



Capital Partners

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Principal Adverse Impact Statement

LGT Private Debt (France) SAS
30 June 2023

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1. Summary

LGT Private Debt (France) SAS (549300FQNCR8DPXW0A03) (“LGT PD”) considers principal adverse impacts of its investment decisions on sustainability factors as part of its investment due diligence process and procedures on an opt-in basis. All product-level specifications on principal adverse impacts, including whether a product considers such principal adverse impacts, is provided for in the associated pre-contractual documentation. Only products which have opted-in are considered in the reported outcomes.

This is the consolidated statement on principal adverse impacts on sustainability factors of LGT PD. The publication of this statement on principal adverse impacts on sustainability factors coincides with the first reference period of 1 January 2022 to 31 December 2022. Reporting over that reference period on the indicators for adverse impacts of Table 1, and any relevant indicators of Table 2 and 3 of Annex I of the Commission Delegated Regulation (EU) 2022/1288 (“SFDR Delegated Act”) will take place in 2023, following the measurement of the first reference periods (Q1 2022 - Q4 2022).

Investors should note the availability of data on some indicators is limited due to a lack of reporting of metrics by portfolio companies. LGT PD assess principle adverse impacts on a best efforts basis, utilising a broad set of data sources aiming to provide investors with a comprehensive overview.

Summary of the principal adverse impacts considered by LGT PD and its asset manager, or where applicable, investment advisor, LGT Capital Partners Ltd (the “Asset Manager”):

Table A: Summary of principal adverse impacts on sustainability factors (numbering per the SFDR Delegated Act)

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS
Mandatory indicators
1. Greenhouse gas (“GHG”) emissions
2. Carbon footprint
3. GHG intensity of investee companies
4. Exposure to companies active in the fossil fuel sector
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sector
7. Activities negatively affecting biodiversity sensitive areas
8. Emissions to water
9. Hazardous waste and radioactive waste ratio
Additional indicators
4. Investments in companies without carbon emission reduction initiatives
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS
Mandatory indicators
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
12. Unadjusted gender pay gap
13. Board gender diversity
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
Additional indicators
4. Lack of a supplier code of conduct

*required for US only in 2021/2022 cycle, optional for rest of world, optional for LGBTQ
Source: ESG Data Convergence Initiative

2. Description of the principal adverse impacts on sustainability factors

Table B: Description of the principal adverse impacts on sustainability factors

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator	Metric	Impact (year n)	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Green-house gas emissions	1. GHG emissions	Scope 1 GHG emissions	19'954	N/A	Coverage: 63.4% Eligible: 100%	The Asset Manager joined the Net Zero Asset Managers initiative (NZAM) and committed to reach net zero emissions by 2050 or sooner across all assets under management. The Asset Manager aims to reduce its financed emissions by 50% until 2030, relative to a 2020 baseline. The AUM in scope will gradually increase to reach 100% of AUM.
		Scope 2 GHG emissions	12'258	N/A	Coverage: 63.4% Eligible: 100%	
		Scope 3 GHG emissions	492'666	N/A	Coverage: 46.3% Eligible: 100%	
		Total GHG emissions	524'879	N/A	Coverage: 63.4% Eligible: 100%	
	2. Carbon footprint	Carbon footprint	180.5	N/A	Coverage: 61.0% Eligible: 100%	Companies' greenhouse gas emissions and related measures are part of the Asset Manager's proprietary ESG scoring..
	3. GHG intensity of investee companies	GHG intensity of investee companies	277.8	N/A	Coverage: 63.4% Eligible: 100%	Additionally, we exclude companies that are involved in the thermal coal production and limit investments into utilities based on their carbon intensity.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.0%	N/A	Coverage: 100% Eligible: 100%	Engagement/Voting "Climate action" is a thematic engagement priority for the Asset Manager over a 5-year period. One of the three key pillars is "Net-zero by 2050 or sooner". Targeted engagement action include: <ul style="list-style-type: none"> • Ambition to be net zero aligned to support the goal of limiting global warming to 1.5° Celsius • Science based targets for the short-, medium- and long-term • Credible transition plans e.g., improved energy efficiency, increased share of renewable energy, value-chain decarbonisation and more sector-specific actions such as low-emission technologies and zero-emission vehicles • Transparency on reporting across the value chain, including on progress
	5. Share of non-renewable energy consumption and production/non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as percentage	0.0%	N/A	Coverage: 2.4% Eligible: 100%	With the following objectives for investee companies: <ul style="list-style-type: none"> • Reduce GHG emissions in an accountable, trackable and transparent manner to achieve net zero by 2050 or sooner
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	N/A	N/A	Coverage: 0.0% Eligible: 100%	The Asset Manager uses voting rights to support strategic measures to accelerate or adapt to a low carbon business model. Hence, the Asset Manager in general vote in line with what the Asset Manager considers will help ensure stronger alignment between the company's net zero trajectory and its policies, reporting, actions, and risk management and oversight. This could relate to supporting voting items on e.g., disclosure of encompassing climate-related metrics, targets and climate lobbying activities. In addition, inability to adequately address climate action could result in voting against board member(s) most accountable/responsible for climate risk oversight.

