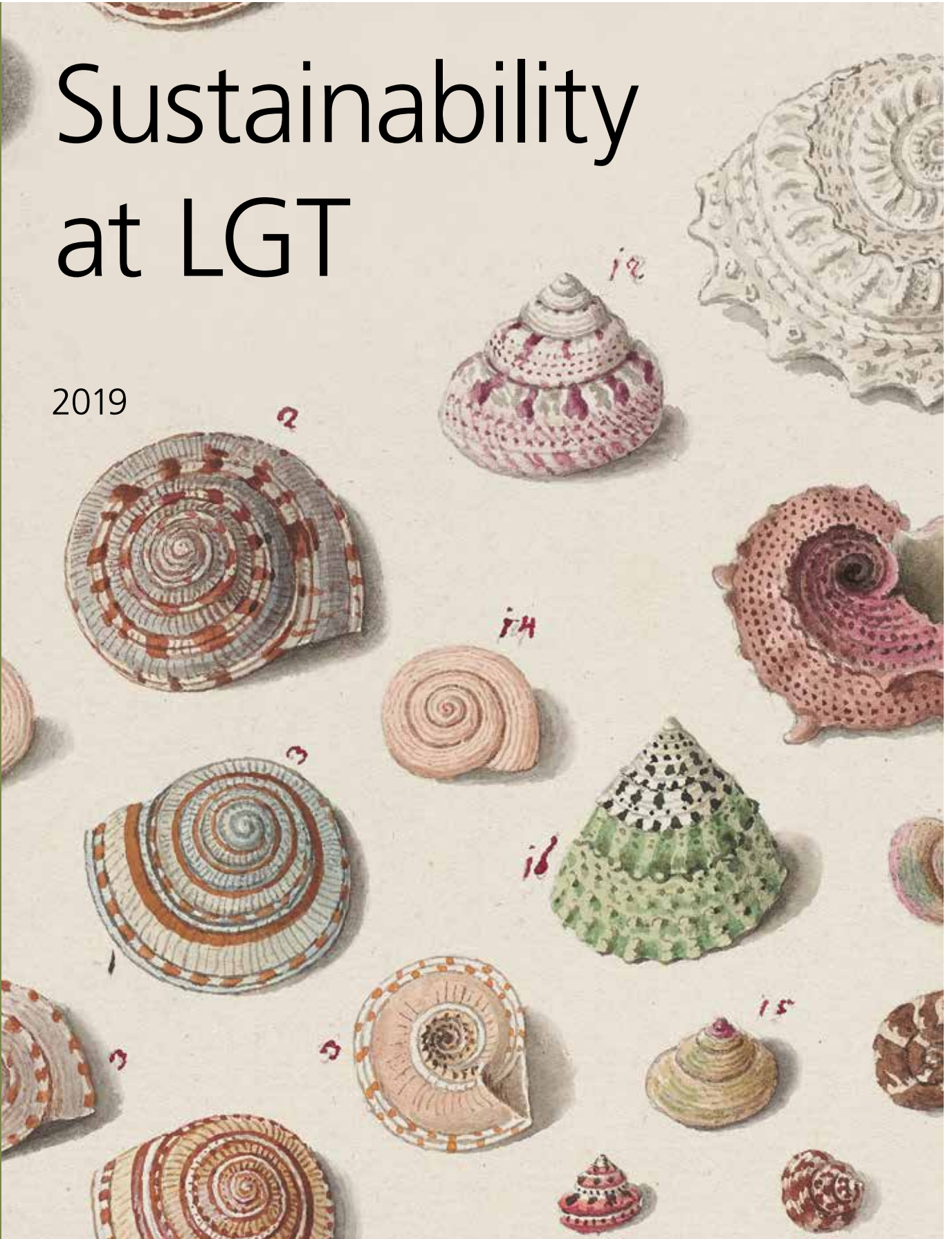


Sustainability at LGT

2019





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.

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www.liechtensteincollections.at

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“In light of the major environmental and social problems, all organizations, but also all private individuals, should scrutinize their goals and behavior to date and adjust these in such a way that they contribute to a more environmentally sustainable and socially inclusive development of our world.”

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

We all have to do our part



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

Dear Client

Our political and economic systems are no longer sustainable under the current modus operandi. The consequences clearly reflect this: economic challenges are growing, political and social polarization is increasing, and pollution is resulting in global warming, a rise in sea levels and the loss of biodiversity. It is high time that we integrate social and environmental aspects to a greater degree in our decision-making processes. And we all have to do our part: as private individuals, entrepreneurs and investors.

At LGT, we want to consciously integrate social and environmental targets into our strategy. Our goal is to create long-term value for all of our stakeholders: our clients, shareholders, employees, suppliers and society as a whole.

As a company, we align ourselves with the UN Principles for Responsible Investment and are committed to the principles of the UN Global Compact relating to human rights, labor standards, the environment and the fight against corruption. We provide transparency for our clients by assessing investments according to environmental, social and governance criteria and developing investment strategies that support the transformation to a more sustainable economy. We have also set ambitious targets for our company in terms of our operations and as an employer, which we aim to achieve by 2025.

Our aspiration is to be one of the leading private banks when it comes to sustainability. In this report we show you how we intend to achieve this.

