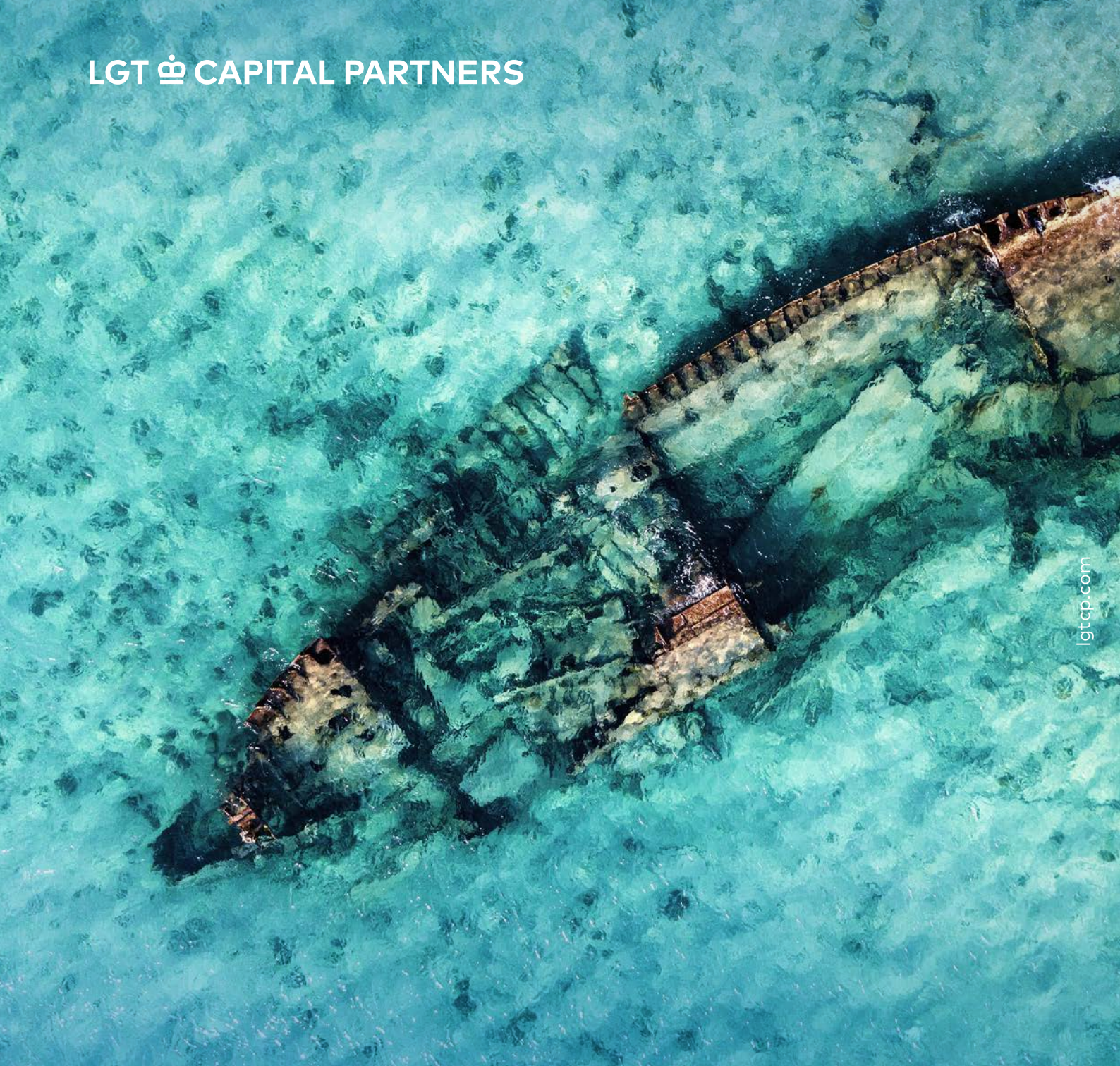




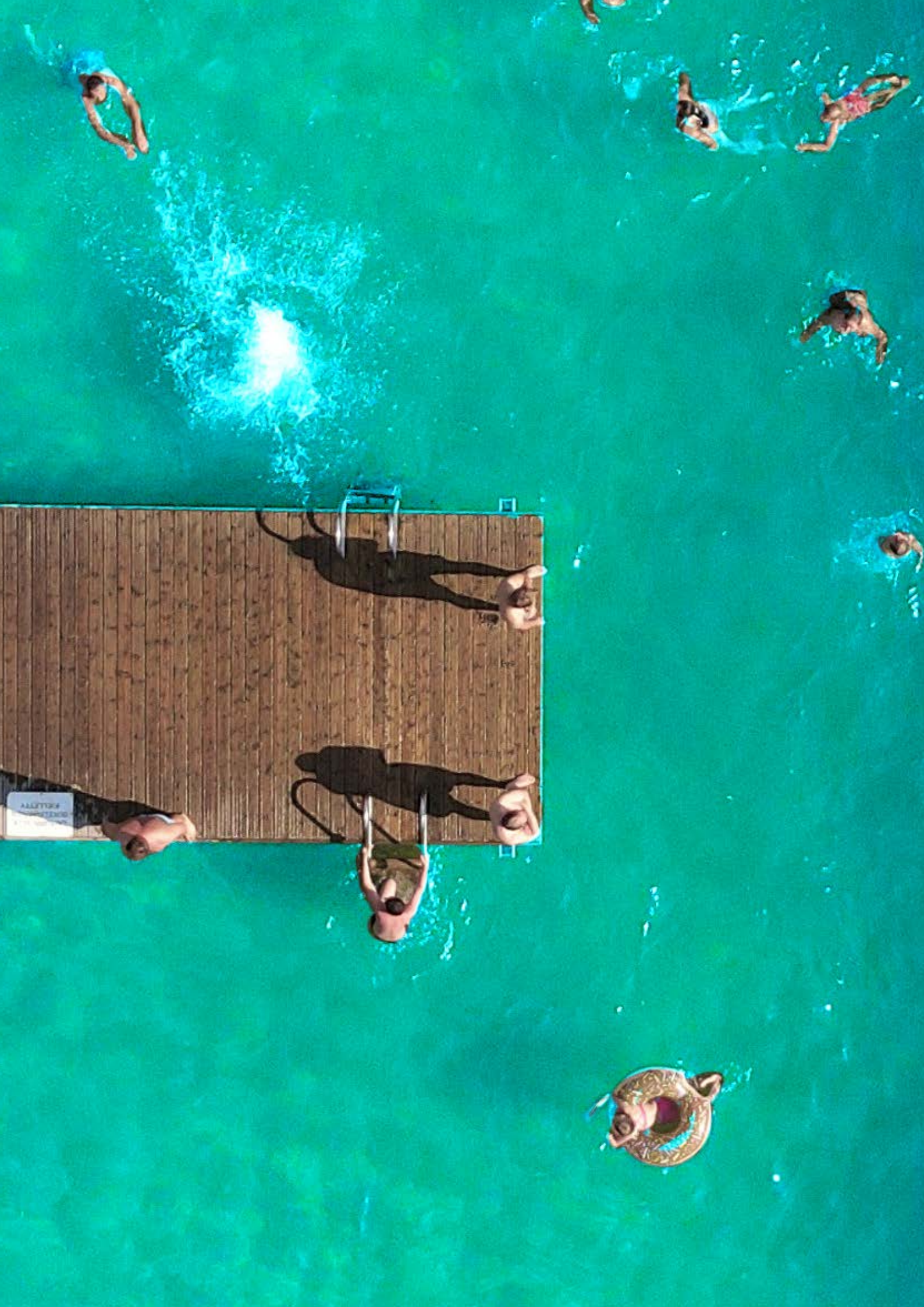
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Executive summary

Over the past year, LGT Capital Partners continued to focus on the implementation of responsible investment practices across asset classes. This year's ESG Report looks at how environmental, social and governance (ESG) practices are evolving among the managers that we invest with, how selected ESG topics are becoming more investment-relevant and how the broader market environment is affecting ESG integration.

The report is structured around three chapters: our annual ESG manager assessments, the findings from our ESG Survey 2026 and our Corporate Social Responsibility (CSR) activities.

1. Manager assessments and ESG integration

Our annual ESG manager assessments are a key tool for monitoring ESG integration among the managers we invest with across private and public markets. Conducted systematically for more than 13 years, they allow us to track how ESG practices evolve over time and identify areas for engagement.

In private markets, ESG integration is becoming more established across investment processes, ownership and reporting. More than 300 private markets managers participated in this year's assessment. Climate is the environmental topic that is considered most frequently by managers, while biodiversity is becoming more visible in manager policies and assessment processes. This year's private markets focus section looks at climate and

biodiversity, particularly where environmental considerations become tangible in infrastructure, real estate and other physical asset-based strategies.

In public markets, there are meaningful variations of ESG integration across investment strategies and asset classes. The assessment results show a widening gap between managers with highly institutionalized ESG practices and those where ESG integration remains less developed. This year's public markets focus section looks at human rights, including how LGT Capital Partners' sustainable equity strategies support human rights due diligence through third-party benchmarking data and targeted engagement.

Across private and public markets, the assessment results point to a more differentiated ESG

landscape. Practices continue to mature in many areas, are now more pragmatic whereas implementation continues to depend on asset class, strategy, region and manager capabilities.

2. The shift towards more pragmatic ESG integration

Our ESG Survey 2026 provides a broader external perspective, drawing on responses from 191 asset managers and asset owners. With this survey, we wanted to understand how the more contested ESG environment of the past years has affected investment practices and, specifically, whether it has led to a reduction in commitments or has primarily changed how ESG is positioned and communicated.

The survey builds on studies that LGT Capital Partners has conducted since 2015 to track how investors approach ESG in the area of alternative investments, including





the investor archetypes developed through this work. The findings show a clear gap between sentiment and implementation: 65% of managers and asset owners report more negative ESG sentiment, yet 77% said the importance of ESG in investment decision-making has not changed. Even more so, 92% maintained or increased their ESG commitments.

This year's archetype analysis also points to a more differentiated market. Alongside high-conviction practitioners and skeptics, it identifies a sizeable group of "recalibrators" who continue to integrate ESG but are reassessing where it is most relevant and how it should be applied and communicated. Overall, the findings suggest that the backlash has not led to a broad retreat from ESG but has promoted greater scrutiny about how it is implemented and evidenced.

3. Corporate Social Responsibility (CSR)

Our Corporate Social Responsibility framework remains structured around four priorities: People, Community, Suppliers and Buildings. Over the past year, our focus has been on turning these priorities into practical actions across the firm.

We sharpened our focus on belonging, creating a clearer framework for global and local engagement and launched the LGT Capital Partners Donors Community, giving staff members a new way to contribute to social and environmental causes. We also advanced our sustainable procurement approach and introduced new tools to improve transparency around business travel emissions.

Introduction



Responsible investing and the shift towards more pragmatic ESG integration

ESG factors can affect both risks and opportunities and we believe that they should be assessed as part of informed investment decision-making. Recent periods of extreme heat and drought are a tangible reminder of the growing relevance of physical climate risks, while rapid developments in artificial intelligence are raising new questions for investors. These developments reinforce the importance of pursuing a disciplined approach to responsible investment – one that recognizes that it is not a standalone activity but rather an integral part of how we seek to generate attractive risk-adjusted returns for our clients over the long term.

As a global multi-alternatives investor, we apply ESG considerations across a diverse range of asset classes and investment strategies. Our approach combines a firm-wide ESG framework with asset class-specific implementation. For direct investments, this may involve company-level ESG analysis and engagement. For multi-manager strategies, it means assessing and engaging with the managers that we invest with.

Over the past year, we continued to strengthen the quality and relevance of ESG information across our investment platform. Our annual manager assessments remain a key tool for monitoring ESG integration, helping us to identify areas for engagement and to track how practices evolve across private and public markets. We also continued to contribute to industry efforts to support the development of higher standards, greater transparency and improved data availability, for example through our role on the steering committee of the ESG Data Convergence Initiative (EDCI).

Contributing to the transition to a lower-carbon economy remains a longstanding priority for LGT Capital Partners. We continue to implement our net zero strategy through carbon budgeting, climate solutions and more active ownership. Since committing to our net zero ambition in 2021, we have reduced the GHG emissions intensity of the LGT Endowment by 40%. The LGT Endowment is a USD 25 billion portfolio managed for the Princely Family of Liechtenstein, in which private clients of LGT Bank can also invest. It remains an important reference portfolio for translating our climate ambition into investment practice¹.

¹ both figures as of 30 June 2026. The LGT Endowment is not available for investment by US investors.



Outside our firm, the responsible investment agenda is broadening. Nature-related dependencies and impacts, human rights due diligence, responsible defense exposure and the risks and opportunities associated with artificial intelligence increasingly require practical and strategy-specific approaches. These topics reflect a broader shift in responsible investing from high-level commitments to more focused analysis, clearer implementation and stronger evidence of investment relevance.

Our ESG Survey 2026, conducted among 191 investment professionals, provides an external perspective on how asset managers and asset owners are responding to a more contested ESG environment. The findings show that ESG sentiment has become more negative in many markets but also that ESG commitments, resources and investment processes have generally held up. This distinction matters. It suggests that the ESG backlash has affected language and positioning more visibly than underlying investment practices.

Within our own organization, we have continued to build on our CSR framework, which is structured around People, Community, Suppliers and Buildings. Activities carried out over the past year included a stronger focus on belonging, the launch of the LGT Capital Partners Donors Community and continued monitoring of our operational footprint.

Looking ahead, we expect responsible investing to become more selective, more evidence based and more closely linked to financial materiality. The focus will increasingly be on data quality, investment relevance and credible implementation. At LGT Capital Partners, we regard this as a natural evolution of responsible investing and an important part of serving our clients' long-term interests.

On behalf of LGT Capital Partners,

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

10,000+ companies covered in internal ESG analysis tool

400+ managers assessed in 2026 across private and public markets

191 asset managers and owners surveyed in ESG Survey 2026

99 engagements with public market companies

40% reduction in GHG emissions intensity of the LGT Endowment since 2021

20+ years of experience integrating ESG into the investment process

Manager assessments: tracking how ESG practices are evolving

As a global investor across multi-manager strategies, we assess the ESG practices of the managers that we invest with. Our annual ESG manager assessments therefore remain one of the most important tools that we use to monitor ESG integration, identify areas for engagement and track how responsible investment practices are evolving across asset classes and regions.

For more than 13 years, we have systematically assessed and rated managers across private and public markets. This long-standing dataset provides a structured view of how ESG practices develop over time – from formal policies and investment processes to active ownership, reporting and portfolio-level data.

The assessment process is designed to serve several purposes. It helps us to identify managers with strong ESG practices, highlights areas where further progress is needed and provides a comparable view of ESG integration across our portfolios. It also allows us to distinguish between changes in ESG communication and changes in actual investment practices – an important distinction in today's more complex and regionally fragmented ESG environment.

While the structure of this chapter remains broadly consistent with previous years to allow for comparability, the 2026 assessment provides new insights into how managers are adapting to a more pragmatic ESG environment.

Why we assess our managers

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 identify 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:** it 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 assessments increase accountability and promote an ongoing cycle of learning and progress, both within our own investment activities and across the industry.

How we assess managers across asset classes

The assessment process is tailored to the characteristics of the relevant asset classes. ESG integration does not look the same across private equity, private credit, infrastructure, real estate, hedge funds, listed equities, fixed income and insurance-linked strategies. The assessment therefore follows a consistent overall logic while reflecting the different ways in which ESG considerations are applied across these areas.



Throughout this report, we refer to private markets and public markets. Private markets include areas such as private equity, private credit, infrastructure and real assets. Public markets include strategies such as listed equities, fixed income, hedge funds and insurance-linked strategies.

