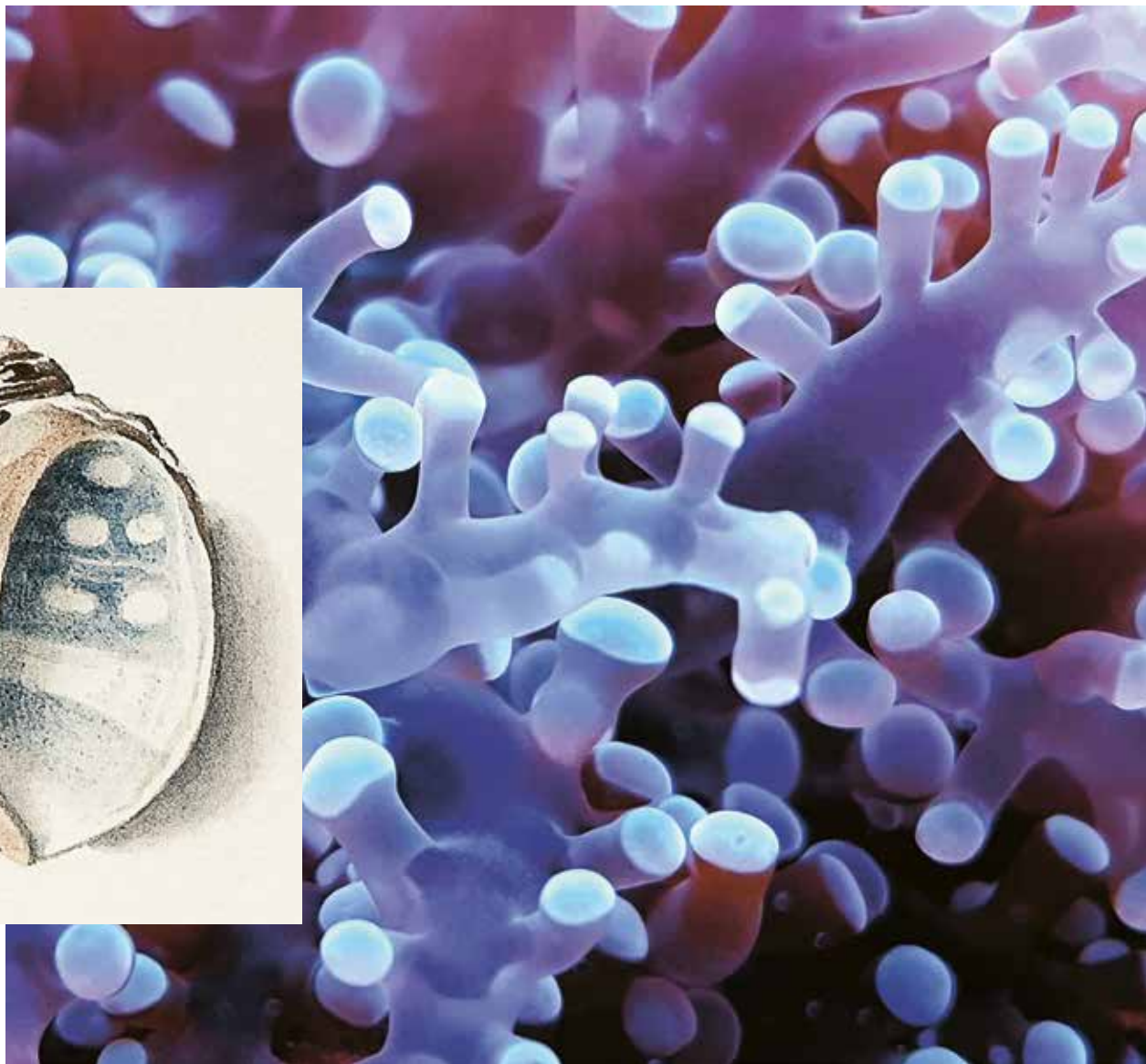




Private
Banking

Principles for Responsible Banking Report

2022



| Forward-looking
for generations



Franz Anton von Scheidel, details from "Depictions of conchiliae in watercolour after Johann Carl Megerle von Mühlfeld (1765–1840)," late 18th century
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PRB Reporting and Self-Assessment

The Principles for Responsible Banking (PRB) constitute an overarching framework that guides banks on how to align their business strategies and practices with society's goals set out in the Sustainable Development Goals (SDGs) and the Paris Climate Agreement. The PRB were created by founding banks and the United Nations. The six Principles help the banking industry to demonstrate how it makes a positive contribution to society. The signatories embed sustainability across all business areas, at the strategic, portfolio and transactional level. As a signatory to the PRB, LGT Private Banking (LGT PB) is working to further align itself with the SDGs, as well as the Paris Agreement.

This document outlines LGT PB's PRB Reporting and Self-Assessment with references to the following publications:

- AR 2022: Annual Report 2022
- SR 2022: Sustainability at LGT 2022
- NFR 2022: Non-Financial Report 2022
- TCFD 2022: TCFD Report 2022 (Task Force on Climate-related Financial Disclosures)
- LGT's website

Any additional resources used are indicated in the report.