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

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

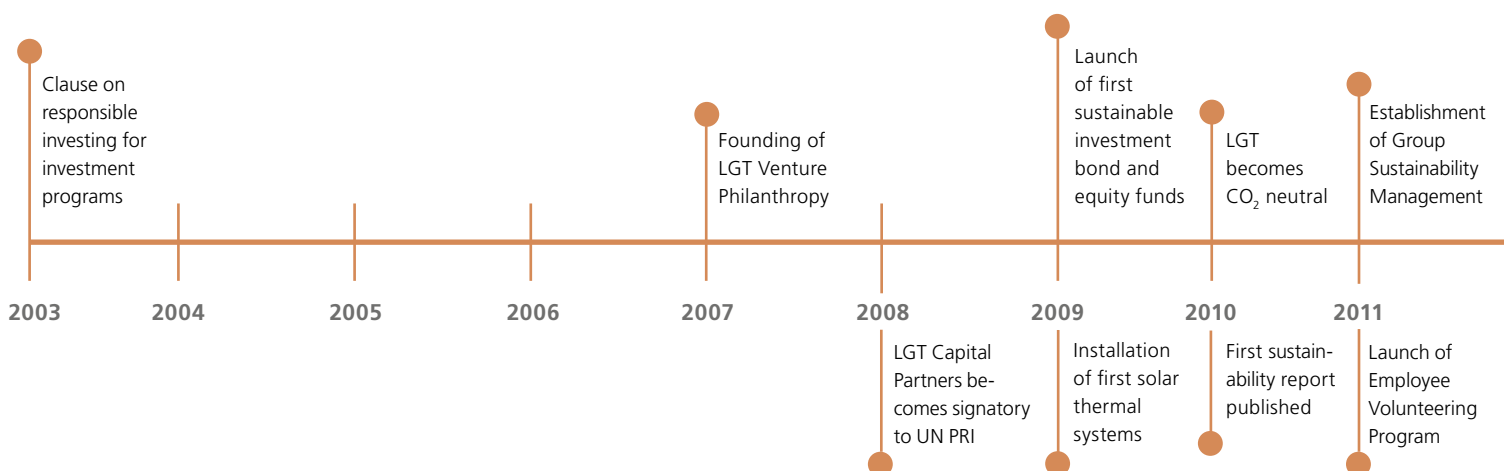
Still much room for improvement

Climate change and social imbalances are among the most pressing problems of our time. Resolving these problems will require herculean efforts. But the dangers have finally been recognized: in the face of increasing extreme weather phenomena and the resulting natural disasters – such as heat waves, floods, uncontrollable forest fires, melting polar ice caps and rising sea levels – climate change can no longer be denied. With the 2015 Paris Agreement, the UN member states committed to the goal of limiting global warming to less than two degrees Celsius. In the same year, the UN adopted its Sustainable Development Goals (SDGs). They link together the fight against poverty and the promotion of sustainable development and are to be achieved by 2030.

But setting goals is only a first step. It is the measures that emerge from these goals that are crucial. So far, the efforts being made are not bearing fruit. Instead of decreasing, CO₂ emissions have continued to rise since the Paris Agreement came into force. And based on the measures that countries have announced so far, the earth will likely warm by three to four degrees by 2050 instead of the envisioned 1.5 degrees – with serious and as yet unforeseeable consequences for humankind.

But progress is being made – not least due to increasing pressure from the general public: in November 2019, the European Parliament declared a climate emergency. One month later, the European Commission presented its “European Green Deal”, a self-imposed commitment to make Europe the world’s first climate-neutral continent. Switzerland decided to reduce its net greenhouse gas emissions to zero by 2050. Other countries are following suit and have pledged to decarbonize by 2050. In 2016, China formulated its “Guidelines for Establishing the Green Financial System”, which are a road-map for the green transformation of the Chinese domestic economy.

Action is also being taken in business and finance. One important initiative, for example, is the Institutional Investors Group on Climate Change (IIGCC), a European body in which investors work together to protect the climate and promote a low-carbon future. The financial sector in particular has the ability to make a big difference. As an intermediary between investors and capital-seeking companies, countries and organizations, it can help channel investment capital into sustainable projects. In doing so, it makes an important contribution on the path to a more sustainable world.



Sustainable in all areas

LGT also supports the UN's Sustainable Development Goals, and we strive to define and implement effective measures in all areas of our organization. Long-term and sustainable thinking

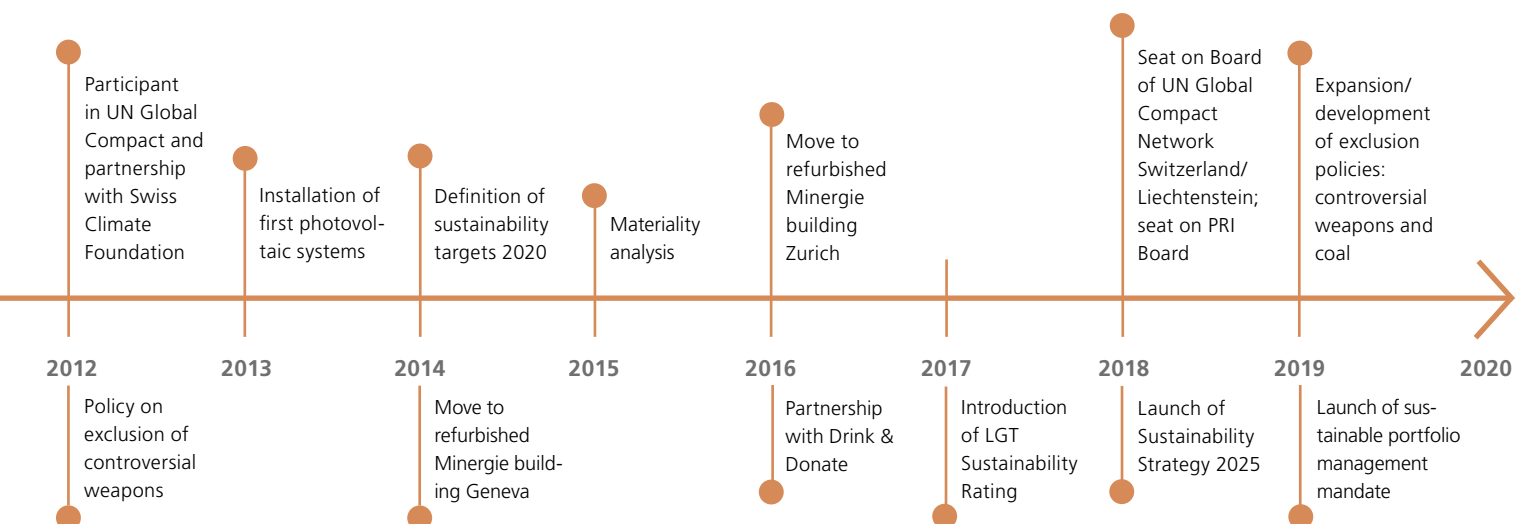
and actions have always been core characteristics of our company. For over a decade now, we have been working on making our company more sustainable.



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

With our Sustainability Strategy 2025, we aim to further integrate sustainability into all areas of our business and across our entire product range. In doing so, we want to create value

for all of our stakeholders: our clients, owner, employees as well as society and the environment.



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 significantly reduce our environmental footprint.

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.

As part of our strategy, we have identified eight SDGs to which we can actively contribute: SDG 3, 5, 7, 8, 10, 12, 13 and 17.

During the 2019 reporting year, we focused in particular on SDG 7 (affordable and clean energy), as well as SDG 13 (measures for climate protection). Various committees in the individual regions developed initiatives that can help us achieve these goals. We also aim to follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) released in June 2017.

Sustainable Development Goals

The 17 Sustainable Development Goals were adopted by 193 United Nations member states in September 2015. The SDGs mark the first time that poverty reduction and sustainability have been linked together in this way. They aim to improve the situation of humans and the environment in many areas by 2030: to achieve the SDGs, an estimated USD 5 to 7 trillion per year will be needed by 2030.

Shift away from investments in coal

A key measure in this context is LGT's new coal policy, which was implemented at the end of 2019. We are convinced that a shift away from coal is urgently necessary in order to limit global warming. Starting from the beginning of 2020, companies involved in producing coal to generate power will therefore be excluded from LGT's investment universe group-wide if their revenues from coal-related activities

exceed five percent of their total revenues or if they produce more than one percent of the global annual quantity of coal used for energy generation. We will also exclude utilities with a high carbon intensity. The policy will apply to the entire LGT Group and pertains to LGT's trading book, all LGT funds as well as mandates managed by LGT. External asset managers who manage mandates for LGT will be encouraged to apply similar standards.



Starting from the beginning of 2020, LGT will introduce a group-wide policy that excludes investments in companies involved in the production of coal to generate power.