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator		Metric	Impact (year n)	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Biodiversity	7. Activities negatively affecting biodiversity sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	N/A	N/A	Coverage: 0.0% Eligible: 100%	<p>Companies operating in industries that have a material impact on biodiversity are assessed on their activities to reduce impact on biodiversity. The assessment is included in the proprietary ESG rating tool.</p> <p>Companies involved in significant controversies on biodiversity topics may be excluded from the investment universe, where such exclusion is outlined in the investment policy of a specific product.</p> <p>Engagement/Voting Biodiversity is closely linked to the Asset Manager's thematic engagement priority of "Climate action". One of the three key pillars is "Responsible value chain". Targeted engagement action include:</p> <ul style="list-style-type: none"> • Identification, monitoring and disclosure of nature-related risks such as deforestation and water pollution • Policies and targets to protect and restore biodiversity and ecosystems, especially in high-risk areas e.g., eco-sensitive zones and water-stressed areas • Anchored in high-quality data and transparent reporting that spans the entire value chain; including suppliers, distributors and end-consumers <p>With the following objectives for investee companies:</p> <ul style="list-style-type: none"> • Safe and responsible use of natural resources • Protect the environment and improve human health and well-being across the value chain <p>So far there have been very few resolutions related to biodiversity and there is little guidance around it. However, given the increased focus on the topic the Asset Manager expects this to change going forward. In general, the Asset Manager supports social and environmental proposals that seek to promote good corporate citizenship while enhancing long-term shareholder and stakeholder value.</p>

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator	Metric	Impact (year n)	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A	Coverage: 0.0% Eligible: 100%	<p>For relevant industries, companies' water footprint, toxic emissions and related policies are part of the Asset Manager's proprietary ESG scoring.</p> <p>Companies involved in significant controversies on water topics, like pollution or excessive water withdrawal may be excluded from the investment universe, where such exclusion is outlined in the investment policy of a specific product.</p> <p>Engagement/Voting</p> <p>Water is closely linked to the Asset Manager's thematic engagement priority of "Climate action". One of the three key pillars is "Responsible value chain". Targeted engagement action include:</p> <ul style="list-style-type: none"> • Identification, monitoring and disclosure of nature-related risks such as water pollution • Policies and targets to protect and restore water quality, especially in high-risk areas e.g., water-stressed areas • Anchored in high-quality data and transparent reporting that spans the entire value chain; including suppliers, distributors and end-consumer <p>With the following objectives for investee companies:</p> <ul style="list-style-type: none"> • Reduce water consumption and prevent water pollution - in an accountable, trackable and transparent manner • Safe and responsible use of natural resources • Protect the environment and improve human health and well-being across the value chain <p>The Asset Manager uses its voting rights in order to support efforts to improve water efficiency, recyclability and prevent water pollution. Hence, the Asset Manager in general votes in line with what it considers will help strengthen water-related policies, reporting, actions and risk management and oversight – with emphasis on a location specific approach considering the urgency of water stressed areas. This could relate to supporting voting items on e.g., disclosure of water usage metrics, reduction targets, risks (impact and dependencies), and water stress management.</p>

