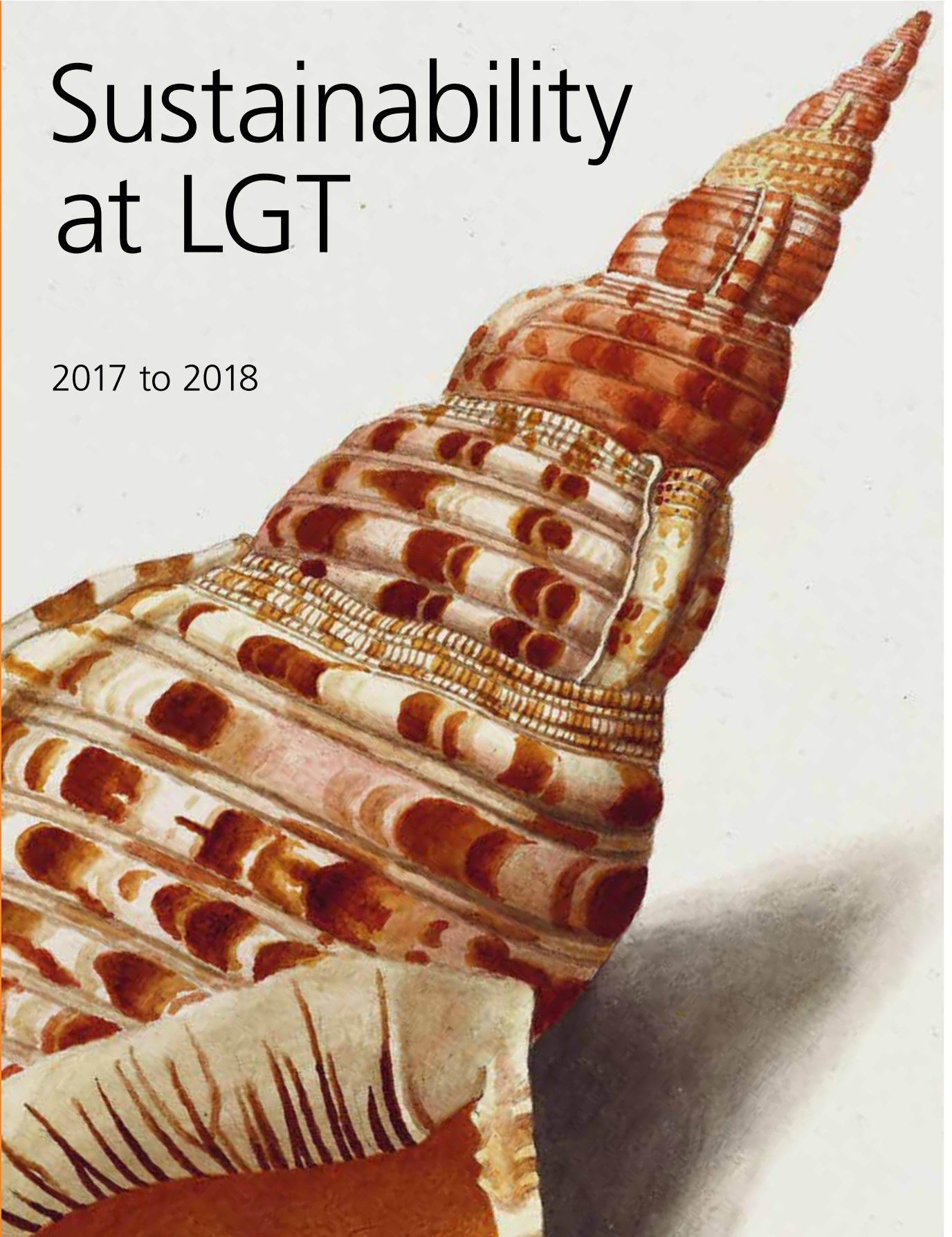




Sustainability at LGT

2017 to 2018





A look inside the Princely Collections: the illustrations in this publication depict studies of natural objects by Franz Anton von Scheidel.

For more than 400 years, the Princes of Liechtenstein have been passionate art collectors. The Princely Collections include key works of European art stretching over five centuries and are now among the world's major private art collections. The notion of promoting fine arts for the general good enjoyed its greatest popularity during the Baroque period. The House of Liechtenstein has pursued this ideal consistently down the generations. We make deliberate use of the works of art in the Princely Collections to accompany what we do. For us, they embody those values that

form the basis for a successful partnership with our clients: a long-term focus, skill and reliability.

Illustrations: Franz Anton von Scheidel, details from "Depictions of conchiliae in watercolor after Johann Carl Megerle von Mühlfeld (1765–1840)," late 18th century. © LIECHTENSTEIN. The Princely Collections, Vaduz–Vienna

www.liechtensteincollections.at

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“In wealth management in particular, the sustainable allocation of capital gives us the opportunity to make a significant contribution toward resolving environmental and social problems.”

H.S.H. Prince Philipp von und zu Liechtenstein, Chairman LGT

Making a significant contribution



H.S.H. Prince Philipp von und zu Liechtenstein (left) and H.S.H. Prince Max von und zu Liechtenstein

Dear Client

Climate change is threatening the way we live, giving rise to considerable financial costs and increasing social tensions and inequality in many countries. The Princely Family has been committed to thinking and acting sustainably for generations. This is due to our long-term political and economic responsibilities and our close links with nature, which, among other things, are the result of our involvement in agriculture and forestry over several centuries. We believe that sustainability is often neglected and we regard it as an essential requirement for the successful long-term growth of companies and of society as a whole.

In accordance with this belief, we at LGT have set ourselves specific sustainability targets. For many years, we have ensured that our buildings are resource-efficient, made every effort to be a responsible employer and committed ourselves to more inclusive social development and a more sustainable approach to the environment. We take social and environmental factors into consideration in our investment products and help our private clients make their portfolios more sustainable. In wealth management in particular, the sustainable allocation of capital gives us the opportunity to make a significant contribution toward resolving environmental and social problems.

This sustainability report highlights the progress we have made and outlines our goals for the coming years.

A handwritten signature in blue ink, appearing to read 'P. von L.' followed by a horizontal line.

H.S.H. Prince Philipp von und zu Liechtenstein
Chairman LGT

A handwritten signature in blue ink, appearing to read 'M. von L.'

H.S.H. Prince Max von und zu Liechtenstein
CEO LGT

Why we think and act sustainably

The destruction of the environment, which is advancing at an alarming pace, along with growing social inequality and the stark increase in social and political polarization are among the biggest challenges of our times. For several years now, the global community has been trying to create a road map for addressing these challenges. Numerous studies and research findings show how imperative it is that we take action. According to a special report by the Intergovernmental Panel on Climate Change dated 8 October 2018, the expected negative impacts of the climate crisis are huge. The researchers involved in the study are convinced that these can only be kept in check by swift and far-reaching changes. This means that, by 2030, greenhouse gas emissions must fall by 45 percent globally compared with 2010 and net CO₂ emissions must be reduced to zero by 2050 at the latest, as this is the only way to limit global warming to 1.5 degrees Celsius.

Even with this reduction, which, based on the current situation will be extremely difficult to achieve, the negative impact on ecosystems and biodiversity will be profound.

In 2015, the UN adopted its Agenda 2030, which sets out 17 Sustainable Development Goals (SDGs) to tackle these global challenges on a wide scale. These goals took effect in 2016 and apply to all 193 UN member states. The Paris Agreement was adopted at the climate change conference in Paris in December 2015 and will apply from 2020. It is designed to enable the world to combat climate change. In December 2018, at the climate conference in Katowice in Poland (COP24), the UN member states decided on the technical framework for its practical implementation.

The three pillars of LGT's Sustainability Strategy 2025



Sustainable investing

We want to be a leading provider of sustainable investment solutions.

We want to optimize the contribution of our investment solutions to the SDGs.

We aim to substantially increase the share of sustainable investment solutions in our private clients' portfolios.

We measure and report transparently on the sustainability quality of our investment solutions.



Sustainable business

We consider sustainability aspects in all our decisions.

We reduce our environmental footprint significantly.

A minimum of ten percent of LGT Group dividends are allocated to philanthropic activities.

We want to be a top employer that offers a good work environment.



Sustainable thinking

We want to be a thought leader in sustainability.

We want our employees to actively engage in sustainability issues and will train them accordingly.

We join forces with governments, companies, NGOs, etc. to optimize our contribution to the SDGs.



