

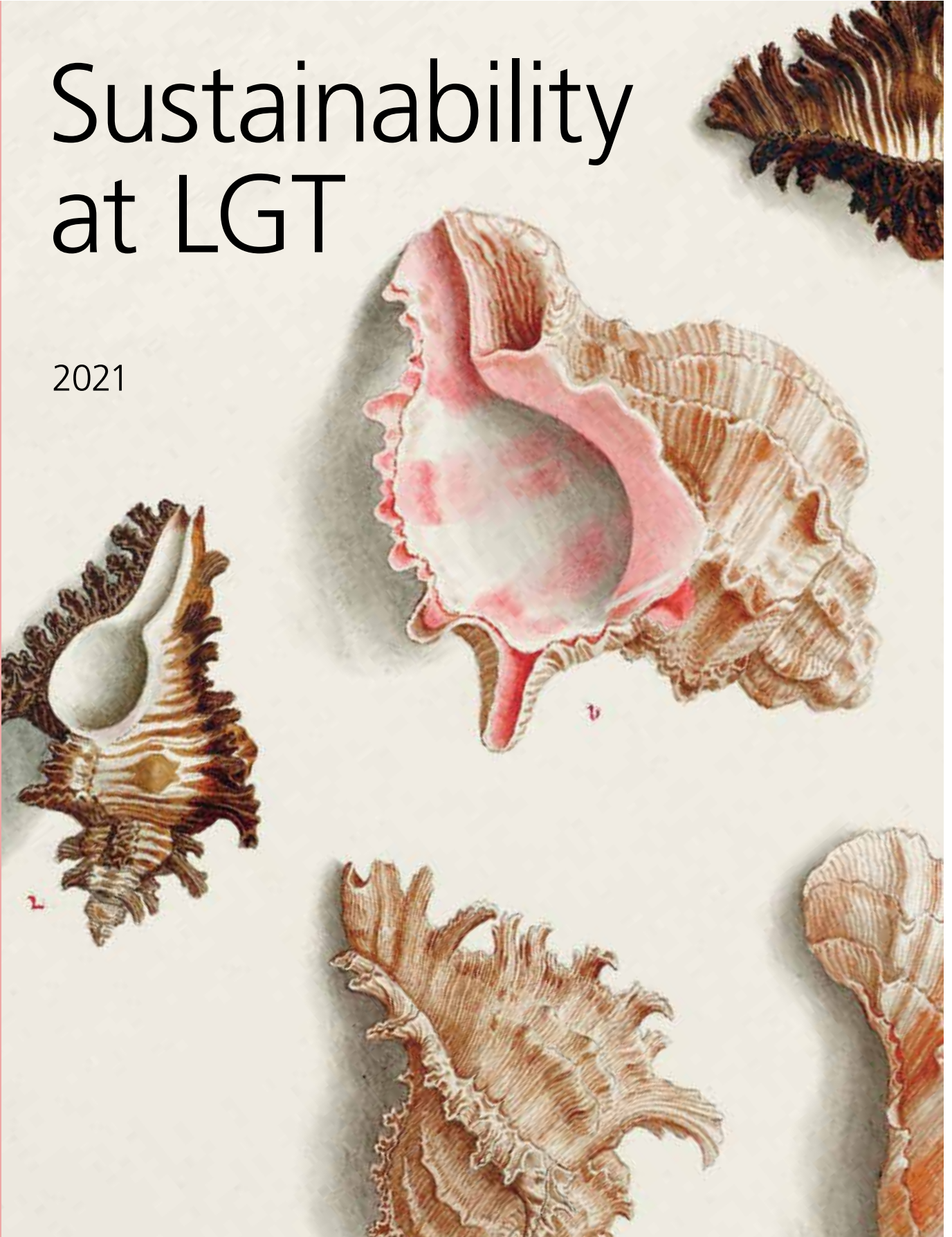


Private
Banking

VALUES WORTH SHARING

Sustainability at LGT

2021





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: expertise, reliability and a long-term perspective.

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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“We may only be able to make a small contribution to resolving the world’s biggest challenges. But LGT wants to make that contribution actively.”

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

Taking measures actively



H.S.H. Prince Max von und zu Liechtenstein (right) and Olivier de Perregaux

Dear Reader

Never before has the urgency of the fight against climate change been discussed as much as at present. Society is increasingly called upon to find answers to a range of pressing questions, such as: How much will climate protection cost? What kind of restrictions will we face? And what does this mean for social cohesion?

The answers may not always be clear, but that should not stop us from taking action. For far too long now, scientific research and our own experience have shown that enormous environmental changes are taking place. Active and hopefully effective measures to counteract these changes are now required at all levels and in all areas.

Last year, LGT continued to press ahead with the implementation of its sustainability strategy. We committed to reducing

net greenhouse gas emissions from operations and investments to net zero by 2030. We are able to act more swiftly than currently required by international regulations, and we see it as our responsibility to seize this opportunity.

We are aware that we can only make a small contribution to overcoming the challenges that the world faces. But we want to make that contribution. As LGT, we can do this, for example, by using innovative solutions to remove CO₂ from the atmosphere and launching innovative sustainable products. And with our clients, we can do this by supporting them in making their investments sustainable. We are also committed to the principles of the UN Global Compact relating to human rights, labor standards, the environment and anti-corruption.

In this Sustainability Report, you will learn more about how we address sustainability at LGT and the goals we are pursuing in this area.

Our employees look forward to continuing to talk to you, our valued clients, as well as our business partners and other stakeholders, about sustainability in the future.

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

Olivier de Perregaux
CEO LGT Private Banking

Actively leveraging opportunities

In the year under review, the United Nations Intergovernmental Panel on Climate Change came to a clear conclusion: global warming is continuing, and we are still a long way off from reaching the goal of limiting it to 1.5 °C as set out in the Paris Agreement. If this goal is to be achieved, drastic reductions in greenhouse gas emissions are required in the coming decades.

The national action plans that are currently in place are insufficient. However, at the UN Climate Change Conference (COP26) in Glasgow in November 2021, the UN member states pledged to take further measures to at least limit global warming to 2.4 °C.

These more ambitious climate protection measures include phasing out coal-fired power generation by the 2040s at the latest, ending deforestation by 2030, reducing methane emis-

sions by 30 percent by 2030 and accelerating the transition to electric mobility. Greater collaboration between governments, companies and civil society is to help achieve these goals. In addition, a pledge was made that industrialized countries will invest CHF 91 billion annually in climate protection measures starting in 2023 at the latest.

LGT's net zero target by 2030

LGT's convictions have led it to step up its efforts to protect the climate. For our owner, the Princely House of Liechtenstein, sustainable and long-term actions have always been at the core of its business activities. LGT also wants to take advantage of the opportunities that arise for our clients and our company by consistently focusing on sustainability in our business and, above all, in our investments – for example,



From the planning and construction phase to renovations and commissioning, LGT places a consistent focus on sustainability in its facility management.

protection measures and in particular to net-zero greenhouse gas emissions by 2050 or earlier. As a member of the World Economic Forum's Alliance of CEO Climate Leaders, we joined other member companies in calling on G7 leaders to step up efforts to combat climate change in the run-up to COP26.

LGT is also a signatory to the United Nations Principles for Responsible Banking (PRB) and is reporting on its progress in implementing the principles for the first time for 2021.

lgt.com/nfr

As an EEA/EU-regulated company, LGT also focused on implementing new requirements in the European Union aimed at increasing the transparency of sustainability aspects in the financial services sector in the year under review. These include sustainability-related disclosure requirements towards investors and the EU Taxonomy for classifying sustainable financial products.

by investing in companies that are shaping the transition towards a net-zero economy with innovative solutions that thus also hold enormous potential.

That is why in our Sustainability Strategy 2025, we have set ourselves the goal of integrating sustainability to an even greater degree in all areas of LGT as a company and across our entire product range.

In the year under review, LGT committed to reducing its emissions from operations and investments to net zero by 2030. This underscores our commitment to the Paris Agreement and a sustainable financial sector. In addition, LGT is participating in the development of an industry standard to help ensure consistent accounting of emissions on the investment side, and joined the Partnership for Carbon Accounting Financials (PCAF). LGT is also one of the founding members of the UN's Net-Zero Banking Alliance (NZBA), through which banks from numerous countries commit to comprehensive climate

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.

What does net zero mean?

According to the Intergovernmental Panel on Climate Change, in order to meet the Paris climate target and stabilize the climate by the end of the century, global net greenhouse gas emissions must fall to zero by around 2050. Net zero means that the global carbon budget is not burdened. However, this cannot be achieved by offsetting emissions using certificates that reduce greenhouse gas emissions elsewhere. Net-zero emissions are achieved when the same amount of greenhouse gas emissions emitted by an actor is removed from the atmosphere and permanently sequestered. This process of carbon dioxide removal (CDR) can be achieved through natural methods such as reforestation or through technological solutions. In December 2021, LGT signed a ten-year contract with the Swiss company Climeworks, which will remove 9000 tons of CO₂ from the atmosphere for us during this period. However, this represents only a small part of LGT's total greenhouse gas emissions. lgt.com/netzero

In the year under review, we developed our LGT Private Banking sustainability thematic framework. Using this as a basis, we aim to strengthen our pioneering role in the area of sustainability and clearly present LGT’s sustainability efforts and sustainable investment expertise to our clients and other stakeholders. The framework also shows which of the 17 SDGs we are focusing on.

In addition, we have been integrating sustainability risks into the risk process since the beginning of 2021. Our risk framework has been adjusted to this end. LGT also applies the principles

of the Task Force on Climate-related Financial Disclosures (TCFD). These were established in 2016 by the G20’s Financial Stability Board and set standards for disclosing climate-related financial risks. The 2021 TCFD report is the first such report to be published by LGT Private Banking. lgt.com/tcfid

Responsibility as an investor

We systematically avoid investments that pose significant environmental, social and governance (ESG) risks. Our policy on the exclusion of controversial weapons ensures that we do not



Creating transparency when it comes to sustainability: private clients are showing increasing interest in sustainable investments.