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

1.1 Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

LGT Group Holding (LGT), headquartered in Vaduz (Principality of Liechtenstein), is a leading international Private Banking and Asset Management Group. LGT Private Banking (LGT PB), headquartered in Vaduz (FL), operates as a wealth management services provider for private clients, offering the following services and products:

- Investment advice and portfolio management
- Trading advice and execution
- Loan and credit facilities
- Philanthropy services and impact investing
- Wealth planning and family governance

Since its founding over 100 years ago, LGT PB has grown from a regional bank to an international private bank. LGT PB is present in Liechtenstein, Switzerland, Austria, Germany, the United Kingdom, Ireland, Hong Kong, Singapore, Bahrain, the United Arab Emirates, Thailand, India, Japan and Australia. As at 31 December 2022, LGT PB employed over 4100 people worldwide. LGT PB's revenues are generated through wealth management (commission business and services) and trading, as well as money market and lending business. Geographical information regarding LGT Group's operating income, capital expenditures and non-current assets is presented in the LGT Group Annual Report 2022, in the chapter Operating segments of the consolidated financial statements.

LGT Group has been controlled by the Princely Family of Liechtenstein for almost a century, and has a long tradition of professionally managing family assets. In both its corporate and investment strategies, LGT Group takes a long-term perspective.

Links and references

NFR 2022

- General disclosures (page 6)

AR 2022

- Operating segments (page 72)

LGT Website

- About us

1.2 Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes
 No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
 International Labour Organization fundamental conventions
 UN Global Compact
 UN Declaration on the Rights of Indigenous Peoples
 Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk – please specify which ones:
 Task Force on Climate-related Financial Disclosures (TCFD) (<https://www.fsb-tcfd.org/>)
 Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery – please specify which ones:
 Finance Against Slavery & Trafficking (FAST) Initiative (<https://www.fastinitiative.org/>)
 None of the above

Response

LGT PB is committed to integrating sustainability into all of its business processes and across its entire product range. This commitment is also embedded in the company's new Sustainability Strategy 2030, which builds on our Sustainability Strategy 2025. The strategy consists of three pillars:

1. Clients & Investments
2. Business & Operations
3. People & Society

The Sustainability Strategy is implemented through numerous initiatives and projects. In 2017, LGT PB introduced the LGT Sustainability Rating to give clients greater transparency regarding the sustainability quality of their investments (for more information, see section 3.1). Over the last 14 years, LGT PB has used its balance sheet, distribution strength and sustainability know-how to support the sustainable and innovative product development of LGT Capital Partners and Lightrock, two organizations that share the same owner as LGT PB. LGT PB is steadily increasing its offering of products and solutions promoting environmental and/or social characteristics (for more information, see section 3.2).

Since 2012, LGT has been committed to the Ten Principles of the UN Global Compact, and since 2018, we support, through financial assistance and network involvement, the Liechtenstein Initiative on Finance Against Slavery and Trafficking (FAST), which works to combat human trafficking and modern slavery. In 2022, LGT Group introduced a human rights statement that aims to detail its commitment to upholding human rights. The scope includes employees, suppliers and society at large. LGT Wealth Management (LGT WM) submits an annual modern slavery statement to the UK authorities. The statement describes LGT WM's commitment to combating modern slavery and its slavery and human trafficking risk. In addition, it outlines the further actions LGT WM plans to take.

LGT PB signed the Principles for Responsible Banking (PRB) in 2020 and is a founding member of the UN Net-Zero Banking Alliance (NZBA), underscoring its commitment to continue supporting clients and companies in their transition towards a more sustainable use of limited resources. As a PRB signatory, LGT PB ensures that it is aligned with the vision of the SDGs and the goals established under the Paris Climate Agreement. Since the 2021 financial reporting year, LGT PB has reported according to the standards set by the Task Force on Climate-related Financial Disclosures (TCFD) to better identify and provide transparency on climate risks.

In 2022, LGT PB became a signatory to the UN Principles for Responsible Investment (PRI), the Institutional Investors Group on Climate Change (IIGCC) and Climate Action 100+ (CA 100+). LGT PB also joined Finance for Biodiversity and published a position paper on biodiversity in the year under review. We believe that biodiversity loss and climate change are interdependent and that biodiversity loss represents an even a bigger challenge for humankind.

LGT PB has committed to reducing its net emissions from operations, its own investments and credit and mortgages to net zero by 2030. In addition, we will enable our clients to make informed decisions on sustainable investments and decarbonization strategies. With this step, LGT PB is once again underscoring its commitment to contribute to a sustainable financial sector. In the EU, Switzerland, the UK, Hong Kong and Singapore, regulatory requirements such as the EU Action Plan on financing sustainable growth are facilitating the transition to a low-carbon economy. LGT PB welcomes these requirements and participates in numerous multilateral and regional partnerships, initiatives and assessments. We combined our ambitions to align our internal processes and adapted various directives in line with sustainability (e.g. Risk Policy, compliance directives, advisory directive).

