



Private
Banking

VALUES WORTH SHARING

Non-Financial Report

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 all share responsibility for the environment and society. LGT therefore set itself ambitious goals at an early stage to help preserve the environment, society and the economy for future generations.”

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

Foreword



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

Dear Reader

Our world changed enormously in the first two decades of this millennium. From a holistic and sustainable perspective, the impact of the changes that have taken place in key areas has been very heterogeneous. The positive effects of the major technological advances and the significant financial value creation seen during this time are being offset by negative effects arising from the concentrated distribution of this value creation, the sharp increase in social and political polarization, the marked rise in sovereign debt and the alarming destruction of our ecosystems. An overall assessment shows that our systems have evolved very dynamically but that in too many areas, they have done so in ways that are unsustainable. The fact that companies have not sufficiently integrated the broader impact of their activities on society and the environment into their goals for value creation has proven to be a flaw in our systems.

Due to the negative global developments, most obviously those relating to the environment and the fight against climate change, all businesses and citizens must do their part to make development more sustainable. In their role as intermediaries

between capital-seeking companies, governments and organizations on the one hand, and investors on the other, banks, investors and investment advisors can play a significant role in contributing to this development.

We are convinced that every company should assume its responsibility towards society and the environment and contribute to a better future. We therefore support the efforts of the United Nations to make the global financial sector more sustainable. In 2020, we signed the Principles for Responsible Banking, and we are a founding member of the UN Net-Zero Banking Alliance. We pledge to report on our commitment to help solve the greatest challenges of our time. These measures fit seamlessly into our strategy to be a leading provider of sustainable investments. We are also committed to the principles of the UN Global Compact relating to human rights, labor standards, the environment and anti-corruption.

This first Non-Financial Report in accordance with the GRI Standards is part of our comprehensive sustainability efforts. In the past year, for example, we continued to drive the implementation of our sustainability strategy forward. We are committed to reducing net greenhouse gas emissions in operations and from investments to net zero by 2030. We are able to act more swiftly than international regulations currently require, and we see it as our responsibility to seize this opportunity.

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

Olivier de Perregaux
CEO LGT Private Banking

Long-standing integration of sustainability

LGT has a long tradition of contributing positively to the environment and society. Thanks to our owner, the Princely Family of Liechtenstein, sustainable and long-term thinking are part of the company's DNA. Supporting the achievement of the Sustainable Development Goals (SDGs) to the best of our ability is therefore in line with our company purpose and values. We do this through our ongoing efforts to further evolve and expand our sustainability efforts both in terms of our operations and in our core business – private banking and asset management.

LGT Private Banking measures and reports transparently on the sustainability of its own operations and the sustainability of its investment solutions. LGT Private Banking is therefore publishing its first Non-Financial Report in accordance with the GRI Standards in 2022 for the financial year 2021.

The organization and its reporting practices

2-1 Organizational details

LGT Private Banking (hereinafter LGT PB), headquartered in Vaduz (FL), provides wealth management services for private clients, offering the following products and services:

- Investment advice and portfolio management
- Trading advice and execution
- Loan and credit facilities
- Philanthropy services and impact investing

LGT PB is present in Liechtenstein, Switzerland, Austria, the United Kingdom, Hong Kong, Singapore, the United Arab Emirates, Japan and Thailand. Its platform addresses the specific needs of wealthy private clients and offers access to state-of-the-art investment services. Although LGT PB has grown from a regional bank to an international private bank, it remains a family-owned company, and has been controlled by the Princely Family of Liechtenstein for more than 90 years.

2-2 Entities included in the organization's sustainability reporting

The content of this report encompasses all entities of LGT PB. In addition, where meaningful, the scope of the report is extended to cover information at LGT Group level. Passages in the text that refer to LGT Group are marked accordingly or referred to as LGT Group ("LGT").

2-3 Reporting period, frequency and contact point

LGT has published a sustainability report since 2012. From 2012 to 2018, the LGT Sustainability Report was published every other year; since 2019, it is published annually.

In 2022, LGT PB additionally published its first Non-Financial Report in accordance with the GRI Standards, which will also be published annually. LGT PB's Non-Financial Report 2021 covers the reporting period 1 January 2021 to 31 December 2021 (in alignment with the financial report). The publication date of the Non-Financial Report 2021 is 31 May 2022.

The point of contact for inquiries regarding the reported information is:

Ursula Finsterwald
 Head Group Sustainability Management
 Phone number: +423 235 28 31
 E-mail address: ursula.finsterwald@lgt.com

2-4 Restatements of information

None

2-5 External assurance

None

Activities and workers

2-6 Activities, value chain and other business relationships

LGT Group is a financial institution active in private banking and asset management. The business division LGT PB, which is the main focus of this report, offers personal and comprehensive support and services to private clients, including investment advice and wealth management, loans and financing, and philanthropy. The business division LGT Capital Partners is an alternative investment firm that provides solutions for investors. In addition to alternative investments, LGT Capital Partners also offers multi-asset products.

LGT PB is present in several locations worldwide (see GRI 2-1). Its platform addresses the specific needs of wealthy private clients and offers access to state-of-the-art investment services.

2-7 Employees

All employee data is provided in headcounts as per 31.12.2021¹

		2021			2020		
Employment contract		Total	EME ²	APAC ³	Total	EME	APAC
Permanent	Male	2 328	1 950	378	2 187	1 828	359
	Female	1 727	1 137	590	1 586	1 026	560
Temporary	Male	105	105	0	94	91	3
	Female	109	106	3	97	94	3
Employment type ⁴							
Full-time	Male	2 175	1 801	374	2 047	1 691	356
	Female	1 349	762	587	1 243	688	555
Part-time	Male	153	149	4	140	137	3
	Female	378	375	3	343	338	5

¹ New York and Cayman not included (1.3% of total employees)

² EME = Europe and Middle East

³ APAC = Asia-Pacific

⁴ Only permanent employees

2-8 Workers who are not employees

Workers who are not employees are consultants and work at project level. They are not included in this report as they are employed by an external company and do not have an employment contract with LGT. As at 31 December 2021, 585 workers were employed who were not salaried employees.

Governance

2-9 Governance structure and composition

Roles and responsibilities within the LGT Group Foundation are defined in a clear corporate governance structure. The Foundation Board of LGT Group Foundation is the highest governance body of LGT Group, with H.S.H. Prince Max von und zu Liechtenstein as Chairman. The Foundation Board is comprised of four separate committees: the HR Compensation Committee, the HR Nomination Committee, the Risk Committee and the Audit Committee.

- The HR Compensation Committee reviews the compensation policy of the Group, discusses and determines amendments to, or the creation of, compensation plans and proposes the compensation of LGT PB's Executive Board.
- The HR Nomination Committee reviews the performance appraisal, development and succession plans of LGT PB's Executive Board, discusses and reviews the talent management situation and development of LGT, and reviews the personnel and Human Resources (HR) risk reporting of LGT.

- The activities of the Risk Committee include a periodic review of the general risk limits, risk strategy and framework including an assessment of the risk tolerance/appetite as well as a regular assessment of adequacy of the group-wide risk organization.
- The activities of the Audit Committee include reviewing financial information and monitoring the adequacy of the system of internal controls and the compliance framework, which management and the Board members have established.

The highest management body of LGT PB is LGT PB's Executive Board, which is chaired by the CEO of LGT PB, Olivier de Perregaux. Further information about the composition of the highest governance body and its committees can be found on [our website](#) and in the [Annual Report](#) pages 6 and 12.

LGT PB's Sustainability Board reports to the Foundation Board, which sets the strategic direction and guiding principles relating to sustainability. This Sustainability Board is chaired by Olivier de Perregaux, CEO of LGT PB, and includes representation of LGT PB's Executive Board and the heads of the sustainability committees.

For additional information, see [GRI 2-12](#).

2-10 Nomination and selection of the highest governance body

LGT Group Foundation is the holding company of LGT, a global financial services institution. The beneficiary of LGT Group Foundation is the Prince of Liechtenstein Foundation, whose beneficiary is the reigning Prince of Liechtenstein, H.S.H. Prince Hans-Adam II von und zu Liechtenstein. The Prince of Liechtenstein Foundation appoints the Foundation Board of the LGT Group Foundation, taking into account the following factors: competencies, diversity and independence. For more information, see the *Annual Report 2021*, page 12.

2-11 Chair of the highest governance body

H.S.H. Prince Max von und zu Liechtenstein, Chairman of LGT Group Foundation, is a senior executive within LGT Group. For more information, see his *curriculum vitae*. Until the separation of the business units, LGT Capital Partners and LGT PB (for more information go to the chapter “Responsible corporate governance”), is legally completed, this dual staffing will remain in place. At the beginning of the meetings of the Foundation Board, any conflicts of interest are disclosed.

2-12 Role of the highest governance body in overseeing the management of impacts

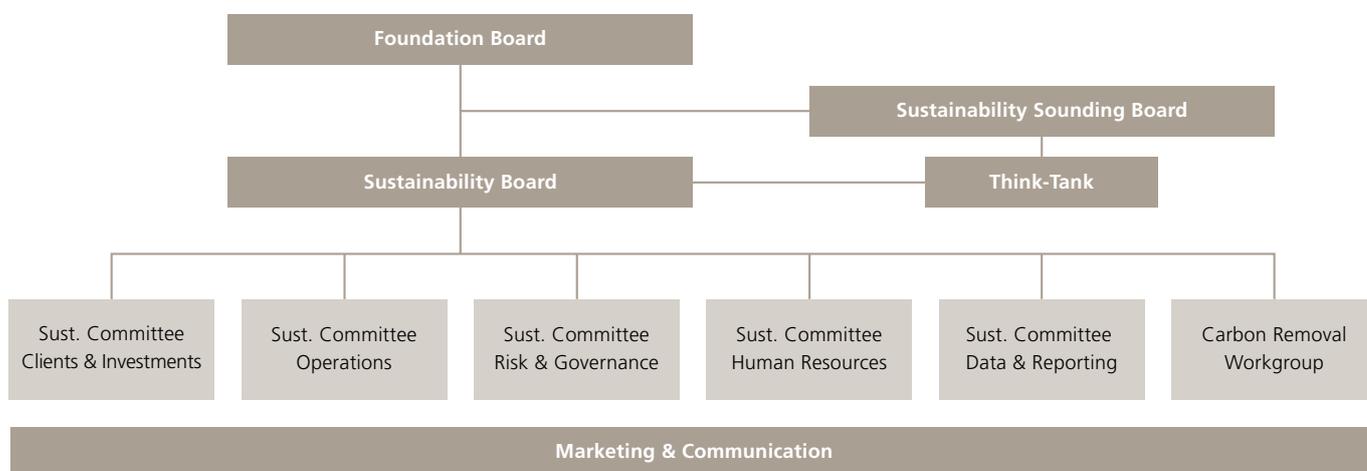
The Sustainability Sounding Board supports the Foundation Board, acts as an advisory board and promotes discussion of

relevant urgent sustainability matters as well as strategically relevant topics. The Sustainability Sounding Board consists of H.S.H. Prince Max von und zu Liechtenstein, Thomas Piske, Member of the Foundation Board and Ex-CEO LGT PB, Olivier de Perregaux, CEO LGT PB, Stephan Tanner, Head Front Solutions and Corporate Development and Ursula Finsterwald, Head Group Sustainability Management. The Sustainability Board includes LGT PB’s Executive Board, LGT PB’s highest executive body, as well as the chairs of LGT PB’s sustainability committees, which are focused on sustainability issues relating to clients and investments, operations, risk and governance, human resources, data and reporting and the Carbon Removal Workgroup.