LGT Private Banking sustainability thematic framework

Societal well-being	Fulfillment of basic human needs such as access to drinking water and sustainable food sources, establishment of social security systems and good-quality healthcare	
People empowerment	Promotion of equality and quality of education and reducing inequality within and among countries, as well as job creation and living standard improvement	
Circular economy	Consumption and production patterns that respect the natural boundaries of resources in order to protect, restore and promote sustainable ecosystems	
Climate action	Actions taken to mitigate or adapt to climate change and to minimize its negative impact on the environment and society	
Biodiversity	Maintenance of an intact biodiversity and thus preservation of diverse animal and plant species to ensure provision of vital natural products and services	
Digitalization/technology	Technological advancement that enables productivity, efficiency and positive impacts regarding human rights, societal well-being, people empowerment, circular economy, climate action and biodiversity, and that itself is sustainable	
Human rights	Protection of inherent human rights, incl. fundamental (the right to life) and civil, political, economic, social and cultural legal rights, regardless of gender, age, religion, nationality, ethnic background or other characteristics	

invest in companies involved in the manufacture or trade of landmines, cluster bombs, chemical and biological weapons, depleted uranium munitions and phosphorus bombs, or nuclear weapons. A shift away from carbon-intensive energy sources is essential if the goal of limiting global warming to 1.5 °C as defined in the Paris Agreement is to be achieved. We have therefore also been excluding companies involved in the production of thermal coal and the generation of electricity from coal from our investment universe since the beginning of 2020. The two policies are in effect group-wide and apply to LGT’s trading book, all LGT funds and the mandates managed by LGT. External asset managers who manage mandates for LGT are encouraged to implement similar standards.

Due to the severe climatic, environmental and social risks they entail, we also exclude unconventional oil and gas extraction activities from our sustainable investment funds and mandates. Unconventional production comprises the extraction of oil and gas from tar/oil sands, shale oil, shale gas and Arctic drilling. In the conventional oil and gas production segment, we limit

ourselves to companies that are strongly committed to the energy transition and generate only a small share of their revenues through oil and gas production.

More information on the policies can be found at: lgt.com/en/si

Sustainability risks in the risk process

Sustainability risks are not considered a new category in the risk process. They are included in existing risk categories, such as regulatory or reputational risks, as an integrated element in the decision-making process. Using the standards of the Task Force on Climate-related Financial Disclosures (TCFD) and EU regulation as a basis, we have formulated a general definition of sustainability risks and published it on our website. We are currently in the process of selecting suitable measurement methods and collecting and analyzing sustainability-related risk data.

Providing access to sustainable investments

By consistently pursuing our sustainability strategy, we aim to become a leading provider of sustainable investment solutions by 2025. We are therefore placing a strong focus on expanding our product range so that we can give our clients access to even more sustainable investment opportunities and thus together contribute to a sustainable future.

For us, sustainable investing also means contributing to the achievement of the SDGs. On the investment side of our business, we have two main opportunities to do this. On the one hand, we can advise our clients on how to make their investment portfolios more sustainable. On the other hand, we can invest the funds entrusted to us by private and institutional investors as sustainably as possible.

Growing demand from clients

Interest from clients in sustainable investments continued to grow in 2021. In the year under review, LGT regularly held webinars and live stream discussions for clients on the topic of sustainable investments. These were very well received. In addition, the number of clients who inquired about sustainable investment solutions of their own accord further increased.

LGT has been offering the Focus Sustainability portfolio management mandate in Liechtenstein and Switzerland since mid-2019 and in Austria since September 2020. At the end of 2021, the volume of actively managed assets in the mandate totaled CHF 1.13 billion across 264 mandates. This comprises both net

new assets and existing mandates that were converted into a Focus Sustainability mandate at the request of clients.

In total, CHF 39.1 billion was invested in sustainable investment solutions as at the end of 2021, which corresponds to 27.2 percent of total assets under administration.

LGT own Products & Mandates ¹	CHF m	20 141
Third Party Products & Single Equities ²	CHF m	19 005
Total AuA ³	CHF m	143 959
Proportion SI assets	%	27.2

All Data based on Smart MIS per 31.12.21

¹ Includes sustainable portfolio management mandates, LGT Funds with a 4* or 5* LGT Sustainability Rating and SFDR Art. 8/9 classification, investments in princely strategy products, own impact funds and further own products based on sustainable portfolio management strategies

² Includes third-party funds with sustainability classification (typically SFDR Art. 8/9 or 4* and 5* LGT Sustainability Rating), equities and bonds with 4* or 5* LGT Sustainability Rating and qualitative research specialist coverage

³ Total assets under advice excluding custody only assets, cash accounts, call money, fiduciary call money, fiduciary placements, fixed advances, interest arrears, loans, margin accounts, term deposits

In the UK, LGT Wealth Management’s external financial advisors have had access to the Sustainable Model Portfolio Service since 2018. This investment solution is based on the philosophy of sustainable economic growth. Stewardship is an integral part of the investment process, which is why we have partnered with Institutional Shareholder Services Inc. (ISS), a leading provider of proxy voting services. This enables us to systematically vote for all companies held in our discretionary investment portfolio. In 2021, LGT Wealth Management’s sustainably managed client assets exceeded CHF 1 billion for the first time, totaling CHF 1.5 billion as at the end of 2021.

In Asia, the importance of sustainable investments has also grown, and we have continued to expand the offering across different investment strategies and asset classes. In the portfolio management mandates with a focus on sustainability (Sustainable Balanced Range mandates, Sustainable Global Equity mandates, Sustainable Investment Grade Bond mandates), which

we have been offering in Asia since the summer of 2020, assets under management increased year on year to CHF 85.3 million as at the end of 2021.

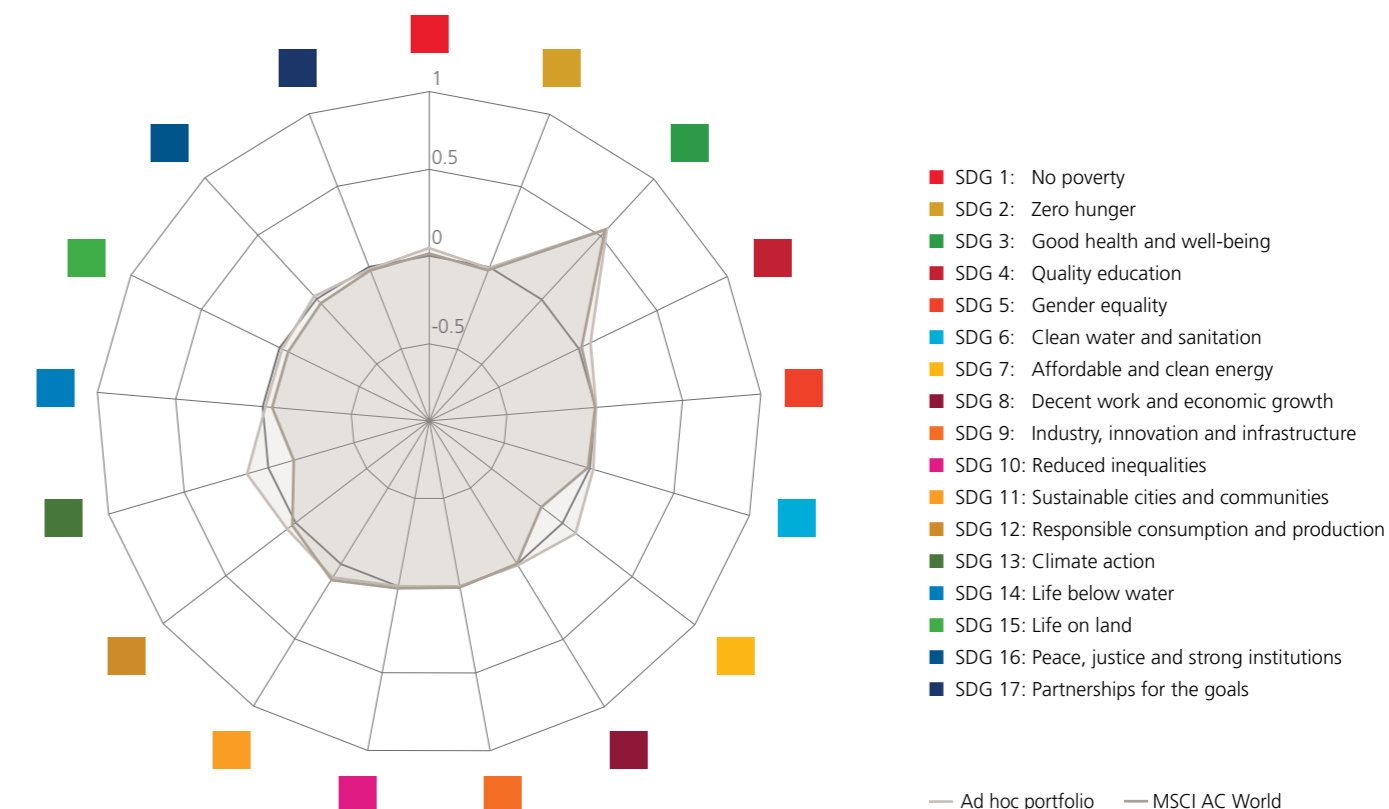
Impact analysis when selecting securities

For our Focus Sustainability portfolio management mandates, our analyses center on product-specific impact. This involves

determining the impact – positive or negative – that a company’s products and services have on people and the environment. The impact assessment is based on the UN’s 17 Sustainable Development Goals. The impact of all portfolio companies on the 17 SDGs is therefore assessed with the goal of making a positive overall contribution to the achievement of the SDGs.