Sustainable investment opportunities



Andrea Ferch, Lukas Frey, Baiyun Chen and Jürg Bless (from left to right) are responsible for LGT's sustainable portfolio management mandates.

At LGT, we can make a significant contribution to achieving the SDGs above all by aligning our core business – private banking and asset management – in a way that is more sustainable. On the one hand, we can do this by helping our clients make their investment portfolios more sustainable. And on the other hand, this can be achieved by investing the money entrusted to us by private and institutional investors as sustainably as possible. Our goal is to become a leading provider of sustainable investment solutions by 2025.

Exclusion of non-sustainable investments

We began to combine good financial returns with positive environmental and social objectives in our investment programs and portfolio management early on. Since 2003, for example, a clause on responsible investing has been a permanent feature of many LGT investment programs. This enables us to systematically exclude investments with significant environmental, social and governance (ESG) risks.

Furthermore, the Group does not invest in companies involved in the manufacture or trade of controversial weapons such as nuclear weapons, landmines, cluster bombs, biological and chemical weapons, or white phosphorus and uranium munition. Also excluded from our investment universe are companies engaged in coal production for power generation and utilities with a high carbon intensity.

We have also decided to exclude unconventional oil and gas production activities from our sustainable investment funds due to their severe climatic, environmental and social risks. Unconventional production comprises the extraction of oil and gas from tar/oil sands, shale oil, shale gas and Arctic drilling. In the area of conventional oil and gas production, we will limit our investments to companies that are firmly committed to the energy transition, generate only a small amount of revenues from oil and gas production, and have a significant proportion of their energy reserves in natural gas.



LGT has defined a number of group-wide exclusion criteria for its investments. E.g. it does not invest in companies involved in the manufacture and trade of controversial weapons such as landmines.

Sustainability funds

In 2009, we launched our sustainable equity and bond funds. When making investment decisions for these funds, we exclude companies with controversial activities (such as pornography, gambling, weapons, nuclear power production, tobacco, child labor). For these funds, we select securities issued by companies, organizations and countries that stand out in terms of environmental and social criteria and their corporate governance, and that generate long-term financial value. Our range of sustainable equity funds comprises actively managed equity portfolios in various currencies that invest primarily in companies that operate globally. Our sustainable bond funds are also available in various currencies, are actively managed and invest globally in a broadly diversified range of money market instruments and bonds issued by the private and public sectors.

Sustainable wealth management

Since 2019, LGT in Liechtenstein, Switzerland and Austria has also offered actively managed portfolio management solutions with a focus on sustainability. Clients can choose from three different risk-reward profiles that are available in Swiss francs, euro and US dollars. When selecting investments, the portfolio managers pursue a best-in-class approach and focus on securities with a four or five-star LGT Sustainability Rating (see page 13). Socially or environmentally controversial companies and countries are excluded. When selecting equities, the portfolio managers also make sure that the companies have the lowest possible environmental footprint compared to their competitors – for example, low waste generation or low water consumption.

Sustainable Model Portfolio Service

In the UK, financial advisor clients of LGT Vestra have had access to the Sustainable Model Portfolio Service, an investment solution based on the philosophy of sustainable economic growth, since 2018. For this solution, LGT Vestra systematically excludes ESG risks and invests in sustainability-oriented companies – companies that have implemented a high level of sustainability in their operations and that have a positive impact through their business. For the Sustainable Model Portfolio Service, LGT Vestra invests in specialized, actively managed collective funds across various asset classes, regions and sectors.





Transparency is key

In recent years, a sharp rise has been seen in the share of sustainable investments. According to the “2018 Global Sustainable Investment Review” published by the Global Sustainable Investment Alliance, sustainable assets in the five major markets reached a volume of USD 30.7 trillion, which corresponds to an increase of 34 percent within two years. However, it is still mainly professional investors who are increasing their share of sustainable investments. But private investors are following suit: more and more people want to make a contribution to sustainable development through their investments.

LGT Sustainability Rating

One reason for the restraint so far is that it remains difficult for private investors to gauge how “green” an investment really is. Transparency is therefore needed to help private investors make their portfolio more socially or environmentally friendly. LGT introduced the LGT Sustainability Rating to this end in 2017. This rating shows clients the sustainability quality of both their individual equities, bonds and funds and their overall portfolio. With the help of a scale ranging from

one to five stars, investors see at a glance how sustainably invested they are. In 2018, the LGT Sustainability Rating was also integrated into the LGT SmartBanking online platform in Europe.

Events and meetings

The fact that awareness of sustainable investing is increasing is also reflected in the active interest shown by our clients. During the reporting year, we were able to shine the spotlight on sustainable investing at various events and meetings and provide our clients with comprehensive information on the subject. The events included information events for private banking clients in Switzerland and Liechtenstein as well as investment conferences in Hong Kong and Singapore with over 300 participants.

Sustainable investment ideas

We also keep our relationship managers up to date on sustainability matters so they can provide their clients with knowledgeable advice in this area. LGT’s investment specialists regularly provide relationship managers with concrete sustainable investment ideas for their clients.

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



Quantifying sustainability quality

In 2009, when we launched our sustainable equity and bond funds, the concept of sustainability was not yet widespread in the financial industry. Obtaining reliable data for ESG analyses – i.e. the in-depth analysis of sustainability criteria – thus proved to be a challenge. LGT Capital Partners, our asset management arm, therefore developed a proprietary analysis tool – the LGT ESG Cockpit – to this end.

Comprehensive analyses with the ESG Cockpit

The ESG Cockpit assesses the sustainability quality of companies and countries based on ESG criteria. It uses a wide range of sustainability data and indicators supplied by specialist providers such as Refinitiv and Inrate. The Cockpit makes it possible to conduct tailored assessments according to a broad range of requirements. For example, when evaluating companies, the set of indicators used and their weighting is adjusted to the sector in which the company operates. This is important because, for example, CO₂ emissions are an important indicator for utilities, but play a rather minor role for financial services companies. The ESG Cockpit also gathers data for environmental performance in areas such as greenhouse gas emissions. Since these figures are available for both individual investments and for entire portfolios, we are able to calculate the CO₂ quality of our investment portfolios. LGT uses the ESG Cockpit to analyze over 6500 companies and around 200 countries. Since its launch in 2009, the ESG Cockpit and its rating method have been further developed on an ongoing basis. For example, data on companies' controversial activities have been included in the rating since 2018. To do this, we draw on reports from more than 80 000 sources such as the media and other publicly accessible information in more than 20 languages. We currently manage almost CHF 9 billion in sustainable funds and mandates.

Promoting sustainable development through investments

Since 2019, LGT Capital Partners has also been able to use the ESG Cockpit to determine and illustrate the influence of companies on the UN's Sustainable Development Goals (SDGs).

The products and services of companies included in the ESG Cockpit are divided into more than 300 categories. For the purposes of measurement, the contribution of the corresponding product and service categories to the respective SDGs is evaluated using a numerical score. For example, the production of renewable energies is given the maximum possible positive score of +10 in its contribution to climate protection (SDG 13), while power generation from coal is given the lowest score of -10. For a company, the contributions of all relevant categories are then weighted per SDG and added up together with their respective share of revenues. This provides an overall footprint of all contributions to the SDGs that a company achieves with the products and services it offers.