Links and references

NFR 2022

- Climate protection and risk management (pages 35–37)
- Energy efficiency and renewable energy use (pages 38–40)
- Sustainable thinking (pages 57–58)
- Sustainable products and solutions (pages 24–30)
- Natural capital (pages 22–24)

SR 2022

- Sustainability Strategy 2030 (pages 6–8)

TCFD 2022

- Introduction (pages 6–7)

LGT website

- Sustainability
- Human Rights Statement
- Biodiversity paper
- Modern slavery statement

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

In 2022, LGT PB conducted an impact analysis to identify the most significant impact areas relevant to sustainable development. For the analysis, LGT PB followed the UNEP FI guidelines.

The main asset types included in the impact analysis are: own assets, client assets with discretionary powers/delegated authority, client assets with advisory role and trading/execution. The impact analysis includes all of LGT PB's locations of operation. For an overview of the relevant geographies, see Principle 1.1.

Based on an initial impact/materiality assessment, we identified that our largest impact is through our investments (clients' and own). Apart from client deposits, the volume of LGT PB's credits, Lombard loans and mortgages only accounts for a small fraction of its total assets under management (AuM). In addition, the collateral used for Lombard loans is covered by the assessment, since the clients' AuM serves as collateral for the Lombard loans. Moreover, we do not have a standard credit business per se. Standard credits and loans, and mortgages have therefore been excluded from the impact analysis. Consequently, we have used the UNEP FI Investment Portfolio Impact Analysis Tool to identify the significant impact areas.

To analyze the impact of LGT PB's investment portfolio, a dataset of all investments (e.g. asset class, country, sector, amount in USD) was used.

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response

LGT PB considered the following portfolio composition in its impact analysis:

- Own assets: 7%
- Assets with discretionary powers: 15%
- Assets with advisory role: 33%
- Trading/execution: 45%

The allocation of assets and definition of industry sectors was based on exposure to the relevant sectors. Assets have been broken down as far as possible (e.g. for funds and structured products), but the break-down was constrained due to limited data availability.

The sectors and sub-sectors relevant for LGT PB are derived from the exposure proportion of the portfolio and are therefore classified by relevance. The impact areas were identified based on the following main sectors: Energy, Materials, Industrials, Consumer Discretionary, Consumer Staples, Financial Sector, Information Technology, Communication Services, Utilities and Real Estate. Whenever deemed relevant, the main sectors were split into subsectors (e.g. sector: Industrials; subsector: Transportation).

Links and references

NFR 2022

- General disclosures (page 6)
- Material topics (pages 17–18)

Links and references

NFR 2022

- Material topics (pages 17–18)

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, with the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the Interactive Guidance on impact analysis and target setting.

³ "Key sectors" relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Response

The countries with the highest proportion of the portfolio are: the United States, Switzerland, Germany, the United Kingdom, China, France, Canada, Japan, the Netherlands and Austria.

By including all relevant investments (> 1m USD) in the UNEP FI Investment Portfolio Impact Analysis Tool (sheet "Cartography"), which sets the investments in relation to sectors and countries, the tool analyzed the most significant impact areas for all asset types and asset classes. Based on the investments analyzed, we identified climate and water as the main impact areas in our core markets.

Through the materiality analysis performed as described in the Non-Financial Report, the significant impact areas were also identified, which partially align with the impact areas identified using the UNEP FI Investment Portfolio Impact Analysis Tool (topic climate and biodiversity). The materiality analysis was conducted with the investment specialists to verify the results, identify areas of high importance and investigate how LGT PB can support its clients within the identified impact areas. We also reviewed the findings of the PRB impact analysis with LGT PB's sustainability experts and assessed whether corresponding products and research are in place and if relevant data is available. In addition, LGT PB wants to evaluate other important areas where it can empower its clients for change, even though no direct material impact has been identified. For more information, see LGT Sustainability Thematic (NFR 2022 p. 25).

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose. (Look at point after d)

Response

LGT PB carried out an impact analysis using the UNEP FI's Investment Portfolio Impact Analysis Tool. For all asset types and asset classes, positive and negative associations within all impact areas were identified across the portfolio. During the selection process for the most relevant impact areas, LGT PB mainly focused on negative impact areas, following the principle of "Do no significant harm." The second crucial element in the selection process is the focus on impact efficiency. LGT PB therefore prioritized areas with a strong connection to other impact areas.

As LGT PB is in its second year of reporting, it must identify its impact areas so it can set specific targets in the next reporting period.

As already defined in the last report and confirmed with this impact analysis, LGT PB identified climate as the first impact area. The impact area climate is a strategically important topic for LGT PB where we can drive significant impact.

The second significant impact area is biodiversity. The impact analysis identified water as an impact area, with water (water quality) being a key component of biodiversity. Thus, by recognizing the importance of water to biodiversity and defining biodiversity as a significant impact area, we have the opportunity to achieve a bigger impact in terms of sustainable development than if we had set water as a stand-alone impact area. For example, our core markets Central Europe, the UK and Asia (Hong Kong, Singapore) are more affected by biodiversity issues than by water issues. In addition, positive impacts within biodiversity not only affect water, but also the first impact area, climate. This is in line with the impact analysis and findings we reported for the financial year 2021 regarding biodiversity as an important target area. Overall, our identified impact areas of climate and, especially water, have biodiversity as a common denominator.