More information about the UN Sustainable Development Goals can be found at sustainabledevelopment.un.org

While politicians engage in protracted and tough negotiations and processes to create a framework for efficiently combating climate change and social inequality, it is also up to businesses, society and each individual to identify and take concrete measures. LGT adopted a sustainable mindset early on; long-term and sustainable thinking and actions have always been one of the company's key traits. We have therefore spent many years consolidating and broadening our commitment to sustainability, both in our operations and in our core business, Private Banking and Asset Management. In 2014, we defined our 2020 sustainability targets, and worked on their implementation until 2018. Over the last two years, we turned the spotlight on Private Banking in particular, working to improve transparency with regard to the sustainability quality of the various investment instruments for our clients. In 2018, with a view to taking the next step toward greater sustainability, we developed and implemented the LGT Sustainability Strategy 2025, which is based on a materiality analysis conducted in 2015. The new strategy sets targets of a more binding nature for taking even greater account of sustainability across the whole company and the entire product range. Our objective is to create sustainable value for all our stakeholders: for our clients, our owner, our employees, society and the environment.

Contribution to the UN's SDGs

With its new sustainability strategy, LGT aims to make a contribution to the UN's Sustainable Development Goals and help create a better, more sustainable world. When devising the strategy, we also considered which SDGs LGT is capable of contributing to as a group. Following an internal consultation, we identified eight goals where LGT can have substantial influence, specifically SDG 3, 5, 7, 8, 10, 12, 13 and 17.

Binding governance structure

The Sustainability Strategy 2025 is the result of a broad-based process. The CEO, senior management, Group Sustainability Management and numerous other internal units and external advisors were involved in its development. As well as yielding a set of concrete goals for greater sustainability within the company, the work on the new strategy also provided an opportunity to adjust the governance structure. H.S.H. Prince Max von und zu Liechtenstein chairs the new Sustainability Board, on which senior management and various units are also represented. The Sustainability Board sets out the strategic direction and guiding principles for sustainability. Progress toward the achievement of objectives is published regularly.

Responsible corporate governance

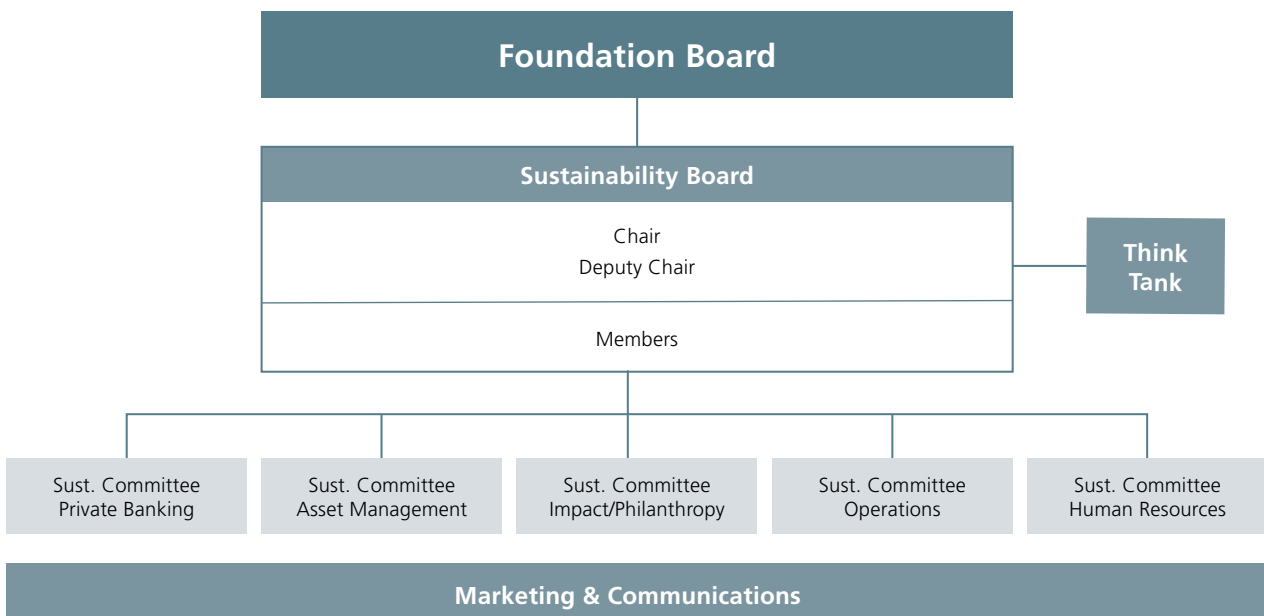
It is not just in the area of sustainability that transparency and clear governance are important to LGT. Responsible corporate governance is an essential requirement for gaining and reinforcing the trust of clients and employees as well as that of the company’s owner and other stakeholders. LGT is managed according to the principles of the separation of powers (Foundation Board, Group Executive Committee, Executive Boards of the companies) and of checks and balances. We support the fight against white-collar crime, money laundering, corruption, tax abuses and terrorism financing and have set up comprehensive internal controls and monitoring processes for this purpose.

LGT’s business policy is based on performance, professionalism, fairness and high ethical standards. Our shared values are set

out in the LGT Code of Conduct, which defines the ethical and professional standards for all employees and is binding for all employees, including the members of the Foundation Board and Board of Directors.

Since 1996, we have published our financial figures and other important information in accordance with the international accounting standards for listed companies, despite the fact that as a family-owned business we are not obliged to do so. LGT is one of the few international private banks worldwide that has its creditworthiness assessed by independent rating agencies and receives consistently high ratings. In 2018, Standard & Poor’s gave LGT an A+ rating, Moody’s an Aa2.

Clear governance structure thanks to broad-based LGT Sustainability Board



A new regulatory framework

The finance industry has been in a state of upheaval since the Paris Agreement entered into force. A growing number of countries is introducing binding rules to make the finance industry more sustainable. Supranational organizations like the G20, OECD and EU are also demanding that the industry become more sustainable.

The European Union is keen to take on a leading role by establishing a sustainable financial system. At the beginning of March 2018, the EU Commission published its “Action Plan: Financing Sustainable Growth”, which contains ten concrete measures. The plan aims to re-direct capital flows within the EU to sustainable investments in order to achieve sustainable growth and manage financial risks stemming from climate change and social issues. In addition, it aims to foster transparency and long-termism in the financial sector. The Commission has already published legislative proposals in four key areas, namely:

- establishing a unified EU classification system of sustainable economic activities,
- incorporating sustainability in financial advice,
- introducing transparent sustainability benchmarks,
- and integrating sustainability aspects into the investment processes of institutional investors and asset managers.

As part of its Action Plan, the EU Commission is also working on standards and criteria for sustainable financial products, a standard for green bonds, an EU Ecolabel for financial products, the inclusion of sustainability indicators in supervisory activities and the inclusion of environmental, social and governance criteria (ESG criteria) in credit ratings.

Measures and activities are also increasing at the international level: in April 2018, on the initiative of the G7 environment ministers and the United Nations Environment Programme – Finance Initiative (UNEP FI), the International Network of Financial Centres for Sustainability was launched. Its members are committed



Smog in Shanghai: the Chinese government appears to have recognized the signs of the times and is intensifying its efforts with regard to sustainability.

to promoting sustainable investments in their financial centers and making those centers sustainable.

Under China’s national plan for the protection of the environment, air, water and soil contamination are to be eliminated. In December 2016, the People’s Bank of China published specific guidelines on issuing green bonds and, that same year, the Chinese government adopted the “Guidelines for Establishing a Green Financial System”.

In Hong Kong, listed companies have been required to report annually on their sustainability performance since 2016. This step appears to have set the wheels in motion: the Financial Services Development Council, Hong Kong, a government authority, warned in a November 2018 report that the city-state risks losing its competitiveness as a leading financial center if the government fails to establish a robust, sustainable investment ecosystem.

“We want to play a pioneering role”

LGT is increasing its commitment to sustainability. H.S.H. Prince Max von und zu Liechtenstein, CEO LGT, explains why and how it is doing this.

Your Serene Highness, climate change and social inequality are giving rise to controversy around the world. What is your view of the situation?

H.S.H. Prince Max: The world’s population and the global economy have grown significantly over the past 50 years, but unfortunately, in many areas this growth has not been sustainable. The result is that dangerous environmental, social, economic and political mistakes have been made, which we must correct as soon as possible in order to avoid even bigger problems. The responsibility lies with all of us. Politicians need to introduce legislation that focuses much more closely on social, environmental and economic sustainability. But businesses and citizens also need to make a greater effort to ensure that society becomes more inclusive and that pollution levels are reduced.

