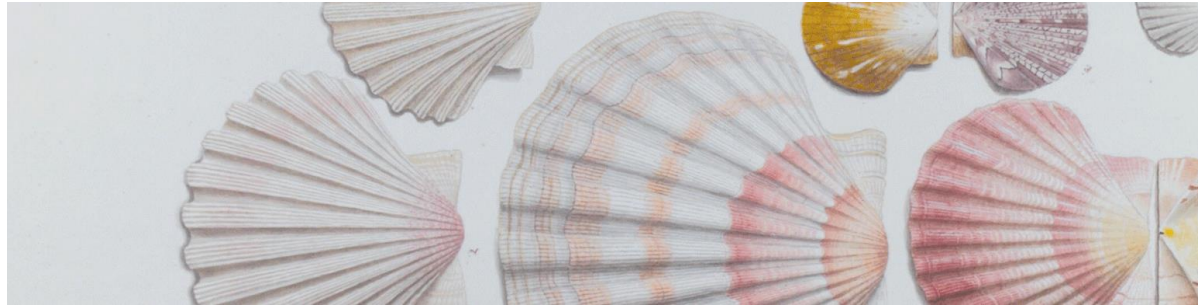


May 2018



## How we implement the ten principles of the UN Global Compact

### Human rights

**Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and**

**Principle 2: make sure that they are not complicit in human rights abuses**

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

In our core business, LGT excludes companies associated with human rights violations from its LGT Sustainable Investing products. All LGT employees attend regular training on the LGT Code of Conduct. This defines the minimum standards for ethical and professional conduct. These standards must be complied with even when local laws are less exacting. Local legal provisions that are stricter than the LGT Code of Conduct take precedence.

LGT's suppliers have been required to sign a supplier agreement since 2013. The agreements contain environmental, sustainability and social standards, but also require compliance with human rights and labour principles defined by the International Labour Organization (ILO). Under the supplier agreement, suppliers agree to impose the same provisions on their own suppliers. LGT regularly holds review meetings and awareness events with suppliers that address in particular the principles of the UN Global Compact.

### Labour

**Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;**

LGT's employees are not subject to collective bargaining agreements. They have the right to organize themselves collectively. There is an employee representation committee in Liechtenstein, where about two-thirds of our employees work. The committee is elected once every three years by all LGT employees in Liechtenstein. The last election was held in October 2017.

In 2017, LGT was not fined or found guilty in any legal proceedings relating to labour standards.

**Principle 4: the elimination of all forms of forced and compulsory labour;**

**Principle 5: the effective abolition of child labour; and**

LGT does not tolerate forced or child labour in any form. We only operate in countries that prohibit such practices.

In signing the supplier agreement, suppliers undertake not to allow forced or child labour. They specifically agree not to employ any children. The agreement complies with the ILO standards, notably on the minimum working age.

In the core business, LGT excludes from its investments any companies with links to forced or child labour.

**Principle 6: the 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, civil status, family situation, physical abilities and other characteristics protected under local law.

LGT treats employees with respect and respects differing opinions, outlooks and cultural practices.

LGT employed people of 55 different nationalities in 2017. The proportion of women in the workforce rose from 38.5 percent (2016) to 41.5 percent in 2017. Approximately 12 percent of staff were employed part-time. In 2017 the average age of LGT employees was 41.4 years. LGT also has a policy of offering employment to people over 50. LGT won best employer awards in Liechtenstein and Switzerland in 2017.

**Environment**

**Principle 7: Businesses should support a precautionary approach to environmental issues;**

**Principle 8: undertake initiatives to promote greater environmental responsibility; and**

LGT has been carbon neutral since 2010. The company is constantly improving energy and resource efficiency. LGT offsets CO<sub>2</sub> emissions in cooperation with First Climate.

As a result, LGT has considerably reduced its CO<sub>2</sub> emissions since 2010. Total consumption at LGT has increased significantly over the past two years due to the company's strong growth. The current trend indicates, however, that our carbon footprint has nearly reached a new equilibrium.