In private markets, we assess how managers integrate ESG across the investment lifecycle, from manager commitment and investment due diligence to ownership, value creation and reporting. This reflects the long-term nature of private markets investing, where active ownership and engagement with managers and portfolio companies can play an important role in improving responsible investment practices over time.

In public markets, we assess managers across areas such as ESG policy and strategy, investment

integration, stewardship, reporting and internal practices. Depending on the strategy, this may include engagement with issuers, proxy voting, controversy monitoring, exclusion frameworks, green and social financing, or the integration of ESG data into investment analysis.

In 2025, we refined our ESG manager assessment methodology across private and public markets, including additional and revised questions and the introduction of a uniform point-based rating system to improve consistency and comparability across regions. Further details on these changes are provided in our ESG Report 2025.

Across all asset classes, the objective is the same: to understand how managers identify, assess and manage ESG-related risks and opportunities and how these practices evolve over time.

Score 1	means the manager is genuinely committed to ESG, with institutional processes in place. The manager 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 LGT Capital Partners may have identified scope for improvement in certain areas.
Score 3	means the manager demonstrates some commitment to ESG and recognizes sustainability-related risks but does not have fully institutionalized processes in place.
Score 4	means the manager fails to meet the minimum 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 markets 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 as well as in infrastructure, real estate and private credit. Through decades of stewardship in the private market, we have built longstanding relationships with both established and high-potential emerging managers globally.

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 targets.
- **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.

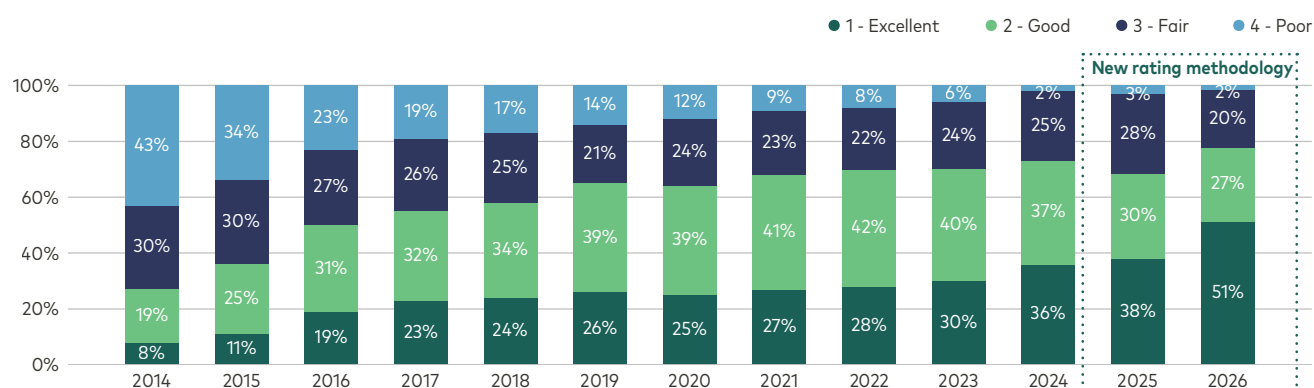
ESG manager assessment outcomes for private equity in 2026

In this section, we focus on the outcomes of our ESG manager assessments for our private equity relationships. Private equity accounts for the largest share of our private markets manager relationships and we have maintained ESG ratings for these managers over many years, allowing us to analyze ESG trends and developments over time.

At the beginning of 2026, we conducted our annual ESG assessment campaign and received responses from more than 300 private markets managers. Due to the changes made to our ESG assessment and rating approach in early 2025, certain details of our manager assessments are comparable for 2026 and 2025 but are not fully comparable with those from previous years. However, the categories and nature of the questions remain mostly similar and therefore still provide a high degree of comparability.

At a global level, we have witnessed a further increase in managers demonstrating very good ESG practices in 2026. The adoption of ESG across both business operations and investment processes has continued to increase in all major regions, including Europe, Asia and the US. In the US in particular, managers appear to have adjusted to a new reality and adapted their ESG language in response to political headwinds while continuing to integrate ESG with a focus on long-term value creation.

Figure 1: Improvement in private equity manager ESG assessments globally



Source: LGT Capital Partners. ESG rating assigned by LGT Capital Partners. Trends depicted here are for illustrative purposes, there is no assurance or guarantee that trends depicted will continue.

Overall, the results are consistent with the ESG adoption trends we have observed among our managers in recent years.

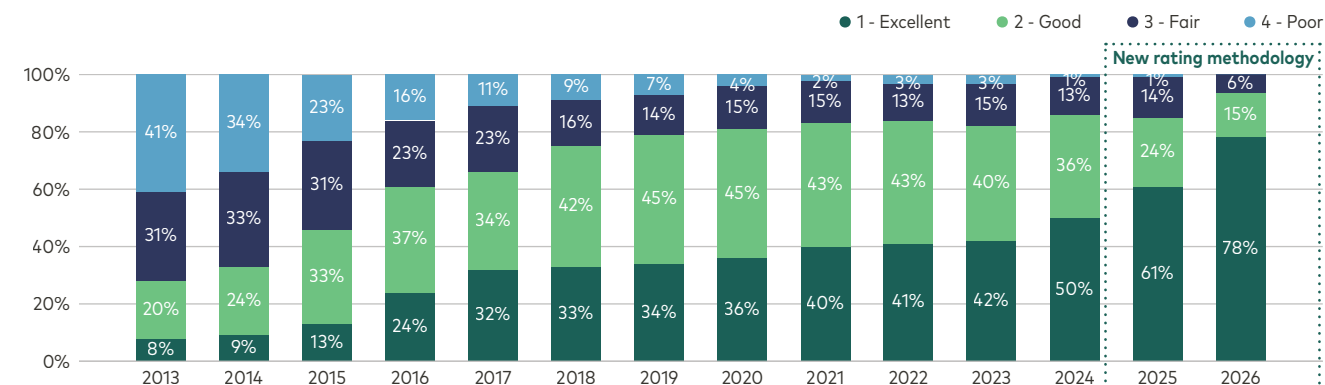
Changes in ESG assessments can be attributed to several factors, including fundamental progress in ESG adoption, a different composition of managers and updates to the assessment and rating methodology. The overall improvement has been driven primarily by our European managers. We provide further details on the underlying drivers in the following section.

Europe: ESG as market standard

Our European private markets managers continue to demonstrate strong ESG integration and their practices are increasingly institutionalized. In our view, this reflects both tighter ESG regulation and sustained investor demand for ESG-aligned investments, particularly among large institutional European investors.

As a result, strong ESG practices across both corporate operations and investment processes have become the market standard in Europe.

Figure 2: ESG manager assessments in Europe



Source: LGT Capital Partners. ESG rating assigned by LGT Capital Partners. Trends depicted here are for illustrative purposes, there is no assurance or guarantee that trends depicted will continue.

Figure 3: Deep dive into the development of European managers' ESG practices

- In 2026, the number of managers assessed decreased marginally to 144 from 146.
- 16 managers received ratings for the first time, while 14 exited the assessed group.
- European managers sustained their upward trajectory in ESG practices throughout 2026.
- ESG policies saw the most notable gains, with broader coverage of climate change and DEI and a growing focus on biodiversity.
- Robust ESG integration throughout the investment process has become the established norm across Europe.

		2025	Tendency	2026
Policy includes	Climate change	89.7%	↑	94.4%
	Biodiversity	38.4%	↑	46.5%
	DEI	82.2%	↑	87.5%
Climate	GPs considering climate change during DD	93.8%	↑	95.8%
	GPs monitoring GHG emissions	92.5%	→	91.7%
	GPs with a strategy for reducing the carbon footprint of their portfolio	74.7%	→	73.6%
Biodiversity	GPs considering biodiversity during DD	65.8%	↑	73.6%
DEI & human rights	GPs with a commitment to promote diversity at corporate level	79.5%	↑	83.3%
	GPs considering DEI for investment decisions	58.2%	↑	65.3%
	GPs monitoring adherence to human rights and prevention of modern slavery	87.0%	→	88.2%
Data & Reporting	GPs monitoring EDCI KPIs	74.7%	↑	80.6%
	GPs monitoring PAI indicators	71.9%	→	72.2%
	GPs providing ESG reporting	95.2%	→	96.5%

Source: LGT Capital Partners. ESG rating assigned by LGT Capital Partners. Trends depicted here are for illustrative purposes, there is no assurance or guarantee that trends depicted will continue.

US and Asia: continued progress, different drivers

Managers in both the US and Asia improved their ESG practices in 2026, resulting in stronger average ratings than in previous years. While the drivers differ by region, the overall trend points to continued progress in ESG integration.

Overall, US-based managers are showing broader adoption of ESG practices across the investment value chain, although commitment to and integration of DEI has weakened. However, the US-based managers as a group show the lowest number of areas of improvement compared to the European and Asian regions.

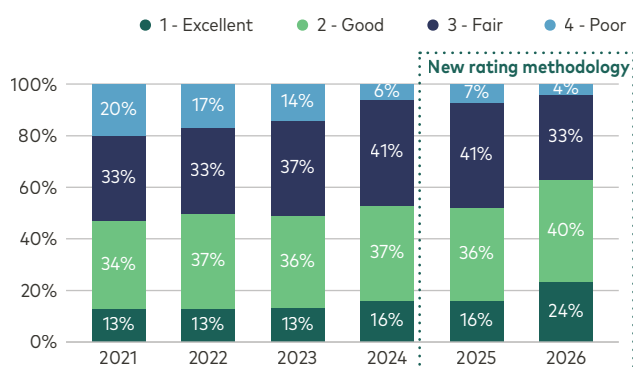
Following the rebalancing effects of the 2025 ESG rating methodology changes, Asia-based managers

recorded meaningful underlying improvements in 2026. ESG integration in both the business operations and investment processes is becoming more widespread, with climate and biodiversity emerging as areas of particular focus.

Political headwinds for ESG continue to shape how managers communicate on the topic, particularly in some markets. Even so, managers across regions appear to have adjusted to this environment and continue to integrate ESG considerations into their investment practices.

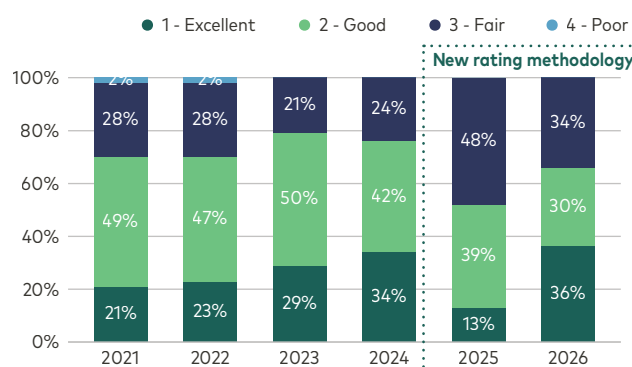
Overall, we continue to observe strong commitment to ESG among our managers, regardless of geography or communication style.

Figure 4: ESG manager assessments in the US



Source: LGT Capital Partners. ESG rating assigned by LGT Capital Partners. Trends depicted here are for illustrative purposes, there is no assurance or guarantee that trends depicted will continue.

Figure 5: ESG manager assessments in Asia



Source: LGT Capital Partners. ESG rating assigned by LGT Capital Partners. Trends depicted here are for illustrative purposes, there is no assurance or guarantee that trends depicted will continue.



Figure 6: Deep dive into the development of US managers' ESG practices

- In 2026, the number of managers assessed increased to 119, compared to 100 in 2025.
- 27 managers entered the rated universe while 8 were removed, shifting the overall composition.
- Standardized ESG due diligence, IC decision-making considerations and more granular ESG reporting also saw meaningful gains.
- Biodiversity integration stands out as the area of greatest advancement.
- Commitments to DEI and its integration into processes have declined.
- ESG integration remains widely adopted among US managers, withstanding political headwinds.

		2025	Tendency	2026
Policy includes	Climate change	66.0%	→	64.7%
	Biodiversity	19.0%	↑	26.9%
	DEI	81.0%	↓	73.9%
Climate	GPs considering climate change during DD	70.0%	→	68.9%
	GPs monitoring GHG emissions	61.0%	↓	55.5%
	GPs with a strategy for reducing the carbon footprint of their portfolio	28.0%	↓	26.9%
Biodiversity	GPs considering biodiversity during DD	39.0%	↑	43.7%
DEI & human rights	GPs with a commitment to promote diversity at corporate level	82.0%	↓	69.7%
	GPs considering DEI for investment decisions	74.0%	↓	67.2%
	GPs monitoring adherence to human rights and prevention of modern slavery	67.0%	→	65.5%
Data & Reporting	GPs monitoring EDCI KPIs	56.0%	→	57.1%
	GPs monitoring PAI indicators	12.0%	↑	15.1%
	GPs providing ESG reporting	75.0%	→	76.5%

Source: LGT Capital Partners. ESG rating assigned by LGT Capital Partners. Trends depicted here are for illustrative purposes, there is no assurance or guarantee that trends depicted will continue.

Figure 7: Deep dive into the development of Asian managers' ESG practices

- A slightly smaller pool of managers underwent assessment in 2026 (44 compared to 46).
- 7 managers entered the rated universe while 9 were removed, altering the overall composition.
- Asian managers demonstrated notable progress in their ESG practices over the course of 2026.
- Climate and biodiversity considerations gained significant traction among Asian managers.
- A more systematic approach to DEI integration has also emerged.
- Adoption of standardized ESG reporting declined relative to prior years.

		2025	Tendency	2026
Policy includes	Climate change	78.3%	↑	86.4%
	Biodiversity	28.3%	↑	47.7%
	DEI	76.1%	↑	86.4%
Climate	GPs considering climate change during DD	73.9%	↑	88.6%
	GPs monitoring GHG emissions	52.2%	↑	61.4%
	GPs with a strategy for reducing the carbon footprint of their portfolio	30.4%	↑	43.2%
Biodiversity	GPs considering biodiversity during DD	60.9%	↑	68.2%
DEI & human rights	GPs with a commitment to promote diversity at corporate level	63.0%	↓	59.1%
	GPs considering DEI for investment decisions	73.9%	↑	84.1%
	GPs monitoring adherence to human rights and prevention of modern slavery	76.1%	↑	81.8%
Data & Reporting	GPs monitoring EDCI KPIs	45.7%	↑	52.3%
	GPs monitoring PAI indicators	17.4%	↓	13.6%
	GPs providing ESG reporting	78.3%	↓	65.9%

Source: LGT Capital Partners. ESG rating assigned by LGT Capital Partners. Trends depicted here are for illustrative purposes, there is no assurance or guarantee that trends depicted will continue.

ESG assessment highlights for private equity in 2026¹

Climate change

82% of GPs consider climate change in their ESG policy

73% of GPs monitor GHG emissions

51% of GPs implement a strategy to reduce the carbon footprint of their portfolio companies

Biodiversity

39% of GPs consider biodiversity in their ESG policy

21% of GPs have a standardized process in place to assess and measure biodiversity-related risks and opportunities

DEI and human rights

82% of GPs consider DEI in their ESG policy

75% of GPs have a commitment to promoting diversity at corporate level

79% of GPs monitor adherence with human rights and the prevention of modern slavery in their portfolio

Data & reporting

68% of GPs monitor ESG KPIs in line with the ESG Data Convergence Initiative (EDCI)

42% of GPs monitor Principal Adverse Impact (PAI) indicators

84% of GPs provide ESG reporting

¹ Source: LGT Capital Partners.





Climate and biodiversity in private markets

Climate remains the most advanced and consistently embedded dimension of ESG integration in private markets. Across our different regions, we continue to see strong manager commitment to incorporating climate considerations into due diligence, investment decision-making, value creation and reporting.