Which specific measures do we need to take?

One helpful guide to the areas where measures are needed to create a more environmentally friendly and socially just world is the UN’s Sustainable Development Goals, or SDGs. These are highly ambitious but meaningful objectives that all 193 UN member states have committed to implementing by 2030.

Has LGT already taken any action?

We have been working hard to make our operations and our core business more sustainable for many years. We have already achieved some important milestones. For example, we have introduced a sustainability rating system for private clients, expanded our range of sustainable products and reduced our energy consumption. The adoption of the SDGs was an opportunity for us to revise our sustainability strategy and to set ourselves clearer goals that are in line with the SDGs.

How do you plan to do this?

We have identified eight SDGs that we can contribute to in our operations and on the advisory, investment and impact side of our business. Now we intend to introduce some more specific initiatives and implement them correctly. In the future, we will take sustainability into consideration in all areas of our business, in our decision-making and in our products.

That sounds ambitious.

Can you give us a specific example?

We can have the greatest impact in our core business – Private Banking and Asset Management. We intend to help our private clients to substantially increase the proportion of sustainable investments in their portfolios. Of course, we also need to provide them with a broad range of sustainable products, offer them ideas and assessments of sustainable investment solutions and ensure that sustainability criteria are taken into account in our offering. In our institutional business, we want to on the one hand improve the contribution that our offering makes to achieving the SDGs and to redesign them accordingly. On the other hand, we also intend to motivate the companies and the asset managers that we work with to take a sustainable approach.

Is the finance industry interested in sustainability at all?

Yes. For institutional investors it has become a must. In our view, any of our competitors that fail to address this matter will lose market share, and we are already seeing ours increase as a result of our strong commitment.

What is the situation with private investors?

The trend toward greater sustainability is far more advanced among institutional investors than among their private counterparts. Many private investors believe that the returns on



H.S.H. Prince Max von und zu Liechtenstein, CEO LGT and Chairman of the LGT Sustainability Board, is calling for greater commitment to sustainability in business, politics and society as a whole.

sustainable investments are lower than those on traditional products. However, the trends increasingly show that the opposite is true.

“A commitment to sustainability is a process of learning and development for every organization and every individual.”

What is it that drives the positive performance of sustainable business models?

It is the combination of a wide range of different factors. More and more capital is being invested in research and innovations in sustainable technologies and business models. Almost all universities have modified their programs over the last ten years and the focus of government research funding has shifted. Times are changing and the younger generation is much more aware of the environmental and social challenges we face. Young people are rightly concerned about intergenerational equity and climate change. Young talent is drawn to cool start-ups with sustainable products and technologies. My son takes the sharing economy for granted, while my father hardly uses it. For me, some aspects thereof still take some getting used to. One final important factor is regulation and legislation. While some progress has already been made in this area, there are still many more changes to come. Our role is to analyze exciting trends and new developments carefully, to invest in

the companies that will benefit from these developments and to sell shares in the businesses that are not in a good position to make the necessary changes. As a result of our many years of experience, we already have an excellent database and the connections needed to exploit this potential. But there is still room for improvement.

And the clients of LGT will also benefit from this?

Yes, through our investment strategies that contain stocks such as these. In private equity we have made a series of sustainable investments that are performing very well and offer a great deal of potential for our client business. We also want to increase our expertise in impact investing and make this available to our private clients. In this growing sector, we are investing in companies whose activities bring attractive financial returns and also have a positive impact on society and the environment.

So you believe that there is further potential for growth?

Compared to many of our competitors, we are in a strong position and we are already benefiting from that. However, we too can do much more than we have done in the past. A commitment to sustainability is a process of learning and development for every organization and every individual. Only companies that generate social added value will survive in the long term – and the more they generate, the better. ◆

Taking responsibility as an investor and investment advisor

The fact that our sustainable approach forms a key part of our corporate culture is clearly reflected in our investment activities. We are convinced that we can only invest successfully on behalf of our clients if we take a long-term approach that embraces environmental, social and governance (ESG) principles. We want to continue along this path in the years ahead and become a leading provider of sustainable investment solutions.

The LGT ESG Cockpit: multi-level integration

LGT Capital Partners firmly believes that the integration of sustainability criteria should be as comprehensive as possible. This is why we use an in-house tool, the “ESG Cockpit”, to systematically generate ESG ratings for individual stocks and pick securities in accordance with ESG criteria. It uses ESG data from various specialist and established information providers and is continuously being further developed.

With our ESG Cockpit, we are able to analyze around 20 different key performance indicators of a company within the framework of the three ESG factors and cover over 6500 companies. These performance indicators, their individual weighting and the data analyzed in the process vary from sector to sector depending on their significance for the industry in question. For instance, environmental aspects will be highly relevant for a utilities or energy company, while conduct toward employees or diversity will be given a much greater weighting for service providers. Every performance indicator is given a numerical value. These values make up the company's overall rating for the E, S and G segments as well as its aggregate ESG score. The decision of whether to exclude a company from or include it in LGT's sustainable investment universe in line with ESG considerations is made on the basis of this overall rating, among other factors. To further improve our ESG analysis, we



Andrea Ferch, Head Sustainability Investing at LGT in Switzerland, and Alexander Zanker, Portfolio Manager at LGT Capital Partners, work on further developing the LGT Sustainability Rating, which is based on the ESG Cockpit and gives private clients transparency about how sustainable their investments are.

have incorporated controversies relating to companies into the ESG Cockpit. This involves accessing reports from over 80 000 sources such as the media and other public sources in 20 languages. The information is prepared by an independent research company and relates to issues that are relevant from an ESG perspective such as corruption allegations, human rights violations or environmental damage. This gives us a more comprehensive picture in real time of how the ambitions behind our sustainability investments are being implemented in practice.

In light of the growing importance of the Sustainable Development Goals (SDGs), we have started to measure how companies' products and services impact the 17 goals in order to give investors insights into how their investment decisions contribute to achieving the various goals or obstruct them.

LGT's commitment to external investment managers

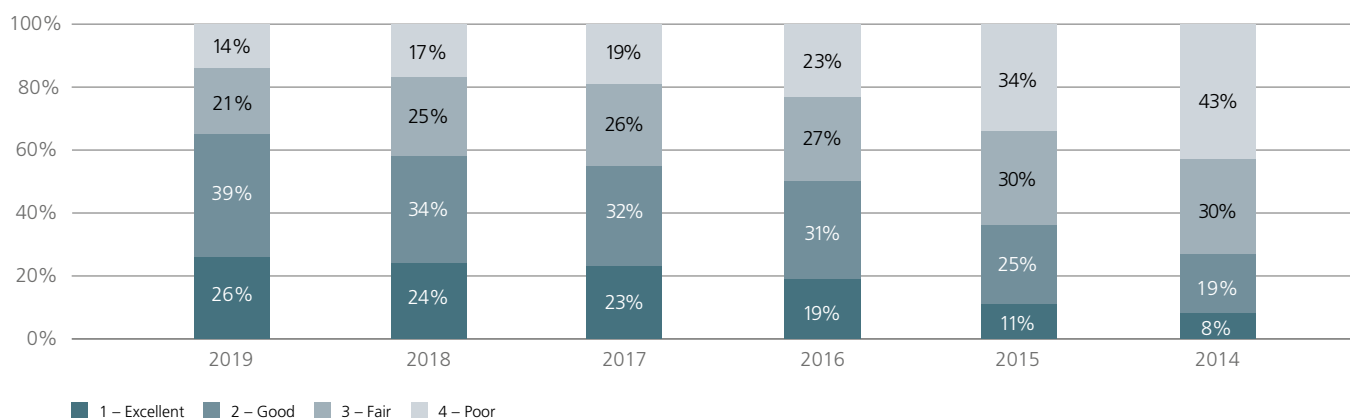
LGT Capital Partners makes substantial investments via external investment managers, in particular in the two alternative invest-

ment categories of private equity and hedge funds. We work closely with these managers and join them in exploring how they can take sustainability criteria into account in their investment process to a greater degree. Since 2013, we have been conducting an annual survey of our hedge fund and private equity managers about their ESG initiatives. These results are then published in our ESG report. We use the survey to demonstrate to our investors the extent to which the managers have integrated ESG factors into their investment process, their ownership guidelines and their reporting practices.