The aggregation of this data for an entire portfolio enables investors to see the impact of their overall portfolio on the Sustainable Development Goals.

LGT Capital Partners has been publishing an ESG Report since 2013. The report contains the results of our annual surveys of our hedge fund, long-only and private equity managers on their activities in the areas of environment, social and corporate governance. With this survey, we aim to illustrate to our investors the extent to which managers integrate ESG factors into their investment processes, ownership guidelines and reporting practices. Further information

lgtcp.com/en/news-and-publications/publications

Impact investing and philanthropy

LGT Lightstone focuses on impact investing, a fairly new form of sustainable investing that has been gaining momentum globally for several years now. It consists of investing in companies that not only generate profits, but also make a quantifiable contribution to sustainable development. These are often start-ups, e.g. in the IT, medical or biotech sectors, that are developing innovative technological solutions and business ideas for social or environmental problems. But good ideas aren't enough: these start-ups need non-risk averse investors such as LGT Lightstone that finance their development costs and support them in their growth, not only with money, but also with entrepreneurial know-how and their network.

LGT Lightstone focuses on investments in companies in Europe, Asia, Latin America and Africa. Through a multi-stage and very rigorous investment process, potential investments are examined not only in terms of their economic viability, but also key factors such as demographic developments in the target market, the role of capital and the company's ability to have a sustainable, quantifiable positive impact. LGT Lightstone invests along the entire financing spectrum (from early stage to later stage).

LGT Venture Philanthropy

LGT Venture Philanthropy (LGT VP), which was founded by H.S.H. Prince Max von und zu Liechtenstein in 2007, focuses exclusively on the financial promotion of non-profit-oriented organizations with significant growth potential and a high social or environmental impact. This donations-financed support does not target a financial return. LGT VP's portfolio organizations are primarily active in the areas of education, health, protection of the environment and nature conservation. In terms of regions, LGT VP focuses on Africa and India.



Last Mile Health, an LGT VP portfolio organization, provides medical care to people in remote villages in Liberia.

In addition to supporting its portfolio organizations financially, LGT VP provides them with operational expertise and access to networks. The LGT Impact Fellowship Program also aims to strengthen the organizational capacity of the portfolio organizations. LGT Impact Fellows are proven experts with in-depth experience in their area of expertise. The fellows work with the local portfolio organizations or LGT VP teams for a period of one year.

Since 2007, LGT VP has supported more than 50 organizations, dispatched 159 Fellows and, as at the end of 2019, had invested or donated a total of USD 98.1 million. It currently actively supports 17 organizations. In 2018, LGT VP reached around 5.7 million disadvantaged people through its global portfolio.

“Seeing your portfolio through a new lens”

Phoebe Stone, Head of Sustainable Investing at LGT Vestra, wants to make her clients proud of their investments.

As the devastating effects of climate change become more apparent and with information on its causes and consequences more readily available than ever before, people all around the world are asking themselves what they can do to help protect our environment. The majority of us are aware that using less electricity, recycling waste or eating less meat can contribute to resolving environmental and social issues. But what a smaller, ever increasing number of people is realizing is that there is a different, less obvious, yet more impactful way of having a positive environmental and social impact: investing sustainably.

Phoebe Stone launched and leads LGT Vestra’s Sustainable Model Portfolio Service in London. “Five years ago, very few clients were conscious of the potential that lies dormant within their investment decisions,” she remembers. However, they were starting to look for opportunities to generate more than just a financial return with their money. “They were engaged with the issues that our planet was – and still is – facing and thinking about the type of world they wanted to leave behind,” Stone explains. Financial advisors were increasingly looking to offer ways for their clients to invest in socially and environmentally impactful companies. However, sustainable portfolio offerings were still rare, but Stone believed that there was likely much more untapped demand for sustainable portfolios lying beneath the surface.

More than financial objectives

Stone believed that interest could rise dramatically if she could help make two things happen: firstly, encourage conversations with clients about the possibility that their portfolios could contribute from a social and environmental perspective, and secondly, reassure them that

there was no need to compromise on financial return or risk. Stone adds: “My goal was to embark on a major education exercise around the subject of sustainable investing for both private clients and for financial advisors. I believed that financial advisors should and could start to have the confidence to talk to their clients not just about the financial objectives for their portfolio, but also about the positive impact of their investments.”

Informing clients about sustainable investing often completely reframes the way clients think about their wealth. It helps to demystify the investment management industry and allows clients to build a more engaged and positive relationship with their assets. Stone observes: “A portfolio



LGT Vestra’s headquarters in the heart of London



Phoebe Stone launched and is responsible for the Sustainable Model Portfolio Service at LGT Vestra. She wants to give financial advisors the confidence to talk to their clients not only about their financial goals, but also the positive impact of their investments.

can be transformed from something that is effectively handed over to a professional to generate a specific financial outcome into a collection of investments that a client starts to understand the impact of and feels proud to be investing in.”

Clearly defined thresholds

But what exactly does sustainable investing mean? Stone hears that question very often. Building the investment and fund selection process was a complex task as sustainability can be interpreted in a variety of ways. “It’s made trickier by the fact that there is no generally accepted terminology. SRI (socially responsible investing), ESG (environmental, social, governance), sustainability investing, impact investing, and values-based investing are often used interchangeably,” she explains. Before carving out the investment process, Stone therefore had to define the term “sustainability” and capture the multiple views from senior investment professionals from across the business to ensure a consistent understanding of the approach.

Today, each of the funds selected for LGT Vestra’s Sustainable Model Portfolios align with one of the sustainable pillars that Stone’s team has developed and defined:

healthcare and societal well-being, education and training, resources and the circular economy and climate and environmental action. The dedicated sustainable research team selects funds by applying a Morningstar product involvement screen as well as conducting additional comprehensive quantitative and qualitative analysis. The analysis process must be extremely robust to ensure high levels of sustainability throughout. Many of the funds held in the portfolios are aligned by external managers with the UN Sustainable Development Goals and look to avoid activities connected to, among others, controversial weapons, thermal coal and tobacco.

Once the portfolios had been launched, the demand for sustainable investment solutions surpassed LGT Vestra’s expectations. Stone and her team have seen the interest and excitement around sustainable investing across the UK gather momentum. This has translated into strong inflows and high levels of engagement from clients about sustainability. She concludes: “What has been fantastic is the response we have had – both from advisors who are delighted to have an impactful proposition to talk to clients about, and from clients who now see their investment portfolio through a new lens.”