The Foundation Board is updated on all sustainability-related activities at LGT PB by the different sustainability committee heads at least once a year.

Going forward, sustainability risks will be included in the risk reports, which are managed by the Foundation Board’s Risk Committee and the entire Foundation Board. ESG (environmental, social and corporate governance) criteria that have been added to the compensation policy will be treated by the Foundation Board’s HR Compensation Committee.

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



2-13 Delegation of responsibility for managing impacts

LGT's sustainability ambition is set by LGT's owner, the Princely Family of Liechtenstein, and is delegated to the Sustainability Board.

The Foundation Board receives regular updates from management, which is represented on the Sustainability Board (see GRI 2-12).

2-14 Role of the highest governance body in sustainability reporting

The Chairman of the Foundation Board and the CEO of LGT PB review and approve the Sustainability Report as well as the Non-Financial Report.

The materiality determination and the resulting materiality matrix was validated by the CEO and the Head Front Solutions & Corporate Development of LGT PB.

The Group Sustainability Management department discusses the further development and new requirements of sustainability reporting with the CEO twice a year.

2-15 Conflicts of interest

A directive at the LGT level specifies requirements concerning conflicts of interest. Based on this directive, various Group companies issue their own additional guidelines on this topic, which they adapt to local requirements, in cases where local requirements are more extensive. As set out in LGT's Code of Conduct, all employees are obligated to involve their supervisor or the Compliance or Legal department in the event of potential conflicts of interest.

These directives include principles to avoid conflicts of interest or, where that is not possible, measures to ensure conflicts of interest are identified and recorded at the earliest possible time so that they are dealt with promptly and appropriate solutions can be found in a fair, honest and transparent manner and future conflicts of interest can be avoided. Such conflicts of interest are monitored and documented on an ongoing basis and disclosed to the relevant persons if they cannot be

adequately resolved. LGT Bank Ltd. discloses organizational and specific measures it takes to avoid potential conflicts of interest (see complaints management).

2-16 Communication of critical concerns

Policies and responsibilities for receiving and reporting critical concerns include an online document on grievance management (Beschwerdemanagement), encouraging persons with complaints to submit reports and a whistleblowing function in the Internal Audit department. Complaints that are submitted require follow-up and are reported through Internal Audit to the Foundation Board. This includes quarterly reporting that includes the number of reported and of closed cases. If reported concerns are justified, results of investigations are documented in a separate case-related report.

2-17 Collective knowledge of the highest governance body

Three out of the seven members of the Foundation Board, including the Chairman, have specific knowledge on sustainability. Also, one of the Foundation Board members is the Chairman of the Liechtenstein Academy Foundation, which focuses on sharing knowledge and skills on taking responsible and long-term actions.

In 2022, LGT plans to systematically and broadly enhance the knowledge of the Foundation Board on climate issues and sustainability risks.

2-18 Evaluation of the performance of the highest governance body

The performance of the Foundation Board in overseeing the management of the organization's impacts on the economy, environment and society is evaluated internally at least once a year by the Sustainability Sounding Board. This includes a self-evaluation by the Foundation Board.

In 2021, LGT PB worked with external partners to ensure that climate risks were adequately addressed by the Foundation Board and that these are also reflected in the remuneration policy.

2-19 Remuneration policies

LGT Group is a family-run company built on the values of long-term commitment, stability and independence. LGT relies on the skills, ideas and dedication of its employees to meet the needs of its clients and implement its business strategy. An appropriate, sustainable and market-based remuneration model forms a central part of the attractive and inspirational working environment that LGT offers.

For information about LGT's governance structure and the HR Compensation Committee, see GRI 2-9 and page 12 of the Annual Report.

The independent members of the Group Foundation Board are paid on a fixed pay basis only.

LGT PB's Executive Board is subject to the Compensation Policy, i.e. the members of LGT PB's Executive Board are subject to the same remuneration plans and policies as any other employee.

LGT's remuneration model is in line with market standards and consists of a fixed and a variable remuneration component as well as benefits.

- Fixed and variable pay: The fixed monthly salary is paid in cash and compensates employees for performing the tasks relating to their function, taking into account the relevant training, capabilities and skills and any managerial responsibility. Variable remuneration can be granted annually either directly as a cash bonus or as deferred variable compensation, in line with the applicable regulatory requirements.
- In new hire situations, exceptional one-off payments can be granted. They can take the form of guarantee payments or replacement payments for lost or forfeited compensation with the previous employer. Such one-off payments may be granted in justified individual cases, provided they are not prohibited by law or any other regulation.
- LGT PB does not provide termination payments, such as golden parachutes or similar. Severance payments, typically ex-gratia payments, may be granted in justified individual cases, provided they are not prohibited by law or any other regulation. Such severance payments are awarded restric-

tively and must be approved by the respective LGT PB Executive Board and HR.

- Malus and clawback clauses are included in all deferred compensation payments to Identified Staff/Material Risk Takers, in line with the regulatory requirements under CRD V (Capital Requirements Directive) and the BankV of Liechtenstein (Banking Regulation). As such, all members of the highest governing body and executive management teams are subject to malus and clawback if certain conditions are met. LGT does not have clawback clauses on fixed pay.
- The retirement benefits scheme including contribution rates are the same for all employees, including senior executives.

2-20 Process to determine remuneration

LGT's remuneration policy is stipulated by and its implementation is monitored by the LGT PB Group Foundation Board (FB), supported by its committee – the Group Human Resources Compensation Committee (GHRCC). It is reviewed regularly, and its implementation is ensured, particularly with regard to the growth, suitability and composition of the total remuneration. The FB and GHRCC also ensure that the legal and regulatory requirements are met. At the subsidiary level, the remuneration principles are determined by the relevant Board of Directors (BD), supported by the relevant Human Resources Compensation Committee (HRCC), based on the Group-wide remuneration policy. They report annually to the GHRCC and submit to it changes to the remuneration structure or models for approval. The total amount of remuneration paid by LGT is approved by the FB on the basis of a recommendation from the CEO of LGT PB and the GHRCC.

2-21 Annual total compensation ratio

As a privately held company, annual total compensation ratio is confidential business information and thus not disclosed.

Strategy, policies and practices

2-22 Statement on sustainable development strategy

A statement regarding sustainable development by the Chairman of LGT, H.S.H. Prince Max von und zu Liechtenstein and the CEO of LGT PB, Olivier de Perregaux, can be found in the foreword.

2-23 Policy commitments

The LGT Code of Conduct sets out LGT's shared values as well as ethical and professional standards, which are binding for all employees and members of the supervisory and controlling bodies of LGT and its affiliated companies. To foster responsible business practices, the Code of Conduct considers and references the sanctions programs of the United Nations (UN), the US and the European Union. Moreover, the code sets a goal to align LGT's investments with the Paris Agreement to limit global warming. Our common goal is to use resources carefully and limit our consumption to the greatest extent possible. In addition, the Code of Conduct sets out our goal of promoting the sustainable development of society and the environment. The principles contained in the Code of Conduct are defined in more detail in internal directives and other rules and regulations. For more information, see [Code of Conduct](#) and the chapter "[Ethics and integrity](#)".

LGT has also introduced a Supplier Code of Conduct, which is an integral part of its contracts with suppliers and must be accepted by all suppliers. The LGT Supplier Code of Conduct requires that 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 principles of the UN Global Compact (UNGC). LGT reserves the right to inspect documentation and ensure compliance. For more information, see [Supplier Code of Conduct](#) and GRI 407-1 in chapter "[Corporate culture](#)".

The LGT Code of Conduct as well as the LGT Supplier Code of Conduct are approved by the Foundation Board.

2-24 Embedding policy commitments

Compliance with the LGT Code of Conduct is an integral part of the contractual relationship under employment law and the annual objective-setting and performance assessment of employees. Violations of the LGT Code of Conduct may be subject to disciplinary actions and measures under employment law, including dismissal without notice.

Our policies are integrated into our employee directives. We also adhere to numerous additional policies as a result of our business relationships. (e.g. Liechtenstein Bankers Association, Sustainable Finance Workgroup of the European Banking Federation, Chief Sustainability Officers Roundtable of the European Banking Federation, Liechtensteinische Industrie- und Handelskammer, UN Global Compact, Global Compact Network Switzerland & Liechtenstein, Liechtenstein Initiative on Modern Slavery and Human Trafficking, Swiss Sustainable Finance Association, the monetary authorities of Liechtenstein, Switzerland, Hong Kong and Singapore, Alliance of CEO Climate Leaders of the World Economic Forum, etc.). For more information, see chapter "[Ethics and integrity](#)".

2-25 Processes to remediate negative impacts

Our processes ensure that information on negative impacts is escalated to the Foundation Board. For more information on our communication on critical concerns, see [GRI 2-16](#). The Foundation Board decides in which cases remediation of negative impacts is required and gives implementation orders to LGT PB's Executive Board.

2-26 Mechanisms for seeking advice and raising concerns

Seeking advice on implementing our policies and practices for responsible business conduct is part of all of our ongoing stakeholder engagements (for more information on our approach to stakeholder engagement, see [GRI 2-29](#)). In addition, we have established mechanisms for registering grievances (for more information on our communication of critical concerns, see [GRI 2-16](#)). For more information, see chapter "[Ethics and integrity](#)".

2-27 Compliance with laws and regulations

LGT PB is not aware of any cases of non-compliance with laws and regulations in the social and economic area and received no fines in Liechtenstein in 2021. For more information, see chapter "[Compliance](#)".