The strategic relevance of the impact area biodiversity is reflected in LGT PB's strong engagement in this area. We are a signatory to the Finance for Biodiversity Pledge and in June 2022, published a position paper on biodiversity that expresses the relevance of the topic and our previous and current actions for biodiversity. In addition, our philanthropic activities address the three key areas: marine protection and freshwater security; carbon credits with biodiversity; and community benefits and community conservation. Our philanthropic activities align with SDGs 13 (Climate action), 14 (Life under water) and 15 (Life on land), and we engage with organizations that have developed sustainable, synergistic solutions that are embedded in their local communities.

Links and references

NFR 2022

- Material topics (pages 17–18)
- Sustainable products and solutions (pages 24–30)

Links and references

NFR 2022

- Material topics (pages 17–18)
- Biodiversity protection (pages 40–42)

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Response

The significant positive and negative impacts were derived by asset type (own assets, discretionary, advisory and trading/execution) and asset class in relation to the relevant sectors. As the analysis is based on the asset types and asset classes, it does not provide insights into the impacts of sectors in different impact areas across the portfolio.

The indicators for climate are: potential involvement in the consequences of climate-related risks and greenhouse gas (GHG) emissions. As LGT PB has identified climate as a significant impact area, we refer to the indicators in Annex 1.

While the standards and indicators for climate are clear and also presented in the PRB template Annex, no suitable indicators are predefined for biodiversity. We therefore used the climate indicators as guidance and are in the process of developing more informative, meaningful and specific indicators for biodiversity through our memberships and engagements with stakeholders. To implement the eligible target-setting in the next reporting period, we are currently defining our own indicator(s) for biodiversity.

LGT PB has identified that in its portfolio, investments in listed equities and fixed income corporate bonds are causing the strongest positive and negative impacts.

Links and references

- NFR 2022
- Climate protection and risk management (pages 35–37)
- TCFD 2022
- Strategy (pages 11–14)

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

- | | | | |
|--|---|--------------------------------------|-----------------------------|
| Scope: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Portfolio composition: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Context: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Performance measurement ⁷ : | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, biodiversity

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

We did not specifically identify the sectors and industries with the most significant impacts. Instead, we conducted the analysis according to asset type, asset class and country.

⁶ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

⁷ For the impact area climate only (not for biodiversity).

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁸ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with⁹ have you identified as relevant?

Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Response

As part of the impact analysis, LGT PB determined which of its targets and indicators contribute to the SDGs with identified impact areas contributing to at least one SDG.

Taking action to combat climate change and its impacts is aligned with SDG 13 (Climate action). We have set climate goals in alignment with the Paris Agreement and are a founding member of the NZBA and a member of CA 100+.

As engagement on biodiversity to promote SDG 14 (Life under water) and SDG 15 (Life on land) is to be addressed in the near future, we focused on understanding the impacts of climate change mitigation on biodiversity as a first step. In doing so, we found that reducing GHG emissions to mitigate climate change and promote sustainable development can also positively impact ocean acidification and soil desertification. In turn, protecting, restoring and enhancing terrestrial and underwater ecosystems also mitigates climate change. Therefore, the two environmental domains interact, are linked and should be addressed together in the future.

Biodiversity is mapped to the SDGs 14 and 15, and indirectly linked to SDG 13.

In summary, we found that we have a substantial impact on SDGs 13, 14 and 15. We therefore conclude that with these SDGs associated with biodiversity, biodiversity is a clear overarching impact area.

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	A.1.1	Yes. For details, see our TCFD 2022
	A.1.2	In progress, net-zero 2030
	A.1.4	In progress
	A.1.5	Yes, green mortgages, and in progress for other low-carbon products such as Lightrock Climate Impact fund
	A.2.2	Total GHG emissions or CO ₂ e
	A.4.1	% over time; baseline and tracking GHG emissions in kg of CO ₂ e

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Response

We see biodiversity as an important topic in our new Sustainability Strategy 2030, and as an important link to climate change. We therefore published a position paper on biodiversity during the reporting year and we have become a member of the Finance for Biodiversity Pledge.

Links and references

LGT website
▪ Biodiversity

⁸ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁹ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

c) SMART targets (incl. key performance indicators (KPIs)¹⁰): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Response

LGT PB has set the following targets and KPIs related to the afore-mentioned SDGs to foster positive development in the most significant impact areas:

Climate:

After setting its overall net-zero emissions target for 2030, LGT PB defined four sub-categories based on its business activities (operations, own investments, advised client investments and lending). Due to the nature of the industry and the business activities in question, a separation of emissions according to the Greenhouse Gas Protocol is of limited significance, as most emissions are associated with financed emissions (GHG Protocol Scope 3, category 15). LGT PB therefore divided these emissions into three categories:

1. LGT PB's own investments (Scope 3, category 15)
2. Client investments (Scope 3, category 15)
3. Credit and loan portfolio (Scope 3, category 15)

Emissions associated with the remaining scopes are gathered under Operations (Scope 1, 2 and 3, categories 1–14).