Private equity

The number of private equity managers who take ESG criteria into account when investing has risen continuously. No fewer than 65 percent of the 218 managers whose compliance with these criteria we assessed in 2019 are now rated "good" or "excellent", while the percentage of managers who fail to take ESG criteria into consideration (rating 4) has fallen to 14 percent (2018: 17 percent).

Development of ESG ratings globally



There are still significant regional differences when it comes to integrating ESG criteria. Europe is the clear leader, followed by Asia and the US. The proportion of European managers rated “excellent” or “good” (1 or 2) has risen to 79 percent, meaning that the number of managers with these ratings has increased by four percent since 2018. These managers have introduced comprehensive systems for analyzing ESG factors and integrating them into their ownership guidelines and ESG reporting. In Asia, 59 percent of managers achieved an “excellent” or “good” rating, compared with 49 percent in the US. The improved manager ratings in both these regions reflect the mood that we are perceiving in discussions with US and Asian managers and our institutional clients.

Institutionalized ESG efforts dominate in Europe

ESG integration has been an important factor for Europe-based institutional investors for some time now. Many European pension funds see their mission as more than just creating a sound financial framework for retirement; they also want to help their beneficiaries enjoy healthy environmental conditions and a positive social climate.

Only 21 percent of European managers were rated 3 or 4 because they have not yet developed an institutionalized approach for integrating ESG criteria.

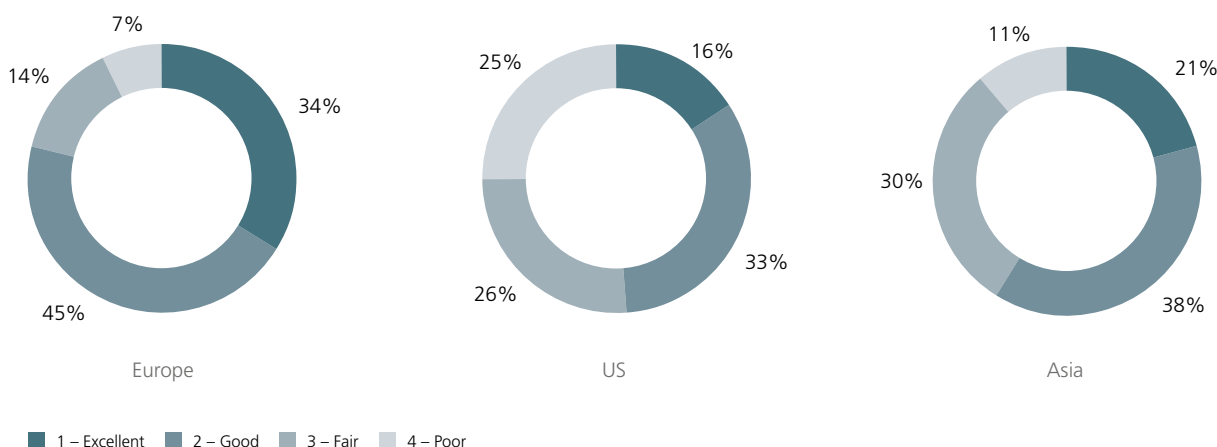
Movement on the ESG front in the US

The US, which for a long time was seen to be lagging behind in terms of ESG integration, is taking a greater interest in the issue of sustainability. The percentage of managers rated 1 or 2 has risen to 49 percent, up nine percentage points year on year. The percentage of managers rated 4, i.e. those failing to take ESG into account, has fallen by 35 percentage points over the past six years.

Biggest improvement in Asia

The percentage of 1- and 2-rated managers has also improved significantly in Asia, increasing by ten percentage points year on year to 59 percent of all Asian managers. This means that managers with institutionalized processes for ESG integration make up a clear majority in the region. We expect Asia to soon be a region in which robust ESG practices are the rule rather than the exception among the top private equity managers.

ESG ratings by region



Hedge funds

Given the challenging market situation, it is encouraging to see that hedge fund managers have persisted with their ESG projects.

Current ratings and long-term trend

This year's rating of hedge fund managers shows that the percentage rated "excellent" or "good" (1 or 2) has increased to 16 percent compared with nine percent last year. For the first time, one quantitative equity hedge fund manager achieved an ESG rating of 1. As in the previous year, 82 percent of hedge fund managers scored a 3 rating. We also further reduced the number of hedge fund managers with the lowest ESG rating of 4 and currently work with only one such manager compared with four last year.

SDGs gaining importance

The SDGs were conceived as universal objectives for all countries in order to solve the world's most serious problems. Although they were not devised as a framework for investing, private-sector financing is also an essential component thereof. Achieving the SDGs will require an estimated USD 5–7 trillion worldwide until 2030. A survey of over 200 institutional investors in alternative investments that LGT Capital Partners conducted in the winter of 2018 reveals that the vast majority (91 percent) of investors firmly believes that the SDGs will help the finance industry tackle urgent environmental and social issues. Although a quarter of them already integrate the SDGs into their investment activities in some way, only a tenth evaluate the impact of their investment companies on the goals. However, 40 percent are planning to do so in the next two years. The expectation that the SDGs will create new investment opportunities is shared by 89 percent of investors. We believe that investors will also make increased use of the SDGs to quantify their ESG and sustainable investing activities and thus focus them more squarely on results.



LGT Capital Partners has been a signatory to the UN Principles for Responsible Investment (UN PRI) since 2008. The UN PRI's objective is to help its signatories incorporate sustainability issues into their investment-related decision-making processes so that they can contribute to a more sustainable financial system. Over 1900 companies across the world managing a total of USD 80 trillion between them have already signed the UN PRI. Tycho Sneyers (above), Managing Partner of LGT Capital Partners, was elected to the UN PRI Board in 2018, where he contributes his many years of experience in integrating ESG into alternative asset classes, especially private equity. He is also committed to embedding the SDGs more firmly in the financial services industry.

A new dimension in investment decision-making

The trend toward greater sustainability is far more advanced among institutional investors than among their private counterparts. The majority of institutional investors is now convinced that sustainable investing helps increase risk-adjusted returns. But sustainable investments are also becoming more and more important to private investors. People increasingly no longer want companies in their portfolio that are involved in controversial activities or that pollute the environment. We want to support our clients in making their portfolios more sustainable. One important step in this direction was taken in 2017 with the introduction of the LGT Sustainability Rating, which transparently shows clients how sustainable their investments actually are. While institutional investors can draw on the expertise and databases of specialized providers and rating agencies, it is still difficult for private investors to gain access to reliable sustainability information. This is where the LGT Sustainability Rating comes in, providing our clients with the information they need in a clear and transparent manner.

Greater transparency

The LGT Sustainability Rating illustrates, in straightforward terms, the sustainability quality of equities, bonds, funds and ETFs (exchange-traded funds). These are assigned to one of five rating categories, ranging from one star (poor) to five stars (excellent) based on various sustainability criteria. Our clients can thus tell at a glance how sustainable their investment is. The rating brings a new dimension to the investment decision and enables sustainability aspects to be factored in alongside purely financial indicators. The rating can be assigned to both individual investment instruments and entire portfolios. Moreover, it can be used to compare different investment instruments.

Tried-and-tested methods

The investment instruments are rated by LGT's sustainability analysts in the ESG Cockpit developed by LGT Capital Partners, which the managers of the LGT sustainability funds have been successfully using since 2009.

Inclusion of financial criteria and sustainability factors with the LGT Sustainability Rating



For equities, the LGT Sustainability Rating is determined by analyzing the sustainability of the company in question and, for bonds, the sustainability of the underlying issuer (company, country or supranational organization), according to around 20 environmental, social and corporate governance criteria. Based on the assessment of these ESG criteria, an ESG value ranging between 0 and 100 is obtained for each stock or bond. This ESG value is then translated into the LGT Sustainability Rating.

The criteria incorporated into company ratings includes factors such as greenhouse gas emissions, resource consumption and the labor conditions of the workforce. Also taken into account are negative incidents relating to business activities or to products and services. The extent to which the products and services have a sustainable impact or tend to run counter to sustainable development is another relevant factor. In the case of countries, air and water quality, living and health standards and innovative strength are all factors.