At the same time, biodiversity is becoming a more prominent part of ESG assessments. While biodiversity practices are still less mature than climate-related practices, the proportion of managers considering biodiversity in their ESG policy has continued to increase. This may reflect a broader market shift towards a more integrated understanding of environmental risks, including the links between climate change, nature loss, resource use and long-term asset resilience.

For some private markets investors, these topics are particularly relevant in asset classes with direct exposure to physical assets, such as infrastructure and real estate. They are also highly relevant in sectors and business activities linked to natural resources, energy systems, water use and supply chains. In these areas, environmental factors can influence operating costs, regulatory exposure, asset values and long-term resilience.

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



How we approach climate and nature-related risks

At LGT Capital Partners, climate and nature-related considerations are embedded in our ESG governance, investment processes and risk management approach. Our TCFD & TNFD Report 2025 brings together climate- and nature-related disclosures across the areas of governance, strategy, risk management, metrics and targets.

In terms of climate considerations, we have established a comprehensive climate action framework that guides our approach to climate-related risks, opportunities, target setting and monitoring across the investment portfolio.

In terms of nature considerations, we have started to assess nature-related pressures, dependencies and potential risks. This includes high-level sector screening of nature-related exposures across private and public markets using external frameworks to better understand where holdings may depend on ecosystem services or contribute to nature-related pressures.

For further details:

[Read: TCFD & TNFD Report 2025](#)

[Read: Aligning multi-asset portfolios with net zero](#)



Where climate and biodiversity risks become tangible: infrastructure and real estate

Recent periods of extreme heat and drought have provided a tangible reminder of how physical climate risks can affect businesses and assets. Infrastructure and real estate are two areas where such considerations can be particularly relevant, given the long-term nature of the assets and their exposure to location-specific risks. Flooding, wildfires, storms and other physical climate risks may affect asset values, operating costs, insurance costs and future capital expenditure requirements. At the same time, transition-related factors such as energy efficiency standards, tenant preferences, regulatory requirements and resource use can influence long-term value creation.

For investors, this means that climate and biodiversity considerations are becoming increasingly connected to asset resilience. The question is not only whether assets are aligned with the transition to a low-carbon economy but also whether they are prepared for the physical effects of a changing climate and for rising expectations around resource efficiency, nature and environmental impact.

In real estate, for example, energy efficiency standards and demand for green building certifications can affect rental demand and long-term income resilience. In infrastructure, environmental considerations can be equally material, particularly where assets are linked to energy systems, transport, water, waste, digital infrastructure or other essential services.

The following example shows how environmental considerations can be integrated into private markets investing and translated into tangible outcomes. New Mountain Capital's approach to environmental due diligence, portfolio monitoring and climate-related value creation is illustrated through Azuria Water Solutions, a portfolio company specializing in water infrastructure services.

Case study: ESG integration at New Mountain Capital

The following case study illustrates how environmental considerations can be integrated into private markets.

New Mountain Capital ("NMC") is a US-based private equity firm with a sector-driven investment approach targeting defensive growth industries with long-term value creation potential. Since its founding, the firm has embedded sustainability considerations into its investment philosophy, formalizing its Responsible Investing Policy in 2015 and expanding its approach across asset classes over time.

Structured environmental due diligence

Environmental risks are systematically assessed during their due diligence process through a combination of tools. All investments undergo RepRisk screening to identify material environmental issues and this assessment is complemented by input from third-party consultants where relevant. Companies are evaluated against NMC's proprietary 24 Key Sustainability Metrics, which include a dedicated set of environmental indicators such as energy efficiency, resource depletion, water scarcity and pollution. The findings are summarized in the materials that are submitted to their Investment Committee to inform decision-making.

Materiality-driven post-investment approach

After making an acquisition, NMC conducts a SASB-based materiality assessment to identify the most relevant ESG topics for each portfolio company, including environmental topics where applicable. This guides the development of tailored sustainability plans with defined focus areas and KPIs. Environmental topics commonly embedded in these plans include energy efficiency, emissions reduction and resource management.

Ongoing monitoring and data collection

Environmental performance is tracked throughout the investment period via:

- Annual sustainability surveys, capturing standardized and company-specific KPIs, including carbon footprint data for newer investments

- Regular monitoring reviews, where sustainability plans are assessed and updated
- RepRisk alerts, ensuring continuous oversight of environmental controversies or emerging risks

Climate and decarbonization initiatives

NMC has strengthened its climate capabilities through dedicated tools and processes. The firm calculates portfolio carbon footprints (Scope 1 and 2 and partially Scope 3) using external platforms and leverages this data to identify energy efficiency opportunities. A decarbonization playbook and physical climate risk analysis, such as scenario modeling for assets, support portfolio companies in managing transition and physical risks.

Driving environmental value creation

Beyond risk management, NMC focuses on investments with positive environmental "handprints," including businesses supporting the energy transition, sustainable infrastructure and water conservation. At the portfolio level, NMC actively engages with companies on topics such as carbon measurement, energy efficiency and regulatory preparedness, helping management teams to translate environmental initiatives into operational and commercial benefits.

NMC portfolio company: Azuria

Azuria Water Solutions is a US-based provider of technology-enabled water infrastructure services, that specialize in the rehabilitation and maintenance of aging water and wastewater systems. Founded in 1971, the company serves thousands of municipalities with its solutions spanning pipeline rehabilitation, water and wastewater treatment and digital infrastructure management.

Azuria addresses a critical environmental challenge for its municipal customers: deteriorating water and wastewater infrastructure leads to significant water loss, inflow and infiltration inefficiencies, as well as environmental compliance risks. Azuria improves municipalities' conveyance systems using trenchless



rehabilitation technologies, which enable the repair and renewal of sewer and potable pipes without extensive excavation. Compared to traditional methods, this approach is less disruptive, reduces emissions and resource use and helps preserve surrounding ecosystems. When Azuria manages a municipality's treatment plants, it has driven better environmental compliance, better safety outcomes and more cost-effective service for its constituents than if the plant were run by the city.

The environmental impact is tangible. Azuria's pipeline rehabilitation activities save an estimated 1.5 billion gallons of wastewater annually and reduce demand for freshwater resources by up to 400 million gallons, while also lowering lifecycle emissions through more efficient installation methods. Azuria's plant management business delivers more than 13 billion gallons of recycled water to customers annually and provides access to over 90 billion gallons of drinking water.

Beyond water conservation, Azuria contributes to environmental safety, emissions reduction and circular resource use efforts. For example, there are over 600,000 miles of asbestos cement pipes sitting in potable water systems in the US and most, if not all, of that pipework is beyond its typical useful life, which puts water quality at risk. Azuria owns the only trenchless technology that is approved by the US Environmental Protection Agency (EPA) to safely remove the asbestos-based pipes and it is working with its customers to upgrade their systems by switching to safer materials.

Overall, Azuria demonstrates how a business focused on critical water infrastructure assets can deliver measurable environmental benefits by improving water efficiency, reducing emissions and supporting more resilient urban systems, thus contributing to two of the UN Sustainable Development Goals: SDG 6 (Clean Water) and SDG 9 (Sustainable Infrastructure). The company has published an annual sustainability report with disclosures on its ESG-focused efforts and outcomes since 2022.

Azuria at a glance

1.5bn

gallons – estimated wastewater saved annually through pipeline rehabilitation activities

Up to 400m

gallons – reduction in demand on freshwater resources

13+ bn

gallons – recycled water delivered to customers annually

90+ bn

gallons – drinking water sourced annually

600,000

miles – asbestos cement pipes sitting in potable water systems in the US, most of which are beyond their typical useful life

Source: New Mountain Capital / Azuria Water Solutions company information

ESG manager assessments in public markets

LGT Capital Partners captures opportunities across public markets through multi-asset, hedge fund, sustainable equity, fixed income and insurance-linked strategies, while integrating ESG throughout the investment process. We combine active and systematic investment styles across the risk-return spectrum. Through disciplined research and a robust investment process, we have built diversified portfolios and longstanding client relationships.

Public markets manager assessments in detail

In the assessment, 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 targets.
- **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 regulatory reporting frameworks the managers follow in their disclosures at portfolio company level and at aggregate fund level.
- **Corporate social responsibility**, including different internal initiatives.

ESG manager assessment outcomes in 2026

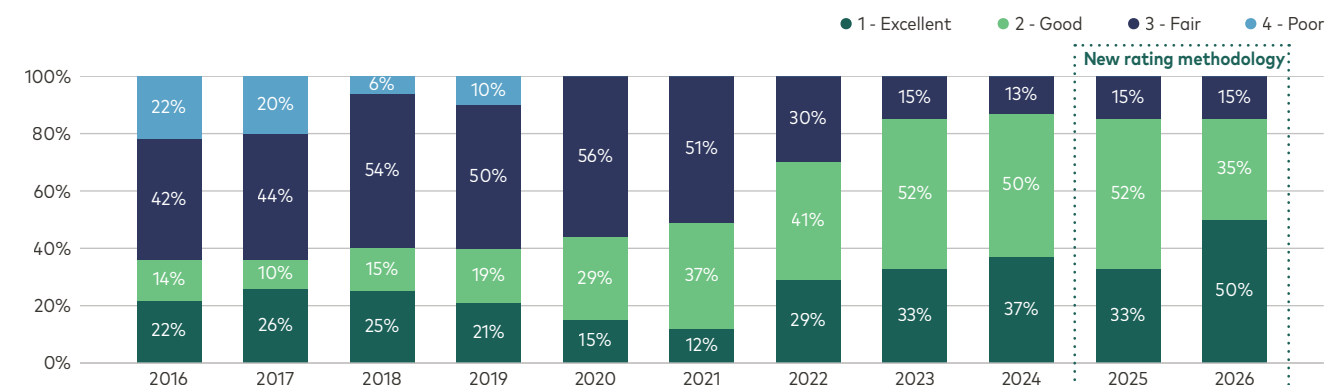
At the beginning of 2026, we ran our annual ESG assessment across our full universe of public markets managers. We work with more than 70 managers and achieved a 100% response rate.

Due to the changes made to our ESG assessment and rating approach in 2025, manager assessments are comparable for 2026 and 2025 but are not fully comparable with those in prior years. However, the categories and nature of the questions remain mostly similar and therefore still provide a degree of comparability. In addition, it should also be noted that the composition of this universe evolves over time, as we add new managers and disinvest with others.

Overall, the 2026 ratings are broadly consistent with the trends of recent years. As we noted last year, the distribution continues to shift away from the middle: a decreasing share of managers are in the mid-tier (rated 2), while more are now positioned at either end of the scale. This reflects a widening gap between managers with highly institutionalized ESG practices and those where ESG integration remains less developed.

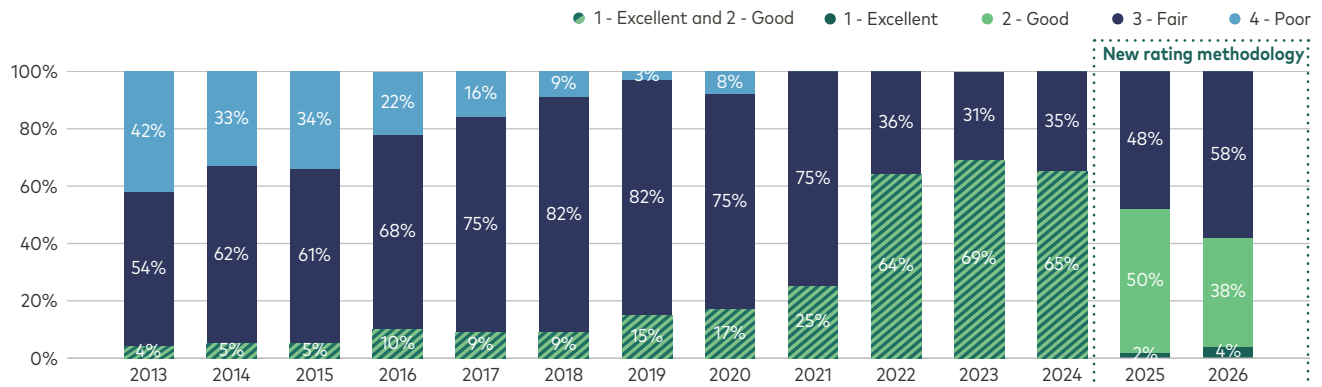
The broader ESG backlash continues to shape how managers communicate on this topic. While it has not materially changed underlying investment practices for the managers assessed, this development highlights the divergence in how ESG is embedded and articulated across strategies and regions.

Figure 8: ESG ratings for long-only managers



Source: LGT Capital Partners. ESG rating assigned by LGT Capital Partners. Trends depicted here are for illustrative purposes, there is no assurance or guarantee that trends depicted will continue. Note: From 2025 onwards, ESG ratings 1 and 2 for long-only managers are shown as separate categories.

Figure 9: ESG ratings for hedge fund managers



Source: LGT Capital Partners. ESG rating assigned by LGT Capital Partners. Trends depicted here are for illustrative purposes, there is no assurance or guarantee that trends depicted will continue. Note: From 2025 onwards, ESG ratings 1 and 2 for hedge fund managers are shown as separate categories.

Deep dive by strategies

Hedge fund managers

Among hedge fund strategies, we are observing some quite different practices when it comes to ESG integration. Given the variety of underlying strategies, ESG integration is not only a reflection of the scale of ambition to focus on ESG but also reflects the degree to which underlying investment processes allow for meaningful ESG engagement.

Long/short and event driven strategies, which hold and actively analyze individual companies, score better as they engage with underlying companies but ESG integration still varies with firm size and maturity. CTA/macro shows a mixed picture: our larger, well-resourced systematic managers have built out genuine firm-level ESG frameworks but their actual strategies offer limited portfolio-level integration as they mainly use future contracts to reflect their views. The lower rating of AI/Machine Learning and Relative Value reflects a genuine structural challenge to ESG integration rather than just a lack of effort, as conventional ESG integration frameworks are not readily applicable or implementable to either strategy.

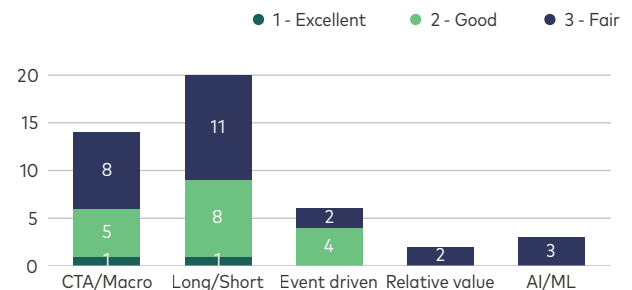
Long-only managers

Within long-only strategies, ESG integration is advanced across the managers assessed. Most of our managers include governance, environmental practices and social standards in their investment thesis. Engagement is also more widely used within long-only strategies, with managers actively leveraging their shareholder position to influence company practices on material ESG issues. Regulatory requirements (SFDR, TCFD, UK Stewardship Code) have also been applied across most of these strategies, creating a compliance driver in addition to the analytical one.

More specialized strategies such as ILS tend to show a more limited ESG profile. This is largely due to the

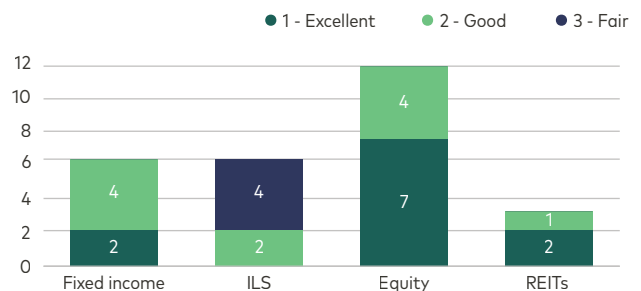
nature of the underlying exposures, where investment decisions are more driven by risk transfer characteristics or asset-specific factors and where the scope for traditional ESG integration and active ownership is comparatively more constrained. The two ILS managers that received a rating of "2" stand out for having developed structured, ILS-adapted ESG frameworks that go beyond policy to include deal-level screening, hard exclusion criteria and active stewardship with documented outcomes.