2-28 Membership associations

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

Principles for Responsible Banking (PRB)	Signatory	Framework for a sustainable banking industry developed by banks worldwide and the United Nations Environment's Finance Initiative.
UN Net-Zero Banking Alliance (NZBA)	Founding Member	The industry-led, UN-convened Net-Zero Banking Alliance brings together banks worldwide representing over 40 percent of global banking assets, which are committed to aligning their lending and investment portfolios with net-zero emissions by 2050.
Swiss Sustainable Finance (SSF)	Founding Member and member of various working groups	Central information point for all questions concerning sustainable financial services in Switzerland.
European Banking Federation	Member of Chief Sustainability Officer Roundtable Member of Sustainable Finance Working Group	The European Banking Federation is the voice of the European banking sector, bringing together national banking associations from 45 countries. The EBF is committed to a thriving European economy that is underpinned by a stable, secure and inclusive financial ecosystem.
Liechtenstein Bankers Association	Chair of Sustainability Committee and Member of Sustainability Working Group	The Liechtenstein Bankers Association is the domestic and international voice of the banks operating in and out of Liechtenstein.
UN Global Compact	Participant and Member of the Board of the UN Global Compact Network Switzerland & Liechtenstein and Member of Management Committee of Global Compact Network Singapore	Worldwide pact between the UN and companies to make the globalized world more socially and ecologically responsible.
Swiss Climate Foundation	Vice Chair of the Board of Trustees and Advisory Board	The Swiss Climate Foundation is a voluntary initiative by business for business. The Foundation's mission is to promote climate protection and strengthen Switzerland and Liechtenstein as business locations.
Partnership for Carbon Accounting Financials (PCAF)	Participant in regional DACHLi group	PCAF's mission: Facilitating financial industry alignment with the Paris Climate Agreement.
World Economic Forum (WEF)	Member of the Alliance of CEO Climate Leaders	Associate Partner of the WEF since March 2017 with a focus on long-term investing infrastructure and development. The purpose of the partnership is to connect the expertise of LGT Group in the field of sustainable and responsible investing with the WEF community and actively engage in the field of impact investing.
Liechtenstein Chamber of Commerce and Industry (LCCI)	Member of Expert Group on Sustainability and Member of the Mobility Working Group	The aim of the Liechtenstein Chamber of Commerce and Industry (LIHK) is to stand up for the safeguarding and further development of Liechtenstein as a successful business location, to focus on the concerns of LCCI member companies and to offer them a professional service.
Monetary Authority of Singapore (MAS)	Participant in the MAS Private Banking Industry Group ESG Taskforce and Participant in the MAS's Sustainable/Green Finance Working Group	The MAS is Singapore's central bank and integrated financial regulator. MAS also works with the financial industry to develop Singapore as a dynamic international financial center.
Asian Venture Philanthropy Network (AVPN)	Member of the Board	Network based in Singapore committed to building a vibrant and high-impact philanthropy and social investment community across Asia.



Stakeholder engagement

2-29 Approach to stakeholder engagement

Stakeholder group	Examples of stakeholder engagements and interests
Shareholder	<ul style="list-style-type: none"> ▪ Long-term strategic orientation ▪ Value creation ▪ Sustainability embedded into core strategy
Clients	<ul style="list-style-type: none"> ▪ Bespoke investment solutions ▪ Customer satisfaction surveys ▪ Sustainable investments offering
Employees	<ul style="list-style-type: none"> ▪ Ongoing learning and development ▪ Attractive working conditions ▪ Diversity and equal opportunities
Suppliers	<ul style="list-style-type: none"> ▪ Long-term collaboration ▪ Fair compensation ▪ Environmental protection
Communities	<ul style="list-style-type: none"> ▪ LGT Venture Philanthropy ▪ Sponsoring of events ▪ Volunteering programs

2-30 Collective bargaining agreements

We do not have any collective bargaining agreements for LGT PB in Liechtenstein, Switzerland, Dubai, Hong Kong, Singapore, the United Kingdom, Thailand, Japan, Ireland or Bahrain. In these countries, we refer to the employment law. At LGT PB in Austria, 100 percent of employees are under a collective agreement.

Materiality assessment and list of material topics

3-1 Process to determine material topics

To determine LGT PB's material economic, environmental, social and governance topics, an approach based on the "double materiality" of impacts and related topics was chosen. This means that potential impacts by LGT PB on economic, environmental, societal and governance issues were considered, as was the impact on LGT PB of these topics and LGT PB's activities with respect to them.

As a starting point, a longlist of topics related to potential areas of impact by LGT PB was developed. Potential areas of impact and related potential topics were compiled, including issues contained in the GRI Standards, the Commercial Banks and Asset Management & Custody Activities Standard of the Sustainability Accounting Standards Board (SASB) and the UNGC. Also included were areas of impact and corresponding topics discussed in the LGT PB Sustainability Report 2020 and recognized as pertinent by peers in the financial industry.

The potential areas of impact and related longlist topics were then clustered into a shortlist of 24 potentially material topics. These were assessed for their significance and prioritized as part of the deliberations of LGT PB's Think-Tank, one of the key bodies in LGT PB's sustainability management and governance system (see organizational chart and description under GRI 2-12), which was supplemented with further employees who covered topics within the shortlist.

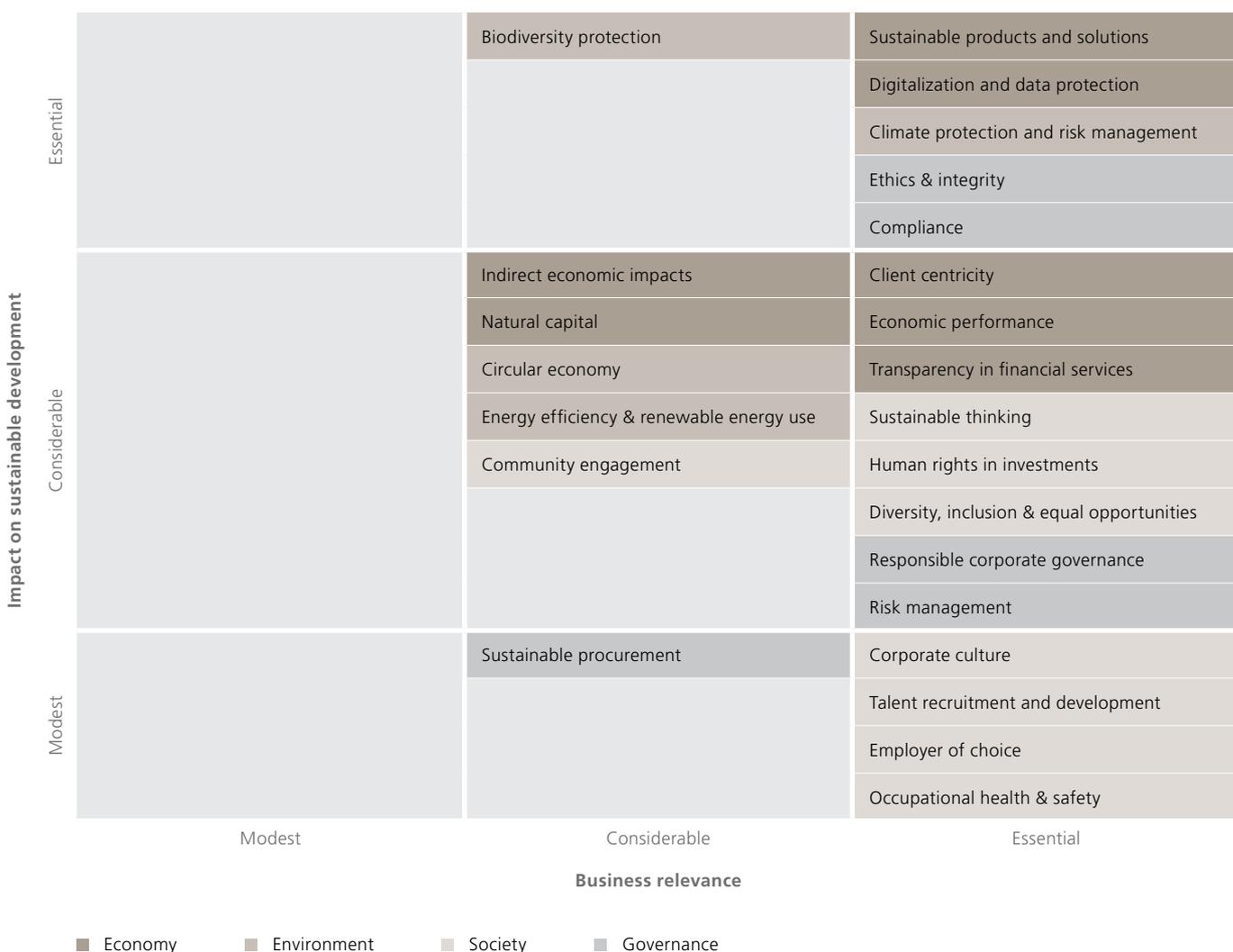
These workshop discussions, which included representation from LGT PB's units responsible for sustainability management, sustainability investing and equity analysis, portfolio and investment advisory, business analysis, risk controlling and LGT Venture Philanthropy (LGT VP), drew upon the participants' own expertise as well as their experience from day-to-day exchanges with relevant stakeholders and experts, rather than on direct stakeholder or expert surveys for prioritizing topics related to potential impact areas. When assessing impact significance and prioritizing topics, the participants considered the potential impacts and topics in the sustainability context of LGT PB and its activities as well as value chain relationships.

3-2 List of material topics

The economic, environmental, social and governance-related topics determined to be material for LGT PB are shown in the materiality matrix below. They form the basis of the scope of the information presented in this first GRI report by LGT PB. All topics determined to be either considerably or essentially relevant for impacts by LGT PB are included in the materiality

scope. Exceeding the materiality scope required for GRI reporting and in the spirit of double materiality, some topics that are only modestly relevant concerning impacts by LGT PB but determined to be essentially relevant for impacts on LGT PB have also been included. This means that all topics in the graphic below, with exception of sustainable procurement, are considered to be material and discussed in this report.

Materiality matrix LGT Private Banking



Client centricity

Developments, achievements and/or challenges in the reporting year

LGT PB is committed to meeting its clients' needs at all times. 2021 was characterized by the COVID-19 pandemic, which gave rise to opportunities and challenges with regard to developing client relationships. We established new digital services and introduced the e-signature, which allow us to interact even more efficiently with our clients and make it possible for them to use our digital services around the clock. We also remained in close contact with clients through video or phone calls and via webinars and live-streaming events to ensure continued client loyalty. Advisory services for our clients increasingly included virtual interactions.

LGT PB has learned that personal and digital contact complement one another and can be used to strengthen client relationships in difficult circumstances. According to our clients' feedback, they welcomed the additional digital contact and we will therefore maintain and further enhance this form of communication. While we consider this valuable client feedback important with regard to advancing innovation, in-person contact will remain important for LGT PB.

In the future, we will focus on further harmonizing digitalization and client interactions, while paying close attention to data security and potential risks related to cybercrime. We will be certain to implement and strengthen measures necessary to ensure our data protection standards remain high (for more information, see the chapter "Digitalization and data protection").

3-3 Management approach

a & b How our approach to client centricity contributes to sustainable development

Our most important duty is to manage our clients' assets diligently and rigorously. As client centricity is crucial for the success of our business, we focus on integrating client centricity into our core values, business model and strategy. We focus on each client individually to build long-lasting client relationships.

c & d How we manage client centricity

With our client lifecycle view, we aim to understand and adjust our products and services to each individual client's needs and personal situation. We are supportive throughout the entire client journey – from the initial contact phase to our service and product advisory and ongoing communications.

Access to relevant information is key to our clients. In early 2021, we therefore launched a channel management strategy project. One of the goals of the project is to increase digital accessibility for our clients, ensuring that they can easily access and read the various articles on our website or their electronic device. To ensure ongoing optimization, we continuously analyze the needs of our existing and potential clients. We will further develop the project in the coming years to strengthen our commitment to client centricity.