When assessing a country's sustainability, we attach particular importance to observance of human rights and to political freedom and the existence of a functioning legal system. If a country exhibits major shortcomings in these areas, it will be heavily penalized for them in the rating. For funds and ETFs, the sustainability quality of the overall portfolio is assessed, based on the ESG scores of the individual portfolio positions (equities and/or bonds), which are incorporated into the calculation according to their share in the overall portfolio allocation. Our clients' overall portfolios are assessed in the same way. The LGT Sustainability Rating has been a fixed component of the investment proposals and custody account statements of our clients since 2018.



The "Investing sustainably" brochure outlines numerous ways of making a portfolio even more socially and environmentally friendly.

You can find the brochure at
lgt.com/en/publications/downloads

Supporting innovative solutions



Community health workers at the Last Mile Health organization, a portfolio organization of LGT Venture Philanthropy, provide people living in remote regions of Liberia with medicine and help them in emergencies.

The LGT Venture Philanthropy Foundation (LGT VP) supports organizations and companies that implement effective, innovative and scalable solutions to social and/or environmental problems. As well as financial resources in the form of donations, LGT VP also provides these organizations with operational expertise and access to networks. LGT VP sets particular store by the entrepreneurial and professional use of available resources.

Moreover, through the LGT Impact Fellowship Program, the organizations have the ability to recruit highly qualified workers for their teams. As well as remedying the manpower shortages that are a major challenge for many young organizations, this

also enables talents to put their skills to use for a good cause or take their career in a new direction for the long term.

Since 2007, LGT VP has supported more than 50 organizations, seconded 151 Fellows and, as at the end of 2018, invested or donated a total of USD 64.8 million. Currently, it actively supports 18 organizations. Through its work, LGT VP makes an important contribution to implementing the Sustainable Development Goals. In 2017, LGT VP reached nearly four million people worldwide through the organizations that the foundation supports.

One of LGT VP's portfolio organizations is Last Mile Health (LMH). The organization's objective is to provide access to basic medical care for people in the most remote regions of Liberia. Child and maternal mortality rates in these regions are appallingly high and the majority of deaths are avoidable. In light of this, LMH developed a model that trains at least one person in basic healthcare in each village. These people are able to swiftly recognize and treat the most common causes of death, such as malaria, tuberculosis and diarrhea. They also educate expecting mothers about the need for medical check-ups and help them give birth to their children at health centers, where they receive medical assistance. Such has been the success of this solution that the Liberian government, together with LMH, has been rolling it out nationwide since 2016. With the support of LGT VP, LMH will be further developing its model and seeking to implement it outside Liberia.

Social and financial returns

LGT Impact invests in companies that, through their activities, combine attractive financial returns with significant social and/or environmental impact. The LGT Impact Investing unit's investment strategy focuses on venture capital and growth financing at companies that provide scalable solutions to social and environmental challenges.

With impact investments, LGT concentrates mainly on companies in the healthcare, education, financial services, urban mobility, agriculture and energy sectors. The partner companies operate tried-and-tested, scalable business models that cover the basic needs of low to middle income consumers.



LGT's Impact Investing unit supports dr.consulta in Brazil.



dr.consulta provides a growing number of people on low incomes with good, affordable treatment.

They give underserved people access to high-quality products and services. In so doing, the portfolio companies support these people and, through their work, help create intact ecosystems and communities.

The portfolio companies are selected by means of a multistage, disciplined investment process. LGT Impact supports the portfolio business owners with a long-term perspective and positions itself as a reliable partner for the business owners and managers who, besides capital, also enjoy access to experienced employees, good networks and important management expertise.

Sustainability information for investors

It is often hard for private investors to determine how sustainable their investments are. LGT's Sustainability Rating can help.

Anyone in the European Union or in Switzerland who buys a new household appliance, such as a refrigerator, television or washing machine, can tell at a glance how energy efficient it is by looking at the EU energy label, a scheme that was introduced in 1998. The seven arrows on the label range in color from dark red (G = highest energy consumption) to dark green (A = lowest energy consumption). According to the German Federal Environment Agency, these categories influence the purchasing decisions of around 85 percent of consumers, with positive results. Since the label was introduced, manufacturers have produced increasingly environmentally friendly appliances.

"This is the perfect example of how transparency changes consumers' behavior and leads to real improvements," says Andrea Ferch, who is responsible for sustainable investing for LGT's private banking business. In mid-2015, the economist, who at the time was still Head Fund Research, was entrusted with a special task. She was asked to develop measures to introduce sustainability throughout LGT's private clients business and to make its client portfolios more socially and environmentally responsible. "Our aim in doing this was to make sustainability a more consistent part of our core business," explains Ursula Finsterwald, Head Group Sustainability Management. "We help our clients decide which companies, organizations and projects to invest in, which means that we can allocate capital in a more sustainable way." The question was how to persuade as many clients as possible to factor aspects of sustainability into their investment decisions.

A credible approach

Andrea Ferch is a keen amateur gardener who has been interested in environmental issues since she was very young. In her over-20-year career in the finance industry, she has acquired extensive experience in socially and environmentally

responsible investing, among other things during the development of sustainability funds for her previous employer in Germany and through the selection of sustainable funds for private clients at LGT. Ferch did not believe that simply offering individual sustainable products was the right solution. "For example, if we had developed a sustainable portfolio management mandate, but had also continued to offer our other investment products without making any changes, that would have been rather implausible. We wanted to introduce sustainability criteria across LGT's investment business."

"We want to make sustainability a more consistent part of our core business."

Ursula Finsterwald

However, in contrast to institutional investors, many private investors are still cautious about sustainable investments. Finsterwald believes that one reason for this is the fear that sustainable portfolios will generate poorer returns. Several studies have shown, however, that the performance of sustainable investments is at least equivalent to that of comparable conventional investments. Another reason is the lack of transparency. According to a study by the Swiss Institute for Financial Education, more than 70 percent of the private investors surveyed would opt for more sustainable investments if better information were available. The key to changing clients' behavior lies in greater transparency. For Andrea Ferch, it was only a small step from this realization to the idea of a sustainability rating for investments. "The EU energy label provides important guidance for consumers. Why shouldn't an approach like this work for investors in the case of equities, bonds or funds?"



Ursula Finsterwald (left), Head Group Sustainability Management, and Andrea Ferch, Head Sustainable Investing.

In-house development

The response to the concept of a label of this kind within LGT was very positive. "I immediately thought that it was a very good idea," says Bruno Pillar, who is responsible for LGT's private client business in Switzerland. "Sustainability is very important to LGT. The rating will allow us to give our private clients transparent and easy-to-understand information about how sustainable their investments are." It was clear from the start that LGT wanted to determine the rating of the various investment instruments itself. Only the raw data used in the evaluation of companies or countries are purchased from specialist data providers. The decision to opt for in-house development was an easy one because LGT already had the ESG Cockpit, a tool that had been in use for several years and that proved to be the ideal solution for creating the highly complex and comprehensive database needed for the rating system. LGT has been successfully managing its sustainable funds with the help of the Cockpit since 2009 and has analyzed more than 6500 companies and around 200 countries on the basis of environmental, social and governance criteria.

Patience and perseverance

Ferch's colleague Alexander Zanker, who is responsible for the LGT ESG Cockpit at LGT Capital Partners and who

did the time-consuming programming for the sustainability rating system, was a fully committed member of the team. However, patience and perseverance were required before the system was finally implemented. One unexpectedly big challenge, for example, involved integrating the five-star assessment system into LGT's IT landscape so that it could be incorporated into client statement of assets, online banking, product information sheets and LGT's investment proposals.

"Today we can provide our clients with comprehensive information about the sustainability of their investments."

Andrea Ferch

"It was not an easy process," says Ursula Finsterwald looking back, "but it has paid off." Andrea Ferch agrees: "Today we can provide our clients with comprehensive information about the sustainability of their investments. The rating system was the first major step in the sustainability initiative for our private client business. We will definitely be introducing further measures." ◆

Prudent operations management

Environmentally conscious operations management is a matter of course for any company with a sustainable approach and long-term outlook. LGT has pursued prudent environmental and operations management for many years and has already reached a number of important milestones. Further ambitious targets in the areas of mobility, facility management, procurement, digitalization, energy consumption and CO₂ emissions applicable to the entire LGT Group were defined in the new Sustainability Strategy 2025.

