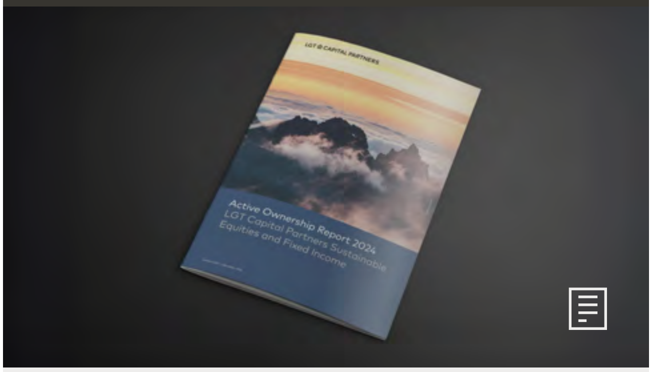
In January 2025, LGT Capital Partners joined the Steering Committee of the EDCI. This role underscores our commitment to advancing ESG data standards in private markets and allows us to collaborate with other investors to drive progress in the industry. As a member of the Steering Committee, we support the initiative's mission and have further enhanced our own ESG portfolio insights by incorporating granular, portfolio company-level data from the EDCI framework. Overall, these developments mark a shift from qualitative ESG assessments to more quantitative insights, supporting our efforts to measure ESG outcomes more directly and to drive targeted improvements across our portfolios.

Engagement in public markets

On the public markets side, active ownership is embedded in our holistic investment framework. Our approach encompasses five key elements:

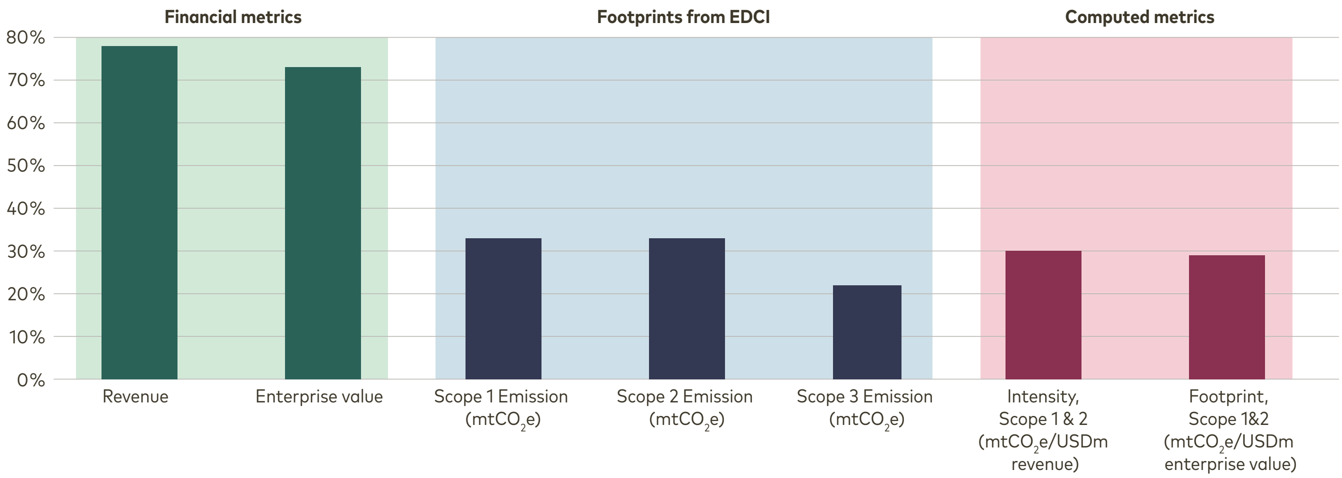
- proactive engagement
- reactive engagement
- collaborative engagement with other investors
- exercising voting rights
- the promotion of green and social financing

Scan the QR code or click on the button below to explore more



Insights into active ownership and engagement
For a comprehensive overview of our engagement activities, outcomes and the evolution of our active ownership strategy, scan the QR code to access the LGT Capital Partners Active Ownership Report 2024. The report features key statistics, case studies and detailed analysis of our sustainable equity and fixed income portfolios.

Figure 18: Data coverage private equity portfolio



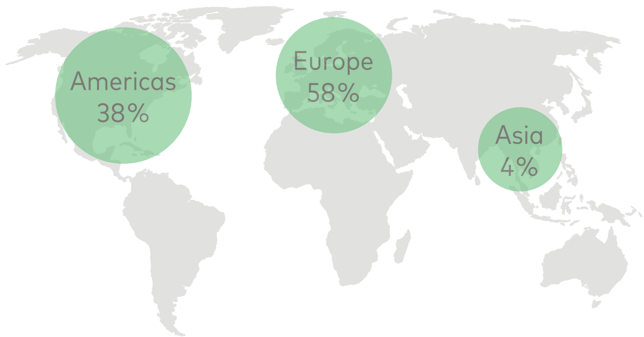
Source: LGT Capital Partners, data as of 31 December 2024. Coverage ratios are asset-weighted (USD).

Liquid market engagements on climate action in 2024

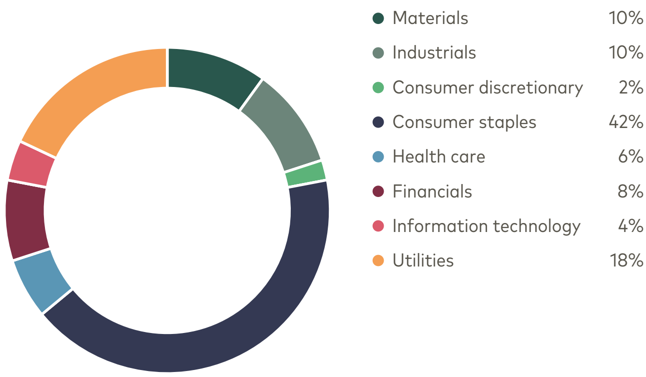
In line with our thematic focus, environment-related engagements represented the majority of our engagements in 2024. More specifically, climate action represented the most common engagement topic.

46%	29	111[1]
of engagements related to climate action and sub-themes (22% to climate action)[2]	companies engaged with	countries engaged in

Geographical split



Sector



Sustainable Development Goals (SDGs) split[2]

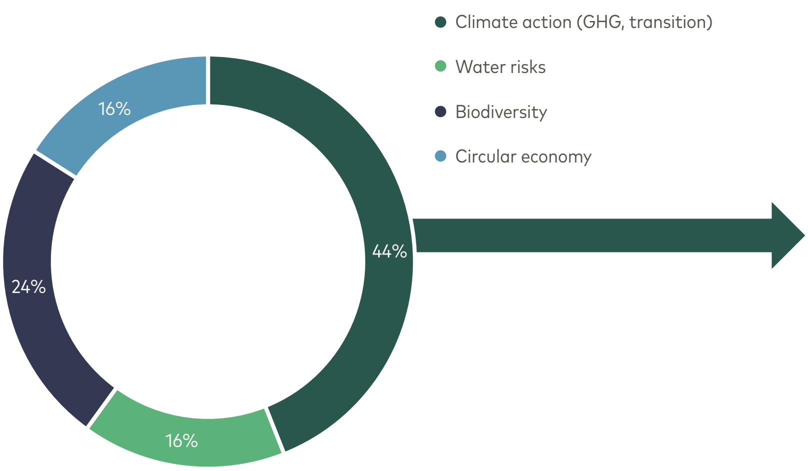
15% of engagements were linked to SDG 7 or SDG 13