To safeguard our professional client care, we invest in developing the skills of our employees, who are ultimately our ambassadors. We have established employee training roadmaps around client centricity, aiming to enhance our employees' soft skills. Our employees also receive trainings tailored to their specific roles. For example, new employees in Switzerland, Liechtenstein, Austria and Dubai must complete a mandatory training to achieve Swiss Association for Quality (SAQ) certification. This certificate includes standard certifications that have become common in many jurisdictions. However, the training at LGT PB goes beyond the standard certifications and LGT PB ensures that the knowledge of relationship managers is kept up to date through regular trainings on core processes in client relationship management services (e.g. on sustainable investing, wealth planning, private equity). LGT PB regularly reviews and, if necessary, revises the education roadmap to constantly improve training sessions to the benefit of clients and employees (for more information, see chapter "Talent recruitment and development").

e & f How we track and provide information about the effectiveness of our management approach

To ensure the effectiveness of our activities relating to client centricity, we regularly conduct surveys and ad-hoc interviews with our clients. We conduct assessments of our products and services by subjecting them to tests such as mystery shopping.

Economic performance

Developments, achievements and/or challenges during the reporting year

Recent developments in the global economy and stock market impacted how clients invested and how financial investments performed. Consequently, the developments also had implications for our financial results, and gave rise to both opportunities and challenges for our long-term investments.

We are seeing an increasing interest from clients in the topic of sustainability. Thanks to the integration of sustainability-related aspects into our strategy, paired with our client-centric approach, we are well-equipped to meet our clients' demands in this respect.

LGT PB is addressing the future implementation of a number of regulatory requirements and amendments, a matter that was a priority throughout 2021. This includes the proposals issued by the EU on sustainability reporting disclosures and the EU Taxonomy. Switzerland and Hong Kong's regulations took a similar direction to the EU. As a result, financial institutions must increasingly disclose how they deal with climate risks. LGT PB complies with regulatory requirements and informs its stakeholders about current and future contributions to sustainable development and how the contributions relate to the company's economic performance (for more information, see chapter "Transparency in financial services").

3-3 Management approach

a & b How our economic performance contributes to sustainable development

Successful economic performance is our company's rationale for doing business. We define economic performance as how our company plans and implements growth, profitability and capital efficiency targets, while ensuring financial stability, sustainable returns and economic value creation for all stakeholders.

We are committed to participating in the transformation toward a more sustainable future and believe that positive economic performance acts as a lever to accelerate this process. Our good performance enables us to remain a strong player in the market and focus on investments in companies and organizations that support a sustainable future. By acting as an attractive and trustworthy partner and employer, we have a positive impact on our own operations and on the satisfaction of our clients and employees.

c & d How we manage economic performance

We have a clear strategy for economic performance – and we have been following this strategy since the beginning of the century. This includes corresponding sub-strategies, for example, for sustainability or risk management.

We consider financial growth to be a major factor in economic performance. Our goal is to grow sustainably and not focus merely on profit maximization. This is mirrored, for example, in

the fact that we have not only grown through acquisitions but primarily through organic expansion.

The Foundation Board provides guidance to support LGT PB's financial performance. LGT PB's Executive Board sets out long-term business plans and annual plans with a one-year budget cycle. The multi-year business plans define where LGT PB wants to stand in terms of financial performance in the coming years.

e & f How we track and provide information about the effectiveness of our management approach

To measure and evaluate our economic performance, we issue multiple reports throughout the year. The reports show the status of LGT PB regarding budget, operations and particular driving factors. Monthly reports on financial performance are submitted to LGT PB's Executive Board. Quarterly reports are shared with the Foundation Board.

Sustainability-related topics are evaluated and reported annually. LGT PB's Executive Board assesses LGT's developments regarding sustainability at least every six months, while the Foundation Board assesses them at least on an annual basis.

201-1 Direct economic value generated and distributed

LGT's Group profit increased by 21 percent to CHF 352.8 million in 2021 on the back of its higher asset base and strong investment performance. Assets under management grew 19 percent to CHF 285.8 billion as at the end of 2021, supported by net new assets of CHF 24.8 billion, reflecting a growth rate of over ten percent. With its presence in key international markets, broad investment expertise and strong focus on sustainable solutions, LGT is well positioned to continue to achieve profitable growth in 2022.

For further information, see pages 7–9 of the [Annual Report 2021](#).

201-2 Financial implications and other risks and opportunities due to climate change

LGT PB sees both risks and opportunities stemming from climate change. We consider investments in climate-damaging activities to be unsustainable in the long term and thus not economically viable. Consequently, we avoid investing in sensitive industries and having our clients invest in them.

We do not consider LGT PB to be significantly exposed to physical risks as none of our locations are set up in areas

substantially affected by these risks. However, LGT PB's investments in properties may be affected by physical risks. We have developed a risk matrix (TCFD Report 2021, pages 26–27) to closely monitor the circumstances at our locations and assess the probability of future physical risks.

Transition risks have a direct impact on our business. Numerous regulations regarding sustainability in the financial industry are currently being implemented, and we pay close attention to these new (and existing) regulatory requirements. Transition risks not only affect our company but also other industries and companies, which in turn affects our investments.

Engaging in climate-friendly activities also gives rise to opportunities: we actively promote investments in innovative solutions with a positive impact and companies in transition to more sustainable ones, and our clients follow this example.

Indirect economic impacts

Developments, achievements and/or challenges in the reporting year

The ongoing pandemic was an important topic for us in 2021, as it was for others. We offered our employees the possibility to work from home throughout the year and will continue to do so in the future. However, social security rights limit the flexibility to work from home to some extent, and temporary regulations and restrictions imposed by governments had implications for our cross-border commuters who had to comply with multiple national jurisdictions.

2021 was also characterized by structural changes relating to LGT PB. It successfully completed the acquisition of UBS Europe SE's wealth management business in Austria. With the acquisition of this portfolio, LGT Bank Österreich increased its client assets from around CHF 13 billion as at mid-2020 to approximately CHF 19 billion as at mid-2021, and around 60 employees joined LGT PB as a result of this acquisition. LGT Bank Österreich is therefore now the leading private bank in Austria for high-net-worth individuals in the domestic market. In addition, LGT PB has agreed to acquire Australian-based Crestone Wealth Management, Australia's leading high-net-worth wealth management firm with approximately CHF 17 billion in client assets under management. The transaction is expected to be completed in 2022.

3-3 Management approach

a & b How our indirect economic impacts contribute to sustainable development

As a leading bank headquartered in Liechtenstein, LGT PB significantly contributes to the regional and local economy. We serve as an important employer at the local level due to our comparatively large size. LGT PB is also an important source for the country's tax revenues – both through the corporate taxes it pays as well as through the taxes paid by its employees.

In the other financial centers where we have a presence (e.g. Hong Kong, Singapore, Switzerland, the UK, Dubai or Austria), we are perceived as an important participant in the financial industry despite our relatively small size.

Our commitments and actions relating to sustainability have a positive impact on our stakeholders and our function as a role model is well-received by our employees, clients and other stakeholders.

c & d How we manage indirect economic impacts

Sustainability is regularly on the agenda of the meetings of LGT PB's Executive Board, Board of Directors at the entity level and the Foundation Board. This ensures that sustainability is treated as a priority at all management levels and incorporated into all our business activities (for more information, see chapter "Responsible corporate governance").

Local engagement is also becoming more important with regard to facility management, which relies on local resources. We prefer to work with local suppliers and manufacturers as we consider proximity to be an advantage. LGT PB implemented a sustainable procurement framework according to which our Supply Management and Group Sustainability Management work closely together. The procurement process has been systematically embedded and clearly aligned with ISO 20400 in the sustainable procurement framework.

e & f How we track and provide information about the effectiveness of our management approach

LGT PB is a participant in the dialogue surrounding the financial stability of the Principality of Liechtenstein. All participating members have an interest in the positive financial performance of Liechtenstein's three major banks, as they contribute significantly to a healthy society and environment in Liechtenstein and other locations.

203-2 Significant indirect economic impacts

We consider direct and indirect taxes (through wages) to be a source of our indirect economic impacts.

With our good reputation and status as an attractive employer, we serve as a stable and long-term employer that contributes positively to the economy. We also boost the local economy through our cooperation with local service providers and companies.

Natural capital

Developments, achievements and/or challenges in the reporting year

In 2021, we announced our target of achieving net zero emissions by 2030 and started to evaluate how to remove our CO₂ emissions from the air. We analyzed CO₂ removal projects and entered into an agreement with the Swiss company Clime-works, which will remove CO₂ emissions for us from 2025 to 2030 using its proprietary technology. After a careful selection process, we chose this company as it is highly committed to the removal of CO₂ from the atmosphere.

For non-technological carbon removal, we will focus on projects that support biodiversity protection. We will be selective when determining our partners for non-technological carbon removal, however, the data available in this area poses certain challenges.

In the future, we aim to broaden our view to not only focus on biodiversity but also to consider a wider range of topics related to natural capital.

3-3 Management of material topic

a & b How natural capital contributes to sustainable development

We consider natural capital to be the world's stocks of natural assets, such as soil, air, water and ecosystems. LGT aims to capture the economic value of ecosystems, which goes beyond its traditional role as a passive natural resource. As the pricing of ecosystem services is becoming more prevalent, we consider natural capital an important factor in LGT PB's business.

We can leverage the protection of ecosystems through our investments. Various companies have an impact on the environment through their business, including the use of natural resources. To assess this impact, the respective ecological footprint must be evaluated. Through our proprietary analysis tool, the LGT ESG Cockpit, we can demonstrate the impact on greenhouse gas (GHG) emissions, water withdrawal, waste generation and energy consumption.

c & d How we manage natural capital

We analyze companies' ESG characteristics using our ESG Cockpit, which allows us to identify and assess their posi-

tive or negative contributions to the Sustainable Development Goals (SDGs) (for more information, see chapter "Transparency in financial services").

LGT Venture Philanthropy (LGT VP) is an independent charitable foundation that strives to improve the quality of life of disadvantaged people, contribute to healthy ecosystems and build resilient, inclusive and prosperous communities. LGT VP deploys philanthropic capital to organizations with effective, innovative and scalable solutions to social and environmental challenges, thus directly contributing to the achievement of the SDGs. The foundation supports organizations based in emerging markets that focus on high-impact sectors, including education, health and environment.

LGT VP's environment strategy focuses on protecting and regenerating ecosystems by concentrating on scalable terrestrial and marine conservation models with a strong component of nature-based solutions (the sustainable management and use of nature to simultaneously achieve environmental, social and economic benefits). In this context, LGT VP is strongly focused on organizations that have a positive impact on natural capital, especially on ecosystem services. The foundation's environment portfolio currently consists of nine organizations. Since 2007, it has enabled 1.3 million people to benefit from improved ecosystem services and stored an additional 432 000 metric tons of carbon. LGT VP aims to contribute to protecting 30 percent of the planet's land and water by 2030.

In 2022, we will further develop the Carbon Removal Workgroup within the Sustainability Governance structures to build a portfolio of possible solutions and assess the portfolio in terms of its environmental and societal impacts.

e & f How we track and provide information about the effectiveness of our management approach

In 2022, we plan to look into natural capital in more detail within the Sustainability Think-Tank.