Sustainable facility management

Our facility management has been geared toward sustainability for years. New buildings are constructed exclusively according to LEED or equivalent standards. The energy consumption of existing buildings is continually being optimized. For example, in Bendorf, Vaduz and Zurich, we use heat exchangers to convert the waste heat from cooling units into heating energy. On LGT buildings in Liechtenstein as well as some in Switzerland, we use photovoltaic and solar units to produce electricity and heat. At our Service Center in Liechtenstein, this enabled us to self-generate more than 14 percent of the required electricity (2017: ten percent) and more than 30 percent of the heating energy (2017: 20 percent) in 2018.

Reduction, substitution, offsetting

By 2025, we want to reduce our per capita CO₂ emissions by 20 percent compared with 2017. We also want to exclusively use renewable thermal and heating energy worldwide, and



With energy-efficient buildings and sustainable operations management, LGT intends to further lower its CO₂ emissions.

reduce Group-wide paper consumption by 30 percent per capita compared with 2017. Wherever possible, our employees will avoid business trips and use other forms of collaboration, such as videoconferences.

We are already offsetting unavoidable CO₂ emissions by purchasing CO₂ certificates. By doing this, we are supporting the Sahanivotry run-of-river power station project in Madagascar, the purpose of which is to prevent deforestation of the virgin forest for electricity production. The project has been awarded the "Gold Standard" label and is managed and monitored by First Climate Markets Ltd.

LGT's material consumption and CO ₂ emissions (per FTE ¹)		2018	2017	2016
Potable water	m ³ /FTE	9.2	10.9	11.5
Paper	kg/FTE	81	117	125
Waste	kg/FTE	120	127	147
CO ₂ emissions	kg/FTE	2 188	2 112	1 594

¹ Full-time equivalents

The increase in CO₂ emissions per FTE is due to improved underlying data (further details on page 35).

Switching to alternative mobility solutions

To reduce traffic, we actively encourage our employees to use public transportation. In Switzerland and Liechtenstein, we offer them financial incentives to do this, and platforms for alternative mobility solutions. In 2017 and 2018, around five percent of all employees in Switzerland and Liechtenstein took part in the nationwide "Bike to work" campaigns, which seek to raise public awareness of car-free mobility. LGT also promotes e-mobility: an E-Bike Day in Liechtenstein was an opportunity for employees to give electric bicycles a try. Charging stations for electric cars are available for both clients and employees at a number of locations.

Climate Foundation

Since 2012, LGT has been a partner of the Swiss Climate Foundation and, in that capacity, donates its net refunds from the



Clients and employees can charge their electric cars in the parking garages at various locations.

CO₂ tax. The Climate Foundation promotes various innovation and energy efficiency projects of small and medium-sized enterprises that contribute to climate protection. Since it was founded in 2008, the Climate Foundation has invested around CHF 20 million in more than 1400 companies, making it possible to save over 680 000 metric tons of CO₂ in Liechtenstein and Switzerland.

Sustainable collaboration with suppliers

LGT also expects its suppliers around the world to operate sustainably. All suppliers are required to sign the LGT Supplier Code of Conduct, in which they commit to complying with important standards and conventions, such as:

- the LGT Code of Conduct,
- the Universal Declaration of Human Rights adopted by the United Nations,
- the UN Convention on the Rights of the Child,
- the fundamental conventions and international labor standards of the International Labour Organization (ILO),
- the principles of the UN Global Compact.

The core elements in the LGT Supplier Code of Conduct are ethics (integrity, fair competition), labor (no child labor, no discrimination, fair wages), health and safety (occupational safety), environment (protection of the environment, resource consumption) and the management system (risk management, documentation). LGT Supplier Day provides a forum for regular dialog with our suppliers on the subject of sustainability.

LGT's direct energy consumption (per FTE ¹)		2018	2017	2016
Electricity	kWh/FTE	3 742	4 608	4 809
Heating/cooling energy	kWh/FTE	1 476	1 942	1 472
Flight kilometers	km/FTE	9 519	8 365	7 999

¹ Full-time equivalents

Sustainable employee development

Satisfied and healthy employees are the most important asset of any company. It is of the utmost importance to us that we offer our employees fair and attractive working conditions and a pleasant working environment. The multiple Top Employer Awards won by LGT Bank Switzerland and LGT Bank Liechtenstein are evidence that we have succeeded in this. In its Sustainability Strategy 2025, LGT has set itself further ambitious targets for employee development and advancement.

Education and training

A company's long-term success depends heavily on ongoing education and training for its employees. Each year, LGT invests around CHF 6.7 million in education and training initiatives. This equates to CHF 1959 per employee in 2018. Internal training measures and external courses cover both personal and professional development.

The programs run by the LGT Academy at Schloss Freudenfels in Eschenz, Switzerland, have been a fixture of the training measures for over 20 years. They focus primarily on participants' personal development. In 2018, 271 employees attended twelve courses (2017: twelve courses; 269 employees). Since 2016, LGT Academy courses have also been open to interested external parties and clients and the Liechtenstein Academy Foundation makes LGT Academy content accessible to students at the University of Liechtenstein at lectures held over one semester.

Supporting talents

As well as being an attractive employer for experienced employees, LGT sets great store by supporting young talents. We offer young people of various ages and levels of education a practical and diverse route into the professional world, for example through an apprenticeship in IT or business, an internship or the 18-month Graduate Program for master's graduates. The Graduate Program started for the sixth time in the fall of 2018, with eleven university graduates.

LGT is also keen to fulfill its social obligation to support young talents outside the company. With the LGT University Scholarship, we award two scholarships each year that cover the annual semester fees for students studying for a master's in finance at the University of Liechtenstein. Also, for the last five years we have been supporting a project of the Lyceum Alpinum in Zuoz. In a specially developed program, pupils at the boarding school learn how to implement philanthropic projects under the guidance of experienced LGT employees.



Tomorrow's talents: Future Day is held each year in Switzerland and Liechtenstein. It is an opportunity for children of LGT employees to get to know the company better and look over their parents' shoulders while they work.



Some 200 employees and their partners and families enjoyed a diverse range of activities, including bubble soccer, at the first Sport & Fun Day in Vaduz.

Health management

The LGT Vitality health program is designed to strengthen the physical well-being of LGT employees. The program offers activities and initiatives in four areas: attitude, nutrition, exercise and relaxation. Measures implemented to date range from the creation of relaxation rooms at various locations and offering sports courses such as cross-country skiing, outdoor fitness and yoga, to a healthy range of food with complimentary fruit and free water. The first LGT Sport & Fun Day was held in Liechtenstein in 2018. Around 200 employees and their partners and families took part in this day that featured an entertainment program and games. A blood donation campaign was also held in Liechtenstein in 2018 in which 85 employees took part.

Diversity and equal opportunities

LGT adheres to a strict set of values as well as ethical and professional standards that are set out in the LGT Code of Conduct. LGT offers equal employment and promotion opportunities, regardless of gender, age, religion, nationality, ethnicity, sexual orientation, marital status, physical ability or other characteristics protected under local law. LGT treats its employees with respect. It also respects and values differing opinions, perspectives and cultural customs. In 2018, LGT's workforce consisted of people from more than 57 countries.

Expertise and experience are very important to us. In order to meet the needs of older employees more effectively, we have introduced flexible working hours and pension safeguarding measures. For example, under certain circumstances, employees who are 57 or older (at some locations 58 or older) can take flexible retirement. Partial retirement with a reduced working week is also an option. The range of courses with content designed specifically for this target group has been expanded in the last two years. Moreover, we consciously recruit people aged 50 and over. In 2018, this group of people accounted for around 7.4 percent of our new hires.

Assuming responsibility for society

All human beings have a duty to help create a livable future. LGT employees at all locations make a contribution to this through their involvement in a number of different activities.

Employee Volunteering Program

The Employee Volunteering Program offers LGT employees specific opportunities to volunteer. Most of the initiatives are organized locally and benefit less privileged people or the environment. In each of the last five years, around five percent of employees worldwide have taken part in these volunteering programs. In Switzerland and Liechtenstein, for example, they provided support with inclusive events for people with a disability (soccer tournament, computer course). Employees in Basel helped out at a barbecue run by the homeless organization Gassenküche. LGT Bank Austria supports the Teach for Austria education initiative, which seeks to promote equal opportunities for children and young people from socially disadvantaged families.