Sustainable mandate

This chart shows how the equity securities in a sustainability-oriented mandate (light gray line) contribute to the achievement of the UN’s 17 SDGs compared to the MSCI World Index (dark gray line). The portfolio significantly outperforms the MSCI World Index on goals 7 and 13, achieving an aggregate contribution of 5.4, compared to 1.8 for the MSCI World.



“Light green”

A key pillar of the EU Sustainable Finance Action Plan is the Sustainable Finance Disclosure Regulation (SFDR), which came into force on 10 March 2021. Based on the extent to which sustainability is taken into account for a financial product, its strategy is categorized into one of three classes that correspond to articles 6, 8 and 9 of the regulation. LGT Private Banking’s Focus Sustainability portfolio management mandate has been classified as an Article 8 product within the meaning of the SFDR (“light green”) since March 2021.



The Berlin-based start-up Infarm is revolutionizing agriculture. The Lightrock portfolio company grows food directly in supermarkets.

Sustainable advisory solutions

LGT launched its first sustainable equity and bond funds in 2009 and introduced its first portfolio management mandates with a focus on sustainability in 2019. In the year under review, we developed an additional product offering that will provide sustainable investment advisory services in Europe and will be launched in 2022. This new offering for advisory clients will comprise a range of sustainable investment solutions and is

based on LGT's well-established sustainability analysis, which takes into account environmental, social and governance criteria and controversies, while also considering an investment's contribution to the SDGs. Sustainability-focused thematic investment ideas will also be integrated into this offering, making it possible to take advantage of attractive investment opportunities arising from the implementation of measures to achieve long-term goals such as climate protection or social well-being.

Investment idea: Sustainable food systems

Today's food and agriculture systems are largely unsuited to sustainably feed the world's growing population. Intensive farming and monocultures are leading to biodiversity loss, altering the natural composition of soils and rivers, and are often inefficient in terms of nutrition and waste management. For our sustainable food systems investment idea, we analyze the food value chain from production and processing to distribution, and identify promising investment opportunities for investors. lgt.com/en/si

Sustainability in investment research

LGT systematically integrates ESG aspects into its investment research when implementing investment strategies. Our approach in this area is based on three pillars:

- Integrating ESG into financial analysis: For equity investments, all company fact sheets include the LGT Sustainability Rating as well as a sustainability assessment conducted by our analysts in addition to our traditional investment view. A similar approach is applied for fixed income securities and funds.

- Thematic ESG investment ideas: We identify investment opportunities in areas where the private sector plays a key role in providing solutions to global sustainability challenges. Our approach is closely linked to the SDGs.
- Thought leadership: We aim to actively contribute to increasing awareness of sustainability issues in the private banking industry. For example, as a founding member of the UN Net-Zero Banking Alliance, LGT has joined a working group to develop a methodology based on scientific climate scenarios to determine sector-specific medium- and long-term decarbonization targets for portfolios.

Sustainability funds

We launched our sustainable equity and bond funds in 2009. When making investment decisions for these funds, we exclude companies that engage in controversial activities (such as pornography, gambling, weapons, nuclear power production, tobacco and child labor). In addition, the securities for these funds are selected from among companies, organizations and countries that stand out in terms of environmental, social and corporate governance criteria and have a good long-term financial performance. All of our sustainable investment funds (equities, bonds and multi-asset class funds) are classified as Article 8 products under the SFDR.

Exercising our voting rights

We actively exercise our voting rights for all of our equity funds. We base our decisions on internal regulations as well as Swiss and international corporate governance rules such as the UN Principles for Responsible Investment (PRI), which we have identified together with our shareholder advisor ISS.

First private equity impact fund

We aim to increasingly develop investment solutions across all asset classes, including venture capital and private equity, that will contribute to a sustainable future. In May 2021, LGT Private Banking launched its first private equity impact fund in collaboration with its partner company Lightrock. The fund

offers our private clients an exclusive opportunity to invest alongside LGT, LGT employees and the Princely Family of Liechtenstein in the private equity of sustainable companies in Europe, Latin America and India. The fund met with strong demand and raised CHF 820 million from LGT private clients, the LGT Group Foundation and LGT employees.

Accolades for sustainable investing

In 2021, LGT received a number of accolades for sustainable investing, once again demonstrating its skills and expertise in this area:

- Global Finance Magazine designated LGT the best private bank for sustainable investing and a leader in sustainability transparency in Western Europe.
- LGT Bank received a rating of "very good" in the Fuchsbriefe 2021 quality test, which focused on client concerns relating to protecting the climate and assets.
- In Euromoney International magazine's Global Private Banking and Wealth Management Survey, LGT Bank Austria was awarded first place in the ESG and Impact Investing category.
- The jury of the renowned WealthBriefing Awards designated LGT Middle East Best Private Bank – ESG Offering.

Lightrock

With a view to further developing its long-standing role as a pioneer in impact investing, LGT merged all of its direct impact investment activities into Lightrock at the beginning of 2021. Lightrock works closely with LGT, among other things to enable LGT's private clients to make impact investments alongside the Princely Family of Liechtenstein. As a global private equity platform, Lightrock invests in sustainable and high-growth companies that pursue scalable and technology-driven business strategies focusing on three key impact themes: people, planet and productivity/tech for good.

The Princely Strategy – further reduction in carbon dioxide emissions

Our clients have the possibility of investing in the same investment strategy as our owner family, the Princely House of Liechtenstein. When implementing the Princely Strategy, LGT Capital Partners, a leading asset manager for institutional investors, also continued in 2021 to focus on reducing the combined greenhouse gas emissions from its portfolio investments to below 41 metric tons of CO₂ per million USD invested.

This was achieved by redirecting capital to business models with a lower carbon intensity. As a result, CO₂ emissions from assets in which the Princely Strategy is invested were reduced by a total of over 29 percent in 2021 compared with the previous year. Based on current emissions budgets, the Princely Strategy portfolio is therefore in line with the Paris Agreement.

In dialogue with companies

LGT Capital Partners, an institutional asset manager, joined the initiative UN Net Zero Asset Managers (NZAM) in May 2021. The members of the initiative are committed to achieving the goal of net-zero greenhouse gas emissions by 2050 or sooner. As a responsible investor, LGT Capital Partners also acts in accordance with the Principles for Responsible Investment (PRI) by taking on an active stewardship role. As an active owner, we incorporate ESG issues into our “engagement” with companies.

LGT Capital Partners’ ESG Report 2022

LGT Capital Partners’ ESG Report 2022 contains information on how its private equity, hedge fund and long-only managers integrate ESG into their investment decisions. It also explains how the impact on Sustainable Development Goals is integrated into the LGT ESG Cockpit analysis and rating. In addition, the ESG Report includes company-specific key ESG metrics for LGT Capital Partners’ private debt investments and private equity co-investments. [lgt.com/esgreport](https://www.lgt.com/esgreport)

In doing so, we aim to use our position to engage with companies to promote behavior that is in the best interests of society, investors and other relevant stakeholders. “Engagement” with companies is an approach we established some time ago for equity investments, however, last year, we also increasingly sought an active dialogue on ESG matters with issuers of fixed-income securities. In this context, we placed a specific focus on the circular economy in our investment universe in 2021. Further information can be found in the LGT Capital Partners 2021 Fixed Income Engagement Report.

Transparency thanks to the ESG Cockpit and LGT Sustainability Rating

Transparency is important for investors. The LGT ESG Cockpit, our proprietary analysis tool developed in 2009, clearly shows our clients which investments in their portfolio make a positive contribution to the environment, society and corporate governance, and thus helps them to make their portfolio more sustainable.

The LGT ESG Cockpit and its rating methodology are continuously being further developed. Today, the LGT Sustainability Rating, which is derived from ESG Cockpit analyses, takes into account not only a company’s operational ESG rating but also controversies, for example, negative events relating to the production or use of its products and services, as well its management. The rating also measures a company’s positive and negative impact on the SDGs. The LGT Sustainability Rating is part of our sustainability reporting. It provides our clients with transparent information on the sustainability quality of their portfolio and provides them with important information when selecting their investments. [lgt.com/en/si](https://www.lgt.com/en/si)

LGT Venture Philanthropy: Improving future prospects

LGT has many years of experience in philanthropy. The LGT Venture Philanthropy Foundation (LGT VP) was established in 2007 with the aim of improving the quality of life of disadvantaged people and contributing to healthy ecosystems and



A place where tourism, protecting the ecosystem and wildlife, the preservation of Maasai traditions and profits are not mutually exclusive – the Naboisho Conservancy in southwestern Kenya has been supported by LGT Venture Philanthropy since 2016.

stable and socially inclusive communities. The foundation supports local organizations in India and sub-Saharan Africa that address social and environmental challenges with effective, innovative and quantifiable approaches. In addition to financial support, LGT VP also provides the 29 organizations in its portfolio with strategic advice and access to its network and works closely with them.

LGT VP has provided CHF 96 million in philanthropic capital since its inception, and its portfolio organizations have significantly improved the quality of life of around 8.3 million people. In 2021, the second year characterized by the COVID-19 pandemic, the foundation’s flexibility proved to be an advantage that enabled it to act swiftly and without any red tape: LGT VP provided CHF 1.2 million to its portfolio organizations

in India within four weeks and supported an Africa Centers for Disease Control and Prevention (Africa CDC) fund with CHF 455 000. Africa CDC is committed to importing and distributing vaccines in five countries.

In order for philanthropic commitments to be effective, the approach taken must continuously evolve in line with changing social and environmental challenges. To support our clients in their own philanthropic commitments, we further embedded our philanthropy advisory capabilities in Private Banking in 2021 and entered into a partnership with the Swiss Philanthropy Foundation. We also published a guide that addresses some of the key issues faced in philanthropy and features influential philanthropists from around the world who share their experiences in this field.