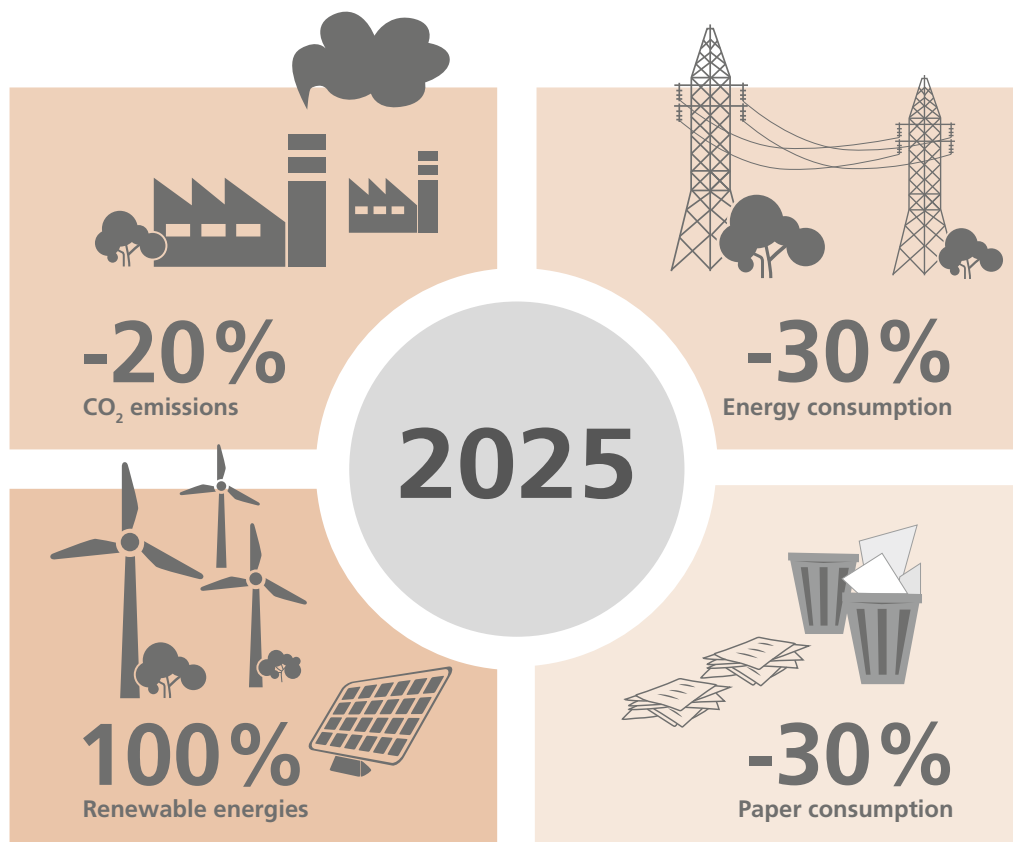


Sustainable operations

In addition to its investment-related efforts, LGT has for many years been implementing prudent environmental and operations management and has already reached a number of milestones in this area. With the Sustainability Strategy 2025, ambitious group-wide targets have been set in the areas of mobility, facility management, procurement, digitalization, energy consumption and CO₂ emissions.

Every location develops its own roadmap to determine which specific measures can be implemented locally in order to jointly achieve the Group's targets. Other measures are defined and implemented at Group level.

Group-wide operational sustainability targets by 2025



CO₂ compensation

We aim to reduce our CO₂ emissions to the greatest extent possible. Since 2010, we have been offsetting unavoidable emissions by purchasing CO₂ certificates. Since 2019, we have been supporting a wind power project in Rajasthan, India, consisting of 15 wind turbines with a capacity of 1.5 MW each. Around 55 000 people receive clean energy from these turbines, thus enabling them to reduce their dependence on fossil fuels. The project creates new local employment opportunities and helps to reduce poverty in the region.

Mobility management

In order to reduce CO₂ emissions arising from private transport, we actively encourage our employees to use public transportation through measures such as:

- financial incentives for using alternative mobility solutions in Switzerland and Liechtenstein
- free safety checks for bicycles in Liechtenstein
- charging stations for electric cars – for clients and employees in Switzerland and Liechtenstein
- initiatives like Bike to Work

The Swiss Climate Foundation

Since 2012, LGT has been a partner of the Swiss Climate Foundation, to which it donates its net refunds from the CO₂ tax. The Climate Foundation promotes innovation and energy efficiency projects at small and medium-sized enterprises that contribute to climate protection in Switzerland and Liechtenstein. Since its establishment in 2008, the foundation has invested CHF 24 million in more than 1500 SMEs in Switzerland and Liechtenstein. In 2019 alone, the foundation invested CHF 4.2 million in climate protection projects.

Collaboration with suppliers

LGT also expects its suppliers to operate sustainably. All suppliers must sign the LGT Supplier Code of Conduct, which is an integral part of their contract, and thus commit to adhering to important standards and conventions. The code focuses on ethics (integrity, fair competition), health and safety (occupational safety), the environment (protection of the environment, consumption of resources) and management (risk management, documentation). We also regularly audit our suppliers with regard to sustainability and thus verify that they comply with the standards we expect from them.



reCIRCLE is a project idea supported by the Swiss Climate Foundation. The reCIRCLE concept was also implemented at LGT in Liechtenstein: instead of disposable plastic containers, the staff restaurant offers reusable takeaway boxes in exchange for a CHF 10 deposit. After the food has been eaten, the box can either be returned or reused for the next meal.

Sustainable facility management

LGT's facility management is also geared towards sustainability. All new buildings are built in accordance with Leader-

ship in Energy and Environmental Design (LEED) or equivalent standards. The maintenance of existing buildings is continuously optimized in terms of energy efficiency.



In Vaduz, a temporary building is currently being constructed that will enable us to quickly create the space that is urgently needed at our headquarters. The building is being built in line with the Minergie-A-P-ECO standard and therefore meets the highest standards in terms of sustainable energy consumption and construction.



Starting in 2021, LGT will be expanding its headquarters in Vaduz. During the project selection process, particular emphasis was placed on sustainability. The new building is to achieve the Minergie-P-ECO standard and LEED Gold certification.



In 2019, LGT was awarded the Stiftung Natur & Wirtschaft label for the exemplary design and integration of nature into the company grounds in Benden (FL). Grounds designed in a way that integrates nature support indigenous biodiversity and thus make an important contribution to plant species diversity.



Starting from the beginning of 2020, LGT's electricity needs in Austria will be exclusively covered by renewable energies.



Long-term employee development



The 18-month Graduate Program offers master's graduates an exciting start in the world of banking and finance. After successful completion, participants in the program during the year under review will assume roles, among others, as relationship managers, project managers, marketing managers, trading officers and HR specialists at LGT.

Happy and healthy employees are the most important asset of any company. We strive to be a top employer for our staff and to offer a good work environment. The fact that we succeed in this is substantiated by the various accolades we have received from renowned certification institutes in recent years. For example, LGT Bank Switzerland ranked third last year in the "Great Place to Work 2019" rating.

Basic and further training

Ongoing employee development is an important success factor in being a top employer. During the year under review, LGT invested over CHF 7 million in basic and further training initiatives. This corresponds to CHF 2084 per employee in 2019. In-house further training and external courses cover both personal and professional development. The programs offered by the LGT Academy at Schloss Freudenfels, which focus primarily on participants' personal development, are

very popular. In 2019, 295 employees attended 13 courses at the academy (2018: 271 employees, twelve courses).