Volunteering in the UK

Employees of LGT Vestra in London are also heavily involved in volunteering. In 2018, they staged for the second time a Prince-to-Prince Bicycle Tour, which involved ten employees cycling from Vaduz to Vienna over six days, raising money for The Prince's Trust. The proceeds of the charity dodgeball tournament in the spring of 2017 benefited the same cause; The Prince's Trust supports disadvantaged young people and young adults. The first soup market held by LGT Vestra in December 2018, in Paternoster Square in London, was also a big success. Some of London's best restaurants donated more than 1000 liters of soup, which was served up and sold by more than 70 employees. LGT Vestra raised a total of over GBP 10 000 at this event for the organization Streets of London, which helps tackle homelessness in the city.

Commitment in Asia

LGT employees in Hong Kong got involved in both environmental and social projects. The Green Power Hike raised more than CHF 38 000 for a "greener future". LGT was the main sponsor of two Tung Wah Group of Hospitals Charity Challenge Races, which raised a total of CHF 220 000 for the upgrading of hospitals. The annual Step Out for Children fundraiser attracted the support of 90 employees and their families. LGT Bank in Asia sponsors the event, which raises money for disabled children. In Singapore, in December 2017, around 100



LGT employees enthusiastically pitched in with the barbecue organized by Gassenküche, a Basel-based charity for the homeless. ©Daniela Friedli Photographie

employees assembled gift boxes for AWWA – People giving to people. The organization supports children, young people, senior citizens, people with low incomes and disabled people.

HOPE in New York

Employees of LGT Capital Partners in New York organized workshops for job seekers as part of the HOPE Program, holding practice interviews with participants and advising them on questions about the application process. LGT also supported the program at a benefit event.

Drink tap water, donate drinking water

Since 2016, LGT has been working with Drink & Donate, a charity committed to water projects around the world. We donate CHF 100 000 each year to a water project; LGT employees can help choose which project the donation will benefit. In 2017, the funds were donated to a project that builds and repairs drinking water fountains in Nepal and in 2018 to a project in Tanzania for drinking water purification in hospitals and schools. As drinking tap water helps protect the environment, LGT employees in Switzerland, Liechtenstein, Austria and Dubai are being encouraged to stop drinking mineral water in plastic bottles and drink tap water instead. To help them do this, all employees are given special drinking bottles, which are also available in client areas.

LGT Award for Social Commitment

The LGT Award for Social Commitment was presented for the third time in 2018. The award recognizes charitable engagement in Liechtenstein. Of the total CHF 50 000 available for the award, CHF 40 000 went to Familienhilfe Liechtenstein and CHF 10 000 to Hospizbewegung Liechtenstein. Both organizations are committed to helping people in need of care in Liechtenstein.



The first soup market run by LGT Vestra in Paternoster Square in London was a resounding success – GBP 10 000 were raised for an aid organization.



In Hong Kong, LGT employees and their families showed solidarity with disabled children at the Step Out for Children fundraising event.



Heidi Foppa (center), LGT Impact Fellow, plans to establish a training center for the Maasai people in the Mara Naboisho Conservancy in Kenya.

Bringing like-minded people together

Heidi Foppa wanted to work on a social project that suited her abilities. She was looking for an organization where she could play an active role and put her professional experience to good use. This is how she came to know the Maasai people.

In a few days, Heidi Foppa will once again be traveling to the Mara Naboisho Conservancy in the south of Kenya. Heidi, who is originally from South Tyrol, can hardly wait to set off on her second trip to the Maasai region. In her luggage she has a business plan for a new project that she wants to present to the local stakeholders: a training center for adults and young people. “I will help them to find the necessary funding,” she explains enthusiastically.

The Maasai Mara region is a little like South Tyrol

As part of the LGT Impact Fellowship Program, Foppa has been helping the Mara Naboisho Conservancy and the umbrella organization for the conservancies in the region,

the Maasai Mara Wildlife Conservancies Association, with fundraising for a year. Last summer, she gave up her job at one of the largest impact investment companies in Europe for this reason. “After spending 20 years working in business development and sales in the finance industry, I was looking for a project that would enable me to give something back to society,” says the 44-year-old. The Mara Naboisho Conservancy was a perfect match for her – and not only from a professional perspective. She is also passionate about the history of the Maasai and their unconditional commitment to enabling people and wild animals to live together in harmony. “The clocks in southern Kenya tick a bit slower than those in Europe, but the progress being made in the

rest of the world is not passing the Maasai people by," explains Foppa, thinking of her own family. "My grandparents in South Tyrol were also farmers and hunters. But with the arrival of industrialization and privatization, they had to find new ways of earning money. At the same time, they wanted to preserve their culture and traditions. Both they and the Maasai realized very early on that they could only succeed if they protected the resources they needed in order to live: their natural environment and, in the case of the Maasai, the wild animals." The approach taken by the Maasai is impressively far-sighted. "From a short-term perspective, the wild animals represent a danger to them. They destroy their crops and kill their livestock. But the Maasai have looked to the future and turned the wild animals into a source of income."

Naboisho – a simple idea

Naboisho is a 200-square-kilometer wildlife conservancy that the Maasai have created over recent decades. Today, more than 10 000 people who live there benefit from it. The principle of the organization is simple. The Maasai lease their land to the conservancy and work with a number of companies there to offer sustainable tourism. The wild animals and the resulting tourism are responsible for generating the Maasai's income, which comes from the lease payments and the jobs that have been created. The money is also used to fund the construction of schools, water systems, medical clinics and roads.

"This concept has led to a lot of progress being made in recent years, and not only in Naboisho. Another 13 conservancies have been established in the surrounding area," says Foppa. "In addition, the Maasai people's quality of life has improved a great deal. For example, there are now several schools for the children. But there are still no educational opportunities for adults and young people. Most of them can't read or write." That is one of the reasons they often cannot find work. Heidi Foppa plans to change that by helping to create a project to build and run a training center for adults with sustainable funding.

Talking openly

There, young people and adults will be able to take vocational courses, for example to become tour guides. A camp for educational tourism will also be set up at the center to promote intercultural exchanges and generate additional income. In the medium term, the intention is for the training center to be self-financing. "Because of the many years I spent working in business development, I am used to getting up to speed on new subjects quickly and writing business plans,"

says the enthusiastic Italian. "But this time the job wasn't quite as easy as it would have been at home." The Maasai are a proud people and it is very important to them that everyone's interests are considered. That takes both time and patience, as Foppa has discovered. However, she was well prepared to cope with cultural stumbling blocks of this kind. "During an intense introductory week run by the highly experienced LGT Fellowship team, we Fellows learned how best to become involved in a project, what we could expect and what was expected of us."

Investing in the world of tomorrow

Foppa will be working as a Fellow for just under six months. In answer to the question of whether she will then return to the world of finance, she laughs. "I haven't actually left the finance industry. I'm looking for capital on behalf of Naboisho and working with investors who want a social return on their investment," she says. "The investments we make today will determine how the world of tomorrow develops." She would like to continue bringing investors and investments together in the future. "We can achieve great things if we can find the right people with the same values. This is in the spirit of 'Naboisho', a battle cry in the Maasai language that means 'come together!'" ◆



The Mara Naboisho Conservancy and the umbrella organization for wildlife conservancies in the Maasai Mara region, the Maasai Mara Wildlife Conservancies Association, have been supported by LGT Venture Philanthropy not only through funding, but also consultancy since 2016. LGT Venture Philanthropy has given them access to its networks and to the LGT Impact Fellowship. Fellows with the relevant professional experience have been recruited every year since 2009 to support the different organizations in their specialist fields.

www.naboisho.com

An active dialog for a better world

The only way to truly tackle issues such as climate change, social inequality and political polarization is by working together. That's why LGT engages in regular dialog with all kinds of stakeholders, first and foremost with our clients, our owner and our employees. However, we also actively discuss sustainability with authorities and suppliers, academia and society as a whole. It is paramount to us that the information and insights we share in these discussions be systematic, clear, intelligible and targeted at specific groups.

Our involvement in a number of professional organizations is another channel through which we seek to promote the issue of sustainability.

- Since 2008, we have been a signatory to the UN Principles for Responsible Investment (UN PRI). Tycho Sneyers, Managing Partner of LGT Capital Partners, has had a seat on the UN PRI Board since January 2018.
- Since 2012, LGT has been a partner of the UN Global Compact.
- As the global principles of the UN Global Compact have to be implemented locally, LGT is also involved in the Swiss/Liechtenstein chapter, the Global Compact Network Switzerland. Ursula Finsterwald, Head Group Sustainability Management, has been a member of the Board since June 2018, representing LGT and other Liechtenstein companies.
- Since 2012, we have been a partner of the Swiss Climate Foundation and are represented on the Board of Trustees by Ursula Finsterwald.
- In its "Action Plan: Financing Sustainable Growth", the EU Commission has published the first regulatory efforts in the area of sustainability. As a company headquartered in Liechtenstein, an EEA country, these rules also affect us. However, we don't just want to adopt those rules, we want to actively help shape them. We are therefore involved in

the European Banking Federation's Sustainable Finance Working Group as well as several sub-groups.