LGT PB has defined reduction targets for 2030 for the four categories. Main indicators for our climate target are a thorough net-zero governance structure and strategy that we adhere to, and GHG emission values for investments and also for mortgages as disclosed in our TCFD report.

For our operations we have set the following targets:

- Reduce energy consumption/FTE by 30 percent by 2030 (compared to 2019)
- Use 100 percent renewable electricity and 100 percent renewable heating or district heating by 2030
- Reduce Scope 1 & 2 emissions by 90 percent by 2030 (compared to 2019)
- Reduce flight emissions/FTE by 50 percent by 2030 (compared to 2019)
- Reduce paper consumption/FTE by 50 percent by 2030 (compared to 2019)

In addition, in 2020 our thermal coal exclusion policy came into force for investments we have control of.

With regard to a uniform accounting of emissions on the investment side, LGT PB is participating in the development of an industry standard and has joined the Partnership for Carbon Accounting Financials (PCAF). LGT PB is also one of the founding members of the NZBA, in which financial institutions from numerous countries commit to undertaking concrete steps to align their lending and investment portfolios with net-zero emissions by 2050.

Biodiversity:

SMART targets concerning biodiversity are being developed. Findings from our engagement with the PRB working group on biodiversity and our membership in the Finance for Biodiversity Pledge flow into the development of these SMART targets.

Links and references

NFR 2022

- General disclosures (pages 8–9)
- Climate protection and risk management (pages 35–37)

TCFD 2022

- Metrics and targets (pages 27–32)

LGT website

- Policy on coal

¹⁰ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Response

LGT PB has defined the following steps to meet the set targets:

1. Set the baseline for GHG emissions (first assessment has been completed for mortgage portfolio and own investments). For more information, see TCFD Report.
2. Define reduction path based on baseline in alignment with 1.5°C Paris goal and our 2030 net-zero goal.

By tracking the set targets in the impact areas climate and biodiversity, LGT PB contributes to sustainable development mainly in SDGs 13, 14 and 15. By fostering positive impacts on climate and biodiversity, LGT PB will additionally support the reinforcement of other SDGs, as an intact environment is a fundamental pillar for societal well-being.

Links and references

- TCFD 2022
▪ Metrics and targets (pages 27–31)

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: climate change mitigation... (please name it)	... second area of most significant impact: biodiversity (please name it)	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: (please name it)
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

In 2022, LGT PB used the UNEP FI Investment Portfolio Impact Analysis Tool. It is in the process of setting more comprehensive targets for climate and the first targets for biodiversity. The assessment contains the first indicators for the impact areas climate and biodiversity, and targets for climate. The implementation of the climate targets is strongly supported through our sustainability governance structure. Group Sustainability Management has oversight over all sustainability topics and monitors and aligns activities to reach our climate targets. The implementation is done and reviewed by the different sustainability committees, e.g. operational climate targets in the Sustainability Committee Operations. The Senior Management Board (our Executive Board) and ultimately the Foundation Board have the overall responsibility for managing sustainability risks and making sure that the goals are achieved. Reporting on the achievements will be done through our TCFD reporting.

Links and references

- TCFD 2022
▪ Governance (pages 8–9)

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹¹ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹². It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

LGT PB complies with regulatory requirements (e.g. EU SFDR, MiFID II), including assessing the client's preferences regarding sustainable investments, and has exclusion policies in place. For more information, see 5.3 "Policies and due diligence processes" in this report.

LGT PB is limited in the engagement process with clients for several reasons. LGT PB provides investment advice based on our clients' sustainability preferences. Within advisory and portfolio mandates, our clients make the investment decisions. In addition, within portfolio mandates, the assets belong directly to the clients and the investment strategy can only be adjusted with their permission. We raise our clients' awareness by educating them by publishing papers (e.g. on biodiversity) and by organizing client events on sustainability (e.g. Academy Drive4Entrepreneurs, webinars, livestreaming). We also engage them indirectly via our relationship managers, who undergo dedicated training, and re-profile clients based on their sustainability preferences.

LGT PB wants to create transparency for its clients. LGT PB derives the LGT Sustainability Rating from the LGT ESG Cockpit – LGT's proprietary analysis tool – to give clients greater transparency regarding the sustainability of their investments. The rating indicates the sustainability quality of individual equities, bonds, funds and the overall portfolio. For clients in Europe, the LGT Sustainability Rating is integrated into the LGT SmartBanking platform. As part of our accountability efforts, we plan to calculate the CO₂ footprint of client investments and communicate the results transparently. For more information about the LGT Sustainability Rating, see the Non-Financial Report 2022, as well as our website.

The LGT PB Sustainability Thematic Framework outlines six key areas of focus with regard to long-standing sustainability themes, with each theme mapped to the relevant SDG. With this framework, we strive to further strengthen our pioneering role in the area of sustainability and present LGT PB's sustainability efforts and investment expertise to clients and other stakeholders. For further information on the framework, see NFR 2022 and SR 2022.