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator		Metric	Impact (year n)	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A	Coverage: 0.0% Eligible: 100%	<p>For relevant industries, companies' waste footprint, toxic emissions and related policies are part of the Asset Manager's proprietary ESG rating tool.</p> <p>Companies involved in significant controversies on waste topics may be excluded from the investment universe, where such exclusion is outlined in the investment policy of a specific product.</p> <p>Engagement/Voting</p> <p>Waste is closely linked to the Asset Manager's thematic engagement priority of "Climate action". One of the three key pillars is "Transition to a circular economy". Targeted engagement action include:</p> <ul style="list-style-type: none"> • Promote re-usable/recyclable/ compostable materials to limit waste • Increase recycled content share while reducing virgin material consumption • Limit upstream introduction of hazardous substances and account for the complex balancing across the lifecycle in a circular model • Efficient use of material with less spill across the value chain <p>With the following objectives for investee companies:</p> <ul style="list-style-type: none"> • Reduce waste, especially hazardous waste, in an accountable, trackable and transparent manner • Protect the environment and improve human health and well-being across the value chain <p>There are overall very few resolutions for holdings related to waste and little guidance on the topic. However, where possible the Asset Manager in general supports social and environmental proposals that seek to promote good corporate citizenship while enhancing long-term shareholder and stakeholder value.</p>

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse Sustainability Indicator	Metric	Impact (year n)	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guide-lines for Multinational Enterprises	0.0%	N/A	Coverage: 100% Eligible: 100%	<p>The Asset Manager acts in accordance with the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises, and is guided by these international standards to assess the behavior of companies.</p> <p>The compliance with the principles of the UN Global Compact is assessed using the Asset Manager's proprietary controversy screening and scoring. Companies with significant controversies related to the principles may be excluded from the investment universe, where such exclusion is outlined in the investment policy of a specific product.</p> <p>Engagement/Voting</p> <p>The Asset Manager systematically monitors companies held in LGT PD's portfolio and recommendation lists based on their ESG score and negative news flow. Any negative developments will, in a timely manner, result in reactive engagement on the specific issue with the company. Supposed breaches of international norms, especially the UNGC principles, will be prioritised as reactive engagement cases for deeper analysis as the Asset Manager considers human rights violations a material sustainability risk. In the engagement dialogue companies' views on the related negative events, measures taken to improve companies' practices and follow up actions to remedy the situation will be covered. If an engagement exercise proves unsuccessful, escalation strategies available include reducing or divestment of holdings in the investee company's securities, voting against the board of directors and consideration of a collaborative engagement.</p> <p>Regarding proactive dialogues, "Responsible value chain" is a key pillar for targeted engagement action, in which integration of the social context, e.g., the due diligence and monitoring of human rights and labour conditions, is vital.</p> <p>The Asset Manager uses its voting rights in order to support strategic measures to advance human rights in line with the Sustainable Development Goals (SDGs) and mitigate or actively reduce risks related to human rights and avoid negative impacts. Hence, the Asset Manager in general votes in line with what it considers will strengthen human rights-related policies, reporting, actions and risk management and oversight. This could relate to supporting voting items on e.g., disclosure of human rights due diligence processes, human rights impact assessments and independent third-party audits. In addition, inability to adequately address human rights norms could result in voting against board member(s) most accountable/responsible for human rights.</p>

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse Sustainability Indicator	Metric	Impact (year n)	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Social and employee matters	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	N/A	N/A	Coverage: 0.0% Eligible: 100%	<p>The Asset Manager expects from its investee companies to abide by the principles of the UN Global Compact. Companies' policies and processes to ensure compliance with the principles are part of the Asset Manager's ESG rating tool.</p> <p>The compliance with the principles of the UN Global Compact is assessed using the Asset Manager's proprietary controversy screening and scoring. Companies with significant controversies related to the principles may be excluded from the investment universe, where such exclusion is outlined in the investment policy of a specific product.</p> <p>Engagement/Voting</p> <p>The Asset Manager systematically monitors companies held in LGT PD's portfolio and recommendation lists based on their ESG score and negative news flow. Any negative developments will, in a timely manner, result in reactive engagement on the specific issue with the company. Supposed breaches of international norms, especially the UNGC principles, will be prioritised as reactive engagement cases for deeper analysis as the Asset Manager considers human rights violations a material sustainability risk. In the engagement dialogue companies' views on the related negative events, measures taken to improve companies' practices and follow up actions to remedy the situation will be covered. If an engagement exercise proves unsuccessful, escalation strategies available include reducing or divestment of holdings in the investee company's securities, voting against the board of directors and consideration of a collaborative engagement.</p> <p>Regarding proactive dialogues, "Responsible value chain" is a key pillar for targeted engagement action, in which integration of the social context, e.g., the due diligence and monitoring of human rights and labour conditions, is vital.</p> <p>The Asset Manager uses its voting rights in order to support strategic measures to advance human rights in line with the Sustainable Development Goals (SDGs) and mitigate or actively reduce risks related to human rights and avoid negative impacts. Hence, the Asset Manager in general votes in line with what it considers will strengthen human rights-related policies, reporting, actions and risk management and oversight. This could relate to supporting voting items on e.g., disclosure of human rights due diligence processes, human rights impact assessments and independent third-party audits. In addition, inability to adequately address human rights norms could result in voting against board member(s) most accountable/responsible for human rights.</p>