Sustainable products and solutions

Developments, achievements and/or challenges in the reporting year

In 2019, our portfolio management department launched the portfolio management mandate "Focus Sustainability". We ensure that the mandate makes a positive contribution to sustainability and aims to achieve a lower environmental footprint than the MSCI All Country World Index. The mandate has enjoyed a significant increase in assets under management

(AuM) inflows. We also strive to upgrade existing portfolio management mandates to light green¹, thus leading to lower carbon and water emissions compared to the benchmark.

We also support our clients in their philanthropic engagements. In 2021, we further embedded our philanthropy advisory capabilities at LGT PB and entered into a partnership with the Swiss Philanthropy Foundation. We also published a guide in which influential philanthropists from around the world share their knowledge on important philanthropic topics.

In 2021, we developed the LGT Private Banking sustainability thematic framework, which outlines our key areas of focus

¹ 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 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.

with regard to long-standing sustainable themes. With this framework, we strive to further strengthen our pioneering role with regard to sustainability and present LGT's sustainability efforts and investment expertise to our clients and other stakeholders in a clear manner. The framework also shows which of the 17 SDGs we focus on. From a client's perspective, the integration of ESG aspects into our products and solutions must take individual needs into consideration. For some clients, ESG is a rather abstract issue, but by including themes such as renewable energies or the circular economy, we make it more tangible. For more information on sustainable investing, see pages 12–17 of our Sustainability Report 2021.

We observe a continued increase in EU sustainability regulations, which requires us to be more transparent with regard to our offerings' ESG disclosures. We have been applying the Sustainable Finance Disclosure Regulation (SFDR) since 10 March 2021 and follow its disclosure obligations. One of the challenges we face in this area is access to data, especially EU Taxonomy-aligned data.

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	

3-3 Management of material topic

a & b How our sustainable products and solutions contribute to sustainable development

For LGT PB, sustainable products and solutions are material for financial reasons. By considering ESG factors in our products and services and channeling financial resources towards sustainable solutions, we can contribute positively to society and the environment while avoiding negative impact and potential risks.

Our approach has direct positive effects on the environment: we invest in companies with a high LGT Sustainability Rating (i.e. good ESG performance) and avoid companies with a low ESG performance (e.g. because they emit toxic pollutants). Our investments in companies with a high LGT Sustainability Rating reflect LGT PB's values and commitment to sustainable development (see [Sustainability Report 2021](#), page 16).

c & d How we manage sustainable products and solutions

Our sustainable investing team is our competence center. It works to promote sustainable investment, ensure that LGT PB offers a growing number of credible sustainable products and provides education and information on sustainable investing topics.

With the support of the sustainable investing team, our portfolio managers and advisors, as well as our research analysts, can offer our clients credible sustainable investing products. Additionally, we advise our clients to invest in products that do not severely damage our environment and society – in line with our exclusion policies on [controversial weapons](#) and [thermal coal](#).

On the investment side, we are integrating sustainability-related regulatory requirements into the respective portfolio management and advisory policies. The [LGT ESG Cockpit](#) assesses the sustainability quality of companies and countries based on ESG criteria and methodology defined by LGT, using a wide range of raw data from ESG data providers. The Cockpit makes it possible to conduct tailored assessments according to a broad range of requirements. For example, when evaluating companies, the set of indicators and their weighting are adjusted to the sector in which a company operates. This is important since, for example, CO₂ emissions are a crucial indicator for utilities but play a rather minor role for financial services companies. The LGT ESG Cockpit also gathers data for environmental performance in areas such as greenhouse gas emissions. Since these figures are available for both individual investments and for entire portfolios, we are able to calculate

the CO₂ emissions of our investment portfolios. LGT uses the [ESG Cockpit](#) to analyze over 9000 companies and around 200 countries. Since its launch in 2009, the LGT ESG Cockpit and its rating methodology have been further developed on an ongoing basis.

In 2021, we pledged to achieve net-zero emissions by 2030 and will also develop a net-zero strategy in 2022 on the investment side with a view to developing a low carbon product shelf. We are a founding member of the [Net-Zero Banking Alliance of the UN \(NZBA\)](#), a member of [UNEP FI's Principles for Responsible Banking \(PRB\)](#) and a participant in the [UN Global Compact](#).

e & f How we track and provide information about the effectiveness of our management approach

We established Group Sustainability Management, a center of competence for sustainability, in 2011. It sets the sustainability agenda, identifies key opportunities and developments, and empowers the organization in mitigating social and environmental challenges at the LGT Group level.

Transparency in financial services

Developments, achievements and/or challenges during the reporting year

In 2021, we experienced a surge in client requests with regard to information about our products and services. We aim to offer high-quality services and treat our clients' needs individually. As the market for sustainable investments has grown rapidly, our goal is to be coherent, transparent and precise in any communication about our products and services.

For LGT PB, communication regarding our products and services goes hand in hand with strengthening our relationship with our clients. In 2021, we engaged extensively with our clients through online interactions. In addition, we published content on sustainability and sustainable investments on our website and via press releases, as well as social media. LGT PB was also mentioned in the media throughout 2021. For example, LGT PB received the maximum score from the trade journal [Elite](#) (press release in German) for being among the leading portfolio managers in German-speaking countries. LGT PB was designated Best Private Bank for Sustainable Investing in Western Europe and Best Private Bank in Liechtenstein by [Global Finance](#) magazine. In addition, LGT received the Best Private Bank for Alternatives award at the prestigious PWM/ The Banker Global Private Banking Awards for the fourth time in a row.

In the context of regulatory requirements, we have worked to fulfill the SFDR level 1 disclosures of the European Union. More specifically, we have published information about sustainability risks and light green products, as well as integrated adverse risk impacts into the advisory policies.

Our ESG Cockpit currently covers around 9000 companies, and we are steadily increasing the rating's scope. In 2020, we extended the rating model to include a third dimension that looks at the impact of a company's products and services on the SDGs, and in 2021, we further developed the rating methodology. Since 2017, the LGT sustainability Rating has been integrated into the statements of assets of all clients. It covers equities, bonds and funds/ETFs, thus giving clients a holistic view of the financial and sustainability quality of their investments (for more information, see chapter "Sustainable products and solutions").

3-3 Management of material topic

a & b How our transparency in financial services contributes to sustainable development

Clients are increasingly aware of sustainability topics, however, no standard definition exists for sustainability. LGT PB educates clients and relationship managers about what sustainability quality actually means in the context of investments. We are ambitiously working to foster a wide-spread understanding of these topics and to create a mindset-change among our employees.

At the same time, transparency in financial services has become more important from a regulatory point of view. LGT PB adheres to the regulatory requirements (e.g. EU SFDR, MiFID II) and conducts its business in line with the applicable regulations.

c & d How we manage transparency in financial services

In 2009, we introduced our proprietary sustainability rating tool, the LGT ESG Cockpit, to increase the transparency of companies' ESG quality and to support our clients in making more informed investment decisions. We derive the LGT Sustainability Rating from the LGT ESG Cockpit. The rating indicates the sustainability quality of individual equities, bonds, funds/ETFs and the overall portfolio. The rating considers three dimensions: the ESG assessment of a company's operations, controversies relating to the company and the (positive or negative) impact of a company's products/services on the SDGs. The individual investment instruments are awarded one (poor) to five (excellent) stars for their sustainability quality, based on the score achieved. The tool is integrated into our IT

infrastructure so that the LGT Sustainability Rating is automatically reflected in our clients' statements of assets.

In line with the MiFID II amendment, we determine our clients' preferences regarding sustainable investments to ensure that these are taken into consideration during investment advisory and portfolio management processes. LGT PB is currently enhancing its investor profile to include questions relating to ESG preferences.

In 2021, LGT PB worked to align with the EU's SFDR articles 8 and 9. We implemented the SFDR disclosure requirements at the mandate level. Whereas the EU's regulation is limited to funds, mandates and insurance products, LGT's rating covers equities, bonds and (exchange-traded) funds. LGT's transparency requirements are therefore broader with regard to asset classes. LGT provides a higher ESG transparency at the single instrument level compared to what is required by the EU.

e & f How we track and provide information about the effectiveness of our management approach

We track and provide information about transparency in financial services through our reporting measures. LGT PB signed the Principles for Responsible Banking (PRB) in 2020. As a PRB signatory, LGT PB ensures that it is aligned with the vision of the SDGs and the goals established under the Paris Agreement. LGT PB is also a founding member of the Net-Zero Banking Alliance (NZBA) and committed to the Partnership for Carbon Accounting Financials (PCAF).

Starting from the 2021 financial reporting year, LGT PB reports based on the standards set by the Task Force on Climate-related Financial Disclosures' (TCFD) principles to better identify and be transparent on its environmental risks, in particular climate risks.

In addition, our compliance department is responsible for ensuring that transparency in financial services is guaranteed in accordance with regulatory requirements. Regular audits and transparency checks guarantee our proper implementation of transparency criteria.

417-1 Requirements for product and service information labeling

As a wealth management service provider, products and services offered by LGT PB are subject to requirements. Our organisation ensures compliance in general as well as specifically with regard to information labeling.

417-2 Incidents of non-compliance concerning product and service information labeling

We are not aware of any incidents of non-compliance concerning product and service information labeling in 2021.

417-3 Incidents of non-compliance concerning marketing communications

We are not aware of any incidents of non-compliance concerning marketing communications in 2021.

Digitalization and data protection

Developments, achievements and/or challenges in the reporting year

Data protection and digitalization are high priorities for LGT PB. Virtual means of communication with our clients have become prevalent, meaning that the risks related to data security have increased. At LGT PB, we strive to address and defend against all levels of cybercrime. We continuously develop our cybersecurity strategy and in 2021, updated the strategy and implemented a corresponding roadmap. For example, we focus on digital risk protection and monitor our digital assets outside of LGT PB. As an additional security measure, we created and continuously enhance the group-wide Security Operation Center (SOC), thus increasing our capabilities to detect, analyze and respond to information security issues and cyber threats. We also actively commission external assessments to gain further insights into our data protection measures.

Digital innovations and new technologies have also established themselves in the workplace. In 2021, we introduced various new technologies and improved our IT infrastructure. For example, we set up a Cloud Competence Center to make use of cloud services in an efficient and secure manner. We also continuously expand our e-banking services for our clients. We monitor trends via our “trend radar” to uncover opportuni-

ties and challenges relating to digitalization and data protection. The trend radar is an internal instrument used by experts to present and evaluate digital trends and concepts (e.g. digital lending, embedded finance, open banking).

We will continue to balance innovative developments and careful risk management in the coming years to ensure that our client information and business operations have the highest level of data protection in full compliance with the relevant data protection regulations.

3-3 Management of material topic

a & b How digitalization and data protection contribute to sustainable development

As LGT PB is expanding into new markets, compliance with data protection rules and regulations is becoming increasingly important. By complying with regulatory requirements (e.g. of financial market authorities) and taking data protection seriously, we uphold our reputation as a trustworthy partner to our clients and stakeholders.

We address digitalization as an evolutionary process rather than a revolution. LGT PB closely follows and evaluates digital trends while acting in the best interest of its clients. We carefully select technologies and ensure an adequate maturity of the technologies we decide to introduce.

c & d How we manage digitalization and data protection

Data protection is included in our **LGT Code of Conduct**, ensuring that the topic is embedded throughout our company.