Figure 10: Hedge fund manager score breakdown by strategy



Source: LGT Capital Partners. ESG rating assigned by LGT Capital Partners. Trends depicted here are for illustrative purposes, there is no assurance or guarantee that trends depicted will continue.

Figure 11: Long only manager score breakdown by strategy

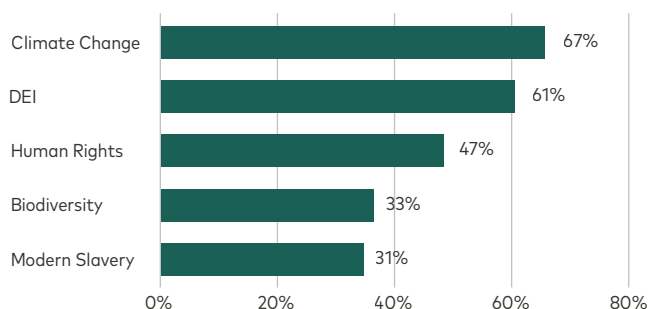


Source: LGT Capital Partners. ESG rating assigned by LGT Capital Partners. Trends depicted here are for illustrative purposes, there is no assurance or guarantee that trends depicted will continue.

ESG priorities in manager policies

Beyond the headline ratings, it is worth looking at which ESG topics are actually addressed in the policies of the managers we assess. Climate change appears in 67% of policies, largely reflecting regulatory momentum. TCFD and SFDR's mandatory climate disclosures and a decade of climate-related investor pressure have made it almost mandatory for managers to include climate in their ESG policies. This is the path of least resistance with standardized frameworks, widely accepted metrics such as GHG emissions and clear regulatory expectations.

Figure 12: Topics addressed in ESG policies



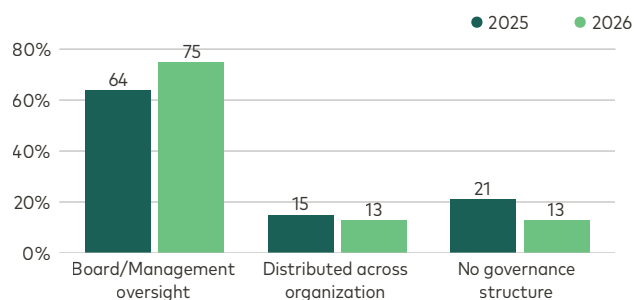
Source: LGT Capital Partners. ESG rating assigned by LGT Capital Partners. Trends depicted here are for illustrative purposes, there is no assurance or guarantee that trends depicted will continue.

Human rights, at 47%, are a very different matter. Currently, there is no equivalent regulatory driver: the UN Guiding Principles on Business and Human Rights (UNGPs) are voluntary and no mandatory human rights disclosure framework carries the same weight as TCFD (we are noting that The Taskforce on Inequality and Social-related Financial Disclosures (TISFD) is under development). Managers who address human rights in their ESG policies have therefore typically made an active choice to do so. This points to the importance of the topic and the risks that come from not taking human rights into consideration. This is one reason we look at the topic in greater depth later in this report.

Governance is the one area of genuine improvement

Among returning managers, that participated in both the 2025 and 2026 surveys, the proportion with a formal ESG governance structure rose markedly from 79% in 2025 to 89% in 2026, a real behavioral change, as managers formalize oversight partly in response to regulatory pressure. A formal structure here means board or management oversight, a dedicated ESG team or clearly distributed responsibilities.

Figure 13: Governance structures among participating managers



Source: LGT Capital Partners. ESG rating assigned by LGT Capital Partners. Trends depicted here are for illustrative purposes, there is no assurance or guarantee that trends depicted will continue.

One driver of this increase is sustained regulatory pressure, particularly from SFDR and TCFD. Although SFDR Phase 2 entered into force in 2023, compliance has been implemented gradually across the industry and many managers, especially smaller or non-EU-domiciled ones, are still in the process of formalizing their governance structures in response. TCFD is likely to be a secondary driver, as it explicitly requires board-level oversight of climate risk, often prompting managers to adopt a more formal ESG governance approach. The continued upward trend between 2025 and 2026 therefore reflects not a single regulatory trigger, but the compounding effect of overlapping frameworks that collectively raise the bar for governance formalization.

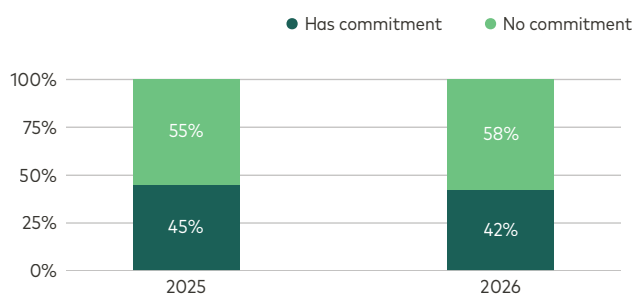




Formal ESG commitments are declining slightly

On the one hand, this fits the pattern visible across the industry in 2025–2026, with net zero pledges, SDG commitments and similar public-facing commitments being scaled back amid political pressure in the US and uncertainty around ESG regulation. At a first glance there also seems to be a decline in formal ESG commitment among our managers, with a drop from 45% in 2025 to 42% in 2026 among all our public market managers. However, a more detailed analysis of the data reveals that the main reason for the decline is the addition of new managers. Here, LGT Capital Partners is willing to invest with managers that are at an early stage in terms of ESG integration and to work with them over time to improve their practices.

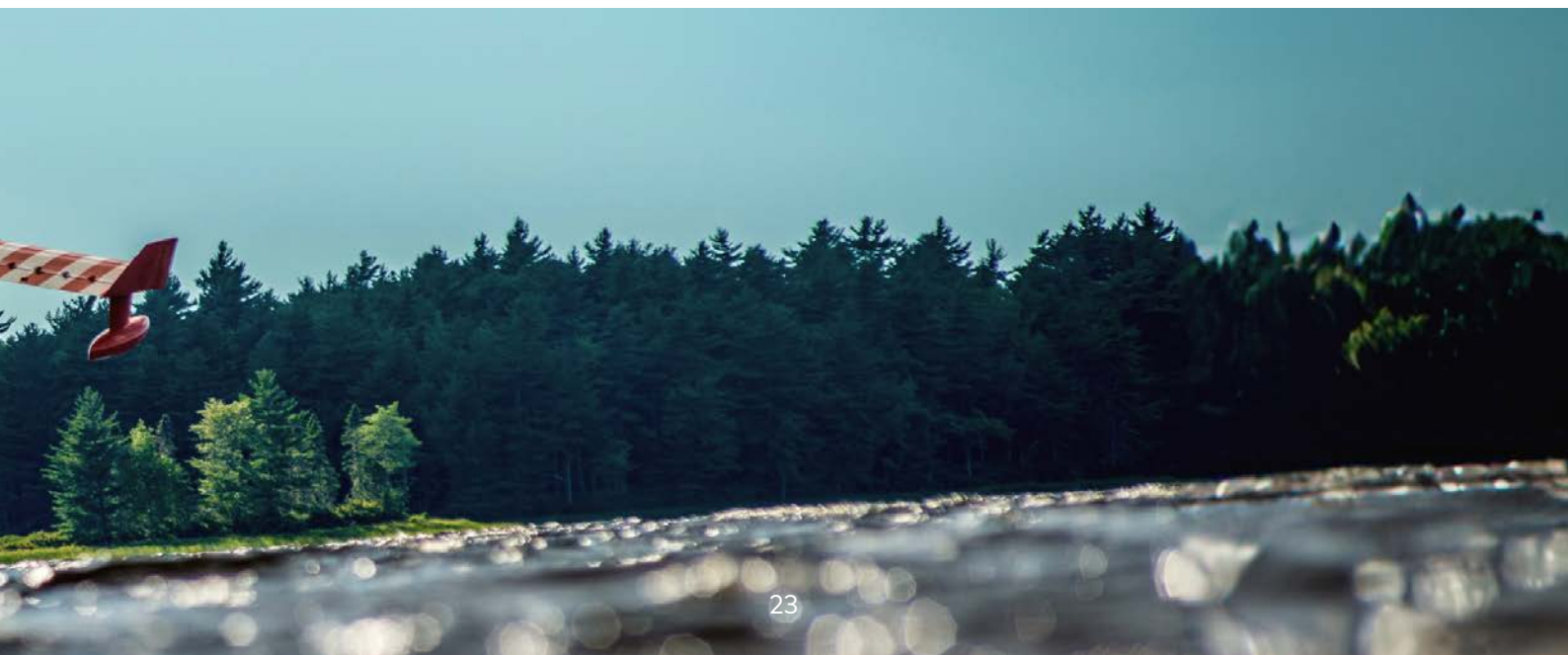
Figure 14: Formal ESG commitments among existing managers



Source: LGT Capital Partners. ESG rating assigned by LGT Capital Partners. Trends depicted here are for illustrative purposes, there is no assurance or guarantee that trends depicted will continue.

The **Taskforce on Inequality and Social-related Financial Disclosures (TISFD)** is developing a global disclosure framework to help businesses and financial institutions to identify, assess and report on people-related impacts, dependencies, risks and opportunities, including human rights, wellbeing and inequality-related issues. The framework is designed to complement existing reporting standards (e.g. TCFD, TNFD, ISSB, GRI and ESRS) and to improve the consistency and comparability of social disclosures.

TISFD released its first beta framework (Version 0.1) in May 2026 and plans to refine it through public consultation, pilot testing and further technical development, with the final framework expected to be issued in late 2027. LGT Capital Partners is closely monitoring these developments and their potential implications for future market practice and reporting expectations.



Human rights: evolving investment practices

The risk of breaches of human rights are increasingly recognized as financial and operational risks, particularly in global and outsourced business models. As regulatory expectations rise and supply chain risks grow more visible, investors are focusing on how companies identify, manage and mitigate human rights-related exposures. We have increased our focus on human rights because this topic sits at the intersection of social risk management and long-term value creation and we see scope to strengthen practices across both our own investment process and those of the managers that we invest with.

At LGT Group level, a Human Rights Statement sets out our commitment to respecting internationally recognized human rights across our operations, investment activities and supply chain. It addresses key topics including modern slavery, forced and child labor, human trafficking, labor standards, health and safety, supply chain risks and business ethics. Our Human Rights Statement is aligned with internationally recognized frameworks, including the International Bill of Human Rights. Over the past year, we have continued to refine our approach against best practice and international guidance, including the UN Guiding Principles on Business and Human Rights (UNGPs).

Applying the World Benchmarking Alliance to public equity

In our sustainable equity strategies, we have strengthened our human rights oversight by introducing third-party benchmarking data from the World Benchmarking Alliance (WBA) to identify companies with material exposure and performance gaps in human rights management. The WBA's Social Benchmark allows us to assess companies against internationally recognized standards, shifting the focus from high-level policy commitments to the effectiveness of governance, due diligence and remediation processes.

Our initial assessment revealed that in parts of the equity portfolio, human rights practices are often more advanced in day-to-day operations than in formal documentation. Many companies do not yet have standalone human rights policies or fully formalized enhanced due diligence frameworks, even where responsible practices already exist. The gap is therefore less about intent and more about consistency, visibility and formalization. This insight informed targeted engagements with several portfolio companies, focusing on strengthening human rights due diligence processes, improving supply chain transparency and enhancing the management of modern slavery risks.



Building on this analysis, we initiated targeted engagement with selected portfolio companies where the WBA assessment highlighted material gaps in human rights governance and disclosure.

One example is American Water Works, a US firm, providing essential water and wastewater services to millions of customers. While the company demonstrated strong performance in areas such as grievance mechanisms, workforce diversity and data protection, the WBA assessment identified gaps in core human rights management practices, including the absence of a formal commitment to respect human rights, human rights risk assessment and due diligence processes. Based on these findings, we engaged with the company and encouraged the adoption of a formal Human Rights Policy and the further strengthening of its human rights governance framework. This engagement reflects our approach of using the WBA benchmark to identify opportunities for improvement and support companies in aligning themselves with evolving international best practices. To date, we have not observed any material developments linked to our engagement. We will continue to monitor progress and raise the topic in future interactions with the company.

Human rights considerations are becoming a core component of responsible investment frameworks, as social and governance risks tied to labor practices, supply chain exposure and community impacts can have material consequences for portfolio companies. While most managers reference international standards such as the UN Guiding Principles on Business and Human Rights (UNGPs) in their responsible investment policies, meaningful implementation remains uneven across the industry. Understanding how managers embed human rights thinking into their due diligence, active ownership and monitoring activities is therefore essential to distinguishing genuine integration from policy-level commitment. The example below highlights a manager we consider well advanced in this area.

Manager in focus:

Montrusco Bolton Investments Inc. ("MBI")

MBI is a Montreal-based equity manager and a longstanding signatory to the PRI, which it joined in 2011. MBI stands out within the portfolio due to the rigor and depth of its human rights integration – an approach that operates at both the screening and analytical levels and is embedded throughout the investment process rather than being applied as an overlay.

At the screening stage, MBI explicitly excludes companies that are found to be in violation of the UNGC, UNGP, ILO Conventions and OECD Guidelines for Multinational Enterprises. These are not aspirational policy references – they function as operational exclusion criteria that are applied by the firm's Responsible Investment team prior to every investment and reviewed on an ongoing basis. Companies in breach of these standards are removed from the investable universe, regardless of their financial performance.

At the analytical level, human rights and social factors are assessed through MBI's proprietary Sustainability Scoring Framework, which evaluates companies across 57 ESG criteria weighted by industry-specific materiality using SASB standards. The framework requires a minimum threshold score of 70% for inclusion in the investable universe, meaning social performance as part of a hard filter, not a qualitative consideration left to analyst discretion. Labor practices, employee relations and ethical business conduct are explicitly assessed within this framework alongside governance and environmental factors.

MBI's approach to stewardship further reinforces this. The firm engages with its portfolio companies directly on labor and social governance topics, as illustrated by its April 2025 engagement with Uber, where discussions specifically addressed worker classification practices, structured labor dialogue and DEI commitments amid a period of heightened legal scrutiny, a challenging engagement approach that MBI pursued proactively. Proxy voting is executed independently using ISS Proxy Exchange and disclosed publicly on an annual basis.

From policy to practice: strengthening human rights due diligence in sustainable equity investing

How enhanced human rights analysis is becoming a core component of investment risk management and active ownership.



Executive summary

Human rights are moving from the margins of ESG analysis to become a more important part of investment risk management. As regulatory expectations rise and supply chain risks grow more visible, investors are increasingly focusing on how companies identify, manage and mitigate human rights-related exposures.

In this special feature, we talk to **Marc Gonzales, Head of Sustainable Equities**, about how our Sustainable Equity Investment team is strengthening its approach to human rights due diligence. Marc explains why we have aligned our process with the PRI's UN Guiding Principles (UNGP) based recommendations, how the WBA's Social Benchmark helps to identify material gaps and how targeted engagement is being used to address unrecognized risks – particularly where companies lack formal human rights policies or enhanced due diligence processes. The result is a more structured, investment-relevant approach to stewardship that is designed to support long-term value creation.

Interview

An interview with Marc Gonzales, Head of Sustainable Equities

Why did human rights become a priority area for further development in the equity engagement process last year?

Human rights risks are increasingly recognized as drivers of financial and operational risk, particularly in global and outsourced business models. While we had already integrated human rights into our ESG framework, we saw a need to strengthen our approach by introducing a more structured, UNGP-aligned due diligence process. This allows us to better identify material risks, assess company preparedness and foster more informed investment and stewardship decisions.

How does the PRI's UNGP-based guidance change the way human rights are assessed from an investment perspective?