7	"Affordable And Clean Energy"	1%
13	"Climate action"	14%

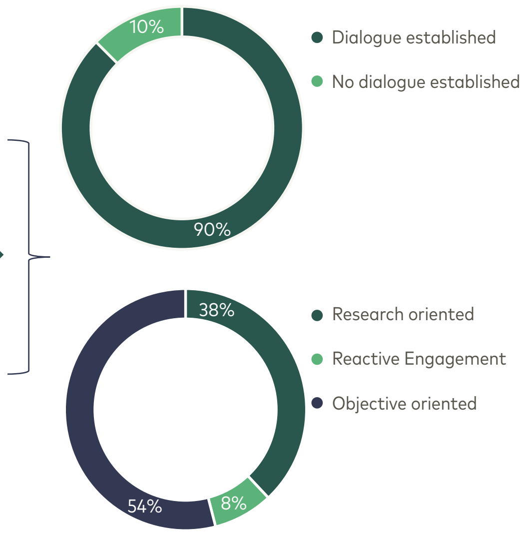
Top-five engagement topics in 2024[2]

Climate action (GHG, transition)	16%
Supply chain management	11%
Biodiversity	9%
Sustainability disclosure	7%
Health and safety	6%

Climate action and sub-themes breakdown



Climate action breakdown



[1] Data based on location of company headquarters.
[2] Percentages refer to the overall engagement activities including those that are not dedicated to climate action.
Source: LGT Capital Partners. Data from 1 January 2024 to 31 December 2024.

Case study of a real assets manager: Resolution Capital

As part of our ongoing engagement efforts, we work closely with leading investment managers to gain a deeper understanding of best practices in areas such as net zero alignment. These interactions not only enable us to stay at the forefront of industry developments but also enhance our ability to share valuable insights with managers who are at an earlier stage of their sustainability journey.

A notable example is Resolution Capital, a specialist in global listed real assets. ESG considerations are an integral part of the manager's investment philosophy and it believes that strong ESG practices benefit the broader community and can support long-term investment performance. Resolution Capital aims to achieve better outcomes by engaging with investee companies and exercising proxy voting rights to encourage the adoption of best practice ESG standards. Its structured and forward-looking approach to ESG integration, making it an integral part of the investment decision, reflects evolving expectations in the listed real assets sector and illustrates a depth of analysis that is still developing across the industry.

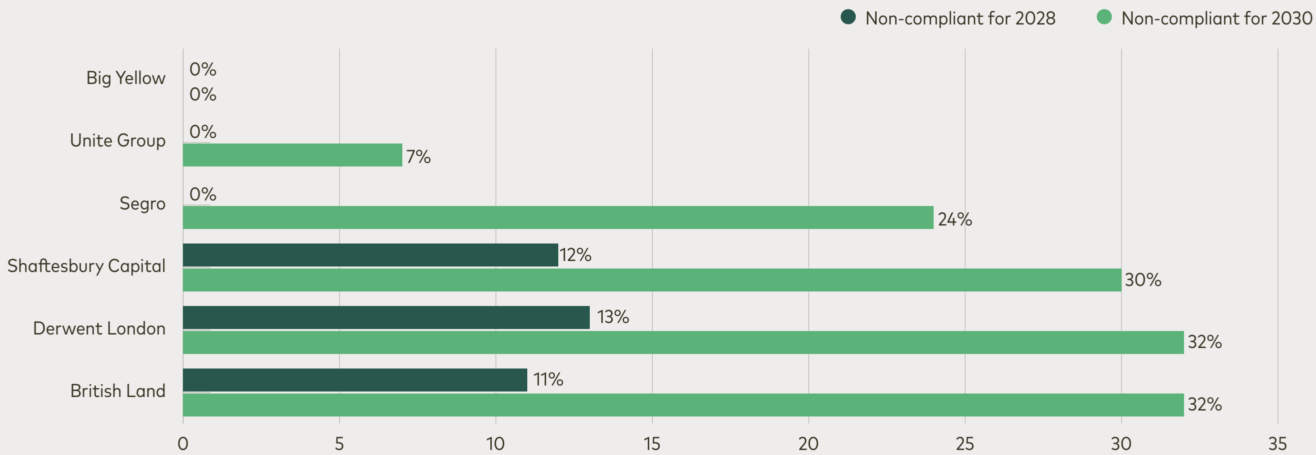
One way the manager implements this approach is by assessing how companies are preparing for the transition to a net zero economy. For listed real estate investment trusts (REITs), the manager evaluates a company's decarbonization strategy based on:

- Its alignment with the carbon reductions required under the Paris Agreement
- Its compliance with tightening energy efficiency performance regulations
- Its ability to meet increasing tenant and client demand for green properties

Where Resolution Capital believes companies are not addressing these areas sufficiently, the manager engages with them to understand any barriers to implementation or their plans to address these challenges.

Resolution Capital observed that the UK and EU property markets are already undergoing a transition to net zero, driven by stricter energy efficiency regulations taking effect in 2028 and 2030, as well as rising demand for green buildings. These factors are starting to influence property values. Figure 19 shows the share of UK company portfolios not yet compliant with these upcoming Energy Performance Certificate (EPC) thresholds. To mitigate the risk of assets becoming stranded, investee companies with large shares of non-compliant properties have developed detailed capital expenditure plans, focusing on renovating the least efficient buildings and aligning upgrades

Figure 19: Proportion of UK company portfolios that are not compliant with 2028 or 2030 EPC ratings regulations



Source: Resolution Capital, company disclosure, 30 June 2024

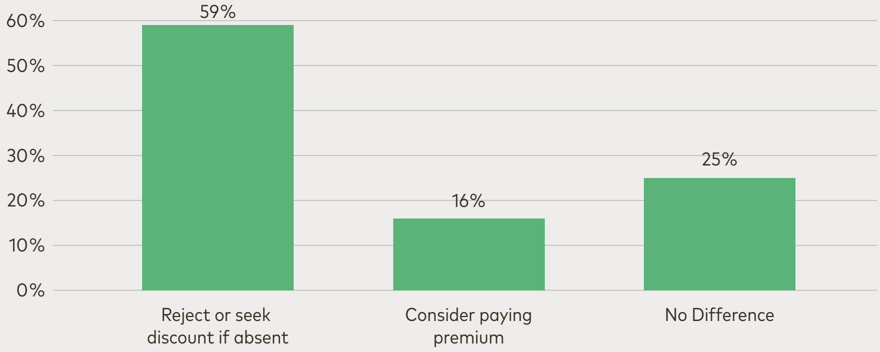
Resolution Capital – case study, see pages 32–33

with tenant turnover. The manager actively monitors and engages with these companies to ensure they are on track with transition plans. The focus is to have clear strategies and investment plans in place to meet regulatory deadlines and protect long-term portfolio value.

Tenants in Europe are increasingly making occupancy decisions based on the sustainability features of buildings. A significant proportion of prospective tenants will reject a tenancy or seek a discount for properties without green building certifications, such as LEED or BREEAM, while only a small proportion would pay a premium for this type of certification. This suggests more downside risk than upside opportunity. Resolution Capital, for example, considers these preferences in its investment analysis by assessing tenant exposure and incorporating certification-related risks into its evaluation of asset quality and income resilience. The chart below shows the impact of green building certifications on EU-based tenants' decision making.

The case of Resolution Capital illustrates that preparing for the transition to a net zero economy is not only an environmental imperative but also makes economic sense. Regulatory requirements, combined with changing tenant preferences, are already affecting property values and rental demand. Companies that proactively upgrade their portfolios to meet energy efficiency standards and secure green building certifications are better positioned to maintain occupancy, avoid stranded assets and protect long-term value. As the market evolves, the ability to adapt to these expectations will remain a key driver of financial resilience and investment performance.

Figure 20: Proportion of surveyed EU based occupiers' preference for properties with green building certifications



Source: CBRE Research, 2024

Climate change and insurance linked strategies (ILS): turning insight into resilience

At LGT Capital Partners, we closely monitor how climate change is impacting insurance markets – especially in ILS, where extreme weather events can drive significant losses.