“It’s not a typical institution for learning and development”

H.S.H. Prince Hubertus von und zu Liechtenstein talks about LGT’s unique culture and how the Liechtenstein Academy contributes to that culture.

Your Serene Highness, you assumed the role of Chairman of the Board of Trustees of the Liechtenstein Academy Foundation from H.S.H. Prince Philipp von und zu Liechtenstein in the summer of 2021. What attracted you to this role?

The Liechtenstein Academy was founded 26 years ago by Prince Philipp, my cousin and Honorary Chairman of LGT. The foundation is held in very high regard within the company. I consider it my responsibility to ensure its continuation, and I appreciate the trust the family has placed in me to take on this task. I’m also motivated by the fact that I can bring my many years of professional experience in the education sector to the Academy.

Many companies offer in-house opportunities for learning and development. In your opinion, what makes the Liechtenstein Academy special?

It’s not a typical institution for learning and development. Generally speaking, our employees don’t go there to learn about financial matters. Instead, they receive support in the form of a holistic offering that helps them in aspects of their personal life and work, but also strengthens their team spirit and increases their performance. Knowing where you stand in your life, what challenges you might encounter and how you can overcome them is immensely helpful and increases personal satisfaction. Satisfied employees contribute to a positive culture – and that in turn benefits the entire company.

What do you think makes LGT’s culture unique, and what role do the Academy’s programs play in that?

In my view, there are various aspects that contribute to LGT’s culture. The long-term thinking and actions of its owner, the Princely House, bring stability and are an important prerequisite for positive development. At the same time, despite LGT’s size, the entrepreneurial spirit is palpable and is reflected in employees’ decisions and behavior. The flat hierarchy and efficient decision-making processes encourage active and lively communication and interaction within the bank. This is supported by the fact that respectful interaction is valued throughout the company. The Liechtenstein Academy reinforces and promotes these cultural characteristics and in so doing, makes an important contribution to the further evolution of LGT’s culture.

You yourself have attended programs at the Academy. What did you take away from them?

I have participated in two programs, among other things to get my own idea of the offering’s relevance for our employees. The first program I completed was “Be yourself”, which primarily deals with the balance between the three “circles of life” – the individual, the family and professional life. I had already covered some aspects of this at management programs I attended in the past, but I nonetheless gained completely new and valuable insights. For example, I was able to directly implement some of what I learned about having a healthy diet.



H.S.H. Prince Hubertus von und zu Liechtenstein has been Chairman of the Board of Trustees of the Liechtenstein Academy Foundation since 2021.

I was also part of the pilot group that attended the new “Drive4Impact” program, which focuses on sustainability. I think that was a real eye-opener for the participants and helped everyone to get a better and personal understanding of the topic. This program has come at exactly the right time!

Why is this program so important?

As a bank, LGT acts as an intermediary between capital-seeking companies, nations and organizations, and investors. In this role, it has significant leverage in terms of contributing to sustainable development. Our relationship managers play a key role in this through their relationship with their clients. With “Drive4Impact”, we support them in developing a personal approach to the topic and better understanding the overall context. The first group of participants’ experience was very positive.

What specific topics and content are covered in “Drive4Impact”?

The two-day seminar is part of the training and development roadmap for relationship managers. Participants take an in-depth look at the topic of sustainability and all of

its facets. This includes the challenges that society faces and the various approaches to overcoming them. Or the circular economy and how it works, and the role that each individual plays in the context of sustainability. In addition to this information, which is relayed by various academic experts and practitioners, participants get to know entrepreneurs from a wide range of industries who define and practice sustainability as the core of their corporate strategy. These two extremely interactive days are held at Schloss Freudenfels and are preceded by a preparatory phase during which participants study on their own. Based on my experience, no one comes out of this seminar “unaffected”.

The Liechtenstein Academy has existed for 26 years now. What direction do you think it should take in terms of its further evolution?

It should remain a place where our employees can get new impetus and exchange ideas, which is what H.S.H. Prince Philipp envisioned when he founded the Academy. Today, it is an independent foundation owned by the Princely House of Liechtenstein, but it has its origins in LGT, which is its most important client. The Academy must therefore continue to monitor those topics that are relevant to LGT and its employees, develop corresponding courses and consider where and how we want to offer them in the future. We would also like to use any free capacity that we have to make our courses available to clients. We have built up valuable competencies and experience that we should and can share with external target groups. ♦

H.S.H. Prince Hubertus von und zu Liechtenstein is a member of the Foundation Board of LGT Group Foundation, Vaduz, a member of the Foundation Board of the Liechtenstein Academy, Vaduz, as well as a member of the Board of Directors of LGT Bank Ltd., Vaduz, and LGT Bank (Switzerland) Ltd., Basel. Before joining LGT Group, he held various management and marketing roles in the education sector.

Utilizing joint potential

As an employer, one of LGT's top priorities is to foster an attractive and inclusive working environment. If a company wants to achieve long-term success based on responsible actions, it must have motivated and satisfied employees. We therefore support a culture in which everyone feels respected and has the opportunity to develop. We are convinced that we must make the best possible use of our collective potential so that we as a company can effectively contribute to the sustainable development of our society and the environment.

Goal: 30 percent women in senior management by 2030

Diversity and inclusion is a fundamental principle for LGT at all levels, including the management level. In the year under review, we set a specific target of 30-40-50: by 2030, we want the proportion of women in senior management positions at LGT to be at least 30 percent, across all management levels this figure should be 40 percent and in the overall workforce, 50 percent of employees should be women. As at the end of 2021, 14.8 percent of senior management was female, for middle management this figure was 27.6 percent, and for the overall workforce it was 42.6 percent.

In Liechtenstein and Switzerland, LGT is a member of the business association Advance. The association actively advocates

for gender equality and an increase in the proportion of women in management positions. In 2021, 34 female LGT employees participated in Advance workshops and four employees took part in a mentoring program.

In the UK, LGT Wealth Management has made targeted efforts to foster an inclusive culture. In 2021, for example, an LGBTQ+ network was launched and parental leave was extended to up to six months for both men and women. LGT Wealth Management continues to work with the Skills Builder Partnership organization, which support students in their career planning. At virtual discussion panels, representatives of LGT Wealth Management supported this organization by sharing their experience with regard to the skills needed to start a career.

Learning and development

Ensuring the continuous development of employees is an important success factor. In the year under review, LGT invested CHF 1684 per employee. This amount is higher than in the previous year and reflects the fact that, despite the ongoing COVID-19 pandemic, more in-person courses were held again in 2021. The internal training and external courses offered cover both personal and professional development.

Workshops on sustainable investing

The training initiative dedicated to the topic of sustainable investing launched by LGT in 2020 continued to be implemented in the year under review. During half-day workshops, all relationship managers in Liechtenstein, Switzerland and Austria were trained on how to address sustainable investing in discussions with clients in a professional and needs-oriented manner. Relationship managers in Asia also received targeted training on sustainable investing. Sensitizing clients and business partners to the issue of sustainability is important to LGT, and our employees play an important role as disseminators of our sustainability philosophy.



A morning rowing session on Lake Constance is an integral part of the Liechtenstein Academy's programs.



For the sixth time, the LGT University Scholarship was awarded to two students pursuing a master's degree in Finance at the University of Liechtenstein.

Fostering talent

As a company that takes a long-term perspective, LGT places great importance on promoting young talent. We offer young people with different educational backgrounds a practical introduction to the professional world, for example, through IT or commercial apprenticeships, internships or our program for graduates with a master's degree. We also want to promote young talent outside of the company. 2021 marked the sixth time that we awarded two scholarships to students pursuing a master's degree in Finance at the University of Liechtenstein through the LGT University Scholarship.

Liechtenstein Academy

The programs of the Liechtenstein Academy Foundation are an integral part of LGT's learning and development offering, which focuses on the personal development of employees. In the year under review, 414 employees were able to attend an Academy program at Schloss Freudenfels, despite the COVID-19 pandemic. The Academy program "Drive4Impact", which was held for the first time in 2021, provided new food for thought in the area of sustainability: speakers from the

worlds of academia and business compellingly conveyed how urgent it is that measures be taken to combat climate change, how other companies are meeting these challenges and how they themselves have integrated sustainability into their business model.

In 2021, sustainability was also the focus of a course conducted by the LGT Next Generation Academy, which has been imparting financial knowledge and expertise relating to family governance and succession planning to the children of existing and prospective clients for more than ten years. A total of 22 participants from various countries gathered in Vienna for the Investing with Purpose program. During the program, they discussed the opportunities that are arising from the shift to a more sustainable economy and the influence they can have as future investors.

Diversity and equal opportunities

LGT is guided by clear values and follows strict ethical and professional standards, which are set out in the LGT Code of Conduct. We offer equal opportunities for employment and promotion, regardless of gender, age, religion, nationality, ethnic background, sexual orientation, marital and family status, physical abilities or other characteristics.

LGT's remuneration policy reflects the importance of the Code of Conduct, including the sustainability aspects contained in the code. The policy stipulates that the failure to adhere to the Code of Conduct or internal guidelines and directives, or violations thereof, may impact variable compensation.

In 2021, people from 66 nations worked at LGT. Competence and experience are important to us, which is why we also consciously hire people over the age of 50. In 2021, this group accounted for 10 percent of new hires. We also offer flexible retirement. We are convinced that having a diverse workforce makes our company more successful.

Committed employees

LGT offers its employees opportunities to volunteer. Our volunteering strategy includes traditional hands-on support as well as skills-based volunteering. These initiatives are often organized locally and benefit less privileged people or the environment.

B360 educational partnerships

LGT is a partner company of the non-profit organization B360, which organizes voluntary assignments at universities in southern Africa and internships with companies in Switzerland and Liechtenstein. Its aim is to support the exchange of know-how between European and African experts and African university students. In the year under review, eight LGT employees participated in virtual Career Starter Workshops organized by B360 and coached students from African universities to support them as they start their careers.