The PRI guidance shifts the focus from high-level commitments to the effectiveness of governance, due diligence and remediation processes. These elements are directly relevant when assessing a company's exposure to regulatory, legal and supply chain risks. From an investment perspective, this improves our ability to distinguish between companies that are proactively managing these risks and those that may be exposed to unrecognized downside risks.

What did your assessment reveal about key human rights challenges across the equity portfolio?

The assessment showed that in parts of the equity portfolio, human rights practices are often more advanced in day-to-day operations than in formal documentation. Many companies do not yet have standalone human rights policies or fully formalized enhanced due diligence frameworks, even where responsible practices already exist through governance structures, supplier standards and ethical codes of conduct. The gap we identified is therefore less about intent and more about consistency, visibility and formalization. Human rights risks are frequently embedded within broader ESG or compliance processes rather than being articulated through dedicated frameworks aligned with the UNGPs. This creates an opportunity for targeted engagement – particularly on issues such as modern slavery – to strengthen risk management, improve transparency and increase long-term investment resilience.



How did these findings shape your engagement approach with portfolio companies?

Our engagement typically starts with awareness. We focus on helping companies to understand why dedicated human rights policies and enhanced due diligence processes are increasingly important from an investor perspective. This includes setting clear expectations around supply chain transparency and the management of modern slavery risks, as well as explaining how these factors are linked to long-term resilience and value creation.

How does this enhanced human rights focus support better investment outcomes over time?

By strengthening our understanding of how companies identify and manage human rights risks, we can better assess downside risk and business resilience across the portfolio. Targeted engagement helps to reduce the likelihood of value-destructive events linked to supply chain disruptions, regulatory breaches or reputational damage. Over time, this enhanced due diligence process strengthens our stewardship approach and supports more sustainable, risk-aware equity investments.

Scan the QR code or click on the button below to explore more about our stewardship activities and engagements.



[Read: Active Ownership Report 2025](#)

"Our engagement often starts with creating awareness – helping companies understand why human rights and modern slavery matter from an investor perspective."

Marc Gonzales, Head of Sustainable Equities

ESG Survey 2026: the shift towards more pragmatic ESG integration

What has changed, what has remained and what comes next

Over the past two years, ESG has become a more contested topic across the investment industry. Public debate has intensified, regulatory expectations have shifted in several markets and many asset managers and asset owners have become more cautious in how they communicate about ESG.

This shift is visible in different ways. In some markets, ESG terminology and product positioning have come under greater scrutiny. In Europe, the regulatory landscape has shifted towards simplification, with the EU's Omnibus I package narrowing the scope of sustainability reporting requirements and the European Commission adopting revised European Sustainability Reporting Standards (ESRS).¹ At the same time, ESG implementation is being shaped by developments in the real economy. The long-term cost competitiveness of renewable energy, the need for more resilient supply chains and rising demand for infrastructure that supports the energy transition are making sustainability-related factors more directly relevant to investment analysis and portfolio value creation. ESG-related collaboration also continues to mature, particularly in private markets, where initiatives such as the EDCI are driving improvements in the consistency and comparability of sustainability data across LPs, GPs and portfolio companies.²

Against this backdrop, we wanted to understand whether the ESG backlash has translated into tangible changes in investment practices. In particular, we wanted to determine whether it has altered commitments, resources or exclusions – or has mainly changed the way ESG is communicated?

Since 2015, LGT Capital Partners has periodically conducted surveys of investors in alternative assets to understand how ESG adoption, motivations and investment practices are changing. Previous studies also helped us to identify broad investor archetypes,

reflecting different levels of ESG experience, conviction and implementation.

This fifth survey builds on the earlier work, while focusing specifically on how the more contested ESG environment of the past two years has affected investment practices. Conducted among 191 asset managers, asset owners and advisors across different regions and asset classes, the survey examines changes in ESG sentiment, commitments, terminology, resources, exclusions and investment priorities. It also includes forward-looking questions on selected ESG-related topics.

The findings point to a clear distinction between sentiment and implementation. Around two-thirds of respondents say that market sentiment around ESG has become more negative in their primary region. However, most have not reduced their ESG commitments. The majority say the importance of ESG in investment decision-making has not changed over the past 24 months and expect it to remain stable over the next year. ESG teams and spending have also generally held steady or increased.

Revisiting the investor archetypes developed through our earlier surveys reveals a more differentiated picture within the market. Alongside respondents that continue to move forward with high conviction and those that remain skeptical, the 2026 results identify a sizeable group of recalibrators. These respondents continue to integrate ESG but are reassessing where it is most relevant, how it should be applied and how it is communicated.

Overall, the results suggest that the ESG backlash has affected language and positioning more visibly than underlying investment processes. Rather than a broad retreat, the survey points to a more pragmatic phase of ESG integration, with greater emphasis on materiality, risk management, data quality, client expectations and long-term value creation.

¹ Directive (EU) 2026/470 of the European Parliament and of the Council, 24 February 2026; European Commission, "Commission adopts revised sustainability reporting standards", 3 July 2026.

² ESG Data Convergence Initiative (EDCI), website accessed July 2026, <https://www.esgdc.org/>. EDCI reports 500+ GP and LP members, approximately USD 60 trillion in member AUM and more than 9,000 portfolio companies included in its benchmark.

At a glance

Key findings

65% say ESG sentiment has become more negative in their primary region

92% maintained or increased ESG commitments over the past 24 months

77% say the importance of ESG in investment decision-making has not changed

28% changed ESG terminology

35% increased spending on ESG resources, including ESG data

23% are now less strict on defense-related investments

43% apply a formal or informal policy or framework for AI-related investments

What it tells us

The backlash is visible in market tone and external communication.

Negative sentiment has not translated into a broad reduction in commitments.

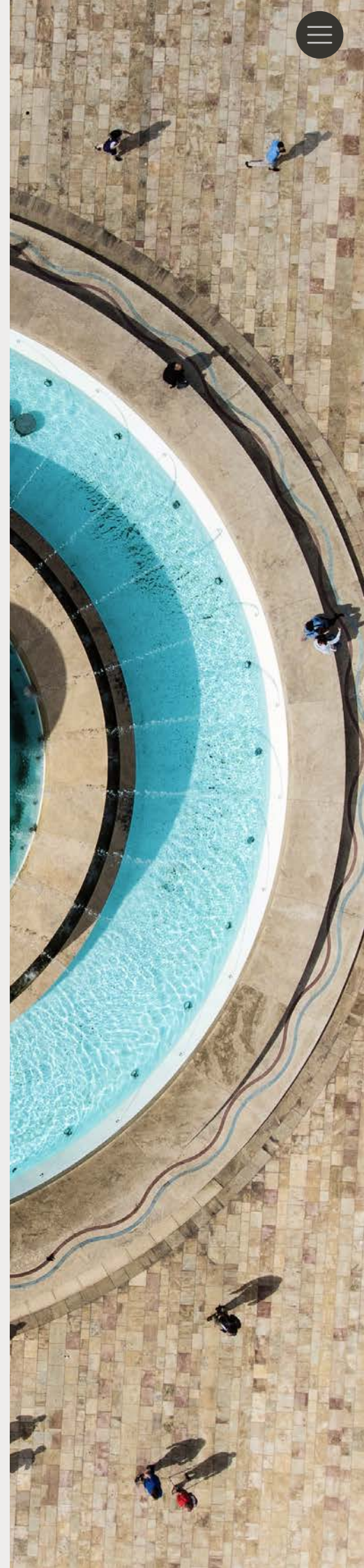
Stability is a meaningful signal in a more contested environment.

Language, not practice is changing, especially in the US.

ESG remains part of operating infrastructure.

Defense is the main exception; other exclusion categories are unchanged.

The integration of AI into investment and risk management frameworks is well underway.

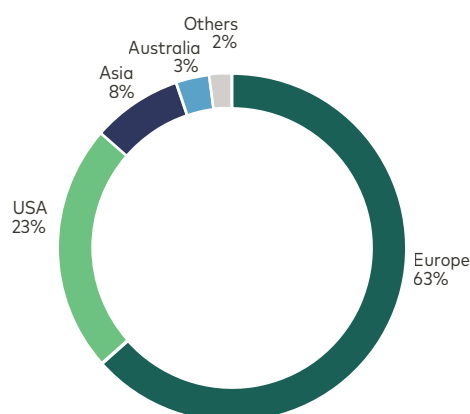


The survey base

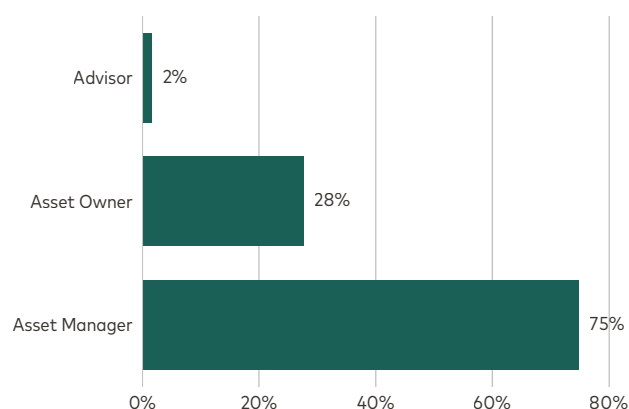
The survey sample consists primarily of asset managers (75%), while asset owners accounted for 28% of the total. The respondents are headquartered mainly in Europe and the US, with additional participation from Asia-Pacific and other regions. The survey covers a broad range of asset classes, including private equity, public equity, private credit, real estate, fixed income, infrastructure, hedge funds and insurance-linked strategies. Private equity is the asset class with the strongest representation, as many respondents are focused on private markets.

Figure 15: Respondent profile

Headquarters location



Organization type



Source: LGT Capital Partners, ESG Survey 2026.

Note: Respondents could select more than one organization type; percentages may therefore exceed 100%. Headquarters percentages may not sum to 100% due to rounding.

ESG integration is already embedded among respondents

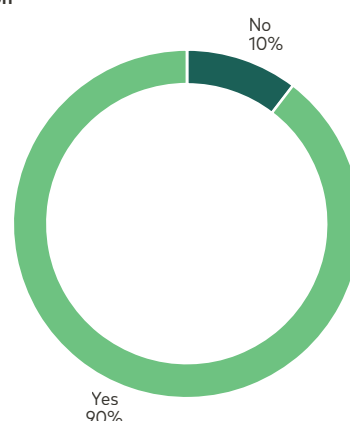
The survey confirms that ESG integration is fully established among the group of respondents. Exactly 90% say that they integrate ESG into their investment decisions and around half indicated that they have been doing so for seven years or more¹. This matters because ESG integration is no longer new or experimental for most of the asset managers and asset owners surveyed. It already forms part of general investment analysis, due diligence, portfolio monitoring, reporting and engagement.

At the same time, the survey shows that conviction can be split into three groups: 52% of respondents believe that incorporating ESG criteria into the investment process increases risk-adjusted returns, while one-third think it has no effect and 15% believe it lowers risk-adjusted returns.

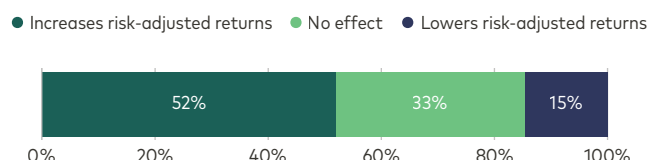
ESG integration is widespread and it is increasingly expected to prove its relevance through material risks, opportunities and investment outcomes.

Figure 16: ESG integration and risk/return assessment

ESG integration



Perceived impact on risk-adjusted returns



Source: LGT Capital Partners, ESG Survey 2026.

¹ The survey was distributed to LGT Capital Partners' network and is not intended to be statistically representative of the full investment industry. Respondents are therefore likely to have some familiarity with ESG and responsible investment topics. The findings should be read as an indication of how a relevant group of market participants is responding to the current ESG environment, rather than as a measure of the entire market.



Sentiment has shifted but commitments have remained largely stable

The most remarkable survey finding is the gap between negative sentiment and actual changes in ESG commitments. Around two-thirds of respondents say market sentiment around ESG in their primary region has become more negative over the past 24 months. The shift is most pronounced in the US and is also clearly visible in Europe.

In total, 92% of respondents maintained or increased their ESG commitments over the past 24 months, while only 8% reduced them. Importantly, even among respondents who perceive market sentiment as more negative, the large majority maintained or increased their ESG commitments.

The same pattern is visible in investment decision-making. For most respondents, the importance of ESG has remained stable over the past 24 months, with only a small minority saying it has become less important. Looking ahead, respondents overwhelmingly expect this stability to continue over the next 12 months.

Together, these findings suggest that the ESG backlash is more visible in market tone, the public debate and external positioning than in underlying investment processes. There may be a more cautious approach to communications around ESG but for most respondents ESG remains part of investment analysis, due diligence, portfolio monitoring, reporting and engagement.

ESG language is adapting to regional expectations

Regional differences are most visible in terms of how ESG is communicated, while changes in underlying commitments are more limited. The survey points to distinct patterns across the US, Europe and Asia-Pacific.

US: communication is changing – not commitments

Almost half of respondents headquartered in the US (46%) say they have changed their ESG-related terminology over the past 24 months, including removing or reducing references to terms such as “ESG” or “DEI”. This is the highest share across all regions and reflects the more contested political and market environment in the US.

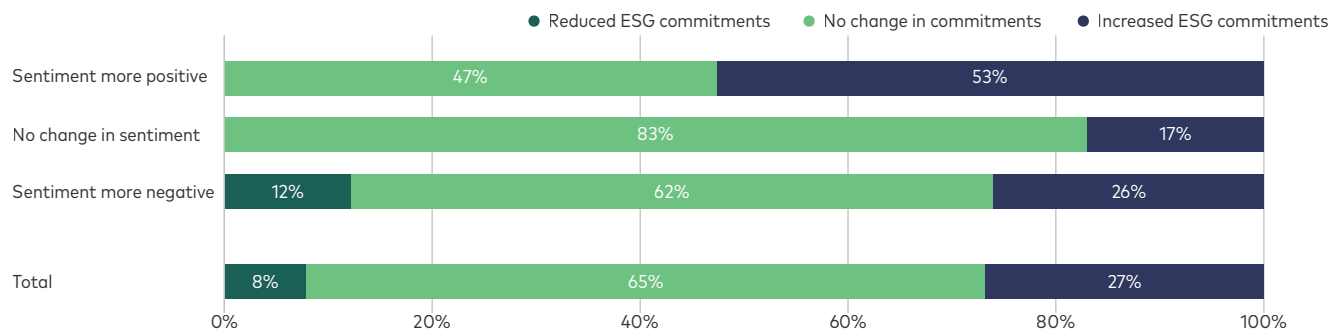
At the same time, 23% of US respondents increased their ESG commitments, while reductions remained relatively limited. This suggests that changes in language and external positioning have not necessarily translated into weaker ESG integration in investment practices.

Evolving US anti-ESG landscape

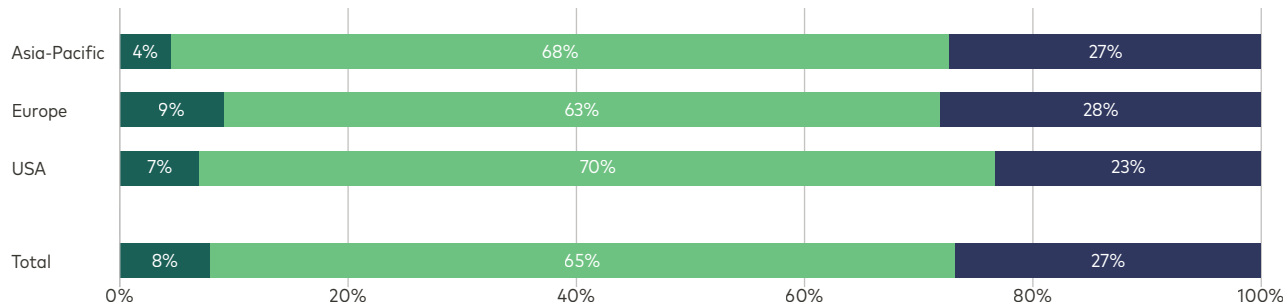
In recent years, a number of US states have introduced measures aimed at limiting the use of ESG considerations in public investments, pension management and government contracting. At the same time, the legal landscape remains fluid. While some ESG or exclusion-limiting initiatives have been implemented, others have faced legal challenges, and in some cases, have been narrowed, blocked or overturned by courts.