Our ILS specialists regularly engage in research and collaborate with academic institutions. For example, we contributed to a study published in the journal Communications Earth & Environment that analyzes how a warming climate is likely to increase hurricane-related insurance losses in the US, a core region for ILS markets due to high insured valuesand high probabilities of risks.

Key findings from the study:

- In a worst-case climate scenario with +4°C global warming, individual losses from extreme hurricanes could increase by around 10%, while less severe tropical storms may become up to 30% more damaging. Events currently considered as "1-in-100-year" losses may occur as frequently as once every 70 years.
- These changes are projected to result in a 15% increase in average annual insurance losses, driven by both a rise in storm intensity and an increase in the frequency of major hurricanes (categories 4 and 5), along with more intense rainfall.

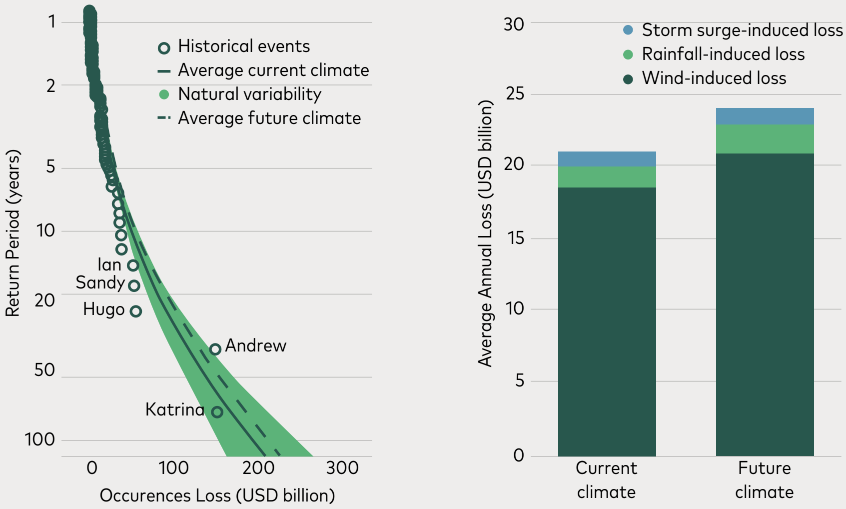
Understanding the implications for ILS portfolios

The study helps to distinguish the specific climate change impact on hurricane-related losses from broader market drivers like inflation or exposure growth. In particular, it highlights the increasing role of rainfall and intensified hurricanes in shaping future loss patterns. These findings support a more nuanced approach to modelling, underwriting and portfolio construction, helping to ensure that climate risk is realistically reflected in how we assess, price and diversify ILS exposures.

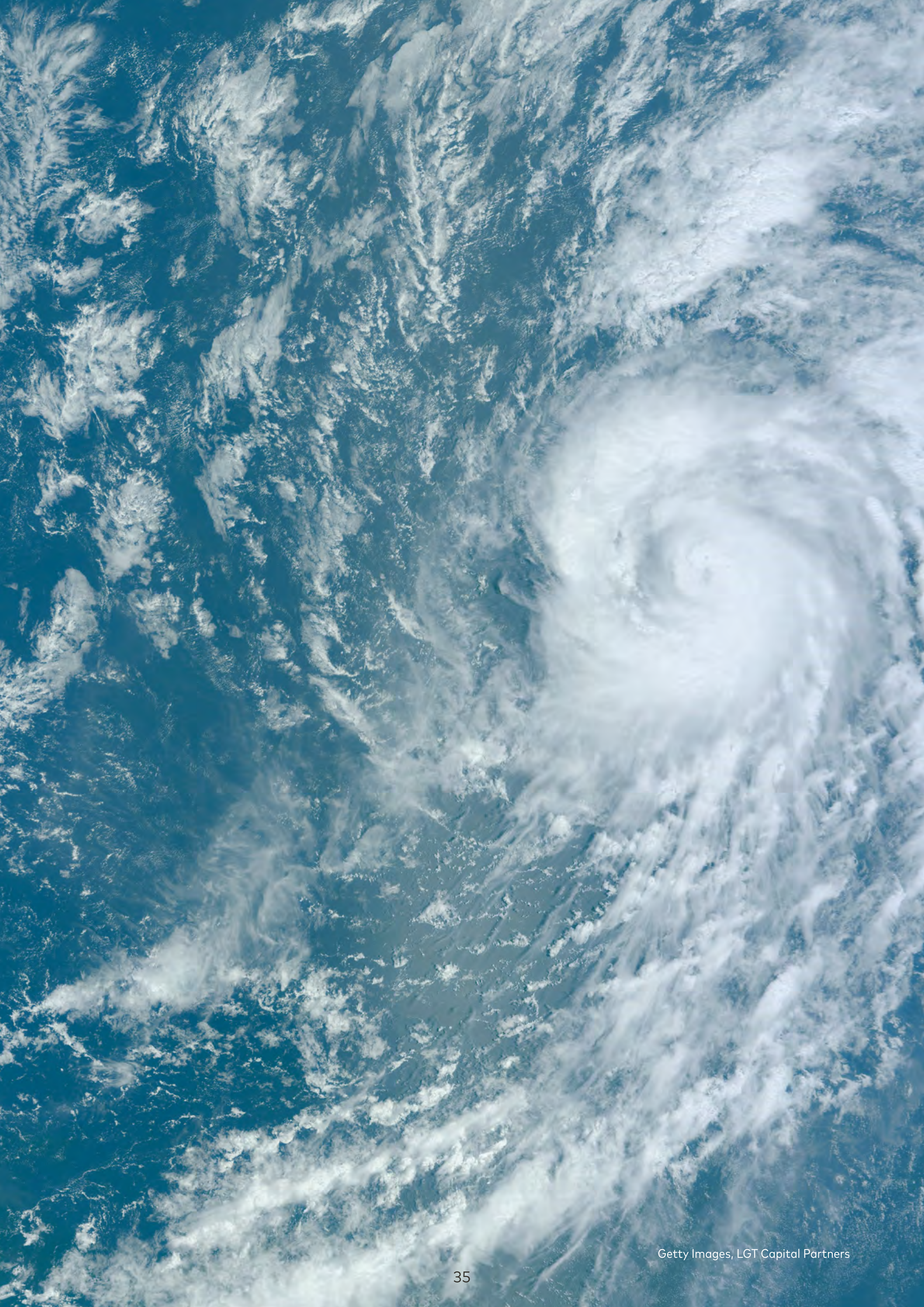
Applying climate insights to portfolio construction

Incorporating climate research into our investment process helps us to better understand how evolving hazard patterns may influence future loss expectations. By integrating these insights into modelling, pricing and structuring decisions, we aim to build ILS portfolios that remain resilient over time – despite a more uncertain and dynamic climate landscape.

Figure 21: Impacts of global warming on hurricane-driven insurance losses in the United States



Source: Comola, F., Märtl, B., Paul, H., Bruns, C. and Sapelza, K., 2024. Impacts of global warming on hurricane-driven insurance losses in the United States.


Getty Images, LGT Capital Partners

Focus topic: impact investing – combining market returns with outcomes

Introduction to impact investing

Over the last years, impact investing has gained momentum in the global investment industry. Investors have aligned capital with impact objectives, as they recognize that well-directed investments can deliver both competitive returns and meaningful social and environmental outcomes.

With more than 20 years of experience in integrating ESG considerations across asset classes, we have continuously evolved our approach to sustainable investing. Building on this foundation, impact investing represents a natural progression of our philosophy – one that extends beyond traditional ESG integration by emphasizing intentionality, additionality and measurability. By setting clear objectives and seeking evidence of positive change, our impact strategies represent a further step in aligning investment activities with real-world outcomes.