During his Social Week, LGT relationship manager Elias Ritter (right) reconditioned bicycles destined for Africa together with Velafrika intern Kevin Jachemet.

Volunteering activities undertaken by graduates

In the year under review, 13 graduates completed a one-week volunteering assignment as part of their graduate program at LGT, thus supporting the initiatives of various charitable organizations. For example, they helped protect forests by volunteering at the Bergwaldprojekt foundation, supported Velafrika, which delivers recycled bicycles to Africa, and provided assistance at the charity Willing Hearts, which runs a volunteer-based soup kitchen for disadvantaged people in Singapore.

Employee volunteering

A good dose of flexibility and creativity were once again needed in 2021, as it was not possible to organize the same number of volunteering activities at all locations due to the pandemic. Several clean-up initiatives took place in Hong Kong and Liechtenstein. In addition to this, an event to promote biodiversity was held in Liechtenstein. In England, virtual workshops were held with the Skills Builder organization to acquaint students with the world of work. Employees in Hong Kong brought groceries to the homes of elderly people, and in Austria, money was raised for the homeless at Christmas.

During the year under review, a team of employees from LGT Bank Singapore further developed the local Employee Volunteering Program. Partnerships were established with local organizations such as the NGO ItsRainingRaincoats (IRR), which supports migrant workers. Together with the IRR, the LGT team developed easy-to-understand videos on financial literacy and cybersecurity, which were published on the IRR's social media platforms.

Drink & Donate

Every year, LGT donates CHF 130 000 to the charitable organization Drink & Donate, thereby supporting the consumption of high-quality tap water. In the year under review, we supported a Helvetas project in Mali that improves the living conditions of the local rural population by providing access to clean water and raising awareness of hygienic behavior. Innovative tech-



Counting kilometers for a good cause: by walking, hiking, swimming or jogging, 950 LGT employees collected over CHF 35 000 for water projects in Malawi.

nological solutions such as pumps powered by solar energy are also being employed as part of this project.

Energy and Climate Workshop

Since 2019, the Swiss climate protection organization myclimate has been working with the government of the Principality of Liechtenstein and the office for vocational training and guidance to sensitize young people to environmental issues. LGT is a main partner and sponsor of the project "Principality of Liechtenstein – Pioneer(s) for a Sustainable Society". In the reporting year, in addition to the Energy and Climate Workshop, myclimate conducted further awareness programs in schools under the banner "Energy and Climate Pioneers".

Health

Whether through the LGT Sports Club or the LGT Vitality health program, LGT supports its employees when it comes to a positive mindset, good nutrition, sufficient exercise and relaxation. For example, fruit is offered at the individual locations, and

employees benefit from discounts at nearby sports facilities. In 2021, around 6 percent of LGT employees in Liechtenstein and Switzerland took part in the cycle to work campaign. By biking to work, LGT employees improve their performance and well-being and at the same time make a positive contribution to the environment.

"move4good"

LGT employees were especially active in September 2021, due to their participation in the worldwide challenge for the "move4good" UNICEF initiative. For one month, over 950 employees at all locations around the globe collected kilometers by jogging, walking, cycling or swimming. For every kilometer they covered, they collected money that LGT donated to a UNICEF project to support schoolchildren in Malawi. The campaign was very successful, with almost a third of all LGT employees taking part, leading LGT to decide to increase the amount they collected. We donated a total of CHF 65 000 to the UN Children's Fund.

Sustainable operations

Taking a conscious approach to nature and the environment is also important to LGT in its day-to-day operations. Our operational processes are designed to conserve natural resources to the greatest extent possible. In the year under review, we formulated a concrete and ambitious goal: LGT publicly committed to reducing CO₂e emissions from its operations and investments to net zero by 2030.

As a bank, LGT's leverage with regard to achieving this net-zero target is much greater on the investment side than on the operations side. However, we also want to further significantly reduce our operational emissions. We have set ourselves the goal of reducing CO₂e¹ emissions from operations by 20 percent/ full-time equivalent by 2025 compared to 2017 levels, and energy consumption and paper consumption by 30 percent/ full-time equivalent. We also aim to source 100 percent renewable energy by 2025.

Net zero through carbon dioxide removal

We aim to further systematically reduce our greenhouse gas emissions and resource consumption between 2025 and 2030. From 2030 onwards, the amount of CO₂ we remove from the air by means of carbon dioxide removal (CDR) will be equivalent to all of LGT's unavoidable operational emissions, for example due to business travel.

In December 2021, we therefore reached an agreement with the Swiss company Climeworks, which will remove a small part of our annual CO₂ emissions from the air for us starting in 2025. Climeworks' carbon dioxide removal technology can remove CO₂ from the air and store it permanently. We will

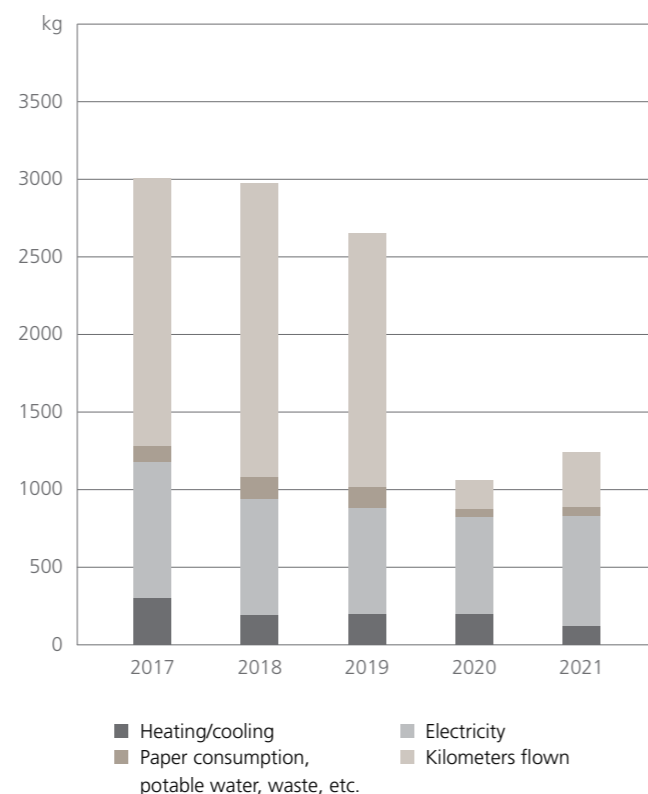
¹ Carbon dioxide (CO₂) is just one of several greenhouse gases. Other such gases include methane (CH₄) and nitrous oxide (N₂O). All greenhouse gases contribute differently to the greenhouse effect. To compare their effects, the global warming potential of these gases can be converted to the global warming potential of CO₂ using the so-called CO₂ equivalent (CO₂e). For example, 1 kg of CH₄ contributes 28 times more to the greenhouse effect within one year than 1 kg of CO₂. One kg of CH₄ thus also corresponds to 28 kg of CO₂e.

continue to offset the remainder of our operational emissions using carbon credits until all of our operational emissions can be fully removed from the atmosphere. Since 2019, LGT has been doing this by supporting a Gold Standard-certified wind power project in India.

Increased scope of key figures

Qualitatively meaningful data is a prerequisite for managing operational emissions in a targeted manner. LGT will therefore further optimize the quality and broaden the scope of the data it uses to measure emissions. When collecting data on key figures, LGT adheres to the Greenhouse Gas Protocol (GHG Protocol), the world's most widely used methodological standard for collecting data on greenhouse gas emissions from companies.

CO₂ emissions per full-time equivalent (FTE)