Fostering talent

Fostering the development of junior staff is also something we attach great importance to. We offer young people of different ages and education levels a hands-on introduction to professional life, for example through an apprenticeship in IT or a commercial apprenticeship, an internship or our Graduate Program for master's degree graduates.

We also promote young talents outside of the company. Through the LGT University Scholarship, we award two scholarships every year to students pursuing a master's degree in finance at the University of Liechtenstein. And since 2019, we have been supporting the Energy and Climate Workshop in cooperation with myclimate, an educational project in Liech-

tenstein that aims to sensitize and help apprentices engage in sustainability and climate protection.

Health management

The LGT Vitality health program consists of numerous initiatives and offerings to strengthen the physical well-being of LGT employees. The initiative focuses on attitude, nutrition, movement and recovery. Employees can, for example, enjoy free organic fruit, benefit from many discounts at nearby sports facilities and attend presentations where they receive information on health and personality-related matters. In Liechtenstein, the LGT Sportclub offers a series of sporting activities such as sports weekends, cross-country skiing courses, ski trips, group participation in running events and a course to prepare for the LGT Alpine Marathon.

Diversity and equal opportunities

LGT adheres to a strict system of values as well as ethical and professional standards, which are set out in the LGT Code of Conduct. We offer equal opportunities for employment and promotion irrespective of gender, age, religion, nationality, ethnic background, sexual orientation, marital and family status, physical abilities or other characteristics. In 2019, people from over 69 nations worked at LGT. Competence and experience are important to us, which is why we deliberately hire people over 50. In 2019, this group accounted for 6.3 percent of new hires. We also offer flexible retirement. We are convinced that a diverse workforce makes our company more successful. We therefore initiated a group-wide diversity strategy in 2019 containing specific goals, which will make LGT even more diverse in the future. In 2019, a pilot project was launched to integrate people on the autism spectrum. Two disabled IT consultants from the company auticon are currently working in various project teams in the areas of training and test automation. This cooperation will continue in 2020.



LGT Switzerland's designation as a "Great Place to Work" was met with much enthusiasm.

Committed employees



As part of the Graduate Program, David Becker (right) completed his Social Week at Velafrica, a non-profit organization that fixes discarded bicycles and sends them to Africa.

Assuming responsibility for society and the environment is an important part of our corporate culture. Many of our employees at our various locations who identify with our values embody this culture by volunteering in a number of different areas.

Employee Volunteering Program

The Employee Volunteering Program (EVP) offers LGT employees concrete volunteering opportunities. The initiatives are usually organized locally and benefit less privileged people or the environment. In Switzerland and Liechtenstein, for example, computer courses were conducted for people with disabilities, employees lent a hand at a barbeque for homeless people, collected garbage from streets and pathways, helped protect forest ecosystems through mountain forest projects, removed invasive plants and repaired discarded bicycles that were then sent to Africa. As part of their training, the eleven Graduate

Program participants also completed a volunteering week at a social organization of their choice.

In addition to volunteering opportunities for which no expert knowledge is required, we would like to become more involved in skills-based volunteering, i.e. social programs to which employees bring their expertise. The EVP strategy was broadened accordingly in 2019 and a pilot project will be launched in 2020.

Volunteering in the UK

In the UK, LGT Vestra organized a big soup market for the second consecutive year. Twenty of the best London restaurants donated over 800 liters of soup, which was sold in Paternoster Square by employees. The proceeds totaling over GBP 15 000 were donated to Centrepoin, an organization that supports homeless people in London. LGT Vestra also held dodgeball competitions in London, Jersey and Bristol, raising over GBP 20 000 for The Prince's Trust, which helps young people who are experiencing difficulties. And over 20 employees of LGT Vestra were involved in the Skills Builder program that prepares young people for the challenges of entering the workforce.

Support in Asia

LGT Bank Hong Kong has been the main sponsor of the Tung Wah Group Hospital Charity Challenge Race, which raises funds for the redevelopment of the biggest hospital in Hong Kong, since its launch. Of the over 1000 participants in 2019, 95 were LGT employees. LGT Bank Singapore has been a partner of AWWA (Asian Women's Welfare Association) for many years. AWWA helps families in need who for various reasons



LGT Vestra's second big soup market in London raised GBP 15 000 for Centrepoint, an organization that helps homeless people.

are dealing with financial or other challenges. In 2019, LGT in Singapore once again organized a charity Christmas concert featuring the LGT Young Soloists. LGT employees also accompanied families on an excursion and organized an art jam session for children and young people.

Volunteering in Austria

In Austria, LGT continued to support Teach for Austria, which advocates equal opportunities in the education system and supports children and young people from low-income and educationally disadvantaged families. As part of this support, Meinhard Platzer, Co-CEO LGT Bank Österreich, visited a school class and provided the students with information about the financial sector and a career in banking. In addition to this, LGT employees in Salzburg cooked a meal for 50 homeless people at Caritas Salzburg's Haus Franziskus.

Drink tap water, donate drinking water

LGT has been working with Drink & Donate since 2016. This charitable organization supports water projects around the world. Every year, we donate CHF 130 000 to a water project; LGT employees have a say in which projects will be supported. In 2019, the donation went to a drinking water purification project in hospitals and schools in Tanzania. Because drinking tap water helps protect the environment, LGT employees are encouraged to forego drinking water in plastic bottles and instead drink tap water. All employees receive a reusable water bottle. Such bottles are also utilized in client areas.



With the help of the minimally invasive operating system, surgeons will be able to operate more precisely and efficiently in the future – at a lower cost.

A win-win-win situation

Greater precision, less expensive and more flexible: CMR Surgical's robotic system for minimally invasive surgery is a milestone in the history of medicine. LGT is invested in the company.

There is something surreal about the scene: there is no hustle and bustle in the test operating room, no surgeons or assistants surround the patient. Nobody asks for instruments or gives instructions. Instead, there is silence. Only the whirring of three robotic arms and a camera arm can be heard. They are positioned around the operating table and move smoothly and evenly. Next to the table, a surgeon sits in front of a box that looks like an oversized game console. Despite having worked for hours,

the surgeon appears relaxed and at the same time highly concentrated. He is practicing for an operation using a new technology.

On the verge of a breakthrough

"We wanted to develop a system for minimally invasive surgery that was versatile, portable and cost-effective," explains Mark Slack, Chief Medical Officer CMR Surgical. Founded in 2014, the company has developed the Versius

robotic surgical system – and most recently made headlines in February when the UK’s second largest health authority decided to approve the first human surgeries using the new system. The Western General Hospital in Edinburgh was the first hospital in Europe to use Versius as part of daily operations. Other hospitals have followed suit,

“The Versius system has disruptive potential.”

Per Vegard Nerseth, CEO CMR Surgical

and the Australian health authorities recently also gave the technology the green light.

This means that Versius has successfully entered the market – and demand is expected to increase significantly. According to the calculations of global market research provider Accuray Research, global annual sales for robot-assisted minimally invasive surgery could rise from the current level of around USD 4 billion to an estimated USD 20 billion by 2025.