What is impact investing?
Impact investing can be defined as: "investing in companies and organizations with the intent to contribute to the generation of measurable positive social and/or environmental impact alongside financial returns."[1]

This definition includes the three pillars:

- **Intentionality:** this involves a deliberate commitment by investors to achieve specific positive outcomes for society or the environment
- **Additionality:** this embodies the principle that beyond the pursuit of financial returns, investments should foster positive social and environmental change that would not materialize without the deliberate allocation of capital. The concept of additionality is particularly pivotal in underserved markets where traditional funding mechanisms may fall short
- **Measurability:** this involves establishing clear and quantifiable metrics and objectives that allow investors to assess and verify the actual social and environmental benefits generated

[1] Definition by The Operating Principles for Impact Management ("Impact Principles" or "OPIM")

Scan the QR code or click on the button below to explore more

Impact buyouts – Private Equity International, October 2024
For insights on the growing appeal and sophistication of impact buyouts, scan the QR code to access a keynote interview with Natalie Sediako, Principal at LGT Capital Partners, published in Private Equity International.
In this conversation, she discusses how an expanding opportunity set and the advance of institutional investors are shaping the future of impact investing.

Scan the QR code or click on the button below to explore more

Lasting impact in private debt – Private Debt Investor, July 2025
To learn more about creating lasting impact through private debt strategies, scan the QR code to access an interview with Jonathan Smith, Principal at LGT Capital Partners, published in Private Debt Investor. He shares practical insights on how institutional investors can drive real-world outcomes alongside attractive risk-adjusted returns.

Volunteers of America – community engagement example, see page 50

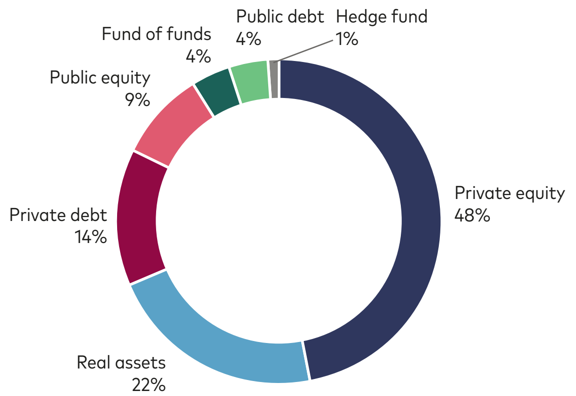
Impact – from a niche allocation to an institutionalized strategy

The impact investing market has evolved from a niche allocation to a meaningful and institutionalized component of private market portfolios. As of the end of 2024, more than EUR 700 billion of capital has been committed to impact strategies globally, with over 110 new funds launched in the past year[1]. While the rate of new capital flows has moderated amid increased market volatility and the growing debate around ESG – especially in the US[2] – investor demand for resilient, purpose-driven assets remains robust.

The momentum in the impact investing market has been underpinned by a rapidly expanding opportunity set, as scalable businesses increasingly respond to critical social and environmental challenges. At LGT Capital Partners, we focus our impact strategy on three key themes: climate action, healthcare and inclusive growth.

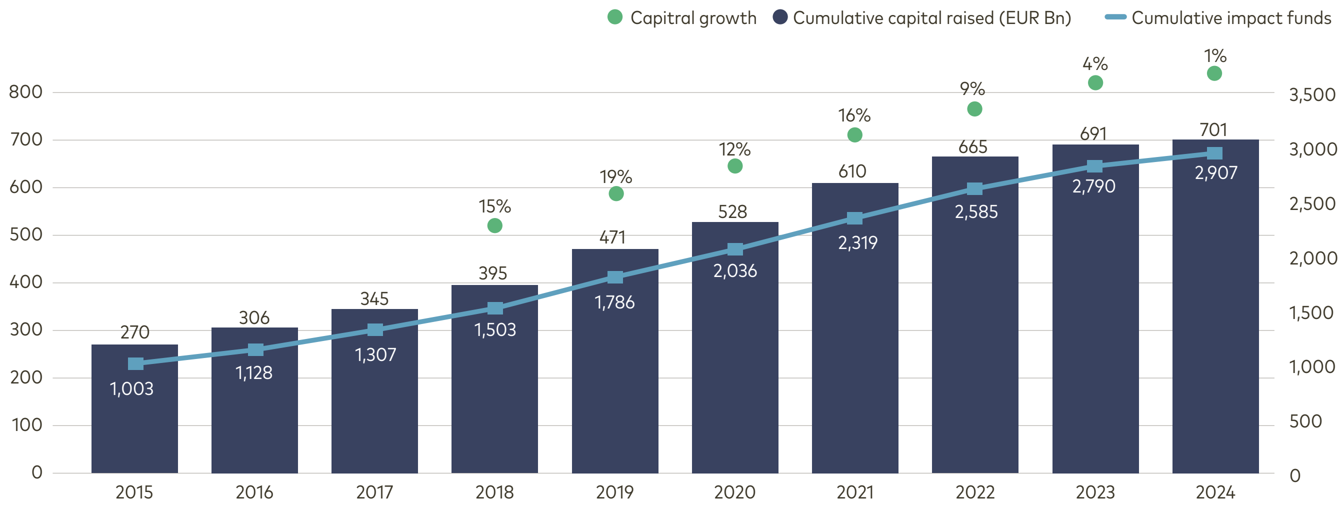
These priorities define our investment approach and reflect the core areas where we believe private capital can deliver measurable outcomes. As the space has matured, impact investments have evolved from niche and early-stage allocations to playing a central role in many diversified private market portfolios. The market now benefits from more experienced managers, institutionalized impact measurement and impact integration as a mainstream consideration.

Figure 23: Private equity is still the largest asset class followed by real assets



Source: Phenix Capital, 2025 Impact fund universe report

Figure 22: Total impact capital committed



Source: Phenix Capital, 2025 Impact fund universe report

[1] Source: Phoenix Capital, 2025 Impact fund universe report
[2] In recent months, ESG investing has faced increased scrutiny in the US, including political debate, regulatory uncertainty and questions around its effectiveness and alignment with fiduciary duty.

Opportunity set

The current impact investing universe offers a wide range of opportunities for managers and asset owners, despite political headwinds and uncertainty in some of the largest markets. In support of climate action, scalable opportunities continue to emerge across renewable energy and related technologies. Solar power remains cost-competitive with other energy sources and capacity is expected to expand further. The global energy storage market keeps hitting new highs, and global passenger electric vehicle sales continue to grow rapidly. In healthcare, advancements in diagnostics, personalized medicine, gene therapy and technological solutions such as telemedicine and remote monitoring offer great potential to improve access to high-quality care and enhance people's quality of life. Personalized learning, gamification and the integration of digital tools and platforms offer new ways to create engaging learning experiences and improve real-world skills that support inclusive growth. Investments in these areas address mission-critical needs and are underpinned by strong structural tailwinds, making them relevant for a broad range of institutional investors.

As the market continues to mature, expectations for managers have increased. Authenticity, track record and rigorous impact measurement are now prerequisites for success. Managers are expected to apply disciplined underwriting, structured due diligence and independent verification as standard practice.

Asset owners – translating ambition into implementation

For institutional asset owners, the ongoing development of the impact market enables capital to be allocated in alignment with both financial and impact objectives. Demand is increasingly differentiated, with clients seeking solutions across different environmental and social themes, such as decarbonization, access to high-quality healthcare and affordable financial services. Practical investment structures – including separate accounts, co-investments and access to primaries – allow for a tailored and efficient approach to implementation.