- We are a founding member of Swiss Sustainable Finance and are involved in various working groups to position the issue of sustainability in Switzerland.



The Liechtenstein Initiative makes an important contribution to SDG 8.7, which reads as follows: Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms. Pictured: Fiona Reynolds, Chair of the Liechtenstein Initiative, and Olivier de Perregaux, CFO LGT and Member of the Financial Sector Commission of the Liechtenstein Initiative.

Think Tank

We are also actively engaged in dialog within LGT. To ensure that this dialog takes account of the latest trends and developments, we have created a new committee. The Think Tank is staffed by in-house experts and works on a project basis with external technical specialists and representatives of universities. It assists the Sustainability Board with opinion-forming, supports the various committees with its expertise and helps with decision-making.

Liechtenstein Initiative

40 million people around the world live in slave-like conditions and around 25 million are in forced labor. Many people also fall victim to human trafficking in Europe. It is estimated that these abuses generate around USD 150 billion globally. Happily, the issue of human trafficking and modern slavery is now at the forefront of political debate and measures are being taken to combat it.

Liechtenstein is also committed to tackling this issue. In September 2018, the government, together with the United Nations University (UNU), established the Financial Sector Commission on Modern Slavery and Human Trafficking. The objective of the Liechtenstein Initiative, as it is known, is to develop a catalog of measures for improving detection of slavery and human trafficking, also in the finance industry, and in so doing, preventing it. LGT roundly condemns child labor, forced labor and human trafficking. We do not invest in companies that are associated with these practices and we actively support the Liechtenstein Initiative. Olivier de Perregaux, Chief Financial Officer of LGT, is one of its Commission members. The Commission is chaired by Fiona Reynolds, CEO of the UN PRI.

Sustainable thinking among wealthy investors

The LGT Private Banking Report is a representative study of the investment behavior of wealthy private individuals in Germany, Austria and Switzerland. LGT commissions this study every two years to gain insights into the investment behavior and attitudes of private banking clients – and sustainability is a recurring theme in the survey.

Further information can be found online at lgt.com/en/publications/downloads

The importance of sustainability among private clients

It matters greatly to us that we ascertain the attitude of our clients and potential clients toward sustainability. Only then can we provide them with the best possible advice in this area. As part of our LGT Private Banking Report, we therefore regularly survey wealthy private individuals on this subject. The results of the 2018 study reveal that the global destruction of the environment and climate change are regarded as serious problems by 84 percent of respondents, while 66 percent believe that banks and companies should do more for sustainability. With regard to the effectiveness of their own investments, those surveyed considered all dimensions to be important: protecting the environment and the climate, improving social conditions and enforcing ethical standards. Two-thirds see the growing gulf between the rich and poor as a cause of social problems.

Key figures at a glance

		2018	2017	2016
Financial indicators				
Assets under administration	CHF m	198 243	201 782	152 101
Net new assets under administration	CHF m	6 757	35 985	19 687
of which net new money	CHF m	6 757	17 684	11 668
of which through acquisition	CHF m	0	18 301	8 019
Total operating income	CHF m	1 676	1 537	1 198
Group profit	CHF m	314	283	230
Appropriation of Foundation earnings and dividends	CHF m	-125 ¹	-150	-100
Group equity capital	CHF m	4 112	4 113	3 643
Total assets	CHF m	43 444	41 893	35 752
Ratios				
Tier 1	%	17.6	18.8	20.2
Cost/income ratio	%	74.0	73.8	74.7
Liquidity coverage ratio	%	203.3	237.7	191.0
Ratings²				
Moody's		Aa2	Aa2	Aa2
Standard & Poor's		A+	A+	A+
Operations				
Total energy consumption	MWh	17 130	20 104	15 892
Electricity	MWh	12 285	14 143	12 168
Heating/cooling	MWh	4 845	5 961	3 724
Paper consumption	tonnes	265	358	316
Proportion of 100% recycled paper	%	40	43	40
Waste	tonnes	394	390	373
Flight kilometers	km	31 248 270	25 671 351	20 238 393
Potable water	m ³	30 148	33 417	28 972
CO ₂ emissions	tonnes	7 183	6 482	4 033
Employees				
Number of employees (full-time equivalents)		3 283	3 069	2 530
Proportion of women in the total workforce	%	42.5	41.5	38.5
Number of part-time employees		396	373	325
Number of apprentices ³		22	23	25
Bank entry at high school graduate level (BEM) ³		8	9	8
Average years of service	years	7.2	7.2	7.5
Average age	years	41.6	41.4	41.3
Training costs per employee	CHF	1 959	2 001	2 121

¹ Proposal; ² LGT Bank Ltd., Vaduz; ³ LGT only hires apprentices and high school graduates in Switzerland and Liechtenstein.

“We believe that sustainability is often neglected and we regard it as an essential requirement for the successful long-term growth of companies and of society as a whole.”

H.S.H. Prince Max von und zu Liechtenstein, CEO LGT

Our memberships and partnerships

LGT is a member of many international associations, organizations and networks for the purpose of making a contribution to sustainable development. Our most important memberships and partnerships are:

Asian Venture Philanthropy Network (AVPN)

avpn.asia

Aspen Network of Development Entrepreneurs (ANDE)

andeglobal.org

British Venture Capital Association (BVCA)

bvca.co.uk

CDP

cdp.net

European Sustainable Investment Forum (Eurosif)

eurosif.org

European Venture Philanthropy Association (EVPA)

evpa.eu.com

Forum Nachhaltige Geldanlagen (FNG)

forum-ng.org

Profawo

profawo.ch

Swiss Climate Foundation

klimastiftung.ch

Swiss Sustainable Finance (SSF)

sustainablefinance.ch

The Global Impact Investing Network (GIIN)

thegiin.org

The Montréal Carbon Pledge

montrealpledge.org

TONIIC – The Global Action Community for Impact Investors

toniic.com (until February 2019)

UN Global Compact

unglobalcompact.org

UN Principles for Responsible Investment (UN PRI)

unpri.org

Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (VfU)

vfu.de



Report profile

The LGT sustainability report has been published every other year since 2012. This report, the fourth of its kind, documents the sustainability performance for the 2017 and 2018 financial years and, unless stated otherwise, relates to LGT Group. Each financial year begins on 1 January and ends on 31 December. The structure of this report is based on the internationally recognized guidelines of the Global Reporting Initiative (GRI).

The key performance indicators listed in the report were mainly collected from data available to the whole Group. Location-specific key performance indicators, in particular environmental data, were prepared by the local contacts for the relevant departments. There are comparative values from the previous periods for most of the data.

The key performance indicators are based on information about LGT's locations in Basel, Bendorf, Dubai, Geneva, Hong Kong, London, Lugano, Pfäffikon, Singapore, Vienna and Zurich. Not all information is available for all locations. For this reason, the missing data for the various indicators were extrapolated based on the information actually available. Specifically, data were available in the various areas to the following degrees: water 66 percent, heating and cooling energy 66 percent, waste 69 percent, electricity 70 percent, flight data 82 percent, paper 90 percent.

The consolidation framework for the key performance indicators has been designed in such a way that data from locations with similar business models and national standards formed the basis for the projections. The VfU's (German association Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V.) standard for environmental reporting of 9 April 2018, forms the basis for the calculation of emission values for the 2017 and 2018 reporting years.



The improved data situation has led to various figures for 2017 being adjusted retrospectively. For Zurich, assumptions were made for 2018 with regard to building operations (shared electricity, refuse, paper/cardboard, water/wastewater, heating/cooling), which will be corrected retroactively once the actual figures are available. A distinction was also made for the first time between business and economy flights for 2017 and 2018 in line with the VfU's environmental report (dated 9 April 2018).

The report can be downloaded from www.lgt.com as a PDF file. The guidelines of the Global Reporting Initiative can be downloaded from www.globalreporting.org.

This report contains forward-looking statements based on expectations and assumptions. Various factors may cause the actual results to deviate from the estimates given here.



Refutura FSC® matt, ISO white 100, 100% recycled paper, CO₂ neutral, Blue Angel

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