



Every investment and every business has an impact on the environment and society. LGT Capital Partners recognizes this fact in the way we manage our investments and our firm.¹ We have a long-held commitment to ensuring that environmental, social and governance (ESG) considerations are incorporated into client programs and into our business. This policy sets out our vision, philosophy and approach to ESG integration, and it serves as a guiding principle for our investments and business decisions.

LGT Capital Partners’ ESG Vision

“LGT Capital Partners aims to be a global leader in ESG integration. We seek to achieve attractive financial returns while making a positive contribution to the environment and society as a whole.”

We work towards achieving our vision in three key areas: Invest, Live and Promote.



Invest

LGT Capital Partners believes that considering ESG factors can provide additional insights into both risk and value drivers, which can lead to better risk-adjusted investment outcomes.

Optimizing positive outcomes

LGT Capital Partners recognizes the positive impact of sustainable business activities. We therefore favor investments that have a positive impact on the Sustainable Development Goals (SDGs). The SDGs are the one set of sustainability objectives that nearly all investors agree on, with a focus on improving quality of life, combatting climate change and conserving the environment. We believe that investments in companies with high governance standards can add long-term value for our investors and can create a positive impact on the environment and society.

1. LGT Capital Partners includes: LGT Capital Partners Ltd., LGT Capital Partners (USA) Inc., LGT Capital Partners (Ireland) Limited, LGT Capital Partners (U.K.) Ltd., LGT Capital Partners (FL) Ltd., LGT Capital Partners (Dubai) Limited, LGT Investment Consulting (Beijing) Ltd., LGT Capital Partners (Asia-Pacific) Limited, LGT Capital Partners (Japan) Co. Ltd., LGT Capital Partners (Australia) Pty Limited, LGT ILS Partners Ltd., LGT Private Debt (UK) Ltd., LGT Private Debt (France) S.A.S. and ECAS Agent SAS.

At the same time, we aim to minimize the negative impact of our investments on the SDGs. Towards this end, we assess and manage relevant financial risks stemming from climate change, resource depletion, environmental degradation and social harm. This can result in the exclusion of certain business activities and sectors from our investment solutions.

Exclusions can vary from zero-tolerance issues, such as child labor and controversial weapons, to sensitive business activities that require additional investment scrutiny. The latter can include natural resources (such as coal, oil and gas) and certain entertainment services and consumer goods (such as gambling, tobacco and alcohol). We apply a basic set of exclusions across all of our portfolios, while customizing these filters in some offerings, depending on client preferences and beliefs.

ESG implementation

We take a holistic approach to assessing ESG factors in investment decisions. Our approach considers a company's operations, its products and services, and potential ESG controversies. Taken together, the three dimensions provide us with a holistic ESG overview that identifies both risks and opportunities.

We create ESG indicators using original source data to identify best-in-class investment opportunities. We integrate the ESG indicators as value drivers into classical financial analysis to select individual assets for our portfolios.

We also take a holistic approach to assessing external investment managers on ESG. We focus on selecting the best managers that share our commitment to high standards on ESG issues. Our due diligence process seeks to assess managers' overall commitment to ESG and the sophistication of their approach. We examine whether managers have institutionalized ESG processes in place and whether their stance on ESG reflects our ESG philosophy. Wherever possible, we also evaluate the portfolio holdings in light of material ESG factors.

Active ownership

Active ownership is an integral part of LGT Capital Partners' engagement approach. We exercise our voting rights and closely follow the SRI International Proxy Voting Guidelines provided by Institutional Shareholder Services. As part of this collective of 1,900 investors, we aim to have a more significant impact on the accountability of large corporations, their management and their actions.

LGT Capital Partners has a strong commitment to engagement on ESG. We use our influence as an investor to engage with investee companies and to encourage the managers in our portfolios to integrate ESG factors into their investment decision-making.

Sustainable Development Goals

We recognize the dynamic development of ESG in the financial industry, which is why we follow developments closely and adapt our investment policies and processes accordingly. As part of our ESG integration activities, for various portfolios we analyze the impact of our investments on the SDGs and use the goals as indicators to identify positive and negative impacts of an investment on sustainable social, environmental and economic development. Depending on a specific investment strategy, explicit targets can be set to achieve pre-defined and specific outcomes.

Promote

We consider it our responsibility to promote the global sustainability agenda. We work together with others to raise awareness for ESG issues and enhance analytical tools.

Thought leadership

We seek to bring insights on ESG priorities and current practices by engaging with a large, global group of institutional investors. This has included publishing two global investor surveys in the last five years, highlighting how ESG is practiced by investors in alternatives. In these studies, we analyzed the views, practices and aspirations of hundreds of investors worldwide and shared the results with the investment community.

We have also developed an innovative ESG-analysis tool for public companies, known as the "ESG Cockpit," where we can assess a company's ESG footprint and its impact on the SDGs. The tool enables us to examine a company's operations, carbon emissions, the impact of its products and services, as well as any ESG controversies surrounding it. In addition to helping to guide investment selection in our sustainable portfolios, the ESG Cockpit enables us to partner with investors to enhance the sustainability profile of their portfolios.

Promoting best practices

As part of our ESG work, we publish an annual ESG report which summarizes our latest findings on ESG across our portfolios. In addition, we use our ESG knowledge to share examples of best practices across the investment industry. For instance, as part of our engagement with our private equity managers, we published “A guide to ESG implementation in private equity,” which features 12 case studies on ESG best practices.

Active industry participation

In 2008, we became one of the first managers of alternative assets to sign on to the Principles for Responsible Investment (PRI). As part of our active participation, we have supported the development of standard ESG due diligence questionnaires for private equity and for hedge funds, and we have contributed to ESG reporting standards in private markets.

LGT Capital Partners also participates in the Carbon Disclosure Project (CDP), the European Sustainable Investment Forum (Eurosif), the Montreal Carbon Pledge and the Institutional Investors Group on Climate Change (IIGCC).

Live

ESG and sustainability are an integral part of our corporate values. We aim to contribute to a more sustainable natural and social environment for subsequent generations. As a family-owned business, we think in terms of generations and take a long-term view to support sustainable economic activities.

As a business, we have been carbon neutral since 2010, sourcing renewable energy for our electricity usage and offsetting our carbon emissions (mainly coming from business travel).

Governance

ESG matters are governed by our ESG Committee, which coordinates the development and implementation of the firm’s ESG policy across investment management, operations and client services. The ESG Committee reports to LGT Capital Partners’ Executive Management Team (EMT), and several members of the ESG Committee also sit on the EMT.

Diversity

LGT Capital Partners believes that diversity matters in creating robust investment portfolios and in developing the human capital of our firm. People from a variety of different backgrounds provide multiple perspectives for analyzing investment risks and opportunities, as well as for running our business. We have created a diverse workforce in terms of nationalities and backgrounds, and we continuously look to improve the diversity of our team. Towards this end, we have launched a number of initiatives on gender diversity across our firm.

Transparency

LGT Capital Partners believes that transparency is an essential part of governance considerations for investors. Our annual ESG report highlights the ESG areas we are working on, outlines our progress on ESG integration in various asset classes, and it analyzes ESG trends.

We are also committed to providing timely and detailed information on ESG on a frequent basis. Investors receive detailed ESG insights on their specific portfolios as part of their regular investment reporting.

Volunteering

Employees are encouraged to participate in local and international volunteering programs. As an employer, LGT Capital Partners supports volunteering activities on a volunteer time off (paid time off) basis. LGT’s Employee Volunteering Program enables staff to do charitable work for various organizations.