Figure 17: ESG commitments and market sentiment

Change in ESG commitments, by respondents' perception of market sentiment



Change in ESG commitments by headquarters region



Source: LGT Capital Partners, ESG Survey 2026.

For investors this highlights that while the political debate around ESG has become more prominent, the legal and regulatory framework remains dynamic, continuously evolving through legislation, regulatory action and judicial review.

Europe: a more varied picture

At 28%, European respondents were the most likely to report an increase in ESG commitments. At the same time, Europe also had the highest share reporting a reduction in commitments, at 9%. While 23% changed their ESG-related terminology, the shift in language was considerably less pronounced than in the US.

The findings suggest that ESG integration continues to be supported in Europe, even as the regulatory debate moves towards greater simplification and competitiveness. For many respondents, the emphasis appears to be shifting towards clearer implementation, more decision-useful data and stronger evidence of investment relevance.

Asia-Pacific: a more consistent direction

Only 18% of Asia-Pacific respondents reported changing their ESG terminology, the lowest share across the regions surveyed, while 27% increased their ESG commitments.

The smaller Asia-Pacific sample means that these findings should be interpreted directionally. They nevertheless point to a less polarized pattern than in the US or Europe. The survey does not establish the reason for this development. One possible explanation is that in some parts of Asia-Pacific, ESG frameworks are still being developed and embedded in investment practices, rather than being recalibrated in response to political pressures seen elsewhere.

Across the three regions, divergence is more pronounced in terms of language and external positioning than in underlying commitments. Different markets are adapting to their respective political, regulatory and client environments but the survey provides little evidence of a broad retreat from ESG integration.

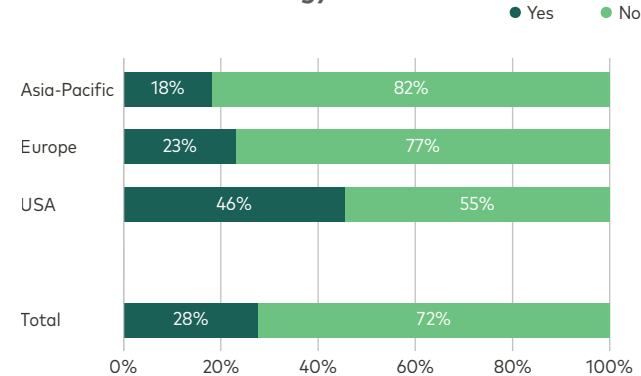
Different forces are shaping commitments and language

The survey asked respondents that had changed either their ESG commitments or terminology what had prompted the change. Among respondents who changed their ESG commitments, 59% cited investor preferences and 41% cited regulatory alignment and clarity. Political sentiment was mentioned by only 13%. In contrast, among respondents whose commitments remained unchanged but who changed their ESG terminology, investor preferences and political sentiment were each cited by 45%.

The pattern is not absolute but it is consistent with the broader survey findings: political pressure appears to be influencing how ESG is described and positioned more than whether firms change their underlying commitments. Changes to commitments are more often linked to investor demand and regulatory requirements.

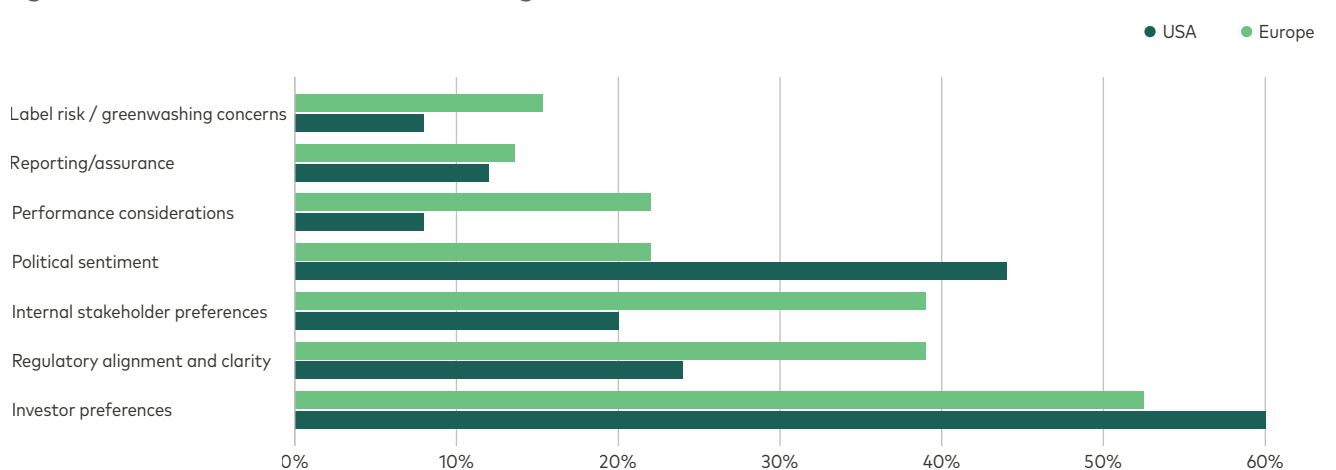
The regional data points in the same direction, although it does not allow us to separate the drivers of terminology and commitment changes within each region. Among US

Figure 18: Respondents reporting changes to ESG-related terminology



Source: LGT Capital Partners, ESG Survey 2026.

Figure 19: Reasons for ESG-related changes



Source: LGT Capital Partners, ESG Survey 2026.



respondents who made any type of change, 60% cited investor preferences and 44% cited political sentiment. In Europe, investor preferences were cited by 53% of respondents, while regulatory alignment and clarity and internal stakeholder preferences were each cited by 39%.

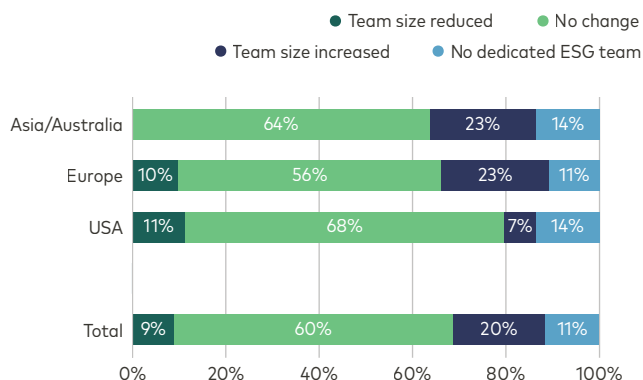
ESG resources remain resilient

ESG team headcount remained unchanged for 60% of respondents. However, 20% increased the size of their ESG team, while 9% reduced it. Spending on ESG resources, including ESG data, also held up, with 31% of respondents reporting an increase.

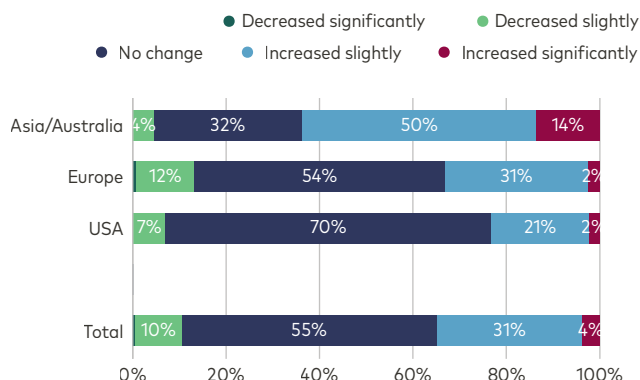
Headcount and spending provide a useful indication of whether ESG remains embedded operationally. The results suggest that it does.

Figure 20: Changes in ESG teams and spending

Changes in ESG team headcount



Changes in spending on ESG resources



Source: LGT Capital Partners, ESG Survey 2026.

A sizeable middle group is recalibrating ESG

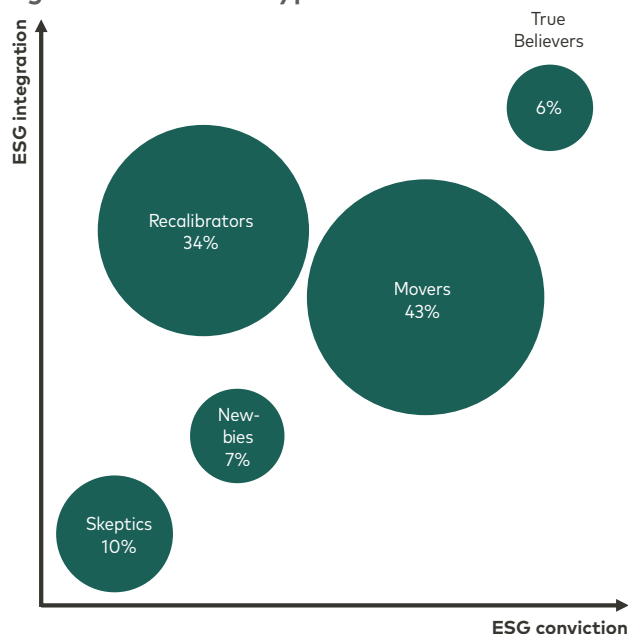
Since 2015, our investor surveys have tracked how investors in alternative assets approach ESG and how their priorities, motivations and practices evolve. As part of this work, we have developed a set of broad investor archetypes based on factors including ESG experience, integration, conviction, perceived importance and views on investment outcomes.

The more contested ESG environment of the past two years provided a timely opportunity to revisit this framework. The 2026 results show that established differences in conviction remain, but they also reveal a distinct group of recalibrators.

Recalibrators account for 34% of respondents. They continue to integrate ESG and often have several years of experience but are reassessing where it is most relevant and how strongly it should influence investment decisions. Compared with higher-conviction respondents, they place greater emphasis on financial materiality, credible data, client requirements and strategy-specific implementation, while taking a more selective approach to ESG terminology and broader claims.

The presence of this group helps to explain one of the survey's central findings: commitments have largely held up, but conviction is no longer uniform. Rather than stepping away from ESG, a sizeable part of the market is refining how ESG is prioritized, applied and communicated.

Figure 21: ESG archetypes



Source: LGT Capital Partners, ESG Survey 2026; the 2026 archetypes build on the framework developed through previous LGT Capital Partners investor surveys. Comparisons over time should be interpreted directionally, as survey questions and the composition of the sample have evolved.

Exclusions continue to be applied with defense as the changing topic

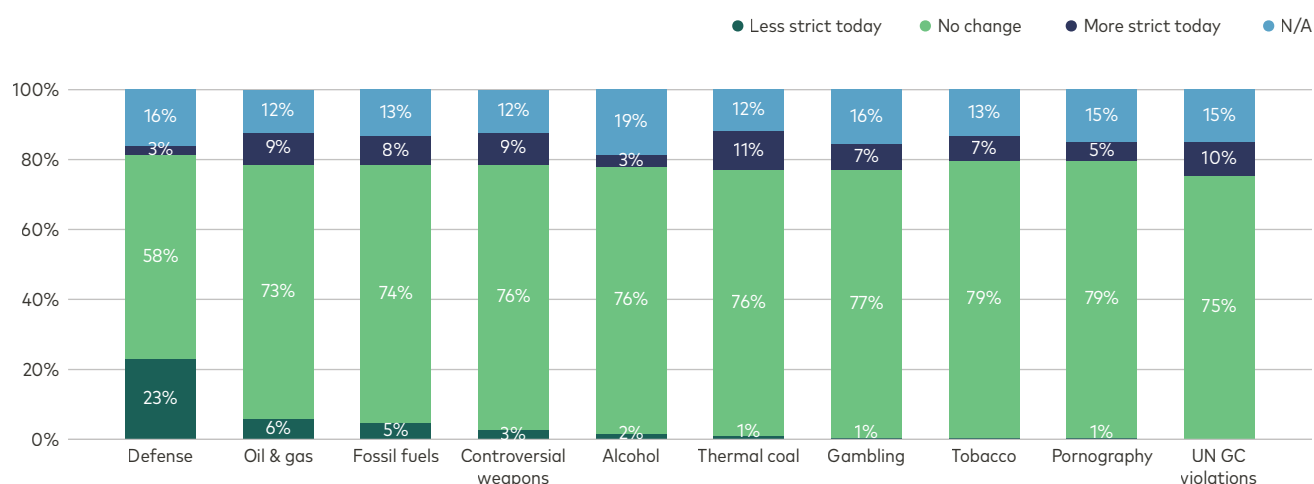
The exclusion data does not point to a general easing of ESG boundaries. Across most categories, exclusions have been applied with the same rigor as before or have become stricter. Defense-related investments are the clear exception.

In total, 23% of respondents say they are now less strict on defense-related investments, in contrast to only 3% who have become stricter on defense-related investments. This easing is largely attributable to European respondents, with 33% reporting that they are being less strict than before. For other topics, 9% of respondents are now stricter on oil and gas, 8% on fossil fuels and 11% on thermal coal.

These figures indicate the direction of change but not its intensity. The survey does not distinguish between whether changes apply across an organization, only to specific strategies or products, at company level, or through adjustments to revenue thresholds and eligible exposures.

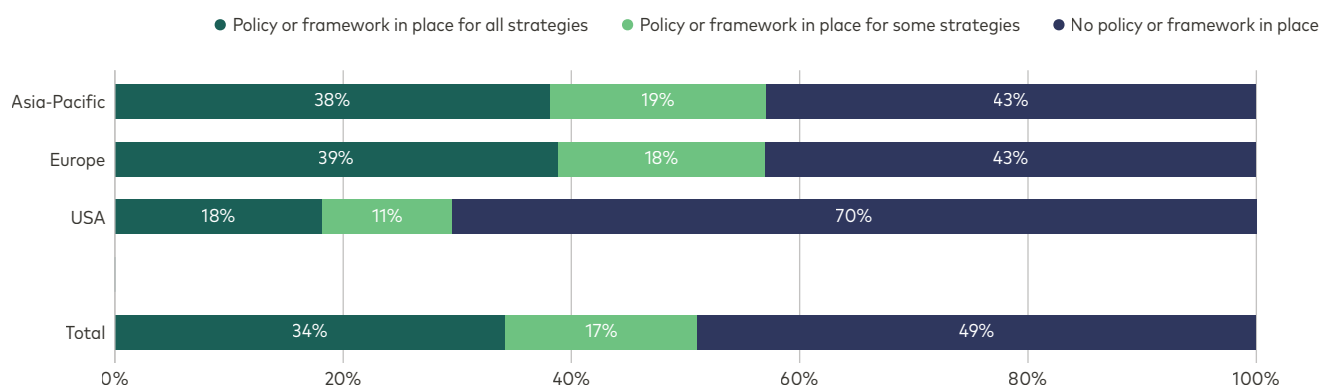
Defense-related investment approaches remain varied. Around half of respondents apply a policy or framework across all or some strategies: 34% permit defense-related investments with restrictions, 26% permit them subject to standard risk-return and legal constraints and 12% do not permit them. Open-text responses suggest that changes often relate to areas such as dual-use technologies, cybersecurity, energy resilience, defense services and critical infrastructure, while controversial weapons remain strictly excluded.

Figure 22: Changes to ESG exclusions



Source: LGT Capital Partners, ESG Survey 2026.

Figure 23: Defense-related investment policies by headquarters region



Source: LGT Capital Partners, ESG Survey 2026.