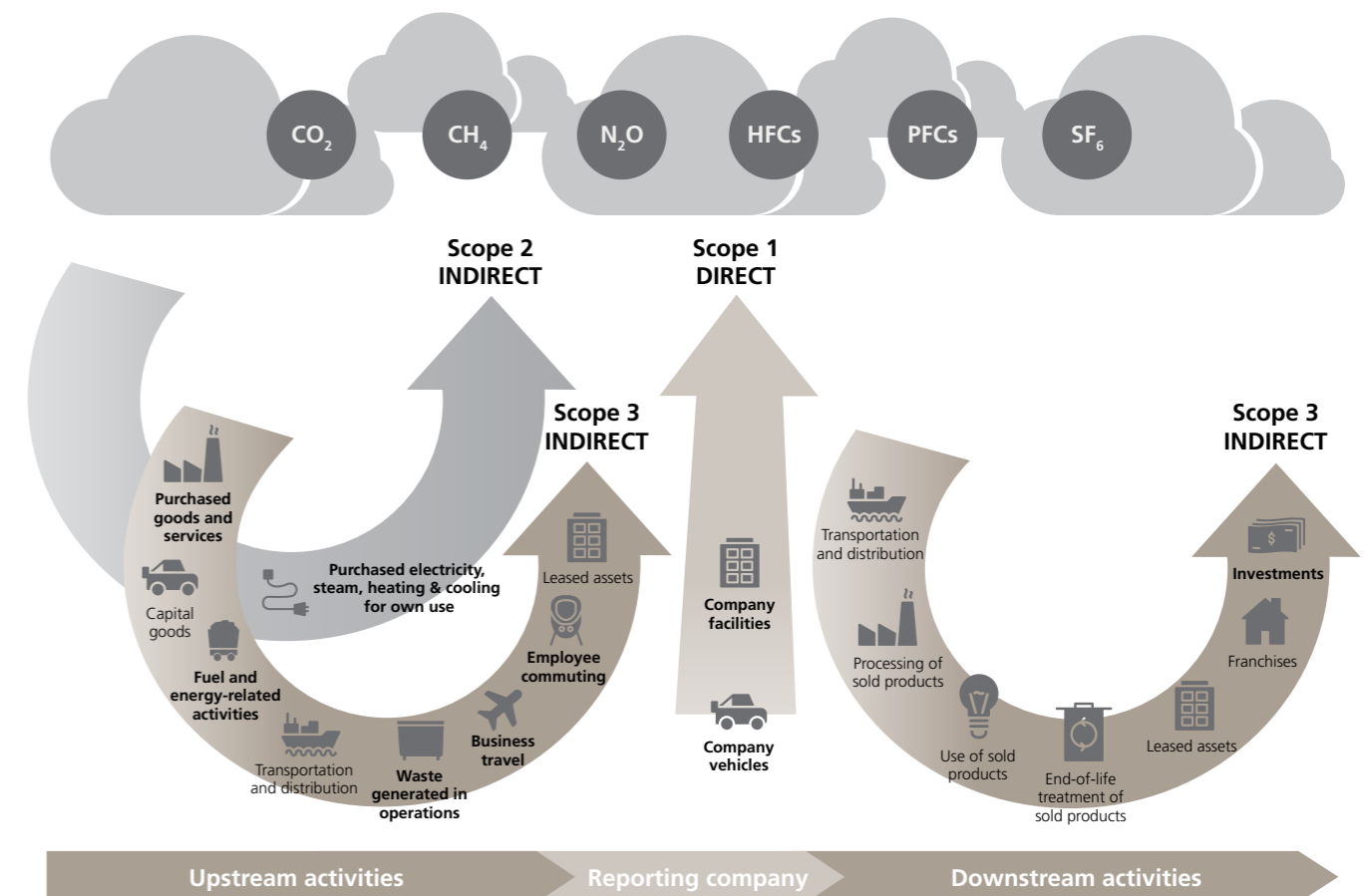


Since 2010 we have been calculating emissions for the following categories in accordance with the GHG Protocol (see also the chart below): energy for heating/cooling and electricity (in Scope 1 direct emissions; in Scope 2 indirect emissions; and in Scope 3 fuel- and energy-related emissions); business flights (in Scope 3 business travel); waste (in Scope 3 waste generated in operations); and paper and water consumption (in Scope 3 purchased goods and services).

In addition to flights, the key figures for 2021 now also include more detailed information on employee business travel and overnight stays.

Starting in 2022, data will be collected in order to calculate employee commuting. In addition, emissions from purchased goods and services will be recorded in greater detail in the future. All emissions categories relevant for our operations will therefore be covered in accordance with the GHG Protocol.

Emission categories (scopes) according to the Greenhouse Gas Protocol



Goal: 100 percent renewable energies

Fossil fuels are still responsible for the majority of global CO₂ emissions. By 2025, we want the energy for our operations at all of our locations to come only from renewable sources. At present, 68 percent of the energy we consume is renewable electrical energy and 56 percent is fossil-free thermal energy. In Liechtenstein, Switzerland, Austria and Ireland, we procure 100 percent renewable electricity. In addition, we purchase 100 percent biogas in Liechtenstein and Pfäffikon. In Geneva and Zurich, the buildings are heated and cooled using lake water.

Mobility management

In order to reduce CO₂ emissions caused by individual transport, we encourage our employees to use public transportation and offer financial incentives to this end in Liechtenstein and Switzerland. Our employees can also use the bicycles on hand at various locations. A total of 28 charging stations for electric cars are available to clients and employees at our Liechtenstein locations in Vaduz and Bendern. LGT has created good conditions for working from home, which also helps to reduce commuter traffic. Due to the ongoing COVID-19 pandemic in 2021, the percentage of employees who worked remotely reached between 60 and 90 percent, depending on the location.

A commitment to fight plastic pollution

Inspired by the global Plastic Free July movement, LGT Private Banking Asia Pacific launched an internal initiative against plastic pollution in the summer of 2021. We collaborated on this project together with the charity EcoDrive Hong Kong. Participating employees in Hong Kong, Singapore, Bangkok and Tokyo designed an interactive information campaign and used an app developed by EcoDrive, which records individual plastic consumption and makes it possible to compete against colleagues. In a three-week internal challenge in August 2021, the company managed to avoid a total of 502 kilograms of plastic waste, with 75 percent of plastic having been completely avoided and 25 percent being recycled. To



During Plastic Free July, LGT employees in Asia managed to avoid 502 kilograms of plastic waste.

continue our efforts in the fight against plastic pollution, LGT employees also conducted a coordinated beach clean-up in Hong Kong and Singapore.

100 Years LGT: A climate-neutral celebration

In September 2021, LGT hosted a climate-neutral celebration for the residents of Liechtenstein to mark the bank's centennial. The greenhouse gases that were emitted were offset through the "Fertile soil as a natural CO₂ sink in the Lake Constance region" project. In total, 56.9 tons of CO₂ equivalents were emitted as a result of the event. These emissions were calculated and offset in cooperation with the myclimate foundation. In order to ensure that transportation to and from the celebration was as climate-friendly as possible, guests in Liechtenstein were able to use buses free of charge and LGT provided a large number of parking spots for bicycles.

LGT has developed a specific tool that regularly calculates the emissions from internal, external and client events, and derives appropriate, actionable strategies using this information. This approach was applied in initial pilot tests in 2021, and the emissions that were calculated were offset at the end of the

year. The calculation will be further developed on an ongoing basis and will be used with increasing frequency in the future.

Sustainability week in the staff restaurant

In September 2021, LGT's Bendura staff restaurant in Liechtenstein used the annual European Sustainable Development Week as an opportunity to label all dishes served with the CO₂ emissions that were generated to produce them. When the menus were being planned, care was taken to use foods whose production causes as few CO₂ emissions as possible. Other information on the topic was also provided to raise guests' awareness of the resources required to produce our food and the importance of a sustainable diet in the fight against climate change. The operator of Bendura, Ospelt Catering, in cooperation with the myclimate foundation, offset all of the CO₂ emissions from the menus sold that week plus an additional 20 percent – meaning that ultimately, Bendura's Sustainability Week was climate positive.

Swiss Climate Foundation

LGT donates its net refunds from the CO₂ tax to the Swiss Climate Foundation, of which it has been a partner since 2012. The Climate Foundation, which until now has supported innovation as well as energy efficiency projects at small and medium-sized companies, has realigned its strategy and starting in 2022, will focus entirely on promoting innovation. Donations from partner companies will be used to support SMEs that contribute to climate protection in Switzerland and Liechtenstein through innovative projects. By the end of 2021, the foundation had awarded a total of CHF 33 million in funding.

Collaboration with suppliers

LGT expects its suppliers to operate sustainably. All suppliers must accept 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 (occupa-

tional safety), the environment (protection of the environment, consumption of resources) and management (risk management, documentation). We regularly audit our suppliers with regard to sustainability and thus verify that they are complying with the standards we expect from them. In addition, we are gradually further integrating sustainability aspects into the procurement process by aligning it with ISO 20400.



Sustainable construction

In 2021, LGT carried out a comprehensive renovation of the façade of its Service Center in Bendern. During this process, the windows were replaced with thermal insulation glass and a photovoltaic system that supplies LGT with solar power was installed on the external façade. The system has a total of 255 modules covering an area of 390 square meters and an installed capacity of 38 kWp. In addition to this, an extension has been constructed in Bendern. In the interests of sustainability, the new building, which is made of wood, does not require active ventilation or cooling. A 50 m² clay wall and the roof, which is covered with greenery, ensure that the indoor climate is pleasant; the building is heated by a water-bearing pellet stove.

“The commitment has paid off”

A case study shows that repositioning an investment portfolio to make it more sustainable is often a gradual process.

Michael Will is not someone who is quick to throw in the towel. Especially not when it comes to sustainable investing. The relationship manager at LGT Bank Ltd. in Vaduz had approached the head of a single family office of a very wealthy entrepreneurial family twice in the past about the possibility of increasing the sustainability quality of the family assets invested with LGT – without success. According to the head of the family office, the asset owners were not interested in the matter for the time being, but Will did not strike the matter from his agenda.

Investors also need to change their thinking

His commitment on this front is no coincidence: Will became aware of sustainable investments in 2007, when LGT set up the charitable foundation LGT Venture Philanthropy. Two years later, LGT Capital Partners launched its first sustainable investment funds. “A lot has happened since then that has

convinced me that investors also need to change their thinking,” says the relationship manager. And this is not just because such an approach is part and parcel of conducting business as a bank owned by a family with strong values, he adds. “Whether you’re passionate about sustainability or not, as an investor, sustainability should interest you for financial reasons alone, because this area is becoming increasingly important and offers attractive investment opportunities.”

In August 2019, Michael Will and the head of the family office met for one of their regular discussions. During the meeting, Will learned that the clients, an entrepreneurial couple, wanted their daughter, who was now of age, to be more involved in managing the family’s assets. He jumped at what he saw as an opportunity: “In my experience, the younger generation is often more aware of sustainability, especially environmental issues.” And this time, the door did indeed seem to be open: based on his initial conversations with the entrepreneurs’ daughter, the head of the family office knew that she was very interested in environmental matters. She had recently received a degree in biology and was currently doing an internship at one of the family businesses.

The two agreed on a joint meeting with the entire family. The aim was for the daughter to get to know LGT and Michael Will, but also for her to be introduced to the current objectives and strategy of the existing investment portfolio. At the same time, this was an opportunity to explore how interested the individual family members were in making the portfolio more sustainable.

Different points of view

It became apparent during the first conversation that there were diverging viewpoints within the family. For the

daughter, it was important to act sustainably, not only as a future entrepreneur, but also as a consumer and investor. The return on investment was important to her but was not her sole focus. Instead, she wanted the investment portfolio to contribute to sustainable development and the fight against climate change. Her parents, on the other hand, viewed the issue primarily from their perspective as entrepreneurs. Their focus was on sustainable production methods at the company and the creation of secure and attractive long-term jobs. They were convinced that they could achieve more in terms of sustainability as entrepreneurs than as investors. They also feared that having a portfolio with consistently socially and environmentally oriented investments would result in lower returns or higher risks.