Use of robotics nothing new per se

Minimally invasive surgery is also known as keyhole surgery. These two terms are used to describe surgical procedures with the smallest possible damage to tissue. This form of surgery has a number of advantages over open surgery, including the reduction of infection rates and pain and scarring. The use of robotics in keyhole surgery is not new. However, the solutions to date have been very expensive and inflexible. The Versius system is expected to help the technology achieve a widespread breakthrough. This is not only due to its lower price, but above all to the system’s flexibility: the arms are mounted on a single trolley and can be individually repositioned. This makes it easier to move the device between operating rooms.

Beneficial for everyone involved

Thanks to its modular design and the short amount of time required to set up the system, CMR Surgical estimates that a Versius system can perform around 350 minimally invasive surgeries per year. This makes the technology extremely efficient. And since post-operative bed days for minimally invasive surgeries are significantly lower

compared to open surgeries, patients are also required to stay in hospital for much less time – an advantage for both patients and the hospital.

Doctors also benefit from this new support. Thanks to the three independent arms and a camera arm, the surgeon can imitate his or her own movements with the machine using 3D visualization and a unique instrument control system. On the one hand, this makes operations more precise, and on the other hand, long surgeries become less taxing thanks to the ergonomic working position, which in turn reduces stress and fatigue for the surgeon in charge.

LGT is convinced of important role of technology

The new technology is not only an advantage for patients, doctors and hospitals, but also for investors. As part of its impact investing program, LGT recognized the potential of the technology early on and has been on board with the innovative company since the first round of institutional financing. CMR has now completed three financing rounds. The last was the largest private financing round in the European medical sector. CMR Surgical currently employs over 400 people on four continents.

Per Vegard Nerseth, CEO CMR Surgical, has a clear explanation for the company’s financing success: “The Versius system has disruptive potential.” If the system achieves a breakthrough, it will be able to replace many open surgeries. The current rules in surgery would be rewritten – it’s a win-win-win situation for patients, clinics and doctors, but also for the investors involved. ◆

Impact investing

Impact investing refers to investments that not only have a positive impact on people and the environment, but also generate financial returns. Money is invested in companies that are profit-oriented, but at the same time solve global problems and achieve a quantifiable social and environmental impact. Impact investments can be made through corresponding bonds or funds, individual equities or through private equity and venture capital investments.

Dialog for greater sustainability

We are convinced that the only way to tackle problems such as climate change, social imbalances and political polarization is to address them collectively. LGT therefore engages in a regular dialog with a broad range of stakeholders – first and foremost with our clients, our owner and our employees. But we also actively discuss sustainability with the authorities and our suppliers, academia and representatives of civil society.

Further to this, we seek to advance sustainability through collaboration with various organizations, including as a:

- member of the Board of the Principles for Responsible Investment

- founding member and member of various working groups within the Swiss Sustainable Finance (SSF) association
- member of the Sustainable Finance Working Group of the European Banking Federation
- member of an expert group of the Liechtenstein Bankers Association
- founding donor of the Lebenswertes Liechtenstein foundation
- participant in the UN Global Compact
- member of the Board of the UN Global Compact Network Switzerland & Liechtenstein

Since 2012, LGT has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labor, the environment and anti-corruption. Through our sustainability report, we communicate annually on the progress we have made in implementing the Ten Principles.



LGT is committed to numerous international associations and organizations. Our most important memberships and partnerships are:



Think Tank

We also foster an active dialog within LGT. Our purposeful Think Tank regularly discusses current trends and developments. It consists of in-house experts and works on a project basis with external specialists and university representatives. It supports the LGT Sustainability Board in opinion-forming, provides expertise to the various sustainability committees and also helps in decision-making. In 2019, representatives of the Think Tank drafted a paper on climate change and developed the new coal policy.

Fighting slavery

The UN has set itself the goal of ending slavery by 2030 (one of the Agenda 2030 goals). The Principality of Liechtenstein wants to play an active role in this and has therefore set up a commission to combat modern slavery and human trafficking – the Liechtenstein Initiative – in which LGT is also represented. For one year, members of the governments of Liechtenstein, the Netherlands and Australia, as well as representatives of a wide range of authorities and companies, discussed the opportunities that exist in this area for the financial sector. The result, which was presented to the UN in September 2019, is the “Blueprint for Mobilizing Finance Against Slavery and Trafficking”. It defines five main objectives and, based on these, concrete measures for action. The goals include taking into account anti-slavery laws in compliance, creating transparency (e.g. in supply chains), using leverage (e.g. in lending), actively supporting victims (e.g. in restoring their creditworthiness) and using technological innovations.



Olivier de Perregaux, CFO LGT, believes the recommendations of the Liechtenstein Initiative provide important support for banks, regulators and the authorities in the fight against slavery.

LGT also supports the fight against slavery in its core business. The issue is already incorporated into the compliance guidelines. In addition, we are working on building out our processes in the area of “Know your customer” (KYC) and for adherence to anti-money laundering laws with relevant data. With the help of broader analyses, we can also actively influence capital flows in Asset Management.

Responsible corporate governance

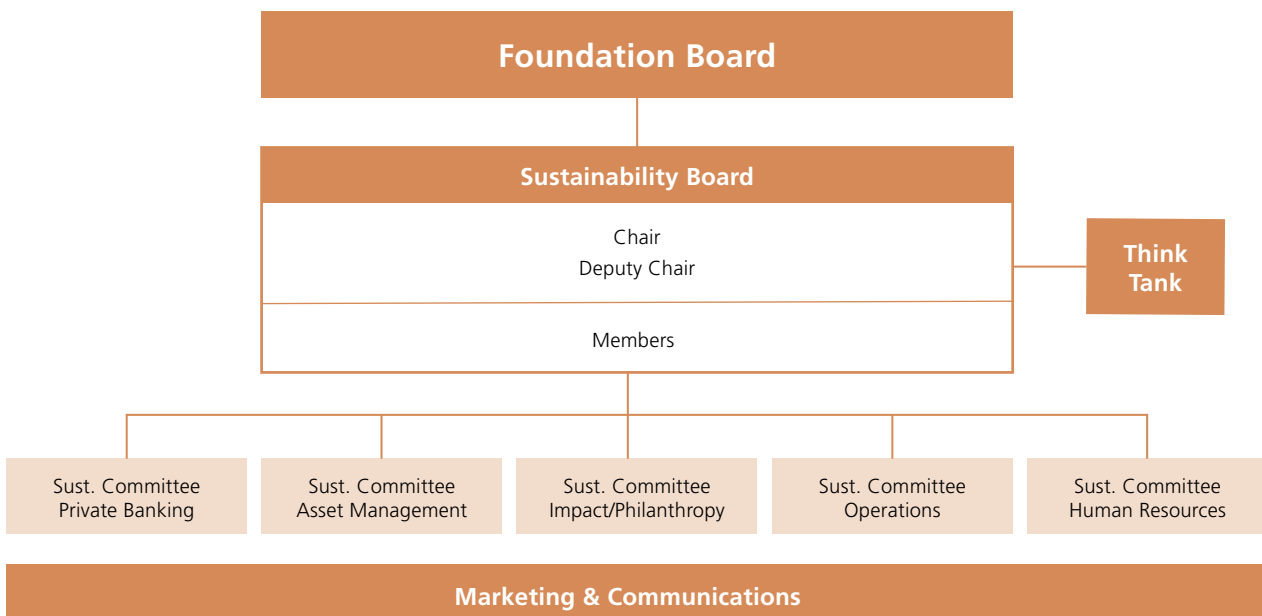
Responsible corporate governance is an indispensable prerequisite for maintaining and strengthening the trust of clients and employees, but also of our owner and other stakeholders. LGT is managed in accordance with the principles of the separation of powers (Foundation Board, Group Executive Committee, Executive Boards of the companies) and checks and balances. We support the fight against white-collar crime, money laundering, corruption, tax abuse and terrorism financing and have implemented extensive internal control and monitoring processes for this purpose.