Our Information Security Management System (ISMS), which is based on ISO standards, defines the overarching governance process relating to information security. The system allows us to identify risks and act accordingly.

We have a cybersecurity strategy in place, which is reviewed annually to ensure alignment with our business requirements. All actions that are identified are further analyzed and corresponding plans or projects then address the possible gaps to support the continuous improvement of our cyber defense measures. The roadmap derived on this basis contains strategic initiatives that are part of the operationalization of the strategy.

Our digitalization strategy, which leads to the implementation of various initiatives each year, aims to create value for our clients. While the cross-business-unit Digital Transformation Core Team regularly reviews the strategic measures, an extended team validates the corresponding initiatives. We re-evaluate and define new priorities on a regular basis. To ensure that we embrace available technologies while mitigating potential risks, we offer several employee trainings (e.g. IT trainings, information security trainings, General Data Protection Regulation trainings).

We believe that internal collaboration leads to great outcomes. For example, we created the LGT Kickbox¹ initiative for employees (see *Sustainability Report 2021*, page 30) to introduce transformative ideas that uncover “blind spots” and advance our innovation. Finalists can pitch their ideas to LGT PB’s Executive Board, which decides whether the idea will be implemented.

e & f How we track and provide information about the effectiveness of our management approach

Although we recognize the benefits of digitalization, we believe that personal contact with our clients remains fundamental. We consider the individual needs of our clients and adjust the extent of digital interactions accordingly.

We gather ideas on digitalization projects by networking with our peers (e.g. Bankenclub) and relevant providers (e.g. Avaloq interest group). Within these networks, we exchange ideas on topics such as digitalization projects, methods or trends, which helps us to keep abreast of current developments and make decisions about digitalization.

To monitor and evaluate our management processes relating to digitalization and data protection, we conduct internal and external security assessments (e.g. IT research and advice) and we look at peer benchmarks to compare and safeguard our high standards. Mandatory internal and external data security audits are in place.

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

In 2021, there were no complaints concerning breaches of customer privacy and/or loss of customer data.

¹ 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 own ideas in a three-step process.

Climate protection and risk management

Developments, achievements and/or challenges in the reporting year

In 2021, we invested in strengthening LGT PB's risk management approach regarding climate change. In Group Sustainability Management, we created new positions for sustainability reporting and for carbon management, and employed internal and external experts to address climate risks with potential relevance for LGT PB.

It is important for us to inform our stakeholders (e.g. clients, regulators) about developments at LGT relating to climate protection and risk management transparently and according to professional reporting standards. Adherence to such standards allows for better comparability between financial institutions. LGT PB therefore issued a [TCFD report for the 2021 reporting period](#). We completed the preparations for this report in 2021.

In addition, LGT PB signed the Principles for Responsible Banking (PRB) in 2020 and ensures that it is aligned with the vision of the SDGs and the goals established under the Paris Agreement. See "[Principles for Responsible Banking](#)" report pages 46–56.

3-3 Management of material topic

a & b *How our climate protection and risk management contribute to sustainable development*

Climate change impacts our environment and society, and therefore also LGT PB's business operations. We believe that financial markets can help to mitigate climate change. Therefore, we have extended our capabilities regarding climate protection as part of risk management to illustrate that sustainable investments and financial returns complement one another. Our internal trainings also ensure that our employees are sensitized in that regard.

Considering risk management and climate protection jointly enables us to monitor risks that arise from climate change and mitigate such risks accordingly. We consider transition risks to be particularly important for LGT PB, especially with regard to investments that support a climate change-resilient economy. In line with this, regulatory changes are also relevant for LGT PB's assets and investments as well as our clients' investments. We adapt quickly to new regulations that are intended to

promote a more climate-friendly financial industry (e.g. the EU Action Plan). We consider physical risks to be less relevant for LGT PB (for more information, see [TCFD report](#)).

We will have a positive impact on the environment and society by directing capital flows to businesses that contribute to climate protection. Thanks to the LGT ESG Cockpit, we direct capital flows from our own investments into sustainable products, and with the transparency provided by the LGT Sustainability Rating, we encourage our clients to do the same (for more information, see chapter "[Transparency in financial services](#)").

We strive to be a sustainability leader in the financial industry. Our goal is to source 100 percent renewable electrical and thermal energies (scope 1 and 2) and to achieve a reduction of 20 percent in operational emissions per full-time equivalent (FTE) by 2025 (compared to 2017).

c & d How we handle climate protection and risk management
Our Sustainability Strategy 2025 is based on three pillars:

- Sustainable investing
- Sustainable business
- Sustainable thinking

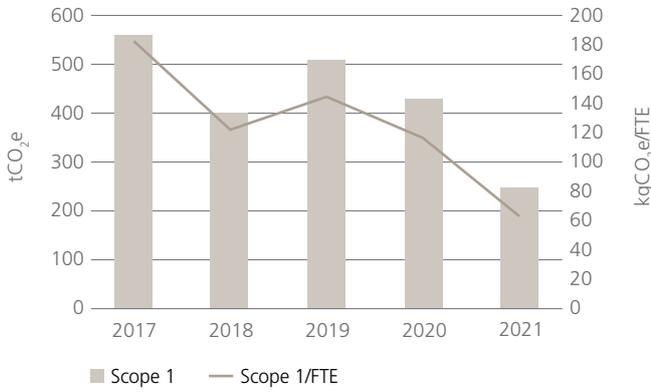
As part of the strategy, we continuously seek to strengthen sustainability across all of our business decisions, operations and product range. We are committed to reduce our net operational emissions to zero by 2030. We also aim to reduce net emissions from our own investments, advised client investments and the lending portfolio to zero by 2030.

In 2012, we implemented the [controversial weapons exclusion policy](#) (i.e. excluding companies involved in the production and trade of anti-personnel mines, cluster munitions, white phosphorous weapons, nuclear weapons, biological and chemical weapons, and depleted uranium ammunition) and in 2020, we implemented our exclusion policy on thermal coal.

e & f How we track and provide information about the effectiveness of our management approach

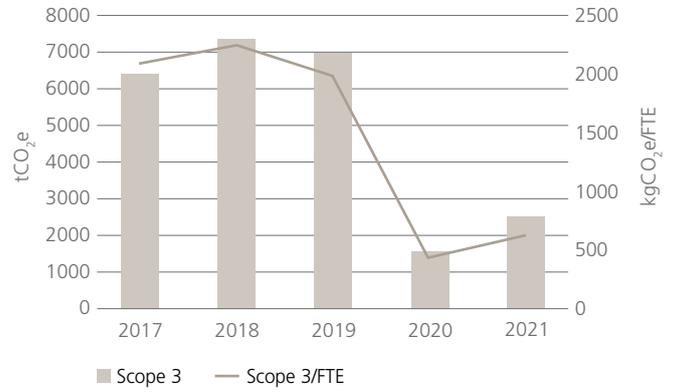
We actively conduct a review of our peers and competitors and, if needed, adapt our management approach accordingly. We review our net-zero strategy every three years and assess whether we are on track to reach our goals.

305-1 Direct (Scope 1) GHG emissions¹



¹ All greenhouse gases included (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃)

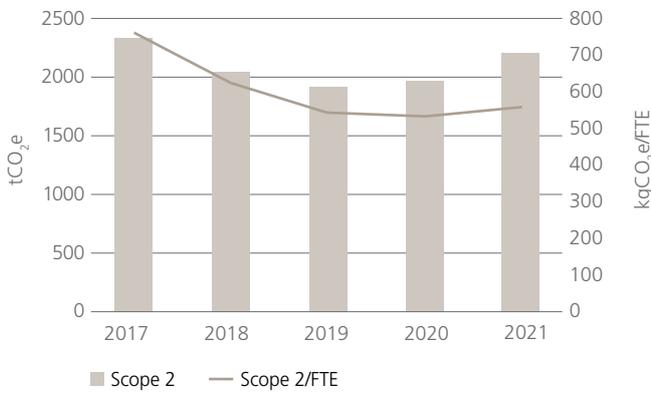
305-3 Other indirect (Scope 3) GHG emissions^{1,2}



¹ Business activities included: purchased goods and services, fuel- and energy-related activities, waste generated in operations, and business travel.

² All greenhouse gases included (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃)

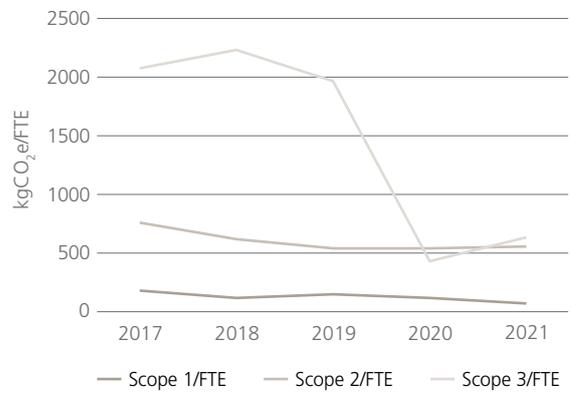
305-2 Energy indirect (Scope 2) GHG emissions^{1,2}



¹ Emissions calculated with the market-based approach.

² All greenhouse gases included (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃)

305-4 GHG emissions intensity



Energy efficiency and renewable energy use

Developments, achievements and/or challenges in the reporting year

A large portion of our electricity consumption stems from the use of servers. The COVID-19 pandemic and the ensuing surge in employees working from home have confirmed the relatively high proportion of energy consumed by our servers. We will therefore be placing a particular focus on this matter with a view to optimizing energy efficiency.

In 2021, we invested heavily in energy efficiency optimization and the use of energy from renewable sources. Our locations in London and Bristol switched to 100 percent renewable electricity. We also optimized the data center in Bendern (FL). Further, we have installed a photovoltaic façade on our location in Bendern. All of our locations have analyzed how they can contribute to our Sustainability Goals 2025, particularly our operational CO₂ emissions reduction goals.

We strive to reduce LGT PB's overall business travel. Since 2010, we have offset the emissions from our operations (including business travel), and starting from 2022, we will also include commuting data in our operational emissions.

3-3 Management of material topic

a & b How our energy efficiency and renewable energy use contributes to sustainable development

Thanks to our contributions to energy efficiency and renewable energy use, we can set an example for our peers and society while also reaping benefits for LGT PB. Doing so

enables us to reduce the costs for overall energy use and fees for offsetting carbon emissions. Going forward, LGT PB will further assess and invest in adequate measures for greater energy efficiency and renewable energy use.

By using energy from renewable sources, we increase the demand for such energy and contribute to the growth of the market for energy from renewable sources.

c & d How we manage energy efficiency and renewable energy use

We have defined ambitious goals to increase energy efficiency and the use of energy from renewable sources. Our target is to reduce energy use (scope 1 and 2) by 30 percent and to switch to 100 percent renewable energy use by 2025. Additionally, we aim to achieve a 20 percent reduction in operational CO₂ emissions per FTE by 2025. We carefully consider energy efficiency-related aspects when buying new IT hardware, and much of our hardware equipment (e.g. notebooks, smartphones, monitors) has EPEAT¹ ecolabel "gold" status.

e & f How we track and provide information about the effectiveness of our management approach

To ensure steady progress on energy efficiency and renewable energy use, we assess our performance against our energy targets annually and, if needed, create new or adjust existing measures. Each office location must document and report its progress on energy efficiency and the use of energy from renewable sources. However, the COVID-19 pandemic makes data comparison over time more complex.