We work closely with our clients to design and execute impact mandates focused on the client's core impact themes. Our process combines clear investment and impact criteria, rigorous assessment and independent third-party verification. This ensures that every mandate can deliver measurable, intentional outcomes while maintaining robust risk and return standards.

Figure 24: Core impact themes

Climate Action	Healthcare	Inclusive growth
Challenges faced: • Climate change • Consumption patterns • Population growth	**Challenges faced:** • Ageing population • Misaligned incentives across healthcare systems • Limited access to quality care	**Challenges faced:** • Wealth inequalities • Social barriers • Population growth
7 Affordable and clean energy 11 Sustainable cities and communities 12 Responsible consumption and production 13 Climate action 14 Life below water 15 Life on land	3 Good health and well-being	4 Quality education 8 Decent work and economic growth 9 Industry, innovation and infrastructure 10 Reduced inequalities
Impact focus areas: • Decarbonization • Resource efficiency • Circular economy • Energy transition • Sustainable agriculture	**Impact focus areas:** • Availability of quality healthcare for all • Improved patient outcomes • Cost efficiency and cost control	**Impact focus areas:** • Access to quality education • Financial inclusion • Empowerment of people and underserved groups

Source: LGT Capital Partners

Fund investment case study: Vidia Equity – driving industrial decarbonization

Headquartered in Munich, Germany, Vidia was founded in 2022 as a climate impact asset manager with a clear purpose and mission: to help accelerate efforts to reach net zero by 2050 by driving industrial decarbonization in the highest emitting sectors through private equity. Vidia's inaugural climate impact strategy closed in December 2023 and was oversubscribed.

The manager's approach focuses on acquiring and developing industrial mid-cap companies whose products and services play an important role in climate solution value chains and contribute significantly to net positive climate mitigation outcomes. Current portfolio companies are active across solar energy, wind energy services, plastics recycling and flat roof management, addressing different parts of the climate solution value chain. Investor impact is generated by proactively providing strategic and operational support during the holding period, with an emphasis on scaling portfolio companies' climate solutions businesses beyond what each company would likely be able to achieve on its own. The geographic focus is primarily on the DACH region and the Nordics.

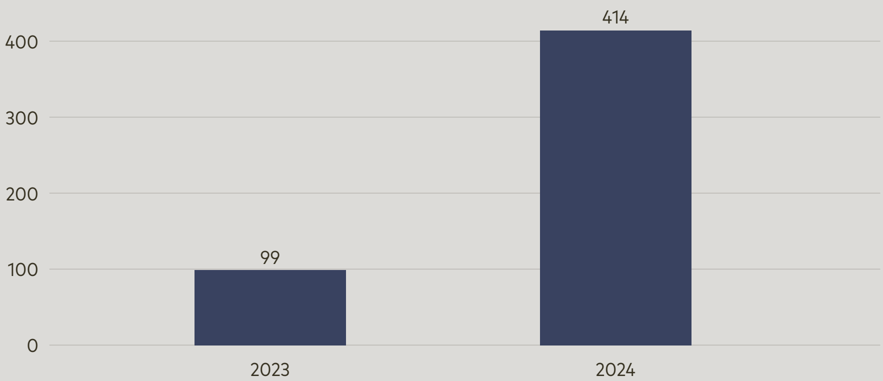
Integrating impact across the investment lifecycle

Vidia's organization has been carefully built for purpose, with impact, ESG and compliance aspects deeply integrated into all its activities and across the entire investment lifecycle. An impact due diligence process ensures the selection of climate solution companies with significant impact and exceptionally strong potential to create financial value. During the holding period, the operations team leads the management of portfolio company impact and ESG performance, supported by other teams. The Impact & ESG team leads the initial post-closing impact and ESG action planning and collects annual data points. At exit, the transaction team ensures a responsible exit process, supported by the Impact & ESG team, which is tasked with identifying and mitigating post-exit impact risks on a best-effort basis in line with the manager's responsible exit policy.

Rigorous methodology and impact thresholds

Vidia's impact intent was clearly articulated in an internal impact methodology prior to the launch of its climate impact strategy. A key feature is the impact-oriented asset allocation process that utilizes clearly defined minimum climate impact thresholds as a mandatory criterion for consideration by Vidia's Investment Committee. For each portfolio company, Vidia applies an impact scorecard and defines a minimum impact "significance" threshold of an average annual GHG avoidance of more than 1,000 tons – enabled through the sale of climate solution products and services – per EUR million invested over a typical five-year holding period.

Figure 25: Enabled GHG emissions avoidance[1] (in kt CO_2equivalents[2]) by companies in Vidia Climate Fund I



Source: Vidia Equity

[1] Avoided emissions refer to the decrease in greenhouse gas emissions that can be attributed to the use of a good or service as a substitute for another good or service, fulfilling the same functions but with a lower carbon intensity. Source: GHG Protocol.
[2] A carbon dioxide equivalent or CO_2 equivalent, abbreviated as CO_2-eq or CO_2e, is a metric measure used to compare the emissions from various greenhouse gases on the basis of their global-warming potential (GWP), by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential. Source: Eurostat.

Vidia Equity – case study, see page 40

Scan the QR code or click on the button below to explore more

Founder's perspective on impact at Vidia Equity
For direct insights from Vidia Equity's leadership, scan the QR code to watch a short presentation by Founder & Managing Partner Johanna Struthmann, recorded at our Annual Investor Conference (AIC) 2025 in Vienna. In this presentation, Johanna shares firsthand how Vidia drives industrial decarbonization through private equity and integrates impact across the investment lifecycle.

Co-investment case study: Outcomes First Group – specialist education for students with high complexity needs

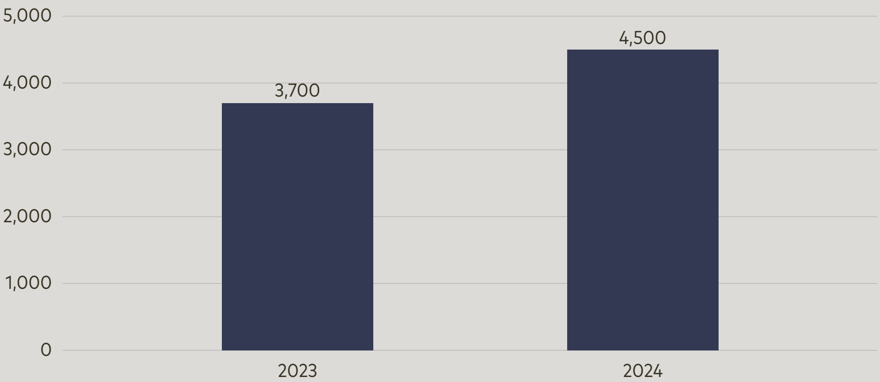
In the UK, there are currently approximately 1.5 million students with special educational needs. Close to 400,000 of these students have complex needs, requiring the development of an Education, Health and Care Plan (EHCP) at school as well as qualified personnel to ensure they receive adequate assistance. The proportion of young people with an EHCP increased from around 2.8% of pupils in 2015 to 4.3% in 2023. Due to a nationwide shortage in the supply of educational psychology services and EHCPs, the unmet demand for EHCPs in the UK is continuing to grow. Consequently, special education providers are becoming increasingly important to address the needs of high-acuity students.

Outcomes First Group (OFG) is a leading education provider in the UK, providing specialist education for students with high complexity needs through its divisions: Options Autism, Acorn Education and Momenta Connect. The Group operates schools that are specifically tailored to children with autism and challenging social, emotional and mental health needs, addressing a significantly underserved segment within the special needs market. Moreover, the company extends digital schooling solutions and therapeutic support to pupils who are unable to attend in-person classes due to medical conditions to help them re-engage with education through Momenta Connect.