The issue of sustainability is regularly on the agenda at meetings of the Executive Boards, Board of Directors and Founda-

tion Board. In this way, we ensure that sustainability is treated as a priority at all management levels and is incorporated into our business activities.

LGT Group’s entire senior management and various business areas are represented on the Sustainability Board, which is chaired by H.S.H. Prince Max von und zu Liechtenstein, CEO LGT. The Board sets the strategic direction and guiding principles for sustainability. Information about the progress made against the objectives is published regularly.

Clear governance structure thanks to broad-based LGT Sustainability Board



Report profile

From 2012 until 2019, the LGT Sustainability Report was published every other year. Since 2019, it is published annually. This report, the fifth of its kind, documents the sustainability performance for the 2019 financial year 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 for the whole Group. Location-specific key performance indicators, in particular environmental data, were prepared by the local contacts for the relevant departments. Comparative values from the previous periods exist for most of the data.

The key performance indicators are based on information about LGT's locations in Basel, Bendorf, Geneva, Hong Kong, London, Lugano, Pfäffikon, Singapore, Vienna, Vaduz 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 64 percent, heating and cooling energy 53 percent, waste 67 percent, electricity 78 percent, flight data 91 percent, paper 90 percent.

The VfU's (German association Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V.) standard for environmental reporting of 6 January 2020, forms the basis for the calculation of emission values for the 2019 reporting year.



Due to the improved data situation, slight adjustments were made to energy/material consumption and CO₂ emissions for 2018. For 2019, certain assumptions were made that will be corrected retrospectively with the effective figures. In our flight data, we have differentiated between business and economy flights since 2017.

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.

Key figures at a glance

		2019	2018	2017
Financial indicators				
Assets under administration	CHF m	227 892	198 243	201 782
Net new assets	CHF m	13 856	6 757	35 985
of which net new money	CHF m	13 856	6 757	17 684
of which through acquisition	CHF m	0	0	18 301
Total operating income	CHF m	1 818	1 676	1 537
Group profit	CHF m	308	314	283
Appropriation of Foundation earnings and dividends	CHF m	-145 ¹	-125	-150
Group equity capital	CHF m	4 619	4 112	4 113
Total assets	CHF m	49 438	43 444	41 893
Ratios				
Tier 1	%	19.9	17.6	18.8
Cost/income ratio	%	74.1	74.0	73.8
Liquidity coverage ratio	%	218.3	203.3	237.7
Ratings²				
Moody's		Aa2	Aa2	Aa2
Standard & Poor's		A+	A+	A+
Employees				
Number of employees (full-time equivalents)		3 532.9	3 282.8	3 069.4
Proportion of women in the total workforce	%	42.3	42.5	42.8
Proportion of female employees	%	46.8	47.2	47.8
Proportion of women in middle management	%	22.0	21.2	20.1
Proportion of women in senior management	%	15.4	15.4	16.4
Proportion of women on Executive Board	%	7.6	6.1	5.8
Number of part-time employees		419	396	373
Part-time employees, female	%	71.1	72.7	73.5
Part-time employees, male	%	28.9	27.3	26.5
Number of apprentices and bank entries at high school graduate level ³		32	30	32
Turnover rate	%	6.1	7.9	5.4
Number of new hires		492	489	777
Female	%	45.9	45.6	54.1
Male	%	54.1	54.4	45.9
Number of resignations		278	310	239
Female	%	48.9	50.3	50.2
Male	%	51.1	49.7	49.8
Average age	years	41.7	41.6	41.4
Training costs per employee	CHF	2 084	1 959	2 001

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

		2019 ²	2018 ³	2017
LGT's energy/material consumption and CO₂ emissions¹				
Total energy consumption	MWh	17 784	17 337	20 104
Electricity	MWh	11 652	12 269	14 143
Proportion of renewable	%	88.3	90.1	-
Heating/cooling	MWh	6 133	5 068	5 961
Proportion of renewable	%	14.4	11.2	12.6
Proportion of district heating/cooling	%	32.8	39.6	39.9
Paper consumption	tonnes	243	265	358
Proportion of 100% recycled paper	%	43.9	39.9	42.7
Waste	tonnes	391	397	390
Flight kilometers	km	31 536 763	31 248 270	25 671 351
Potable water	m ³	33 041	30 771	33 417
CO ₂ emissions ⁵	tonnes	7 992	7 651	6 482
Scope 1 (direct greenhouse gas emissions)	tonnes	641	495	-
Scope 2 (indirect energy-related greenhouse gas emissions)	tonnes	1 051	1 027	-
Scope 3 (other indirect greenhouse gas emissions)	tonnes	6 300	6 129	-
Energy/material consumption and CO₂ emissions per FTE⁴				
Energy consumption	kWh/FTE	5 034	5 281	6 551
Electricity	kWh/FTE	3 298	3 737	4 608
Heating/cooling	kWh/FTE	1 736	1 544	1 942
Paper consumption	kg/FTE	69	81	117
Waste	kg/FTE	111	121	127
Flight kilometers	km/FTE	8 927	9 519	8 365
Potable water	m ³ /FTE	9.4	9.4	10.9
CO ₂ emissions ⁵	kg/FTE	2 262	2 331	2 112
Scope 1 (direct greenhouse gas emissions)	kg/FTE	181	151	-
Scope 2 (indirect energy-related greenhouse gas emissions)	kg/FTE	298	313	-
Scope 3 (other indirect greenhouse gas emissions)	kg/FTE	1 783	1 867	-

¹ The data relate to consumption and emissions from operations (further information can be found on page 31).

² 2019 data: include assumptions that will be retrospectively adjusted with effective figures

³ 2018 data: include minor retrospective adjustments

⁴ Full-time equivalents (Vollzeitstellen)

⁵ Scope 1: emissions generated directly through incineration

Scope 2: emissions generated through purchased energy (e.g. electricity, district heating)

Scope 3: emissions generated through purchased inputs and third-party services (e.g. business travel, waste, paper consumption)



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

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