



UN Global Compact LGT Progress Report for 2013



How we implement the ten principles of the UN Global Compact

Human rights

Principle 1: Recognition and compliance with human rights set out at international level

Principle 2: Ensure non-complicity with violations of human rights

LGT complies with social legislation at all its locations worldwide and makes a positive contribution to the welfare of the community in the countries it operates in.

In our core business we exclude companies associated with human rights violations from our LGT sustainable investments. In 2013 all LGT employees completed a two-stage training course on the Code of Conduct. This defines the minimum standards for ethical and professional conduct which must be complied with even if local requirements go less far. Local laws take precedence if they are more stringent.

Since 2013 our suppliers have been required to sign a supplier agreement. This contains not only ecological, sustainable and social standards, but also calls for observance of human rights and labor laws in accordance with the International Labour Organization (ILO). By signing the supplier agreement, LGT's suppliers agree to place on their suppliers an obligation to comply with these provisions. LGT regularly meets with its suppliers to review this.

In March 2013 LGT held its first ever Supplier Day. The suppliers were made aware of their social responsibilities and the principles of the UN Global Compact.

Labor standards

Principle 3: Freedom of association and recognition of the right to collective negotiations

LGT's employees are not subject to collective bargaining agreements. They have the right to organize themselves collectively. In Liechtenstein, where about two thirds of our employees work, there is an employee representation committee. This consists of five persons elected every three years by all LGT employees in Liechtenstein. The last election took place in November 2013.

In 2013 LGT was not fined or found guilty in any legal proceedings relating to labor standards.

Principle 4: Elimination of all forms of forced labor

Principle 5: Abolition of child labor

LGT does not tolerate forced or child labor in any form. It operates only in countries which prohibit these practices.

In signing the supplier agreement suppliers guarantee to not allow forced or child labor. They undertake in particular not to employ any children. The provisions of the ILO are observed, in particular regarding the minimum age.

In the core business we exclude from LGT's sustainable investing products any companies with links to forced or child labor.

Principle 6: Elimination of discrimination in respect of employment and occupation

LGT offers all employees equal opportunities for employment and promotion, regardless of gender, age, religion, nationality, ethnic background, sexual orientation, marital or family status, physical abilities or other characteristics protected by local law.

LGT treats its employees with respect and respects differing opinions, views and cultural differences.

In 2013, 47 nationalities worked at LGT. The proportion of women in the workforce rose from 36.4 percent (2012) to 37.5 percent (2013). 9 percent of staff were employed part-time (2012: 8.8%). In 2013 the average age of LGT employees was 41.5 years (2012: 41.4 years). LGT also has a policy of offering employment to people over 50.

Protecting the environment

Principle 7: Promotion of a sustainable approach toward environmental issues

Principle 8: Implementation of initiatives to promote environmental responsibility

LGT has been CO₂-neutral since 2010. Since that year it has supported a climate-friendly project that utilizes small hydro plants from South Pole Carbon Asset Management in south west China. The project meets Gold and VCS standards. Since its launch in 2006, the project has produced 4 850 570 megawatt hours of renewable energy and also brought ecological and social benefits. For example, in 2013, 4 116 people completed agricultural training and more than 270 children from the region benefitted from a range of educational initiatives.

Between 2010 and 2013, CO₂ emissions by the LGT Group were cut by 27 percent. We therefore easily surpassed our target of eliminating 10 percent of CO₂ emissions between 2010 and the end of 2013. We will continue to work toward achieving our vision of purchasing 100 percent renewable energy for all our locations worldwide by 2030.

The system for collecting and recording environmental data has been improved and extended to include the branch in Austria.

The restoration of the LGT Geneva branch building took account of key environmental parameters, in particular energy efficiency over the entire life cycle, and should achieve the respected Minergie certification.

At the Pfäffikon location, we carried out an energy efficiency analysis in summer 2013 and defined appropriate measures for improvements. These will be implemented by 2015.

At the first Supplier Day in March 2013, LGT's suppliers were made aware of their environmental responsibilities. In the supplier agreement they commit themselves to respecting the environment. LGT increased the share of sustainably sourced office supplies to 55 percent in 2013 from 26 percent in 2011. The share of sustainable client and advertising presents rose in the same period to 46 percent from 5 percent.

LGT has been a member of the Swiss Climate Foundation since August 2012. Through this partnership it supports small and medium-sized companies in Switzerland and Liechtenstein that implement energy efficiency measures or innovative projects to reduce CO₂ emissions. In 2013 the Swiss Climate Foundation supported 19 projects with a total donation of CHF 1.2 million.

Since the beginning of 2013 LGT has been a member of the "MIU – Mobilität im Unternehmen (Company Mobility)" network of the city of Zurich and since September 2013 also a member of the "mobility task force" of the Liechtenstein Chamber of Commerce and Industry. The role of the task force is to support public transport in Liechtenstein.

Paper consumption rose in 2013 by around 9 percent compared to 2010. We did not achieve the target of lowering consumption by 10 percent between 2010 and 2013. This was due to new regulatory requirements which must be implemented in paper form. To reduce paper consumption, since October 2013 we have increasingly been issuing client documentation in electronic form, configuring internal processes using electronic workflow (salary statements, etc.) and opting for double-sided printing in most cases.

Principle 9: Promotion of the development and dissemination of environmentally friendly technologies

In 2013 LGT Venture Philanthropy (LGT VP) supported 27 organizations, 6 of which are involved in the development of environment-friendly technologies. In November 2013 the organization TBLI (Triple Bottom Line Investing) awarded LGT Venture Philanthropy as "Best Impact Investor".

The owner of LGT, the Princely Family of Liechtenstein, invests USD five to ten million per year in the portfolio organizations of LGT VP or in specialized funds.

In the core business LGT offers a range of sustainable investing products which take account of ecological criteria when investing. The cleantech fund of funds, launched in 2010, had invested in 22 companies by the end of 2013. These include a biomass producer, several wind turbine operators, providers of environmentally friendly solutions, a solar power manufacturer as well as waste management companies.

In Liechtenstein LGT offers an environmental mortgage. This helps ecology-minded clients looking for Minergie certification for newly built properties and renovations.

Since 2011 LGT has been a signatory to the Carbon Disclosure Project (CDP) and since 2008 a member of the UN Principles for Responsible Investment (PRI), the Forum Nachhaltige Geldanlagen (FNG) and the European Sustainable Investment Forum (Eurosif).

Fighting corruption

Principle 10: Fight against corruption, including blackmail and bribery

LGT's governing bodies are tasked with ensuring all valid laws, regulations and rules (compliance) are observed and do not tolerate any violations (Code of Conduct).

In 2013 LGT also held regular training sessions on the topics of corruption, blackmail, bribery, due diligence (anti-money laundering and the funding of terrorism), and the Code of Conduct. These training sessions are compulsory for all employees.

LGT supports the combat of financial crime. To identify and prevent money laundering, corruption and the funding of terrorism, LGT has put in place extensive internal control and monitoring processes. Employees are required to notify their manager or competent authorities of suspicious activities.

Other information

LGT Group in brief

LGT Group is an international private banking and asset management house domiciled in Liechtenstein. For over 80 years, the company has been owned by the Princely House of Liechtenstein. LGT Group has around 1 900 employees at over 20 locations in Europe, Asia and the Middle East. As of December 31, 2013, LGT Group had CHF 110.7 billion in assets under management. www.lgt.com

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