OFG is renowned for its extensive scale and exceptional reputation, operating a network of more than 75 schools and serving more than 4,500 students. OFG's schools have consistently achieved the highest rating from regulators in the UK compared to national averages, with 98% of its schools rated as Good or Outstanding. Due to its scale and service quality, OFG is the clear market leader in the UK special education space. With its strong track record in business dvelopment, it is well positioned to benefit from consistent market growth and large structural supply gap.

LGT Capital Partners has known OFG for many years, due to a previous investment in the company. In December 2023, we were invited by TPG's Rise Fund to participate in a new investment as co-underwrite partner, at an attractive entry valuation for the leading company in the space.

Figure 26: Number of students with special education needs served
(on average throughout the year)



Source: Outcomes First Group

Direct lending case study: RCI Group – expanding capacity, empowering communities

Following the Outcomes First Group case study, which addressed the growing need for specialist education services for young people with high complexity needs, RCI Group (RCI) focuses on another critical area within the UK's social infrastructure. The country's health and social care and justice systems are under sustained pressure and existing infrastructure is struggling to meet demand. This has created a need for high-quality private providers, such as RCI, to support public services and strengthen system capacity.

RCI is a leading UK-based group of companies delivering critical services across clinical services, assessment and support services, complex community care and data and software. With a mission to improve outcomes for people by advancing health, justice and social outcomes at scale, RCI supports public services and protects vulnerable individuals, enhancing system capacity at a time when it is needed most.

To date, the business has supported over 84,000 men, women and children who have been sexually assaulted as well as over 20,000 individuals with communication difficulties in court. It has also provided safe and secure transportation for over 32,500 individuals with mental health needs. RCI has also helped over 36,000 UK National Health Service (NHS) professionals improve services and continues to support the mental health of frontline workers to ensure the sustainable and safe provision of services.

Having found RCI to be a fit for LGT Private Debt's dedicated impact portfolio, we have worked closely with management to identify opportunities to further catalyze additional impact. We tie financial incentives to ambitious, measurable impact KPIs, including quantifiable approaches for ensuring respect for staff and vulnerable individuals, as well as a decarbonization plan across RCI's eight acquired businesses. While it is too early to report quantifiable carbon reduction, RCI's plans are expected to drive long-term cost efficiencies through reduced energy and fuel consumption from transportation. Proactive alignment with UK climate regulations is helping future-proof the organization against policy risk and carbon pricing. This KPI has already driven meaningful cultural and strategic change by accelerating leadership focus on setting clear targets and developing structured carbon reduction plans that the group is now actively implementing. Our partnership demonstrates how impact can go further when actionable plans are embedded at both the leadership and operational levels.

Figure 27: RCI Group's impact across its network

Provision of mental health support for staff working in provision of frontline support services	Establishment of a group-wide impact and ESG due diligence process for all new acquisitions	Introduction of a 'Net Respect Score' to measure respect for people treated with RCI Group services

Tailoring private equity impact mandates for global institutional investors

Implementing a private equity impact mandate for institutional investors involves tailoring investment strategies to the specific goals of the investor. This includes a diverse set of preferences across impact themes, geographies and investment stages. The process requires an open and upfront dialogue to develop an understanding of the investor's specific goals, whether they are focused on climate solutions, social challenges such as eduction and healthcare or financial inclusion. Other more conventional ESG topics, such as environmental sustainability, social responsibility or governance improvements, can also play a role.

For different regions, considerations include local regulatory environments, market maturity, currency considerations and socio-economic factors. Stages of investment, such as early-stage startups, growth companies or mature enterprises, have an influence on impact measurement and risk tolerance. Successful implementation involves establishing clear impact metrics, customized due diligence processes and transparent reporting frameworks. This ensures that the investor's objectives are met while contributing positively to social and environmental outcomes worldwide.

Different types of asset owners approach impact implementation in ways that reflect their impact priorities, regional preferences and organizational goals. Below are three different client cases described in more detail:

1. **Large European pension fund – regional focus:** a large European pension fund has a clear top-down commitment to impact investing, prioritizing environmental and social outcomes alongside financial returns. It established a dedicated impact portfolio focused on climate solutions and the global energy transition with a particular emphasis on Europe and local impact. This approach allowed it to direct investments toward companies contributing directly to the energy transition or offering climate solutions in areas such as renewable energy and sustainable infrastructure. These investments align with the investor's long-term mission to promote regional sustainability while maintaining a balanced risk-return profile.
2. **Asian insurance company – enhancing existing mandate:** an Asian insurance company, which already had a private equity allocation with us, adopted a strategic approach to further enhance its portfolio by adding an impact allocation and embarking on an impact learning journey. The company places equal priority on impact and financial returns with a focus on climate investments. The team actively engages on impact topics with our impact and investment teams as well as with impact data providers and consultants. This collaboration helps the insurance company to understand the fast-developing area of impact investing and enhances its understanding of real-world impact and outcomes.
3. **Nordic family office – aligning with values:** a Nordic family office pursued an impact strategy that is aligned with its values and legacy with a focus on environmental impact (protecting natural resources for future generations) alongside financial returns. The family office created a specialized impact private equity portfolio concentrating on climate solutions and energy transition initiatives with a focus on growth and buyout opportunities. This strategy underscores the family office's commitment to environmental stewardship and capital appreciation, positioning impact as a key driver of investment decisions.

These three case studies illustrate how different asset owners tailor their impact strategies, prioritizing local impact, enhancing an already existing strategy with more impact focus or reflecting organizational values. By doing so, investors are demonstrating the diverse ways that impact can be integrated into investment management. What the three mandates have in common is the equal weighting of impact and financial returns. The investors are not willing to sacrifice returns in pursuit of impact alone. Instead, the approach is grounded in the belief that companies can develop attractive business models where impact and returns go hand in hand.

Empowering investors through knowledge: our Sustainability and Impact Academy

LGT Capital Partners places a strong emphasis on fostering knowledge and awareness around sustainability and impact. Our Sustainability and Impact Academy exemplifies this approach by offering institutional investors a dedicated platform to deepen their understanding of key sustainability and impact themes.

Hosted at Freudenfels Castle, this exclusive 1.5-day program brings together thought leaders from the field of investment management and academia to share the latest insights on topics such as climate action, biodiversity and impact investing. Through interactive discussions, case studies and peer-to-peer exchange, participants gain practical perspectives and actionable tools to advance sustainability within their organizations.

By investing in knowledge-sharing and education, we aim to empower our investors to navigate the evolving sustainability landscape and drive meaningful impact across the industry.

Scan the QR code or click on the button below to explore more

Advancing knowledge through our Sustainability and Impact Academy

For a behind-the-scenes look at the LGT Capital Partners Sustainability and Impact Academy, scan the QR code to watch our video.

Corporate Social Responsibility (CSR) at LGT Capital Partners

Over the past year, LGT Capital Partners has continued to build momentum in integrating CSR into the core of its business operations. As we strengthen our role as a responsible investor, delivering on CSR commitments requires action both across our investment activities and within our firm. With this in mind, we have advanced a number of initiatives across the four priority areas that guide our approach.

People – cultivating a culture of belonging

At LGT Capital Partners, we believe that our culture of belonging – cultivated over more than 25 years – is fundamental to our success as a sustainable investor. We are committed to providing fair and inclusive opportunities to individuals from all backgrounds. We value a wide range of perspectives and understand that working alongside talented professionals who have a range of insights and experiences strengthens our business and enhances its resilience.

By fostering a culture of belonging, we aim to attract and retain the widest possible pool of global talent, while also improving decision-making and driving better outcomes – both for us as a firm and for our investors. Our commitment begins with the application process, extends to the wellbeing of every employee and is reflected in how we communicate and collaborate across the organization.