LGT PB committed to reducing its net emissions from operations, its own investments and credit and mortgages to net zero by 2030. For more information about LGT PB's risk management and metrics, and targets for its own and client investments, see TCFD 2022.

LGT PB's EMEA-based Sustainable Investing (SI) team, the Sustainable Investing team in the UK and the sustainable investing experts in Asia ensure that LGT PB offers a growing number of credible sustainable products and provides education and information on sustainable investing to our front office staff and clients. To achieve LGT PB's sustainability goals set out in the Sustainability Strategy 2030, the Sustainability Committee Clients & Investments coordinates and defines LGT PB's sustainable investing strategy in close collaboration with SI experts from different investment functions (e.g. portfolio management, portfolio advisory and research) and the local SI expert teams of the regions. In total, LGT PB employs 38 sustainability experts with over 250 years of combined experience in sustainable investing, ensuring that LGT PB offers a growing number of credible sustainable products and provides education and information on sustainable investing topics.

Links and references

PRB 2022

- Principle 5: Governance & Culture (page 18)

SR 2022

- LGT PB sustainability thematic framework (page 10)

NFR 2022

- Sustainable products and solutions (pages 24–30)
- Sustainable thinking (pages 57–58)

TCFD 2022

- Strategy (pages 10–16)
- Risk management (pages 17–26)
- Metrics and targets (pages 27–32)

LGT website

- Sustainability-related disclosures
- Sustainable investing

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response

LGT PB has identified several business opportunities with potential to increase its positive or reduce its negative impacts. Throughout the reporting year, LGT PB focused on further developing the product offerings outlined below across its locations.

- LGT PB clients' interest in private equity strategies focusing on impact continued to increase in 2022. The collaboration with Lightrock and LGT Capital Partners enables us to offer our clients exclusive and innovative private equity impact solutions (funds or direct investments) with which they can make a positive measurable contribution to people and planet alongside financial returns. Solutions include the Crown Impact fund, the Lightrock Evergreen fund, the Lightrock Climate Impact fund and the co-investment opportunity in Mainspring Energy (for more information, see LGT's Non-Financial Report 2022).
- In Liechtenstein, Austria and Switzerland, LGT PB offers actively managed portfolio management (PM) solutions with a focus on sustainability, including the portfolio management mandate "Focus Sustainability." In 2022, we enriched the mandate with an engagement strategy that focuses on pursuing an active dialogue with investee companies to improve their environmental, social and governance practices. Since September 2022, the "Focus Sustainability" portfolio management strategy has been made available in the form of retail funds to increase accessibility for a greater number of clients.
- Moreover, we expanded our "light green"¹³ portfolio management offering by upgrading "Classic," "Swiss Domestic" and "High Conviction" mandates to light green in 2022. Such mandates promote environmental and social characteristics, apply several exclusion criteria, pay particular attention to a lower environmental footprint (for GHG emissions and water withdrawal) compared to the benchmark and consider good governance in accordance with the SFDR definition. About 80% of the AuM in the portfolio management mandates of LGT PB (EMEA) meet the criteria of SFDR Art. 8.
- In 2022, we launched LGT PB's offering of portfolio advisory mandates promoting environmental and social characteristics, thereby expanding our existing offering to meet the different sustainability preferences of our clients.
- In 2022, LGT PB (Asia) introduced the Sustainable Global Equity fund, enriching the product palette of portfolio management mandates (Sustainable Balanced Range, Sustainable Global Equity and Sustainable Investment Grade Bond) with a focus on sustainability funds promoting environmental and social characteristics. The new fund allowed more clients to invest due to the low minimum investment requirements.
- In the UK, LGT WM'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, investing in forward-looking opportunities like renewables, battery storage, circular economy and resource conservation. Stewardship is also an integral part of the investment process. Last year, we voted on over 3000 proposals.

In total, CHF 51.1 billion was invested in assets subject to environmental and/or social screening as at the end of 2022, which corresponds to 34.8 percent of total assets under administration.

Links and references

NFR 2022

- Sustainable products and solutions (pages 24–30)

Stewardship Report 2022

Sustainability Report 2022

¹³ The Sustainable Finance Disclosure Regulation (SFDR), which came into force on 10 March 2021, is a key pillar of the EU Sustainable Finance Action Plan. Based on the extent to which sustainability is taken into account in the strategy of a financial product, it is categorized into one of three classes that correspond to articles 6, 8 and 9 of the regulation. LGT PB'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. Since 2022, LGT PB's mandates "Bandwidth Mandates", "Swiss Domestic" and "High Conviction" also meet the comprehensive criteria of Article 8 of the EU SFDR and are thus classified as "light green" within the meaning of the SFDR.

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹⁴) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

LGT PB joins forces with relevant stakeholders to leverage its contributions to sustainable development. For a detailed overview of LGT Group's relevant stakeholders and memberships, see NFR 2022.