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse Sustainability Indicator		Metric	Impact (year n)	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	N/A	N/A	Coverage: 0.0% Eligible: 100%	<p>The unadjusted gender pay gap of companies is part of the Asset Manager's proprietary ESG rating tool.</p> <p>Engagement/Voting Supporting improvements within diversity, equity & inclusion (DEI) is a firm-wide prioritised area, hence is also deeply embedded in engagement efforts with investee companies. Targeted engagement action include the disclosure of:</p> <ul style="list-style-type: none"> • diversity-related metrics such as gender pay gap and incidents related to harassment and discrimination • policies and targets to improve diversity, especially within executive management and at the board level • training, development and other initiatives to attract and retain diverse talent and people from underrepresented backgrounds • whistleblowing system and protection against retaliation <p>With the following objectives for investee companies:</p> <ul style="list-style-type: none"> • Support DEI • Improve human health and well-being across the value chain <p>The Asset Manager uses its voting rights to support strategic measures to achieve diverse organisations that can attract and retain higher quality talent. Hence, the Asset Manager in general votes in line with what it considers will help strengthen DEI-related policies, reporting, actions and risk management and oversight. This could relate to supporting voting items on e.g., disclosure of compensation disparities, prevention of discrimination and harassment and improved gender and minority board representation.</p>

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse Sustainability Indicator	Metric	Impact (year n)	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	15.5%	N/A	<p>Coverage: 95.1% Eligible: 100%</p> <p>Board gender diversity is part of the Asset Manager's proprietary ESG rating tool.</p> <p>Engagement/Voting Supporting improvements within diversity, equity & inclusion (DEI) is a firm-wide prioritised area, hence is also deeply embedded in engagement efforts with investee companies. Targeted engagement action include the disclosure of:</p> <ul style="list-style-type: none"> • diversity-related metrics such as gender pay gap and incidents related to harassment and discrimination • policies and targets to improve diversity, especially within executive management and at the board level • training, development and other initiatives to attract and retain diverse talent and people from underrepresented backgrounds • whistleblowing system and protection against retaliation <p>With the following objectives for investee companies:</p> <ul style="list-style-type: none"> • Support DEI • Improve human health and well-being across the value chain <p>The Asset Manager uses its voting rights to support strategic measures to achieve diverse organisations that can attract and retain higher quality talent. Hence, the Asset Manager in general votes in line with what it considers will help strengthen DEI-related policies, reporting, actions and risk management and oversight. This could relate to supporting voting items on e.g., disclosure of compensation disparities, prevention of discrimination and harassment and improved gender and minority board representation.</p> <p>In regard to the latter, the Asset Manager in general votes AGAINST (or WITHHOLD depending on the market) the chair of the nominating committee, or other directors on a case-by-case basis, if there is lack of diversity on the board. For most markets the Asset Manager votes in, it strives for the board to be comprised of at least 40 percent underrepresented gender identities.*</p>

² Note that the threshold taken into account for "lack of diversity on the board" differs between regions. Please refer to the SRI Proxy Voting Guidelines for details.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse Sustainability Indicator	Metric	Impact (year n)	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Social and employee matters	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	N/A	Coverage: 100% Eligible: 100%	<p>The Asset Manager excludes companies that are involved in the production of anti-personnel mines, cluster munitions, chemical, biological weapons, white phosphorus, depleted uranium weapons and nuclear weapons, based on the following treaties or legal bans on controversial weapons:</p> <ol style="list-style-type: none"> 1. The Ottawa Treaty (1997) which prohibits the use, stockpiling, production and transfer of anti-personnel mines. 2. The Convention on Cluster Munitions (2008) which prohibits the use, stockpiling, production and transfer of cluster munitions. 3. The Chemical Weapons Convention (1997) which prohibits the use, stockpiling, production and transfer of chemical weapons. 4. Biological Weapons Convention (1975) which prohibits the use, stockpiling, production and transfer of biological weapons. 5. The Treaty on the Non-Proliferation of Nuclear Weapons (1968) which limits the spread of nuclear weapons to the group of so-called Nuclear Weapons States (USA, Russia, UK, France and China).

OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Adverse Sustainability Indicator		Metric	Impact (year n)	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	26.9%	N/A	Coverage: 97.6% Eligible: 100%	Please see indicator 1. GHG emissions

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS
INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Adverse Sustainability Indicator		Metric	Impact (year n)	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Human rights	4. Lack of a supplier code of conduct	Share of investments in entities without any supplier code of conduct	17.7%	N/A	Coverage: 97.6% Eligible: 100%	<p>The Asset Manager expects from its investee companies respect internationally recognized human rights according to the UN Universal Declaration of Human Rights.</p> <p>The compliance with human rights is assessed using the proprietary controversy screening and scoring. Companies with significant controversies related to the principles may be excluded from the investment universe, where such exclusion is outlined in the investment policy of a specific product.</p> <p>Engagement/Voting</p> <p>The Asset Manager systematically monitors companies held in LGT PD's portfolio and recommendation lists based on their ESG score and negative news flow. Any negative developments will, in a timely manner, result in reactive engagement on the specific issue with the company. Supposed breaches of international norms, especially the UNGC principles, will be prioritized as reactive engagement cases for deeper analysis as the Asset Manager considers human rights violations a material sustainability risk. In the engagement dialogue companies' views on the related negative events, measures taken to improve companies' practices and follow up actions to remedy the situation will be covered. If an engagement exercise proves unsuccessful, escalation strategies available include reducing or divestment of holdings in the investee company's securities, voting against the board of directors and consideration of a collaborative engagement.</p> <p>Regarding proactive dialogues, "Responsible value chain" is a key pillar for our targeted engagement action, in which integration of the social context, e.g., the due diligence and monitoring of human rights and labour conditions, is vital.</p> <p>The Asset Manager uses its voting rights in order to support strategic measures to advance human rights in line with the Sustainable Development Goals (SDGs) and mitigate or actively reduce risks related to human rights and avoid negative impacts. Hence, the Asset Manager in general votes in line with what it considers will strengthen human rights-related policies, reporting, actions and risk management and oversight. This could relate to supporting voting items on e.g., disclosure of human rights due diligence processes, human rights impact assessments and independent third-party audits. In addition, inability to adequately address human rights norms could result in voting against board member(s) most accountable/responsible for human rights.</p>

3. Description of policies to identify and prioritize principal adverse impacts on sustainability factors

Principal adverse impacts (“PAI”) on sustainability factors are those impacts of our investment decisions that result in material negative impacts on environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

LGT PD and its Asset Manager considers principal adverse impacts of its investment decisions on sustainability factors as part of its investment due diligence process and procedures on an opt-in basis and where applicable for the relevant product. The availability of data on some indicators is limited due to a lack of reporting of metrics by portfolio companies. The measurement of PAI is conducted on a best-efforts basis and while there may be a margin of error linked to the quality of data, such margin is subject to individual data received from third-party data providers or underlying investments, which ultimately relies on the accuracy and availability of reported data. All further product-level specifications are provided in the associated pre-contractual documentation.

PAIs are prioritised by virtue of specific investment policies of a given fund. Such prioritisation may include PAI-related ESG issues which may directly impact on the inclusion of investments in a given fund.

Certain firm-wide exclusions are applied irrespective of instruments traded or whether a product applies ESG-related investment policies:

- Controversial weapons policy: LGT PD excludes companies that are involved in the production of anti-personnel mines, cluster munitions, chemical, biological weapons, white phosphorus, depleted uranium weapons and nuclear weapons.
- Thermal coal policy: LGT PD excludes thermal coal mining companies and utilities that generate more than 5% of their revenues from thermal coal plants.

In addition, products may exclude companies that breach the UN Guiding Principles and OECD Guidelines for Multinational Enterprises and companies generating significant amount of revenue from other business activities deemed to be controversial (e.g. armaments, tobacco, pornography, nuclear power production).

Where strategies have a dedicated ESG or impact remit, additional criteria and exclusions apply which are specified in pre-contractual

documentation for each respective product. Such portfolios are systematically monitored based on their respective ESG criteria and ongoing news flow to factor in any changes to our assessment. One example is a controversy alert or sudden drop in the ESG assessment, which allows us to identify any negative developments in a timely manner.