- **Recruiting –** we continue to enhance our hiring activities to attract the best talent from a broad pool of global candidates – identifying and eliminating subjectivity in the application process and improving interview techniques through training

- **Retaining and promoting talent –** our defined set of long-term oriented Leadership Behaviors, which form the back-bone of our culture (further details on our Leadership Behaviors can be found in the interview with Michael Egermann below), are embedded in year-end staff reviews of team leaders and in career development discussions to better drive business outcomes

- **Communication –** we communicate in an open, frequent and transparent way. We regularly celebrate the achievements of team members at staff meetings and we host guest speakers on a wide range of topics that are aligned with our firm's values

- **Open culture –** we are dedicated to fostering a culture in which all staff members feel a genuine sense of belonging, are valued for their unique contributions and are empowered to excel and realize their full potential

In addition, we participate in a number of industry organizations that share our values. This allows us to engage with our peers around best practices, expand our own pipeline of talent and participate in conversations about the importance of culture, people management and talent within our industry.

Figure 28: LGT Capital Partners' four pillars of CSR

People	Community	Suppliers	Buildings
Our commitment to fostering a responsible, inclusive and supportive work environment.	Working collaboratively to create positive social impact through partnerships, transparency and active engagement.	Promoting responsible business conduct and sustainable supply chain practices.	Reducing our environmental footprint while maintaining safe and efficient workplaces.

Measuring and monitoring

A culture of belonging – interview with Michael Egermann, Chief People Officer at LGT Capital Partners

To further highlight how our culture of belonging is shaped and reinforced across the organization, this report features an interview with our Chief People Officer, Michael Egermann. In this conversation, he shares insights on building a resilient workplace culture, the importance of global diversity in talent acquisition, how we support leaders in reducing bias and the key role that leadership plays in fostering a sense of belonging. He also reflects on the achievements of the past year and outlines priorities for further strengthening our culture in the future.

Scan the QR code or click on the button below to explore more

Fostering a culture of belonging

For deeper insights into building a resilient workplace culture at LGT Capital Partners, scan the QR code to watch Chief People Officer Michael Egermann discuss the importance of leadership, shared values and fostering an environment of collaboration. In this interview, Michael shares perspectives on talent acquisition, reducing bias and how leadership can reinforce a culture where people feel engaged and supported.

At LGT Capital Partners, our culture of belonging is a key part of who we are and how we operate. What are some of the key lessons you have learned about building a strong and resilient workplace culture across a global organization?

At LGT Capital Partners, we believe that fostering a strong and resilient culture is a shared responsibility – it is very much a team effort. Everyone plays a role in shaping the environment we work in and our culture is something we actively build and maintain together.

One key insight has been the importance of a shared language, especially as we continue to grow. Our clearly defined Leadership Behaviors give us a consistent framework for how we lead, collaborate and make decisions across regions.

In what ways does a broad mix of professional backgrounds and experiences strengthen your business and decision-making?

Extensive research – and our own experience – shows that diverse teams consistently make better decisions. While this may not always translate into faster decision-making processes, it significantly enhances decision quality. Teams composed of individuals with different perspectives, professional experiences and cultural backgrounds tend to consider a wider range of information, engage in more rigorous dialogue and challenge assumptions. This leads to more thoughtful, more innovative and ultimately more impactful outcomes.

What steps is LGT Capital Partners taking to ensure hiring processes are as objective and effective as possible in attracting top talent globally?

We are implementing behavior-based interviewing methods grounded in these principles and we are also providing targeted interviewer training. This includes a strong focus on mitigating unconscious bias – helping our teams to recognize and address the automatic, often unconscious assumptions that can influence decision-making. By aligning our hiring practices with these behaviors, we ensure that our approach to talent acquisition reflects our values, supports our long-term commitments and meets the expectations of a globally diverse workforce.

How do our Leadership Behaviors help us retain and develop talent? Can you share how our values come to life in career development and performance conversations across the firm?
Our Leadership Behaviors are designed to align short-term actions with our long-term commitments. They provide a consistent, values-driven framework for how we assess performance, develop talent and support leadership at all levels.

These behaviors are now embedded across our talent processes. Within our performance management system, we continue to evaluate results – which I describe as "the what" – but we are also placing increased emphasis on "the how" the behaviors demonstrated in achieving those results.

How do you approach creating a work environment where individuals feel they can fully contribute and thrive?
Creating an empowering work environment is a shared responsibility. It starts with everyday actions – welcoming new colleagues, offering feedback, supporting others and being open to new ideas. These small steps collectively build a culture where everyone feels valued.

From a leadership perspective, we are committed to fostering this environment. We have clearly articulated the culture we aim to foster at LGT Capital Partners and we recognize that this is an ongoing journey, not a fixed endpoint.

Creating a true culture of belonging starts with leadership. In your view, how do our senior leaders help set the tone and model the behaviors that reinforce this culture?
While building a culture of belonging is a shared responsibility, leadership plays a crucial role in setting the tone. At LGT Capital Partners, we have articulated our expectations through the Leadership Behaviors, which serve as a compass for how we lead, collaborate and make decisions.

These behaviors are not just aspirational – they are designed to translate our purpose and values into everyday actions. We are embedding them into all people-related processes, so they consistently reinforce the behaviors we want to see across the firm. At the same time, we are developing a structured listening strategy to gain real-time insights into where our strengths lie – and where further progress is needed.

LGT Capital Partners – corporate image

Community – our commitment to giving back

At LGT Capital Partners, we see ourselves as part of a global community with global responsibilities. Our commitment to generating positive impact extends beyond our business and includes the communities where we live and work. Every year, LGT Capital Partners donates around 10% of its dividend to LGT Venture Philanthropy, which invests in social-impact ventures with a focus on education, health and the environment in underserved regions.

We also value local engagement and encourage all staff members to participate in volunteering activities. This includes allowing them to devote one day of paid leave per year to supporting initiatives that are aligned with the SDGs. Our corporate volunteering program provides opportunities to work directly with local organizations and contribute to areas such as education, environment and humanitarian support.

Across all our philanthropic and volunteering activities – from donations to hands-on service and strategic partnerships – our goal remains the same: to make a lasting and meaningful contribution to society, both locally and globally.

Volunteering at Stiftung Schweizer Tafel
In April 2025, staff members from LGT Capital Partners took part in a volunteering initiative with Stiftung Schweizer Tafel, an organization that collects surplus food from retailers and distributes it free of charge to social institutions in the Zurich region. Our team assisted with the collection and distribution of food to shelters and soup kitchens. One participant commented:

"Working with Schweizer Tafel was an eye-opening and rewarding experience. In little teams, we each collected surplus food from supermarkets and then distributed it to various food banks and social institutions around Zurich. Beyond this social aspect, the experience also served as a reminder of the staggering amount of food waste generated daily. It encouraged me to reflect on my own habits at home and consider how I can reduce food waste in my day-to-day life."

Volunteers of America's Operation Backpack
For a second year, colleagues from our New York office are supporting the Operation Backpack campaign organized by Volunteers of America – Greater New York. Volunteers of America is an anti-poverty organization working to end homelessness in the Greater New York area by 2050. Through Operation Backpack, our team helps to make sure that children living in homeless shelters receive quality backpacks and essential school supplies in time for their first day of school. By taking part in this initiative, we are strengthening our commitment to educational opportunity and giving back to our local community.

Suppliers – finding sustainable partners

At LGT Capital Partners, we recognize that our responsibility as a sustainable business extends across our entire value chain. We expect our suppliers to operate according to recognized environmental, social and ethical standards and we seek to purchase sustainably produced goods and services whenever possible.