LGT PB believes the only way to tackle global challenges is to address them collectively. LGT PB engages in regular dialogue with various stakeholder groups, particularly its clients, owners and employees, but also actively discusses sustainability topics with governments, suppliers, academics and representatives of civil society.

Last year, one of the Liechtenstein Academy's principal areas of focus was employee sensitization and engagement, for example as part of the Drive4Impact program, we offer our employees the opportunity to discuss humans' impact on the environment, economy, politics and society. In 2022, LGT PB released an internal position document on fossil fuels and nuclear power with the goal of educating employees about the environmental and the social impacts of these energy sources, and equipping the front staff with the necessary knowledge to respond to client inquiries. The LGT Think-Tank, together with external stakeholders, regularly discusses current trends and developments concerning sustainability. It also develops white papers, such as the Biodiversity position paper in the year under review, and position statements such as the Human Rights Statement, and supports the Sustainability Board in forming opinions.

Links and references

SR 2022

- Responsibility as a company (page 23)

NFR 2022

- General disclosures (pages 8–9)
- Sustainable thinking (pages 57–58)
- Talent recruitment and development (pages 45–46)

¹⁴ Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

The Foundation Board of LGT Group Foundation is the highest governance body of LGT PB and oversees the overall sustainability structure, including the governance structure. The Foundation Board has four separate committees: the HR Compensation Committee, the HR Nomination Committee, the Risk Committee and the Audit Committee.

For more details about LGT Group's governance structure and committees, see AR 2022 and NFR 2022.

LGT PB's Executive Board and the heads of the sustainability committees are represented on the Sustainability Board, which is chaired by Olivier de Perregaux, CEO LGT Private Banking. The Sustainability Board meets at least on a semi-annual basis and sets the strategic direction and guiding principles for sustainability.

For more details about LGT Group's sustainability governance structure and committees, see TCFD 2022.

The Sustainability Committee Data & Reporting, which is represented in the LGT PB Sustainability Board, is responsible for the oversight of the PRB implementation and the provision of the data and information for the PRB and other reports. This committee is chaired by the Head of Group Sustainability Management and reports directly to the Executive Board. LGT PB's Group Sustainability Management assembles and publishes the PRB along with other sustainability reports. For governance-related matters, the Sustainability Committee Data & Reporting is supported by the Sustainability Committee Risk & Governance, which is headed by the Head Group Risk & Security. Additional members of the Sustainability Committee Risk & Governance include the CFO, the Group Head Compliance and Head Group Sustainability Management. In addition, both of our targets (see Principle 2) have the support and attention not only of senior management, but also of the Chair of the Foundation Board, H.S.H. Prince Max von und zu Liechtenstein.

Responsible corporate governance is indispensable for maintaining and strengthening the trust of clients and employees, but also of LGT PB's owner and other stakeholders. LGT PB is managed in accordance with the principles of the separation of powers (LGT Group Foundation Board, LGT PB's Executive Board and boards of directors at entity level), and checks and balances. Sustainability is regularly on the agenda at meetings of the Foundation Board, LGT PB's Executive Board, the executive boards at entity level and the boards of directors at entity level. This enables LGT PB to ensure that sustainability is treated as a priority at all management levels and is incorporated into all business activities. Climate and biodiversity considerations are integrated into the sustainability agenda and are part of the mandates of all sustainability boards and committees, which meet on a regular basis.

LGT Group's remuneration policy reflects the importance of the LGT Code of Conduct, including the sustainability aspects contained in the code. It stipulates that failure to adhere to the LGT Code of Conduct or internal guidelines, directives and instructions, or violations thereof, can – among other things – result in a reduction of variable compensation.

Adherence to the LGT Code of Conduct is assessed at annual conduct review meetings. During these meetings, input from the control functions (Risk, Compliance and Internal Audit) and Human Resources is discussed, and impacts on variable compensation are considered. The outcome of these conduct review meetings is reported to the Group Compensation Committee.

Links and references

AR 2022

- (pages 6, 11)

NFR 2022

- General disclosures (pages 8–9)

TCFD 2022

- Governance (pages 8–9)

LGT website

- LGT Code of Conduct
- LGT Supplier Code of Conduct

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g. capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

The LGT Code of Conduct sets out LGT Group's shared values as well as the ethical and professional standards that are binding for all employees, members of the supervisory and controlling bodies of LGT and its affiliated companies. To foster responsible business practices, the LGT Code of Conduct considers and references the sanctions programs of the United Nations, the US and the EU. Moreover, the code sets out the goal to align LGT's investments with the Paris Agreement to limit global warming.

LGT PB's greatest asset is its employees. LGT PB has established employee training roadmaps to enhance employees' soft skills. Moreover, employees receive training tailored to their specific roles. New employees must complete different mandatory training, including web-based training on sustainability and sustainable investing at LGT. The training is complemented by videos produced by Group Sustainability Management, Compliance and Investment Services, and by face-to-face ESG training for relationship and portfolio managers that is provided by sustainable investing and financing experts. This ESG training focuses on regulatory topics associated with climate risks and is the basis for additional education modules for relationship managers on how to discuss sustainability preferences with each client.