This would usually result in engagement with equity sponsor or portfolio company. A fund might also be invested in companies that do not perform well on certain ESG aspects but are on track to implement changes to improve on these areas.

Issues addressed during monitoring are logged into an investment memorandum. In addition, LGT PD also monitors individual portfolio companies for ESG controversies by leveraging a solution that tracks in real time more than 80,000 independent information sources in 20 languages. This enables engagement with equity sponsor or portfolio company on ESG on a well-informed basis, as well as offer advice on further ESG integration.

LGT PD engages with companies as part of its investment due diligence and to clarify or express concerns over potential environmental, social or governance issues at company or at industry level. LGT PD aims to achieve a constructive dialogue between investors and investee companies to discuss companies’:

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

A more complete description of these activities can be found in our SRD II Shareholder Engagement Policy, which can be found here: www.lgtcp.com/en/regulatory-information and in product-level pre-contractual documentation, as applicable.

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

Governance

The board and governing bodies of the Asset Manager and LGT PD are responsible for defining the required ESG or sustainability standards and monitoring their implementation. The board is being informed on an annual basis by the executive committee (the “**EC**”) on ESG topics.

The EC is responsible for the implementation of the prescribed standards defined by the board and the monitoring of legal and regulatory requirements and compliance with these policies. The EC and a board member of LGT PD is informed on a regularly basis by the ESG Committee (the “**ESGC**”) on ESG and climate related aspects..

The ESGC is responsible for the execution of the EC’s decisions and the coordination of the implementation as well as the development of policies and procedures across investment management, reporting, risk management and client services. This includes the approach to Principal Adverse Impact.

The ESGC meets monthly and reports regularly to the EC. LGT CP has established dedicated Sub-Committees to the ESGC in order focus on specific areas such as private markets, liquid markets, DEI, climate action and ESG regulation.

Data sources

LGT PD sources data on PAIs from portfolio companies as well as from third-party providers such as RepRisk and MSCI. For any given indicator, multiple data sources may be used. For each indicator, third-party providers are selected based on a data quality assessment.

LGT PD applies various measures to control the data quality, all data sources are assessed on an ongoing basis for data quality, coverage and other attributes. Despite all the checks, the data quality and availability of the data relating to the PAIs remains limited and can

constrain our ability to undertake quantitative analysis of the PAI’s. This issue can be particularly pronounced for smaller companies. LGT PD continuously strive to improve the data coverage.

4. Engagement policies

Pursuing engagements and active ownership is part of LGT PD's investment approach, representing one of pillars to integrate environmental, social and governance ("ESG") considerations into the investment process. It is our responsibility to use our position to try and influence the behaviors of companies to act in the most favorable way for society, investors, and other relevant stakeholders. It is worth noting that, as a lender, LGT PD does not have any controlling position and therefore can only use dialogue to influence portfolio companies on ESG adoption.

Certain principal adverse impact indicators are considered as part of the Asset Manager's approach to active ownership. Such indicators include greenhouse gas emissions, biodiversity, water, waste, and social and employee matters. Investors may refer to Table B for more details on principal adverse impact indicators considered in our approach.

Our engagement approach for private debt:

Engagement work spans various types of activities, including:

- Dialogue with equity sponsors and/or investee companies and annual ESG campaign feedback to portfolio in debt investments;
- Promotion of carbon footprint assessment

As part of the initial and ongoing qualitative ESG assessment, LGT PD use company meetings to discuss firms' current ESG efforts and any areas of further development, including companies that already perform well. LGT PD may at times also be invested in companies that do not perform well on certain ESG aspects but are on track to implement changes to improve in these areas. LGT PD typically engages with these companies to gain a better understanding of processes implemented and the current progress regarding these topics. This type of research-related engagement provides companies with the opportunity to offer further clarification and insight into their ESG practices and aspirations. This increased understanding and knowledge of companies' or issuers' ESG practices further allows us to identify areas for improvement and gives us the opportunity to encourage companies to improve or scale up their efforts on environmental, social and governance aspects.

Investor collaborations

The Asset Manager works together with other investors in cases where engagement objectives are aligned, and believes there is a higher probability of achieving a result through a collective effort. This can include ad-hoc collective action on specific topics as well as longer-term investor collaborations.