How our approach to defense-related investments is evolving

Defense-related investments have been permitted at LGT Capital Partners, subject to our responsible investment requirements and strict exclusions for controversial weapons. However, defense-related investments were previously not actively pursued. Given the changing geopolitical environment, changes in investor preferences and increased deal flow, we saw a need for a more formalized firm-wide defense investment framework and governance process. The framework helps to provide a clear and consistent approach for defense-related investments supporting investment teams as they encounter increased deal flow.

A structured assessment

The framework applies across direct and externally managed investments, with a particular focus on private markets, enabling a more consistent, case-by-case assessment. Our established ESG assessment is complemented by a dedicated defense assessment covering the nature and potential use of the products and services involved, end-user risks, governance standards and related legal, ethical, human rights and reputational considerations. The findings inform the investment process, while final decisions are reached by the relevant Investment Committee.

Clear safeguards

Our existing exclusions, including controversial weapons, remain unchanged. Stricter requirements also continue to apply to sustainable and impact investment strategies.

The framework enables us to assess defense-related opportunities consistently, based on their individual merits, while maintaining clear safeguards and alignment with our responsible investment principles and fiduciary responsibilities.

Applying our responsible defense investment framework

In line with our defense framework, relevant opportunities are assessed by the ESG team as part of broader due diligence. The following examples illustrate the practical application of the framework.

In one case, the team assessed a private credit opportunity in an aerospace components manufacturer specializing in aircraft engine subsystems and lifecycle services, with exposure to both commercial aviation and defense programs. The company's activities are positioned in propulsion and support services rather than weapons systems, with complex, high-value products and strong governance structures. Its exposure to established European defense programs and allied customer base, combined with robust compliance frameworks, provided sufficient comfort to proceed, while continued monitoring of end-use and export controls remains important.

In contrast, a second case involving a defense services provider focused on airborne intelligence, surveillance and reconnaissance and other operational support for government and military clients raised concerns due to its elevated risk profile. The company's services are closely linked to the military kill chain, increasing proximity to lethal use. A high reliance on a single government customer involved in active conflicts, combined with identified reputational concerns and a recorded ESG-related incident, further contribute to the heightened ESG risks. While proliferation risk is limited due to the complexity of services, the overall risk profile is not aligned with our framework, leading to a decision not to invest.

Our framework ensures a consistent approach across the firm, with clear processes and responsibilities, while allowing the framework to evolve over time as market practices, regulatory expectations and our own experience continue to develop.

AI is entering the materiality framework

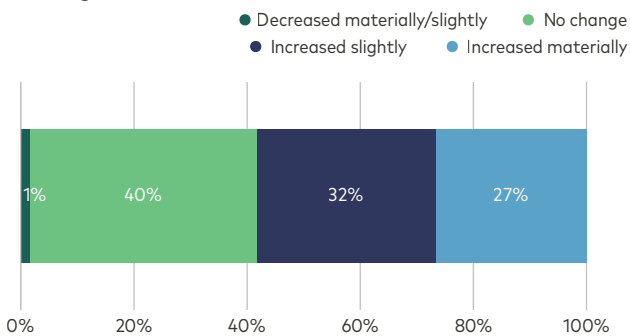
AI-related investments are another area where investment frameworks are evolving.

In total, 43% of respondents already apply a formal or informal policy or framework for AI-related investments and six out of ten respondents report that the relevance of AI-related risks and opportunities in their ESG or risk management processes has increased over the past 24 months. Over the next 12 months, four out of ten respondents expect to increase allocation to AI-related investments, while almost none expect to reduce allocation.

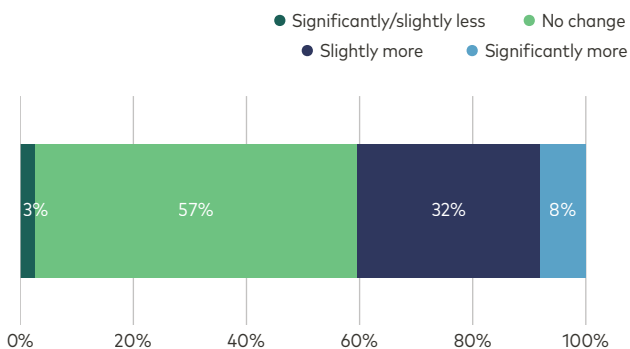
AI is not consistently treated as an ESG topic. However, it is increasingly being integrated into broader risk management and investment analysis. Respondents describe AI as both an opportunity and a source of governance, cybersecurity, operational, regulatory and business model risk.

Figure 24: AI-related risks, opportunities and investment allocation

Relevance of AI-related risks and opportunities in ESG or risk management



Planned changes to AI-related investment allocation



Source: LGT Capital Partners, ESG Survey 2026.





What comes next: credibility over claims

The survey suggests that ESG integration is moving into a more disciplined phase. ESG labels may be used more cautiously but the underlying practices remain broadly in place. For asset managers and asset owners, the next phase is likely to be defined by credibility, including usefulness of implementation rather than breadth of ESG language.

First, ESG considerations will need to be more clearly linked to financial materiality. Respondents increasingly describe ESG in terms of risk management, value creation, operational resilience and client expectations. This is likely to increase demand for targeted analysis rather than broad ESG claims.

Second, ESG data will remain central. The resilience of ESG spending, including spending on ESG data, suggests that data collection, reporting and portfolio-level transparency are becoming structural requirements. This is particularly relevant in private markets, where investors increasingly expect comparable information across managers and portfolio companies.

Third, ESG frameworks will become more investment strategy specific. Several qualitative responses suggest that firms are applying different ESG expectations depending on how and where they invest. This points to a more nuanced implementation model, where ESG is adapted to the relevant asset class, strategy and investment objective.

Fourth, the scope of ESG-related risk management is expanding. Defense-related investments and AI-related opportunities show that ESG frameworks need to be adapted to be relevant in new geopolitical and technological realities. Climate risk and resilience add

another layer, as investors move from broad climate commitments towards more decision-useful analysis of physical risk, adaptation and long-term asset resilience.

The presence of cautious recalibrators is particularly relevant for the next phase of ESG integration. It suggests that the market is not simply moving backwards or forwards but is becoming more selective. Broad ESG claims are likely to be tested more carefully, while approaches linked to financial materiality, data quality, investment relevance and evidence of implementation are likely to become more important.

For LGT Capital Partners, these developments reinforce the importance of disciplined ESG integration across asset classes. The focus is not on ESG as a label but on how financially material sustainability-related risks and opportunities are identified, assessed and managed in investment practice.

Methodology note

The ESG Survey 2026 was conducted among 191 respondents, including asset managers, asset owners and advisors across different regions, asset classes and organization sizes. The sample includes organizations with assets under management ranging from less than USD 3 billion to more than USD 50 billion. Unless otherwise indicated, percentages are based on valid responses for the respective question and may not sum to 100% due to rounding. Regional and subgroup results should be interpreted with caution where sample sizes are small. Due to the small number of respondents selecting an advisor role, no separate analysis is presented for this group; their responses are included in the overall survey results. The survey combines quantitative responses with selected qualitative comments from open-text fields.



The next phase of responsible investing



Over the past decade, responsible investing has become significantly more sophisticated. Investors now have access to more ESG data, reporting frameworks and disclosures than ever before. Yet the challenge is increasingly not collecting more information, but determining which information truly matters and helps investors make better decisions. The next phase of responsible investing will therefore be less about adding complexity and more about greater clarity, stronger judgment and a sharper focus on materiality.

The findings in this year's ESG Report point in a similar direction. Despite a more contested environment and changing language around ESG, investment practices and commitments have remained resilient among our respondents. This suggests that the discussion is increasingly moving beyond whether ESG should be considered towards where it is relevant, how it should be applied and what information genuinely contributes to better investment decisions.

In our view, the next phase of responsible investing will be shaped by three priorities: focusing on materiality, using new analytical capabilities effectively and ensuring that transparency creates genuine insight rather than unnecessary complexity.

1. Materiality matters more than ever

For many investors, the foundations of responsible investing are now well established. The focus should therefore shift from expanding frameworks and collecting additional data to identifying the factors that are most relevant to long-term investment outcomes. From our perspective, a key strength of



responsible investing lies in its ability to broaden and support the investment conversation. It can help investors look beyond financial metrics and consider factors that influence resilience, risk, investment opportunities and long-term value creation. Recent discussions around defense-related investments, for example, demonstrate how changing geopolitical realities can challenge established classifications and require more nuanced assessments of individual investments. The key is understanding where sustainability-related factors influence risk, resilience, opportunity and value creation, and ensuring analysis remains focused on those issues that can genuinely affect investment performance

2. AI can improve analysis, but not replace judgment

Investors are increasingly challenged not by a lack of information, but by the volume of information available. Artificial intelligence could help investors analyze large volumes of structured and unstructured information, identify patterns and connect information across multiple sources. Its potential value lies not simply in processing more information, but in helping investors derive greater insight from information that is already available. However, better technology does not remove the need for investment judgment. Context, materiality and data quality remain critical, and investment decisions still require human expertise to distinguish meaningful signals from noise.

3. Transparency should create insight, not complexity

Transparency and reporting remain essential components of responsible investing. As reporting requirements continue to expand, however, investors should ask a simple question: does this information improve understanding and support better decisions? Greater alignment between mandatory and voluntary reporting frameworks could reduce unnecessary duplication while preserving transparency and accountability. Simplification should not come at the expense of transparency, but transparency does not necessarily improve by asking the same question in multiple ways. The ultimate objective should be reporting that creates insight, rather than reporting for its own sake. Investor-led organizations such as the PRI can play an important role in this evolution by bringing together different perspectives and supporting greater alignment across the investment industry.

Conclusion

Responsible investing has always evolved alongside financial markets, and that evolution will continue. The next phase should be less about adding complexity and more about improving usefulness. By focusing on materiality, using new analytical capabilities intelligently and ensuring transparency creates genuine insight, responsible investing can continue to strengthen investment decisions and support long-term value creation.

Corporate Social Responsibility (CSR) at LGT Capital Partners

At LGT Capital Partners, CSR is an integral part of how we operate as a firm. It covers how we support our staff members, contribute to the communities around us, work with suppliers and manage the environmental footprint of our own operations.

Our CSR approach continues to be structured around four priorities: People, Community, Suppliers and Buildings. In 2026, we focused on making selected parts of this framework more tangible. We further refined our focus on belonging, continued to listen to staff members through regular engagement surveys, launched the LGT Capital Partners Donors Community and raised awareness of practical actions that can reduce travel-related emissions.

The following examples show how these priorities developed during the year.

CSR at a glance

People – cultivating a culture of belonging, listening to staff members and supporting wellbeing.

Community – creating structured opportunities to support social and environmental impact.

Suppliers – maintaining responsible supply chain practices through our Supplier Code of Conduct and ESG due diligence.

Buildings – managing the environmental footprint of our offices and business activities, including energy use and travel-related emissions.





People

Cultivating a culture of belonging

Our culture of belonging remains central to how we operate and collaborate as a global firm. As we grow across offices and regions, sustaining this culture requires clear firm-wide priorities as well as strong local engagement.

Over the past year, we renamed the former Diversity, Equity and Inclusion Committee as the Diversity & Belonging Committee. Diversity, equity and inclusion remain essential to our approach, while belonging more clearly reflects the experience we want to foster for staff members by creating an environment in which they feel welcome, valued and able to contribute fully.

The Diversity & Belonging Committee includes Executive Committee members and international representatives and is supported by local Diversity & Belonging ambassadors who represent 11 of our offices. The ambassadors organize local events and activities and share insights and perspectives between the offices.

Priority areas in 2026 – creating dialogue throughout the year

The Diversity & Belonging Committee defined three focus areas for the year: International Women's Day, Pride Month and mental health. Together, they provided a structured agenda for raising awareness, encouraging dialogue and strengthening belonging through global and local activities across our offices.

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



Example: International Women's Day: education and opportunity

International Women's Day is one of the annual focus topics of our Diversity & Belonging activities. It provides an opportunity to reflect on factors that shape equal opportunity, including education, professional development and economic participation.

In 2026, our global event focused on girls' education and the role that philanthropy can play in expanding access to learning. The discussion highlighted the work of Educate Girls, an India-based non-profit organization supported by LGT Venture Philanthropy. Educate Girls works with rural communities to identify out-of-school girls, encourage them to enroll and improve foundational learning outcomes.

Local offices complemented the global discussion with select initiatives focused on leadership, professional development and community support. In London, for example, the local Diversity & Belonging ambassadors organized a clothing donation drive in partnership with Smart Works, a UK charity supporting women preparing to enter or return to employment.

Further details:

Visit educategirls.ngo



Workforce overview

At LGT Capital Partners, we are committed to offering fair opportunities to people from all backgrounds and we value the broad range of perspectives that our staff members bring to our organization. We aim to attract and retain global talent and to create an environment in which all staff members feel a genuine sense of belonging, are valued for their contributions and are empowered to realize their full potential. We monitor gender representation across organizational and management levels and complement this transparency with initiatives focused on inclusive recruitment, talent development and promotion, while reducing unconscious bias. Further workforce data is available in our CSRD Report 2025.

Gender	2025	2024
Male	579	546
Female	363	336
Other	0	0
Total	942	882

Total number of employees by headcount, broken down by gender. Headcount-relevant employees are defined as all permanent employees, expats, analysts and graduates. Non headcount-relevant employees are temporary staff, trainees, interns and apprentices.

Community

Launching the LGT Capital Partners Donors Community

Our support for LGT Venture Philanthropy is a long-term commitment. Each year, LGT Capital Partners donates approximately 10% of its dividend to LGT Venture Philanthropy, helping to fund organizations that address social and environmental challenges in underserved communities.

In 2026, we complemented this institutional contribution by launching the LGT Capital Partners Donors Community. The initiative gives staff members the opportunity to support selected organizations from the LGT Venture Philanthropy portfolio and to help generate shared impact across the firm. To amplify the individual staff contributions, the donations are matched 1:1 from other funders by LGT Venture Philanthropy.

Staff members can contribute to three organizations that are active in the areas of healthcare, education and environmental protection: Last Mile Health, Educate Girls and Nature for Water. Each seeks to address a long-term social or environmental challenge by taking action at a local level.

The following focus page provides an overview of the three organizations and the impact themes they represent.

Scan the QR code or click on the button below to explore more about our workforce and diversity data.

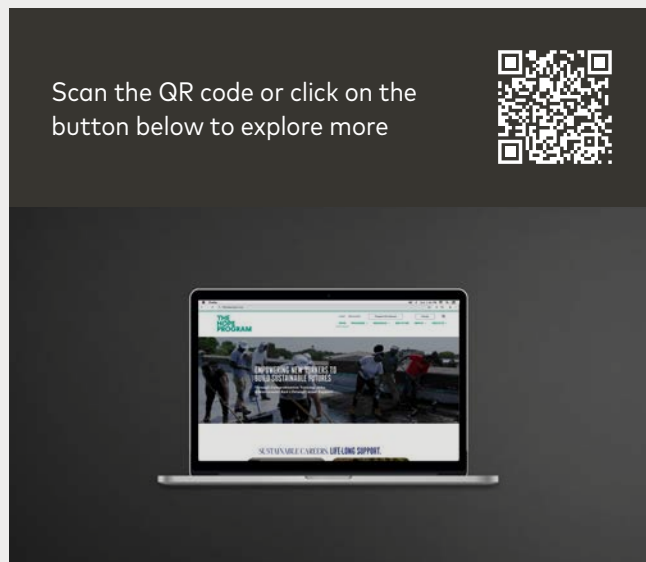


[Read: LGT Group Annual Report 2025](#)



Supporting our local communities

Our corporate volunteering program gives staff members opportunities to contribute to the communities where they live and work. The program focuses on humanitarian support, environmental protection and education, with activities organized locally to reflect the needs and opportunities in each region.