For information about specific programs and initiatives (e.g. Liechtenstein Academy, Employee Volunteering Program), see NFR 2022.

LGT PB's Group Sustainability Management drives communication about sustainability topics through public webinars, presentations and publications on internal media channels (e.g. intranet).

Links and references

NFR 2022

- Corporate culture (pages 48–50)
- Talent recruitment and development (pages 45–46)
- Occupational health and safety (pages 49–51)
- Digitalization and data protection (pages 33–34)
- Sustainable thinking (pages 57–58)
- Community engagement (pages 55–57)

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹⁵ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response

As a financial institution, LGT PB recognizes its role in resolving environmental and social issues and protecting the climate by advising its clients responsibly. With sustainable investing at the core of LGT PB's sustainability strategy, the company aims to be a leading provider of sustainable investment solutions and contribute to the SDGs overall. Specifically, LGT PB seeks to substantially increase the share of sustainable investment solutions in clients' portfolios and to measure and disclose the sustainability quality of its investment solutions.

To ensure that funds are directed toward companies and projects that support sustainable development, LGT PB has introduced several exclusion policies. The policies support LGT PB in managing assets ethically and in line with its sustainability goals by avoiding investments in selected companies (e.g. trade or manufacturing of landmines, chemical and biological weapons, nuclear weapons, cluster bombs, depleted uranium munitions and phosphorus bombs), and by supporting a shift away from carbon-intensive energy sources. We therefore exclude companies involved in the production of thermal coal and the generation of electricity from coal from our investment universe. These policies are in effect group-wide and apply to LGT PB's own trading book, all LGT funds and the mandates managed by LGT PB and LGT employees.

In line with the MiFID II amendment, LGT PB determines its clients' sustainability preferences. With a dedicated ESG suitability check, LGT PB has adapted its product offering to offer clients sustainable products that meet their requirements. Moreover, we have applied the Sustainable Finance Disclosure Regulation (SFDR) since 10 March 2021 and follow its disclosure obligations. For further details, see NFR 2022.

LGT has an LGT Code of Conduct, which is binding and defines the principles of conduct for our business activities and our approach to all stakeholders as well as to society and the environment. The LGT Supplier Code of Conduct is an integral element of our contracts with suppliers. The code addresses both social and environmental concerns and requires that all suppliers adhere to important standards and conventions, including the Universal Declaration of Human Rights adopted by the United Nations, the UN Convention on the Rights of the Child, the International Labour Organization (ILO) fundamental conventions and international labor standards, and the Ten Principles of the UN Global Compact. For details on grievance mechanisms, see NFR 2022.

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

¹⁵ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies, or any applicable national guidelines related to social risks.

Links and references

SR 2022

- LGT PB sustainability thematic framework (page 10)

NFR 2022

- Sustainable products and solutions (pages 24–30)
- Transparency in financial services (pages 30–32)
- Communication of critical concerns (page 10)

TCFD 2022

- Strategy (pages 10–16)
- Risk management (pages 17–26)

LGT website

- Policy on the exclusion of controversial weapons
- Policy on coal
- LGT Code of Conduct
- LGT Supplier Code of Conduct

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

- Yes Partially No

If applicable, please include the link or description of the assurance statement.

Response	Links and references
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6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
 SASB
 CDP (publication in July 2023)
 IFRS Sustainability Disclosure Standards (to be published)
 TCFD
 Other: ...

Response	Links and references
	NFR 2022 TCFD 2022

6.3 Outlook

What are the next steps your bank will undertake in next 12-month reporting period (particularly on impact analysis¹⁶, target setting¹⁷ and governance structure for implementing the PRB)? Please describe briefly.

Response	Links and references
As a next step, LGT PB will develop a concrete action plan that defines how to mitigate its negative impacts and define its biodiversity targets. Moreover, LGT PB will define its pathway to zero emissions to reach its net-zero carbon target by 2030 and will launch new, low-carbon products. The company will also focus on the implementation of the Sustainability Strategy 2030 and assess the governance structure, and, if needed, adapt the structure.	

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input checked="" type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

Choosing the right performance measurement methodology: Target-setting requires clear and well-structured analyses, discussions and conclusions. As LGT PB is currently still in the process of defining its first target (as required by the PRB), it is difficult to define clear indicators for the second target at this point in time.

Data quality: Data availability is somewhat limited. LGT PB has noted that data on biodiversity protection is particularly difficult to collect. Moreover, the quality of data on GHG emissions varies and we find that climate data are somewhat limited, especially when establishing baselines and setting forward-looking targets. Data on biodiversity cannot be linked to one or a few data points only (compared to linking climate to CO₂e emissions), making the data collection and analysis complex. Additionally, due to the delay of the EU Taxonomy Regulatory Technical Standards (RTS) on the remaining four objectives (including biodiversity), further regulatory refinements are missing. Consequently, data on biodiversity is only reported by few companies.

¹⁶ For example, outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement.

¹⁷ For example, outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans, etc.



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