Our Supplier Code of Conduct forms the foundation of our supplier relationships. The Code sets out clear expectations on topics such as the prohibition of child and forced labor, provision of a healthy and safe workplace, fair remuneration and working hours and zero tolerance for discrimination. It also requires compliance with key international standards, including the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the Liechtenstein Finance Against Slavery and Trafficking initiative. The Code is included in every supplier contract and monitored for compliance. If breaches of the Code are identified, we engage directly with suppliers to resolve issues and will, if necessary, terminate the relationship.

We have further strengthened our approach with targeted ESG due diligence. For key privately owned suppliers, we have introduced an annual ESG questionnaire to gather detailed information on their ESG practices. In 2024, the majority of the suppliers surveyed reported having a formal ESG policy or program in place. For listed suppliers, we use our internal ESG Cockpit to monitor and assess ESG performance. These initiatives enable us to engage more effectively with our supply partners, fostering a collaborative approach to sustainability.

Buildings – managing our operational footprint

Direct environmental impacts from our own operations remain a central focus of our CSR program. Since 2022, 100% of the electricity consumed at our Swiss headquarters has been sourced from hydropower-based renewable energy. In our other offices worldwide, we source renewable energy where possible. In 2024, the headquarters transitioned from a gas-based heating system to district heating powered by a centralized system that distributes heat sourced from renewable energy. This has further reduced our carbon footprint and reflects our ongoing commitment to sustainable energy solutions.

Our offices are designed and managed with energy efficiency in mind, but the actions of our employees are also of key importance in shaping our environmental performance. We regularly raise awareness about topics such as waste management, water and energy use and health and safety. In Switzerland and Liechtenstein, we encourage staff to use public transport and support alternative mobility options with a dedicated incentives.

Tracking and managing operational impacts

Measuring, monitoring and managing our operational emissions is an integral part of our sustainability strategy. Our most significant environmental impacts are linked to energy use in our offices and business travel.

We continue to measure Scope 1 and Scope 2 emissions related to our offices, as well as Scope 3 categories such as purchased goods and services or employee commuting. To address travel emissions, we have implemented a digital tool that provides a detailed breakdown of the CO_2 emissions per region and travel class, allowing for more targeted analysis and management. Furthermore, we have offset 100% of our operational emissions annually since 2010 through the purchase of high-quality carbon credits.

Figure 29: LGT Capital Partners operational emissions[1]

Tag	Unit	2024	2023	2022	2021	2020	2019
Scope 1	tCO_2e	78.54	75.25	44.23	44.44	195.74	207.11
Scope 2	tCO_2e	258.46	135.28	77.89	115.96	198.63	156.68
Scope 3–1 Purchased goods and services	tCO_2e/FTE	6.85	0.02	0.02	0.02	0.03	0.03
Scope 3–2 Capital goods	tCO_2e/FTE	6.61	n.a.	n.a.	n.a.	n.a.	n.a.
Scope 3–3 Fuel- and energy-related activities	tCO_2e/FTE	0.15	0.10	0.06	0.07	0.10	0.12
Scope 3–5 Waste generated in operations	tCO_2e/FTE	n.a.	0.00	0.00	0.00	0.00	0.00
Scope 3–6 Business travel	tCO_2e/FTE	2.39	1.87	1.56	0.29	0.24	2.49
Scope 3–7 Employee commuting	tCO_2e/FTE	1.07	1.00	0.94	n.a.	n.a.	n.a.

- 2019 and 2020 data has been extrapolated based on a limited number of locations.
- Scope 1: at our headquarters in Switzerland, we switched our heating unit input from natural gas to biogas in 2021, significantly reducing our footprint; in 2023, we updated the data points we cover to include refrigerants.
- Scope 2: in 2023, we increased the locations we cover to include our offices in Bendern; in 2024 we have also improved our estimation methods to better reflect the energy sources.
- Scope 3-1: change in methodology for 2024 by expanding the underlying data set to include business and office expenses. Therefore, 2024 numbers are not directly comparable to previous years, which included only water and paper consumption.
- Scope 3-2: in 2024 we calculated these emissions for the first time.

Source: LGT Capital Partners

[1] Due to working pattern disruptions and office closures during the global Covid-19 pandemic Scope 1 and Scope 2 emissions data has been unusually volatile during the 2020-2023 period.

About us

LGT Capital Partners is a global specialist in alternative investing offering a wide range of investment programs focusing on private markets, multi-alternatives and diversifying strategies, as well as sustainable and impact strategies. The core team began investing in private markets in 1997 and in November 2000, they founded LGT Capital Partners, based in Pfaeffikon, Switzerland. The founding team continues to be a key part of the firm's senior management today, ensuring stability and consistency in our culture and approach.

The firm has a long-held commitment to incorporating 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. Consideration of ESG issues is an integral part of our investment process, as 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.

LGT Capital Partners has been a signatory to the PRI since 2008. In 2018, Tycho Sneyers, a managing partner and chairman of the firm's ESG Committee, joined the PRI board of directors. LGT Capital Partners also participates in various other initiatives, for exmaple NZAM initiative, the IIGCC, Climate Action 100+, the ESG Data Convergence Project, GIIN, the , Nature Action 100, the Net Zero Engagement Initiative as well as PRI Advance, the largest social stewardship initiative.

Acronyms used in this report

CO_2	carbon dioxide
CO_2e	carbon dioxide equivalent
CSRD	Corporate Sustainability Reporting Directive
CSR	Corporate Social Responsibility
CTA	Commodity Trading Advisor
EDCI	ESG Data Convergence Initiative
ESG	Environmental, Social and Governance
EU	European Union
GHG	greenhouse gas
GP	General Partner
GSS	Green, Social and Sustainability
GW	gigawatt
ICMA	International Capital Market Association
IEA	International Energy Agency
IIGCC	Institutional Investors Group on Climate Change
ILS	insurance-linked strategies
KPI	key performance indicator
LP	Limited Partner
MW	megawatt
MWh	megawatt-hour
NHS	National Health Service
NZAM	Net Zero Asset Managers initiative
NZE	net zero emissions
PAI	Principal Adverse Impacts
PRI	Principles for Responsible Investment
REIT	Real Estate Investment Trust
SBTi	Science Based Targets initiative
SDG	Sustainable Development Goal
SFDR	Sustainable Finance Disclosure Regulation
TCFD	Task Force on Climate-related Financial Disclosures

Reference UN Sustainable Development Goals (SDGs)

SDG 1	No poverty: end poverty in all its forms everywhere.
SDG 2	Zero hunger: end hunger, achieve food security and improved nutrition and promote sustainable agriculture.
SDG 3	Good health and well-being: ensure healthy lives and promote well-being for all at all ages.
SDG 4	Quality education: ensure inclusive and equitable quality education for all.
SDG 5	Gender equality: achieve gender equality and empower all women and girls.
SDG 6	Clean water and sanitation: ensure access to water and sanitation for all.
SDG 7	Affordable and clean energy: ensure access to affordable, reliable, sustainable and modern energy.
SDG 8	Decent work and economic growth: promote inclusive and sustainable economic growth, employment and decent work for all.
SDG 9	Industry, innovation and infrastructure: build resilient infrastructure, promote sustainable industrialization and foster innovation.
SDG 10	Reduced inequality: reduce inequality within and among countries.
SDG 11	Sustainable cities and communities: make cities inclusive, safe, resilient and sustainable.
SDG 12	Responsible consumption and production: ensure sustainable consumption and production patterns.
SDG 13	Climate action: take urgent action to combat climate change and its impacts.
SDG 14	Life below water: conserve and sustainably use the oceans, seas and marine resources.
SDG 15	Life on land: sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss.
SDG 16	Peace, justice and strong institutions: promote just, peaceful and inclusive societies.
SDG 17	Partnerships for the goals: revitalize the global partnership for sustainable development.

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