¹ EPEAT ecolabel is the global Type-1 ecolabel for technology products and is managed by the Global Electronics Council (GEC).

302-1 Energy consumption within the organization (MWh)

	2017	2018	2019	2020	2021
Total energy consumption of LGT	18 006	15 771	16 335	16 458	16 420
Fuel consumption (non-renewable)	2 745	1 960	2 493	2 090	1 118
Fuel consumption (renewable)	703	407	617	505	1 294
Electricity consumption	12 222	11 790	11 626	11 787	12 191
Of which renewable	7 602	7 807	8 069	8 392	8 261
	62%	66%	69%	71%	68%
District heating	2 255	1 546	1 533	2 020	1 777
Solar thermal heating	81	68	66	56	41
Electricity sold	3	4	7	12	0

302-3 Energy intensity¹

	2017	2018	2019	2020	2021
Energy intensity (MWh/FTE)	5.87	4.80	4.62	4.46	4.16

¹ Energy intensity was calculated using electricity, heating, and cooling inside the organization.

Biodiversity protection**Developments, achievements and/or challenges in the reporting year**

Risks arising from climate change and biodiversity loss must be addressed in an integrated manner, which was highlighted during COP26¹. In 2021, we held a kick-off meeting for a biodiversity paper that will be published in 2022. Our CEO and Chairman took part in the kick-off meeting, underscoring the importance of biodiversity protection for LGT PB.

3-3 Management of material topic*a & b How biodiversity protection contributes to sustainable development*

We believe we are responsible for contributing to biodiversity protection, while also expecting that biodiversity-related aspects will increasingly be covered by the regulatory agenda. We want to raise awareness of this topic among our clients, employees and society and contribute to the dialogue on biodiversity protection. We also have a significant impact on biodiversity conservation through our investments.

c & d How we manage biodiversity protection

Using the LGT ESG Cockpit, we measure the impact of our investments on the SDGs. Biodiversity protection (SDG 14 Life below water and SDG 15 Life on land) is an important element

in this assessment (for more information, see chapter "Transparency in financial services"). To foster biodiversity protection through our investments, we engage with companies we are invested in to help them act in a way that is more climate and biodiversity friendly.

At an operational level, we implement various measures to support biodiversity protection. For example, we have created generous green spaces around our office buildings in Bendern (FL). For our efforts in this area, we received a certificate from the Foundation Natur&Wirtschaft that is valid for five years. We are proud to be the first company in Liechtenstein to have received this certificate. Biodiversity protection is also an important component of our Community Days (for more information, see chapter "Community engagement").

e & f How we track and provide information about the effectiveness of our management approach

Due to the novelty of our focus on biodiversity protection and the complexity of the topic, the related data collection and monitoring of our impacts still pose a challenge at this stage. However, we are working to enhance the measurement of our activities to track and provide information on the effectiveness of our management approach to biodiversity protection.

¹ UN Climate Change Conference 26, 2021

304-2 Significant impacts of activities, products and services on biodiversity

Through its investments, LGT PB indirectly impacts biodiversity. Using our ESG Cockpit, we assess companies' impacts on the environment, information which in turn flows into our investment decisions. We consistently avoid investing in companies that are harmful to the environment.

Circular economy

Developments, achievements and/or challenges in the reporting year

In 2021, we developed the LGT Private Banking sustainability thematic framework, which outlines our key areas of focus with regard to long-standing sustainable themes and of which the circular economy is a key component (for more information, see chapter "Sustainable products and solutions"). This framework serves as an overarching guideline to support LGT PB in focusing on its key priorities and strengthening its commitments around these themes. In the context of the circular economy, we identify and strengthen consumption and production patterns that respect the natural boundaries of resources in order to protect, restore and promote sustainable ecosystems, both at an operational and investment level.

LGT PB is currently expanding its office space in Vaduz (FL) and was able to reach significant milestones in 2021. We expect to receive LEED Platinum certification for the new building. In 2021, we also invested in the extension of the company canteen in Bendern (FL), paying close attention to the use of sustainable materials, such as wood elements, and adding green areas on the roof.

Furthermore, we aim to increase the use of recycled paper at all our locations. Within the Sustainable Procurement framework, which is based on the ISO 20400 standard and involves our Supply Management and Group Sustainability Management departments, we will strengthen our focus on important matters such as durability, reparability and the separation of recyclable materials.

In addition to directly supporting the circular economy, we work to increase awareness on the topic. For example, the circular economy is an important topic at our Academy courses and

our internal trainings, allowing our employees to increase their knowledge and expertise in this area. We engage in awareness creation measures such as the "Commitment against Plastic Pollution". Inspired by the global "Plastic Free July" movement, LGT PB Asia Pacific, in collaboration with the charity EcoDrive Hong Kong, launched an internal initiative against plastic pollution in 2021. Participating employees in Hong Kong, Singapore, Bangkok and Tokyo designed an interactive information campaign and used an app developed by EcoDrive to track individual plastic consumption and enable peer-to-peer networking. As part of a three-week internal challenge, we managed to avoid a total of 502 kilograms of plastic waste, with 75 percent plastic avoided completely and 25 percent being recycled. To continue our efforts in the fight against plastic pollution, LGT PB's employees also conducted a coordinated beach clean-up campaign in Hong Kong and Singapore.

Measuring and monitoring the impact of a circular economy is a challenge, and we are eager to find solutions to improve data collection in this area. From an investment point of view, identifying companies that engage in a circular economy is also challenging.

3-3 Management approach

a & b How a circular economy contributes to sustainable development

LGT PB disseminates knowledge and raises awareness about the advantages of a circular economy, both among employees and clients. By embedding the circular economy in our corporate culture, we positively impact the day-to-day behavior of our employees.

With our wood buildings in Vaduz, the first Minergie® A and P ECO¹-certified building in Liechtenstein, as well as the ongoing construction project in Vaduz with strict specifications in line with LEED requirements, we seek to inspire others to build sustainably. We also encourage suppliers to embed sustainability in their processes.

c & d How we manage the circular economy

We consider the circular economy an important pillar of the LGT Private Banking sustainability thematic framework. The circular economy is covered by our ESG Cockpit, which

¹ Swiss certification for sustainable construction. The final energy consumption, health (daylight, pollution, low noise and radiation levels) and ecology (readily available raw materials, low environmental impact during production, deconstructability) are tested.

serves as the basis for the LGT Sustainability Rating. In particular, we consider the contributions of our investments to SDG 12 (responsible consumption and production). The larger the share of a company's activities that support the circular economy (e.g. recycling services, construction of machines needed for recycling, creation of products based on recycled input materials, etc.), the higher the respective rating.

In 2017, we introduced the LGT Sustainability Rating to give our clients greater transparency regarding the sustainability quality of their investments. The rating, which ranges from one to five stars, indicates the sustainability quality of individual equities, bonds, funds and the overall portfolio. The LGT Sustainability Rating is based on three factors: the ESG assessment of the company's operations, the controversies and the impact of a company's products and services on the SDGs (positive or negative).

For clients in Europe, the LGT Sustainability Rating is also integrated into the LGT SmartBanking platform. The LGT Sustainability Rating for equities considers the sustainability quality of the respective company. In the case of bonds, the sustain-

ability of the underlying issuer (i.e. company, country or supra-national organization) is assessed. The circular economy is also considered in the assessment of specific companies.

In our daily operations, our processes are adapted to foster responsible consumption. For example, employees must request folders rather than being provided with them automatically, leading to a considerable reduction in folder consumption. Furthermore, we seek out high-quality equipment during the procurement process to ensure a longer lifespan of the equipment within LGT PB. Additionally, our waste equipment (e.g. hardware) is passed on to third-party suppliers in Liechtenstein and Switzerland when possible. An expansion to the Group level is being examined.

e & f How we track and provide information about the effectiveness of our management approach

We track and monitor our waste recycling as part of an environmental performance evaluation. As data collection regarding recycling varies between locations and its impact is limited to our operations, we have not defined a specific KPI with regard to waste recycling.

Talent recruitment and development

Developments, achievements and/or challenges in the reporting year

We believe that being an attractive employer is key for talent acquisition. In 2021, we focused on developing our talent recruitment by creating a new dedicated internal sourcing function, and enhanced our presence on digital platforms (i.e. our website and social media). With these measures, we can react to the local talent shortages that the market is currently facing. We are working to steadily enhance our workplace and include greater flexibility (e.g. remote work option after COVID-19 or piloting shared-desk office spaces).

To maintain and develop our excellent staff, we have implemented various trainings and projects in recent years. For example, in 2020 and 2021 we conducted group-wide sustainability trainings. Also in 2021, we launched the [Drive4Impact sustainability program](#) at the Liechtenstein Academy featuring renowned scientists. Further projects will be launched next year, including a leadership program and a program for older employees called Next4me (for more information, see [GRI 404-2](#)). In addition to this seminar, the introduction of two leadership programs is planned. The first, Leading4Impact, prepares team leaders for their step into middle management and the second, Leading4Success, is designed to train and develop middle managers.

3-3 Management of material topic

a & b *How our talent recruitment and development contribute to sustainable development*

The quality of our client services depends to a great degree on the quality of our employees and their work. Talent recruitment and development are therefore essential if we want to maintain our excellent service and ensure client satisfaction.

We see it as our role to create attractive jobs, support education and promote personal development in the labor market. LGT PB has therefore sought to have a positive impact on

its own operations and on Liechtenstein as a business location by introducing in-house talent recruitment and development capabilities. Knowledge is among Liechtenstein's most important capital – and LGT takes its role of promoting and engaging in knowledge sharing seriously.

c & d *How we manage talent recruitment and development*

Our recruitment policy sets fair standards during the recruitment process. We perform background as well as reference checks before hiring new employees. LGT PB also has a well-structured talent management process in which future talents are prepared for succession for key positions. Talent recruitment is among the responsibilities of the line heads, with Group Human Resources acting as a facilitator, for example, by making an initial selection, participating in job interviews and coordinating the recruiting process.

Education is at the top of our agenda, and we have therefore set up different education processes. The programs of the Liechtenstein Academy Foundation are an integral part of personal development within LGT. The Academy programs are open to all LGT locations (for more information, see [GRI 404-2](#)).

e & f *How we track and provide information about the effectiveness of our management approach*

We collect and consider feedback from new employees as well as people leaving the company. We solicit feedback from our new employees during the so-called retrospective conversations (Rückblick-Gespräche), where a review of the last three months is collected in a bilateral meeting between the line manager and employee. For departing employees, we hold an exit interview between the HR department and the employee. For our regularly conducted employee survey, we evaluate our employees' feedback on our corporate culture and the onboarding process. Supporting instruments (e.g. reporting on reasons for leaving the company) are in place to support LGT PB's HR department in defining suitable actions.