Environmental figures at a glance

		2017	2016	2015
Total energy consumption	MWh	15 599	15 614	13 154
Electricity	MWh	12 568	12 042	10 318
Heating	MWh	3 031	3 572	2 835
Paper consumption	metric tons	223	180	163
Waste	metric tons	326	302	277
Water consumption	m <sup>3</sup>	30 020	27 207	24 830
Total CO <sub>2</sub> emissions	metric tons	4 766	3 979	2 752
CO <sub>2</sub> emissions per FTE	Tons/FTE	1.6	1.6	1.3

LGT continues to work toward achieving our vision of purchasing 100 percent renewable energy for all our locations worldwide by 2030. The Group also plans to enhance the system for collecting and recording environmental data.

LGT has been a member of the Swiss Climate Foundation since August 2012. Through the Foundation, LGT supports small and medium-sized companies in Switzerland and Liechtenstein that implement energy efficiency measures or innovative projects to reduce CO<sub>2</sub> emissions. In 2017, the Swiss Climate Foundation supported 260 small and medium-sized enterprises with funding totaling CHF 3 million.

LGT became a member of the "MIU – Mobilität im Unternehmen" (Company Mobility) network in the city of Zurich in January 2013. The company joined the "mobility task force" of the Liechtenstein Chamber of Commerce and Industry in September 2013. The role of the task force is to support public transport in Liechtenstein.

**Principle 9: encourage the development and diffusion of environmentally friendly technologies.**

In 2017, LGT used its two impact investing approaches, LGT Venture Philanthropy and LGT Impact, to support organizations around the world whose work contributes to environmental protection, the promotion of environmentally friendly technologies and sustainable development.

Since their founding in 2007, more than USD 115 million has been invested in 57 organizations as part of these activities.

In the core business, LGT offers Sustainable Investing products since 2009 that apply the so called ESG criteria. In 2017 LGT introduced the LGT Sustainability Rating which is an indicator for the sustainability of investment instruments. It creates transparency regarding the sustainability quality of equities, bonds, funds and ETFs.

LGT's environmental footprint is also visible in its Sustainable Equity strategy. The companies held in the portfolio have a lower negative impact on the environment compared to the benchmark index, the MSCI World Index. For example, greenhouse gas emissions at 75 tons CO<sub>2</sub> equivalent per one million US dollars

in sales are 61 percent lower than the MSCI World Index at 194 tons CO<sub>2</sub> equivalent per one million US dollars in sales. The LGT portfolio is also significantly lower in the areas of energy and water consumption.

The cleantech umbrella fund that was launched in 2010 invests in a biomass producer, several wind turbine operators, providers of environmentally friendly solutions, a solar power manufacturer and waste management companies.

LGT offers an environmental mortgage in Liechtenstein. The mortgage helps environmentally aware clients who want to obtain Minergie certification for new builds and renovations.

LGT became a signatory to the Carbon Disclosure Project (CDP) in 2011. LGT has been a member of the UN Principles for Responsible Investment (PRI), the "Forum Nachhaltige Geldanlagen" (FNG – Sustainable Investment Forum) and the European Sustainable Investment Forum (Eurosif) since 2008. In addition, LGT is a founding member of Swiss Sustainable Finance (SSF) and signatory to the Montreal Carbon Pledge.

## Anti-Corruption

### **Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.**

LGT's governing bodies are tasked with ensuring that all applicable laws, regulations and rules (compliance) are observed; infringements are not tolerated (LGT Code of Conduct).

In 2017 LGT continued to organize regular training sessions on corruption, extortion, bribery, due diligence (combating money laundering and terrorist financing), and the LGT Code of Conduct. The training sessions are compulsory for all employees.

LGT supports the fight against financial crime. LGT has put in place comprehensive internal control and monitoring processes to identify and prevent money laundering, corruption and terrorist financing. Employees are required to notify their manager or the competent authorities of any suspicious activities.

## Other information

### **LGT in brief**

LGT is a leading international Private Banking and Asset Management Group. The Group has been owned by the Princely House of Liechtenstein for over 80 years. As of December 31, 2017, the LGT Group had CHF 201.8 billion in assets under management. LGT has over 3000 employees in more than 20 locations in Europe, Asia and the Middle East.

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