Portfolio analysis and return simulation

Will proposed a second meeting, to which he also brought his colleague Antonius Knep. The portfolio manager, who specializes in sustainability, was brought on board to address the concerns regarding the disadvantages of sustainable portfolios in terms of returns, and to show in more detail which options could be considered to make the existing portfolio more sustainable.

In the run-up to the meeting, Knep conducted a detailed analysis of the client portfolio. “Our Sustainability Rating gave us a good initial overview of the portfolio’s social and environmental impact. To address the daughter’s concerns, we also determined its carbon footprint and contribution to the achievement of the UN Sustainable Development Goals.” In addition, using the existing portfolio as a basis, Knep constructed a portfolio that ranked one star higher in the Sustainability Rating, and used an index-based simulation to calculate how returns would have developed if the corresponding change had been made two years earlier. “This demonstrated that there were virtually no differences between the two portfolios in terms of returns,” Knep says.

Pandemic stress test

The second meeting took place at the beginning of 2020. The parents and daughter had continued their discussions in the meantime and were beginning to find more common ground. And the second meeting led to further clarification. For the parents, it was reassuring that not only scientific studies but also the simulation showed that greater sustainability does not necessarily translate into lower returns or higher risks. The daughter was particularly interested in the CO₂ analysis of the existing portfolio and



Antonius Knep, Portfolio Manager Sustainability, helps clients make their portfolios more sustainable.

the possibility of reducing its carbon footprint. The head of the family office therefore proposed that a test run be conducted by taking a quarter of the portfolio and making it more sustainable. The performance of the two portfolios could then be compared periodically in order to decide at a later date whether and how the main portfolio should also be adjusted.

The first stress test of the carbon-neutral portfolio occurred shortly after the adjustment – namely, when stock markets around the world plummeted across the board in March 2020 due to the pandemic. “It became apparent that various stocks in our portfolio were less affected by the market turmoil. This was particularly true of promising companies in the technology, healthcare technology and renewable energy sectors,” Knep explains. “Although the lead enjoyed by the more sustainable portfolio in terms of returns diminished in the course of the subsequent stock market rebound, on balance, it was significantly less volatile – in other words, it behaved exactly as expected,” adds Will. What makes him particularly happy is that in 2021, the sustainable portfolio also performed better than the traditional one, which is why the family decided to make another portion of their portfolio more sustainable at the end of the year. The family also participated in an impact investment portfolio launched by LGT together with its partner company Lightrock, which invests in young, off-market companies that target both financial returns and a quantifiable positive social and environmental impact. Will sees the outcome as a positive one. “The commitment has really paid off for the family and I’m very confident that sooner or later the entire portfolio will be invested more sustainably,” he says. ◆



For relationship manager Michael Will, sustainable investments also make sense from a financial standpoint.

Making inroads through dialogue

In order to act sustainably, it is necessary to think sustainably. At LGT, we share our owner's entrepreneurial mindset and have therefore always pursued a long-term approach. Protecting the environment, using natural resources prudently, respecting human rights and fair working conditions are principles that are important to us. We are also convinced that collaboration is a crucial element in creating long-term value. We therefore engage in an active dialogue with our stakeholders to jointly promote sustainability.

Ripple Effect: Solutions for greater sustainability

As a corporate partner of the Ripple Effect platform run by students at the University of St.Gallen (HSG), LGT supported

their Sustainability Challenge in 2021. Students from five universities took part in the virtual event. They worked in teams to find solutions to real-life challenges in the area of sustainability. A jury composed of sustainability experts from a range of corporate partners, academia and NGOs assessed the ideas put forward by the teams and selected the best solutions for the case studies.

Kickbox: Fresh ideas

LGT Kickbox is an intrapreneurship program for all staff members who have an innovative business idea. It offers motivated employees the opportunity to validate, test and implement their ideas in a three-step process. Using Kickbox

helps each employee develop new skills and is designed to better involve them in initiatives relating to innovation and digitalization. LGT Kickbox was launched in 2020 and in 2021, a number of the submissions received once again focused on sustainability.

Liechtenstein Initiative: Fighting Slavery

To actively support the UN in the fight against slavery and human trafficking, the government of Liechtenstein launched the Liechtenstein Initiative on Finance Against Slavery and Trafficking (FAST) in 2018. LGT also actively supports this initiative. In October 2021, LGT was represented at the Review Conference, where stakeholders from Liechtenstein and abroad exchanged views on the status, need for improvement and next steps in the implementation of the initiative. In November 2021, LGT co-signed a statement drafted by the Organization for Security and Co-operation in Europe (OSCE), the UK's Independent Anti-Slavery Commissioner Dame Sara Thornton and FAST, highlighting the important role the financial industry has to play in the fight against slavery.

"Five4Life": Liechtenstein banking center raises funds for COVAX project

From Christmas 2021 to 21 January 2022, Liechtenstein banks, under the umbrella of the Bankers Association and in cooperation with UNICEF Switzerland/Liechtenstein, called on employees in the banking center to participate in the "Five4Life" fundraising campaign. The donations received amounted to CHF 50 025. They were transferred to UNICEF International for the COVAX project and cover the cost of 10 005 vaccine doses. With this initiative, UNICEF aims to provide the poorest people in the world with vaccinations against COVID-19 by procuring and delivering a double vaccination costing an average of CHF 5.



Under the motto Fit4Sustainability, experts provided exciting insights into sustainability-related topics.

Think-Tank: Focus on sustainability

The LGT Think-Tank regularly discusses current trends and developments. It consists of in-house experts who work with external specialists and university representatives on a project basis. The Think-Tank also supports the LGT Sustainability Board in opinion forming. In 2021, the representatives of the Think-Tank devoted themselves to developing the LGT Private Banking sustainability thematic framework (see page 10). Other key topics addressed included ESG data as well as the various data providers and their offerings. The Think-Tank also developed a joint position on biodiversity together with representatives of LGT's Board of Trustees and senior management.



LGT relationship manager Markus Thöny, climate researcher Professor Reto Knutti and Ursula Finsterwald, Head Group Sustainability Management (from left), at an information event at the Hofkellerei Vaduz.

Tackling challenges together

LGT is convinced that the only way to tackle global challenges is to address them collectively. It is therefore in regular dialogue with various stakeholder groups, in particular our clients, our owners and our employees. However, we also actively discuss sustainability with the authorities and our suppliers, academics and representatives of civil society.

Further to this, we seek to advance the topic of sustainability by collaborating with various specialized organizations, among others as a:

- Member of the Board of the Principles for Responsible Investment (PRI)
- Signatory to the Principles for Responsible Banking (PRB)
- Founding member of the UN Net-Zero Banking Alliance (NZBA)
- Member of the initiative UN Net Zero Asset Managers (NZAM)
- 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
- Chair of the Sustainability Committee and a member of the Sustainability Working 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
- Vice Chair of the Board of Trustees and Advisory Board of the Swiss Climate Foundation
- Participant in the regional DACHLi group of the Partnership for Carbon Accounting Financials (PCAF)
- Member of the World Economic Forum's Alliance of CEO Climate Leaders
- Member of the Mobility Working Group of the Liechtenstein Chamber of Commerce and Industry (LCCI)
- Member of the LCCI's Expert Group on Sustainability
- Member of the Board of AVPN
- Member of the Wealth Management Institute's (WMI) Expert Panel for ESG and Sustainable Investing
- Participant in the Monetary Authority of Singapore's (MAS) Private Banking Industry Group ESG Taskforce
- Participant in the MAS's Sustainable/Green Finance Working Group

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. In our Non-Financial Report, we provide infor-

mation on the progress we have made in implementing the Ten Principles and the Principles for Responsible Banking (PRB). lgt.com/nfr



LGT is committed to numerous international associations and organizations. Our most important memberships and partners include:



Responsible corporate governance

Responsible corporate governance is essential for maintaining and increasing 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 to this end.

Sustainability is a regular item on the agenda at Executive Board, Board of Directors and Foundation Board meetings. This enables us to ensure that sustainability is treated as a priority at all management levels and is incorporated into our business activities.

The Foundation Board oversees LGT's sustainability strategy. Under the chairmanship of H.S.H. Prince Max von und zu

Liechtenstein, Chairman LGT, the Sustainability Sounding Board acts as an advisory body and addresses matters of strategic relevance.

LGT Private Banking's entire Executive Board and various business areas are represented on the Sustainability Board, which is chaired by Olivier de Perregaux, CEO LGT Private Banking. The Sustainability Board determines the strategic direction and guiding principles relating to sustainability. Information about the progress made against the objectives is published regularly.

The sustainability committees report directly to the Sustainability Board. They implement measures to achieve the goals set out in the Sustainability Strategy 2025.

On the investment side, specific ESG investment committees also exist in the various regions to ensure that sustainability is credibly implemented in portfolio management mandates and that the investments are of high ESG quality.

Report profile

From 2012 until 2019, the LGT Sustainability Report was published every other year. Since 2019, it has been published annually. This report, the seventh of its kind, documents key sustainability achievements in the 2021 financial year and, unless stated otherwise, relates to LGT Private Banking. The financial year begins on 1 January and ends on 31 December. In addition to the Sustainability Report, the following reports will also be published online for the 2021 reporting year:

- Non-Financial Report of LGT Private Banking 2021
 - Report in accordance with GRI Standards
 - Principles for Responsible Banking; PRB
 - UN Global Compact; UNGC
- TCFD Report of LGT Private Banking 2021 (Task Force on Climate-related Financial Disclosures; TCFD)

The key figures contained in the report are based primarily on data available for the Group as a whole and not just LGT Private Banking. Key figures for specific locations, in particular environmental data, are prepared by the local contacts for the relevant departments.