Supporting employment opportunities

Since 2015, staff members in our New York office have supported The HOPE Program, a nonprofit organization that helps New Yorkers build sustainable careers through skills training, job placement and ongoing career support.

In February 2026, 15 staff members volunteered as part of the HOPE Volunteer Interview Preparation Project. Working one-on-one with program participants, they reviewed résumés, refined personal introductions and conducted mock interviews to help participants prepare to enter or re-enter the workforce.

The initiative enables our colleagues to share their professional experience while supporting individuals as they develop practical skills for future employment.

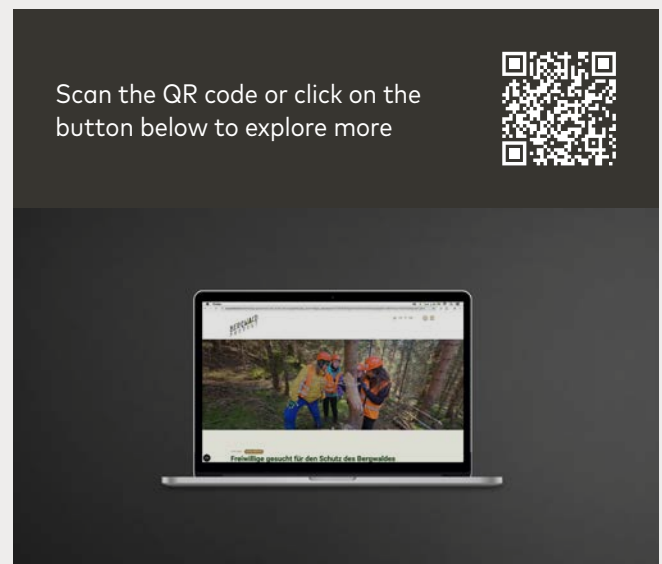
Learn more about The HOPE Program and their work.

Further details:

[Visit thehopeprogram.org](https://thehopeprogram.org)

Staff members can take part in activities organized by the firm or support selected organizations where they are already personally involved. To encourage participation, all staff members are entitled to one day of paid leave each year for corporate or individual volunteering that is aligned with the Sustainable Development Goals.

Through this combination of firm-wide support and locally organized activities, staff members can contribute their time and skills to causes that matter to them and their communities.



Restoring local forests

Since 2025, staff members from our Pfäffikon office have supported Bergwaldprojekt, a nonprofit organization dedicated to the protection and restoration of forests and cultural landscapes in mountain regions.

Over the past two years, close to 30 staff members volunteered with Bergwaldprojekt in Switzerland. Working in a forest area affected by a severe hailstorm in 2021, they helped remove invasive plants, maintain forest areas and improve access to sites where young trees are being planted and nurtured.

The initiative enables our colleagues to contribute directly to forest restoration while gaining practical insights into local ecosystems and sustainable forest management.

Further details:

[Visit bergwaldprojekt.ch](https://bergwaldprojekt.ch)

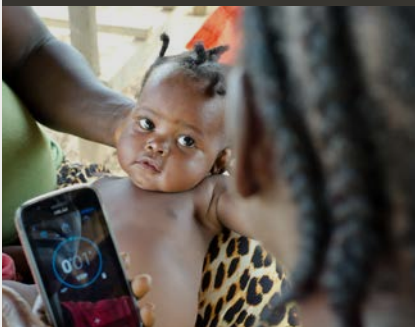
Making an impact together

LGT Capital Partners Donors Community

Through the LGT Capital Partners Donors Community, staff members can support three selected organizations from the LGT Venture Philanthropy portfolio. Each organization represents one of the key impact themes aligned with our broader CSR priorities and demonstrates how locally led solutions can create lasting social and environmental impact.

The organizations

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



Last Mile Health

Strengthening community healthcare

Last Mile Health works with governments in Sub-Saharan Africa to strengthen community-based healthcare and expand access to essential health services in remote and underserved areas.

By training and supporting community health workers, the organization helps deliver care to communities that would otherwise struggle to access basic medical services.

Further details:

[Visit lastmilehealth.org](https://www.lastmilehealth.org)

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



Educate Girls

Expanding access to education

Educate Girls works with communities across rural India to identify out-of-school girls, help them to enroll and improve learning outcomes.

Through a network of local volunteers and partnerships with government schools, the organization seeks to ensure that girls enroll in school, remain in school and develop foundational skills to provide them with more opportunities in the future.

Further details:

[Visit educategirls.ngo](https://www.educategirls.ngo)

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



Nature for Water

Protecting freshwater ecosystems

Nature for Water supports initiatives that protect and restore freshwater ecosystems around the world.

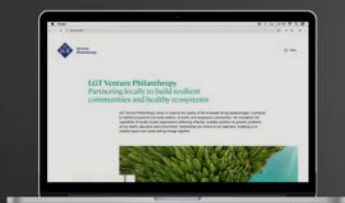
Through nature-based watershed solutions such as forest restoration and wetland protection, the organization helps to strengthen sustainable water security, biodiversity and climate resilience.

Further details:

[Visit nature4water.org](https://www.nature4water.org)



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



About LGT Venture Philanthropy

LGT Venture Philanthropy is an independent charitable foundation that partners with local organizations working to improve people's lives, strengthen communities and protect ecosystems. Their work focuses on health, education and the environment, combining philanthropic funding with business expertise and access to relevant networks to help organizations strengthen their capabilities and scale effective solutions.

For further details:

[Visit lgtvp.com](https://lgtvp.com)

Volunteering at a glance

77

staff members participated

12

volunteering activities across 4 offices

492

volunteering hours contributed

21

community organizations supported

3 focus areas

humanitarian support, environmental protection and education

Suppliers

Maintaining responsible supply chain practices

Responsible supply chain practices remain part of our CSR framework. As outlined in previous reports, our Supplier Code of Conduct sets expectations for environmental, social and ethical standards and our supplier ESG due diligence process supports the monitoring of key relationships and is part of every supplier contract.

In 2026, we continued to apply this framework as part of our broader approach to responsible operations. The focus remains on clear expectations, due diligence where relevant and transparency across supplier relationships.

Sustainable procurement

As part of a new strategic initiative launched in 2025, we commenced a detailed assessment of selected sourcing categories to enhance transparency regarding the environmental and social footprint of our existing product portfolio. We began with two categories where we identified significant potential to improve both visibility and sustainability impact within the procurement lifecycle: our global workplace hardware configuration and the tenant fit out of our new offices. For each category, we conducted a structured selection process and appointed a specialized sustainability consultancy with proven expertise across the full value chain, including lifecycle assessment and benchmarking. This partnership is designed to support us in establishing robust sustainability standards and to inform future sourcing decisions. The collaboration, initiated in 2025, will continue throughout 2026 as we work to integrate these insights into our global procurement practices and advance our broader ESG objectives. These combined initiatives have enabled us to engage more effectively with our suppliers on ESG topics, fostering a collaborative approach to sustainability.

Buildings

Adapting our workplace to today's needs

The sustainable procurement framework currently under development is particularly relevant to our Buildings pillar, as we apply its initial testing phase to the fit-out of new offices and use the resulting insights to inform future workplace projects.

Building on experience gained from piloting flexible workplace arrangements in our Swiss offices, we are generally switching to an activity-based workplace concept that provides different settings for focused work, collaboration and meetings rather than relying solely on assigned desks. The concept is expected to improve the efficiency of our general office footprint, subject to location-specific requirements and actual utilization patterns.

Alongside the workplace concept, we continue to work on improved energy efficiency across our offices. Standing initiatives include the sourcing of renewable electricity for our Swiss headquarters, transitioning the headquarters to district heating, the adjustment of heating and server-room temperatures, aligning cooling and ventilation with working hours and reducing unnecessary lighting through motion detectors and adapted operating schedules.



Operational emissions – reducing our operational footprint

The environmental footprint of our operations remains an integral part of our CSR framework. We monitor greenhouse gas emissions associated with our offices and business activities, including energy use, purchased goods and services, staff commuting and business travel.

Our footprint is influenced by the continued growth of the firm, the use and energy profile of our offices and the international nature of our business. We therefore focus on improving the quality and transparency of our data, tracking developments over time and identifying practical opportunities to manage emissions more effectively.

Business travel remains an important part of how we work. Meeting clients, assessing investment opportunities and bringing teams together across regions often require in-person engagement. Our approach is not to restrict necessary travel, but to help staff members understand its environmental impact and consider whether the same business objective can be achieved in a more efficient way.

Flying smarter: supporting more informed travel decisions

Flight emissions represent a significant share of our operational carbon footprint. We therefore continue to raise awareness of the choices that staff members can make to help reduce them.

Before booking a flight, staff members are encouraged to consider practical alternatives where appropriate. These include involving a colleague based closer to the location, attending meetings virtually, travelling by train or arranging several meetings during a single trip. Where flying is necessary, factors such as direct routes and cabin class are also considered as they affect emissions.

In 2026, we strengthened the data available to support these decisions. Our Operational CO₂ Emissions Dashboard provides oversight of operational emissions and key travel indicators. Through our Flight Ambassadors Program, staff members with higher levels of business travel receive personalized monthly dashboards and guidance to help them understand their travel-related emissions and identify opportunities for more considered planning.

These tools are intended to improve transparency and awareness. They allow travel decisions to take account of both business needs and environmental impact, while helping us identify where practical changes can be made over time.

Carbon credits: taking responsibility for our remaining operational footprint

Since 2010, we have used carbon credits to offset our remaining operational emissions. We are now working towards strengthening the quality of credits purchased and broadening the emissions scope they cover. The revised approach is still being implemented, including partner selection and procurement. Alongside this work, reducing operational emissions remains our priority through sustainable procurement initiatives, travel choices and accurate reporting.

Figure 25: LGT Capital Partners operational emissions¹

	Unit	2025	2024	2023	2022	2021	2020	2019
Scope 1	tCO ₂ e	82.7	78.5	75.3	44.2	44.4	195.7	207.1
Scope 2	tCO ₂ e	103.3	258.5	135.3	77.9	116.0	198.6	156.7
Scope 3-1 Purchased goods and services	tCO ₂ e/FTE	8.1	6.4	0.0	0.0	0.0	0.0	0.0
Scope 3-2 Capital goods	tCO ₂ e/FTE	0.8	6.2	n.a.	n.a.	n.a.	n.a.	n.a.
Scope 3-3 Fuel- and energy-related activities	tCO ₂ e/FTE	0.1	0.1	0.1	0.0	0.1	0.1	0.1
Scope 3-5 Waste generated in operations	tCO ₂ e/FTE	n.a.	n.a.	0.0	0.0	0.0	0.0	0.0
Scope 3-6 Business travel	tCO ₂ e/FTE	2.9	2.2	1.7	1.2	0.2	0.2	1.4
Scope 3-7 Employee commuting	tCO ₂ e/FTE	1.1	1.0	0.9	0.7	n.a.	n.a.	n.a.

Source: Sulytics, LGT Capital Partners, data for our main locations in Pfäffikon (Switzerland), New York, Paris, Dublin, London, Hong Kong, BERN (Liechtenstein). Data from smaller regional offices is extrapolated.

- 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 number of locations we cover to include our offices in BERN; in 2024 we have also improved our estimation methods to better reflect the energy sources. In 2024, Renewable Energy Certificates (REC) were unavailable for the New York offices. They have since been reinstated, consistent with previous years.
- Scope 3-1: change in methodology for 2024 by expanding the underlying data set to include business and office expenses. The figures for 2024 are therefore 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 and refined the methodology in 2025 (e.g. allocating the LGT Group-level emissions between LGT Private Banking and LGT Capital Partners based on headcount)
- Scope 3-6: Business travel: following a sharp decline during the COVID-19 pandemic, business travel emissions have since normalized and are now comparable to 2019 levels on a per-FTE basis. With the firm having grown from just over 500 FTEs in 2019 to nearly 950 in 2025, absolute emissions from business travel have also increased. In particular, approximately 80% of our flight-related emissions continue to originate from a relatively small group of frequent travelers – both then and now – and as this group has grown incrementally, so too have the associated emissions.

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, it founded LGT Capital Partners, based in Pfäeffikon, Switzerland. The founding team remains a key part of the firm's senior management today, ensuring stability and consistency in our culture and approach.

The firm has a longstanding commitment to incorporating ESG considerations into its client programs and its business as a whole. 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. The consideration of ESG aspects is an integral part of our investment process: our investment teams routinely take ESG factors into account when performing due diligence on investments. Any opportunity that is pursued is vetted for ESG-related 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, including the NZAM initiative, the IIGCC, Climate Action 100+, the ESG Data Convergence Initiative, GIIN, Nature Action 100, the Net Zero Engagement Initiative and PRI Advance.¹



¹ Membership or signatory status to the above organizations & partnerships is specific to certain non-US LGT CP group entities and does not extend to all LGT CP group entities.



Acronyms used in this report

AI	Artificial intelligence
AI/ML	Artificial intelligence / machine learning
APAC	Asia-Pacific
AUM	Assets under management
CDP	Carbon Disclosure Project
CSRD	Corporate Sustainability Reporting Directive
CSR	Corporate Social Responsibility
CTA	Commodity trading advisor
DEI	Diversity, equity and inclusion
EDCI	ESG Data Convergence Initiative
ESG	Environmental, social and governance
ESRS	European Sustainability Reporting Standards
EU	European Union
FNG	Forum Nachhaltige Geldanlagen
FTE	Full-time equivalent
GHG	Greenhouse gas
GIIN	Global Impact Investing Network
GP	General Partner
GRI	Global Reporting Initiative
IIGCC	Institutional Investors Group on Climate Change
ILS	Insurance-linked strategies
ISSB	International Sustainability Standards Board
KPI	Key performance indicator
LGT CP	LGT Capital Partners
LP	Limited Partner
MBI	Montrusco Bolton Investments
NMC	New Mountain Capital
NZAM	Net Zero Asset Managers initiative
PAI	Principal Adverse Impact
PRI	Principles for Responsible Investment
REC	Renewable Energy Certificate
REIT	Real Estate Investment Trust
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goal
SFDR	Sustainable Finance Disclosure Regulation
tCO₂e	Tonnes of CO ₂ equivalent
TCFD	Task Force on Climate-related Financial Disclosures
TISFD	Taskforce on Inequality and Social-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
UNGPs	United Nations Guiding Principles on Business and Human Rights
WBA	World Benchmarking Alliance

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 wellbeing: ensure healthy lives and promote wellbeing 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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ESG disclosures

The strategies mentioned in this document, are considered to be aligned with Art. 8 or 9 strategies under EU 2019/2088, but do not have carbon reductions as their objective. They do not attain their portion of sustainable investment, if applicable, in the manner prescribed in Article 9(3) of such regulation. Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, these strategies present disproportionate communication on the consideration of nonfinancial criteria in their investment policy. Further, it is considered that the names of these strategies are disproportionate to the AMF's consideration of non-financial criteria. The "do no significant harm" principle applies only to those investments underlying the strategy that take into account

the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities. For all other strategies mentioned in this document, investors should note the Investment Manager's assessment of ESG characteristics may change over time and the ESG conclusions of the Investment Manager might not reflect the ESG views of investors. There is no guarantee that a company meets the expectations in relation to ESG. LGT CP integrates an assessment of Sustainability Risks into its investment processes. The results of this assessment and the potential impact on returns may vary. LGT CP or the appointed manager may rely on third-party ESG data or research providers to produce any ESG-related analysis. Such data or research may be imprecise, incorrect or unavailable and the resulting analysis may be impacted. It is considered that the policies adopted to assess and mitigate Sustainability Risks may mitigate such risks to the strategy. The investments underlying the strategy do not take into account the EU criteria for environmentally sustainable economic activities. Further details on ESG integration and sustainability-related stewardship can be found on lgtcp.com.

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