Reactive engagement through systematic monitoring

The Asset Manager systematically monitors companies held in LGT PD's portfolio and recommendation lists based on their ESG score and negative news flow. Data provided by RepRisk allows us to identify any negative developments in a timely manner. This enables us to focus on these specific, relevant issues for reactive engagement

Exercising voting rights

The Asset Manager closely follows the Socially Responsible Investment ("SRI") International Proxy Voting Guidelines provided by the Institutional Shareholder Services Inc. ("ISS"). To monitor ISS processes, the Asset Manager reviews all voting recommendations. The ultimate voting decision lies with the investment team. As representative of shareholders, whenever possible, the Asset Manager uses its voting rights in order to:

- improve the level of reporting disclosure;
- align management compensation to ESG key performance indicators and emission targets; and
- support strategic measures to accelerate or adapt to a low-carbon business model.

Adaption of the policies

LGT PD will conduct a review every reporting period to assess whether there has been a reduction of the principal adverse impacts.

5. References to international standards

The Asset Manager is an active member and supporter of several external organizations as well as participants in various industry groups. These include, but are not limited to, the below list:

- Net Zero Asset Managers Initiative
- The Swiss Climate Foundation
- Institutional Investors Group on Climate Change (IIGCC)
- Climate Action 100+
- GIIN
- Initiative Climate International
- ICMA Green and Social Bond Principles
- CDP – Carbon Disclosure Project
- Swiss Sustainable Finance
- Member of the European Sustainable Investment Forum (Eurosif)
- UN Principles for Responsible Investment (PRI) Signatory
- Signatory of the PRI Montreal Carbon Pledge

The Asset Manager's ambition is that the companies that the funds invest in comply with the international norms and conventions it adheres to.

The internationally recognized standards with a concrete link to the PAI indicators are outlined below:

Paris Agreement

PAI 1-6, Greenhouse gas emissions

Companies' greenhouse gas emissions and related measures are part of the Asset Manager's proprietary ESG scoring.

The Asset Manager joined the Net Zero Asset Managers initiative (NZAMI) and committed to reach net zero emissions by 2050 or sooner across all assets under management.

The Asset Manager has set ambitious interim targets for its investments. Against a baseline year of 2020, the aim is to reduce emissions by 50% until 2030.

As an initial target, the Asset Manager committed to manage 22% of its total assets under management in line with net zero by 2050 or sooner. The Asset Manager decided to define asset classes as "in scope" where it has a robust GHG measurement framework and the ability to effect change through investment decisions. Therefore,

the Asset Manager included listed corporate investment instruments of our in-house and externally managed funds and customized mandates in asset classes such as listed equities and fixed income as well as liquid alternative strategies. Not yet in scope are asset classes such as money market instruments, sovereign debt and insurance-linked strategies. For these, the Asset Manager recognizes that methodologies are still at an early stage and that data coverage/quality needs further improvement. Through a review of targets which will take place at least every five years, the scope of the net zero strategy will gradually increase and reach 100% of AUM.

The alignment of the committed assets under management with the carbon targets is measured by setting carbon budgets. The carbon budgets of the Asset Manager's methodology are based on the International Energy Agency (IEA) Net Zero 2050 scenario. The IEA scenario starts in the year 2019 and shows what is needed for the global energy sector to achieve net-zero CO₂ emissions by 2050. This is consistent with limiting the global temperature rise to 1.5 °C without a temperature overshoot (with a 50% probability).

The Asset Manager's climate action strategy is built on three pillars:

1. "Mitigation" aims at tackling the causes and minimizing the possible impacts of climate change.
2. "Adaptation" focuses on providing capital to businesses that help communities cope with the negative implications, while taking advantage of potential new opportunities.
3. "Integration" means considering climate-related factors at all levels of decision-making.

UN Global Compact

PAI 10, Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
PAI 11, Lack of processes and compliance mechanisms to monitor compliance with UN Global Compliance principles and OECD Guidelines for Multinational Enterprises

United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights, Responsible Business Conduct and International

Labour Organization (ILO) Conventions outline minimal behavioral standards that serve as the basis for engagements as well as for exclusions.

The compliance with the principles of the UN Global Compact is assessed using the Asset Manager's proprietary controversy screening and scoring. Companies with significant controversies related to the principles may be excluded from the investment universe, where such exclusion is outlined in the investment policy of a specific product.

6. Historical comparison

A historical comparison of the period reported on with the previous reported period will be made as of 2024.

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Further Information

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