The key figures are based on information about the locations in Bangkok, Basel, Bendern, Dubai, Dublin, Geneva, Hong Kong, London, Lugano, New York, Paris, Pfäffikon, Salzburg, Singapore, Tokyo, Vienna, Vaduz and Zurich. Not all information is available for all locations. Missing data for the various key figures were therefore extrapolated based on the information available.

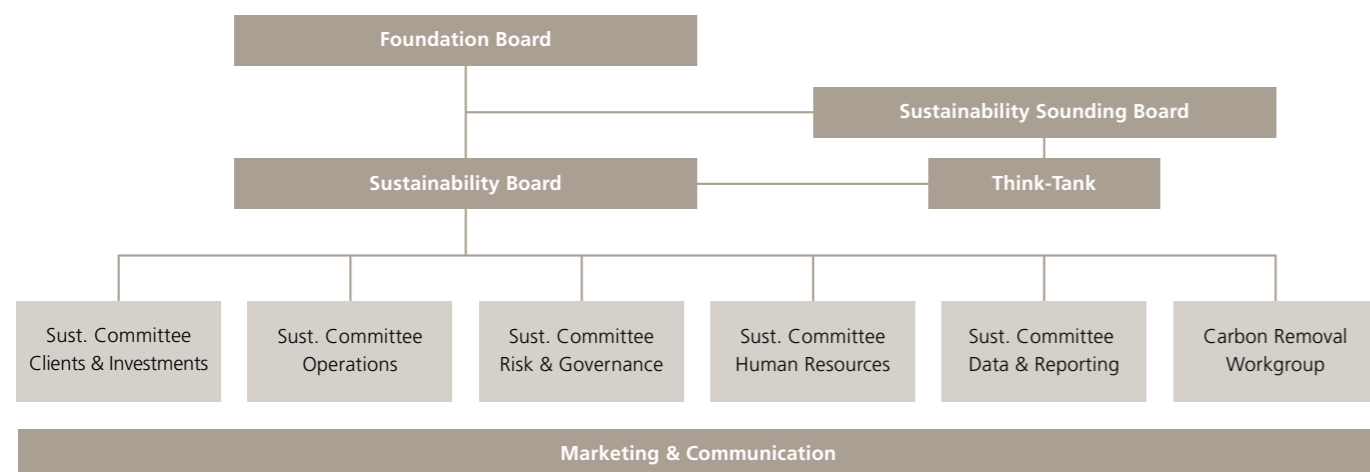
For smaller locations, which account for around two percent of staff, all key figures were extrapolated. Since the 2020



financial year, the key figures and emissions data have been collected and calculated using SulyticsTool. The data for the years from 2017 onwards were recalculated retrospectively using SulyticsTool. Emission factors are based on data from UK Government GHG conversion factors for company reporting, version 1.2, updated on 31 July 2020.

The report can be downloaded at www.lgt.com as a PDF file. This report contains forward-looking statements based on expectations and assumptions. Various factors may cause the actual results to differ from the estimates provided here.

Clear governance structure through LGT's broad-based Sustainability Board



Key figures

		2021	2020	2019	2018	2017
Financial indicators						
Assets under administration	CHF m	285 802	240 705	227 892	198 243	201 782
Net new assets	CHF m	29 254	11 584	13 856	6 757	35 985
of which net new money	CHF m	24 758	11 584	13 856	6 757	17 684
of which through acquisition	CHF m	4 496	0	0	0	18 301
Total operating income	CHF m	2 132	1 853	1 818	1 676	1 537
Group profit	CHF m	353	292	308	314	283
Appropriation of Foundation earnings and dividends	CHF m	-285 ¹	-135	-145	-125	-150
Group equity capital	CHF m	6 047	4 837	4 619	4 112	4 113
Total assets	CHF m	52 876	49 870	49 438	43 444	41 893
Ratios						
Tier 1	%	22.1	21.9	19.9	17.6	18.8
Cost/income ratio	%	75.2	75.0	74.1	74.0	73.8
Liquidity coverage ratio	%	168.1	221.6	218.3	203.3	237.7
Ratings²						
Moody's		Aa2	Aa2	Aa2	Aa2	Aa2
Standard & Poor's		A+	A+	A+	A+	A+

Employees

Number of employees (full-time equivalents)		3 947.0	3 693.3	3 532.9	3 282.8	3 069.4
Proportion of women in the total workforce	%	42.6	41.9	42.3	42.5	42.8
Proportion of female employees	%	47.1	46.5	46.8	47.2	47.8
Proportion of women in middle management	%	27.6	25.4	22.0	21.2	20.1
Proportion of women in senior management	%	14.8	14.8	15.4	15.4	16.4
Proportion of women on Executive Board	%	0.0	6.7	7.6	6.1	5.8
Number of part-time employees		531	483	419	396	373
Part-time employees, female	%	71.2	71.0	71.1	72.7	73.5
Part-time employees, male	%	28.8	29.0	28.9	27.3	26.5
Number of apprentices and HSG ³		34	32	32	30	32
Turnover rate	%	6.1	5.5	6.1	7.9	5.4
Number of new hires		560	393	492	489	777
Female	%	47.1	45.3	45.9	45.6	54.1
Male	%	52.9	54.7	54.1	54.4	45.9
Number of resignations (excluding retirements)		255	251	278	310	239
Female	%	47.1	48.6	48.9	50.3	50.2
Male	%	52.9	51.4	51.1	49.7	49.8
Average age	years	42.4	42.1	41.7	41.6	41.4
Training costs per employee	CHF	1 684	1 074 ⁴	2 084	1 959	2 001

¹ Proposal; ² LGT Bank Ltd., Vaduz; ³ LGT only hires apprentices and high school graduates (HSG) in Switzerland and Liechtenstein. ⁴ 2020 data: retroactive correction due to inclusion of Liechtenstein Academy

		2021 ³	2020 ⁴	2019	2018	2017
LGT's¹ energy/material consumption and GHG² emissions						
Total energy consumption	MWh	16 420	16 458	16 335	15 771	18 006
Electricity	MWh	12 191	11 787	11 626	11 790	12 222
Proportion of renewable	%	67.8	71.2	69.4	66.2	62.2
Heating/cooling	MWh	4 229	4 671	4 709	3 980	5 784
Proportion of renewable	%	56.1	40.0	42.1	39.2	35.1
Proportion of district heating/cooling	%	42.0	43.2	32.6	38.8	39.0
Paper consumption	metric tons	171	203	237	263	288
Proportion of 100% recycled paper	%	41.5	41.8	44.7	40.1	43.3
Waste	metric tons	443	465	409	392	373
Kilometers flown	km	3 489 798	4 101 486	31 119 725	31 238 108	25 782 048
Potable water	m ³	29 222	31 044	32 881	30 696	31 109
GHG ² emissions ⁵	metric tons	4 900	3 947	9 347	9 744	9 217
Scope 1	metric tons	247	428	510	401	562
Scope 2 ⁷	metric tons	2 186	1 956	1 910	2 034	2 311
Scope 3	metric tons	2 467	1 563	6 926	7 310	6 344

Energy/material consumption and GHG² emissions per FTE^{1,6}

Energy consumption	kWh/FTE	4 160	4 456	4 624	4 804	5 866
Electricity	kWh/FTE	3 089	3 191	3 291	3 592	3 982
Heating/Cooling	kWh/FTE	1 071	1 265	1 333	1 213	1 884
Paper consumption	kg/FTE	43	55	67	80	94
Waste	kg/FTE	112	126	116	119	122
Kilometers flown	km/FTE	884	1 111	8 809	9 516	8 400
Potable water	m ³ /FTE	7.4	8.4	9.3	9.4	10.1
GHG ² emissions ⁵	kg/FTE	1 241	1 069	2 646	2 968	3 003
Scope 1	kg/FTE	63	116	144	122	183
Scope 2 ⁸	kg/FTE	554	530	541	619	753
Scope 3	kg/FTE	625	423	1 961	2 227	2 067

¹ The data relate to consumption and emissions from operations (further information can be found on page 35)

² GHG emissions: greenhouse gas emissions in CO₂ equivalent (CO₂e)

³ Data 2021: Extension of data basis to hotel overnight stays and business traffic

⁴ Data 2020: Retroactive correction due to more accurate data basis

⁵ Scope 1 (direct greenhouse gas emissions): emissions generated directly through combustion (e.g. natural gas)

Scope 2 (indirect energy-related greenhouse gas emissions): emissions generated through purchased energy (e.g. electricity, district heating)

Scope 3 (other indirect greenhouse gas emissions): emissions generated through goods and services purchased from third parties (e.g. business travel, waste, paper consumption)

⁶ Full-time equivalents (FTE)

⁷ Calculation of Scope 2 emissions using the market-based approach (Greenhouse Gas Protocol; GHGP). The following values result from the location-based approach (GHGP):

2021: 2 634 t CO₂e, 2020: 2 851 t CO₂e, 2019: 2 718 t CO₂e, 2018: 2 831 t CO₂e, 2017: 3 187 t CO₂e

⁸ Calculation of Scope 2 emissions/FTE using the market-based approach (Greenhouse Gas Protocol; GHGP). The following values result from the location-based approach (GHGP):

2021: 667 kg CO₂e, 2020: 772 kg CO₂e, 2019: 769 kg CO₂e, 2018: 862 kg CO₂e, 2017: 1 038 kg CO₂e

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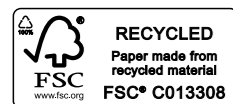
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LGT Group Foundation

Herrengasse 12, FL-9490 Vaduz
Phone +423 235 11 22, lgt@lgt.com
UID: CHE-280.624.214

www.lgt.com