404-1 Average hours of training per year per employee

	2021	2020
Average hours of training per year	25.9	23.1
Employee category		
Employees with management function	24.9	14.4
Employees without management function	26.2	25.1
Gender		
Male	21.9	22.0
Female	28.9	23.9

404-2 Programs for upgrading employee skills and transition assistance programs

We have developed internal and external trainings for every employee at LGT PB. For example, we have rolled out learning platforms that allow our employees to develop their soft skills, such as communication and presentation skills. We also offer programs specifically geared to risk management or leadership capabilities.

If employees seek to change their career paths, we ensure that their job profile and seniority level are matched with job profiles that suit their competences. We also offer flexible working models (e.g. part-time positions).

In addition, we have completed the preparations for the roll-out of the Next4me program. This program was specifically designed for employees aged 55 to 60. It reflects LGT's efforts to support its employees throughout their careers. In this context, we focus in particular on the orientation and alignment of the wishes and needs of those employees in order to strengthen their motivation and commitment to their further professional life. In addition, we promote spiritual, mental and physical fitness. The Next4me program will be rolled out in spring 2022.

404-3 Percentage of employees receiving regular performance and career development reviews

All employees receive regular performance and career development reviews.

Employer of choice**Developments, achievements and/or challenges in the reporting year**

LGT PB offers its employees numerous benefits, ranging from different company events to courses and trainings, as well as

attractive working conditions. For example, we offered our employees additional unpaid vacation days in 2021 and will continue to do so in the future.

As the COVID-19 pandemic had implications on our employees' work environment, we quickly reacted and offered tools for working from home, such as hardware (e.g. notebooks, screens, headsets). We also ensured that IT security was guaranteed when our employees worked from home.

3-3 Management of material topic*a & b How LGT being an employer of choice contributes to sustainable development*

As an employer of choice, we positively influence the well-being of our employees. At the same time, attracting the most loyal and talented employees is vital for our operations and for our position as an important employer and renowned workplace in Liechtenstein. By offering fair salaries and creating a healthy work-life balance for our employees, we also serve as a role model for other companies.

c & d How we manage the topic of employer of choice

LGT PB wants to maintain its status as an employer of choice and makes every effort to offer a fair and friendly work environment to benefit its employees. For example, we offer our employees attractive pension plans and we grant sabbaticals to foster employee skills outside of LGT PB. Furthermore, we take necessary absences seriously and offer longer than legally required sick leave. In some of our locations, we also offer longer maternity leave than legally required. In Liechtenstein, we offer parental leave that goes beyond the legal requirements.

Our policies with regard to the topic of employer of choice are tailored to local conditions, meaning that our different locations can adjust and apply our Group policy to local needs. We take advantage of synergies between our locations to have an excellent reputation as an employer of choice. For example, we conduct monthly HR exchange meetings with HR representatives from all locations.

e & f How we track and provide information about the effectiveness of our management approach

We review our policies and benefits regularly and compare ourselves with our peers to remain competitive. We also assess our position as an employer of choice through our employee survey (for more information, see chapter "Corporate culture").

401-1 New employee hires and employee turnover

	2021 ¹	2020 ¹
New employee hires	560	393
Gender		
Male	296	215
Female	264	178
Age		
<30	139	122
30–50	365	237
>50	56	34
Region		
EME ²	424	300
APAC ³	136	93
Rate of new employee hires	14%	10%
Employees leaving the company	255	251
Gender		
Male	135	129
Female	120	122
Age		
<30	40	
30–50	177	
>50	38	
Region		
EME	175	176
APAC	80	75
Rate of employee turnover	6.1%	5.5%

¹ New York and Cayman not included (1.3% of the workforce)

² EME = Europe and Middle East

³ APAC = Asia-Pacific

Corporate culture

Developments, achievements and/or challenges in the reporting year

We conducted a “Great Place to Work”¹ survey two years ago and subsequently received “Great Place to Work” certification at all our locations worldwide. Based on the results, the culture working group then defined measures. In 2021, we organized team-building events (where possible, considering COVID-19 restrictions) and provided platforms for cross-organizational office interactions. Additionally, we enriched our on-boarding process with a “buddy system” and devel-

¹ Every year, Great Place to Work, an international consulting and research institute, awards the title of “Great Place to Work” to those companies around the world that score extremely well in an employee survey and also achieve exceptionally good results in the “Culture Audit”, a detailed documentation of workplace culture from the employer’s perspective.

oped a “social club”, where our employees can network and exchange ideas. During the pandemic, we communicated LGT PB’s plans and activities relating to our corporate culture at town halls and in videos. In April 2022, we started to transparently inform employees of specialist career paths tailored to their aspirations.

In September 2021, LGT PB employees were especially active, as many participated in the worldwide challenge for the UNICEF Move4Good initiative. For one month, more than 950 employees at all locations around the globe collected kilometers by jogging, walking, cycling, hiking and swimming. With every kilometer they covered, they raised money that LGT PB donated to a UNICEF project to support schoolchildren in Malawi. The campaign was very successful and almost a third of all LGT PB employees took part. LGT PB decided to match the amount raised by employees, resulting in a total contribution of CHF 65 000 to the UN Children’s Fund.

3-3 Management of material topic

a & b How our corporate culture contributes to sustainable development

Our employees are our greatest asset, and consequently, our corporate culture plays a key role. We are aware that we can influence our corporate culture and how our employees experience it. LGT PB fosters a community culture where people work with rather than for one another. With this approach, we believe that we can attract satisfied and long-term talent.

We act as an example for other companies by showing how corporate culture can contribute to sustainable social development within the banking sector.

c & d How we manage corporate culture

Employees’ expectations of a company’s corporate culture shift over time. At LGT PB, we recognize that employee demands are dynamic – and so is our corporate culture.

Our LGT Code of Conduct serves as the basis for the implementation of our corporate culture. Flat hierarchies and an open-door policy are among our cultural values, which are embodied throughout our company. For example, by strictly integrating these values, our management act as ambassadors of our company culture.

Transmitting and embodying our corporate culture starts with our employees’ onboarding process. All new employees are invited to an onboarding event with various speakers (e.g. the

CEO and Chairman), where they learn more about LGT's culture. There is also a web-based training on LGT's brand and values.

In 2021, we set up a cross-departmental corporate culture working group that comprises 21 employees. The group discusses LGT PB's corporate culture and its future evolution, and feedback and information from the group is taken back to LGT PB's Executive Board.

e & f How we track and provide information about the effectiveness of our management approach

We regularly conduct the employee "Great Place to Work" survey. In addition to this, we plan to set up frequent spot surveys. The employee participation rate for our last survey in 2020 was 88 percent, and 91 percent of participants stated that they consider LGT a great place to work. This result confirmed that our activities aimed at supporting our corporate culture are successful.

407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

There are no risks for our employees regarding their rights to freedom of association and collective bargaining in accordance with the relevant legislation.

In 2017, we implemented an [LGT Supplier Code of Conduct](#), which is an integral part of our contracts with our suppliers. All our suppliers must accept the LGT Supplier Code of Conduct. It requires that our suppliers adhere to important standards and conventions, including the right to freedom of association and collective bargaining.

In addition to using the LGT ESG Cockpit for investment and advisory purposes (for more information, see chapter "[Sustainable products and solutions](#)"), we also use it to evaluate suppliers.

On the investment side, when we assess companies, we take their employees' right to freedom of association and collective bargaining into account.

Occupational health and safety

Developments, achievements and/or challenges in the reporting year

During the reporting period, we implemented various programs that support the mental and physical health and safety of our employees. For example, we conducted the Move4Good challenge, during which our employees from around the world collected steps or kilometers through

different types of activities (e.g. running, cycling, swimming, hiking). The campaign was very successful, with almost a third of all LGT employees taking part, and raised CHF 35 000, leading LGT to decide to increase the amount. LGT donated a total of CHF 65 000 to the UN Children's Fund. By sharing pictures of their experiences, employees were eligible to win prizes (i.e. a total of 20 gifts, including first aid kits, were awarded). In addition, the 20 teams that collected the most kilometers received a prize. In total, we collected more than 100 000 kilometers, which corresponds to almost three rotations around the Earth, and our time spent on these activities amounted to 635 days of exercising.

In 2021, we offered our employees support for working from home (e.g. hardware, online yoga courses, training sessions to different topics, access to external partners in case of personal concerns). We will continue to offer flexible working models with possible options to work from home after the COVID-19 pandemic recedes.

3-3 Management of material topic

a & b How occupational health and safety contributes to sustainable development

The health and safety of our employees is vital to responsible and efficient business operations. It is also crucial to provide our clients with high-quality products and services.

As an employer, we are responsible for ensuring the mental and physical health and safety of our employees. In addition, a safe and healthy workforce has positive spillover effects on our corporate culture and our reputation as an employer of choice.

c & d How we manage occupational health and safety

We have implemented insurance policies at the Group level relating to the duty of the employer, vacation regulations as well as insurance regulations.

We do not hold any policies directly linked to employee health. However, we have implemented various initiatives, such as Move4Good, which promotes the health of our employees through exercise while at the same time bringing our employees together. We also offer online yoga sessions and training sessions on mental health. In Switzerland and Liechtenstein, we offer discounts for healthy restaurants or sport club memberships. At our UK branch, we are developing a well-being committee that offers information about physical and mental health and provides support in this area (e.g. head massages, workshops with external speakers, yoga, healthy in-office snacks).

We offer an assistance service (SOS Program) to our employees during their business trips. Via the International SOS app, our employees can access information about possible dangers and specific entry requirements at their destination. The International SOS hotline is available 24 hours a day for specific information about safety, medical status, travel restrictions and more.

e & f How we track and provide information about the effectiveness of our management approach

We use a two-pronged approach to track the effectiveness of how we manage our employees' occupational health and safety: we measure and assess data such as employee sick days and absences, while also implementing an employee survey that contains health and safety-related questions. For example, the survey contains questions about employees' work-life balance and workplace safety. In 2020, over 97 percent of our employees (at an 88 percent participation rate) confirmed that they consider LGT a physically safe place to work.

403-1 Occupational health and safety management system

Health measures are addressed by our employee representative committee as well as company paramedics. LGT PB trains certain employees in crisis management and regularly simulates fire alarms to train its employees and ensure their safety in an emergency.

We implemented the LGT Vitality program to sensitize our employees to health-related topics, strengthen their personal responsibility for health issues and promote their overall health and well-being. The program's activities and measures are designed by our LGT Vitality project group.

403-2 Hazard identification, risk assessment, and incident investigation

We offer an external and independent whistleblowing contact point (e-mail or phone number to an independent party) that employees can use at any time. Employees can access information on the internet about regulations and procedures concerning whistleblowing, the rights of reporting persons and the obligations of LGT. For more information, see [GRI 2-16](#).

403-3 Occupational health services

Our employees can direct any questions or concerns to specific points of contact within LGT PB: the HR department is the primary point of contact, but line managers also assist and support with the identification and elimination of hazards.

At our local branches, HR managers handle concerns related to occupational health and safety. Some branches cooperate with external partners (e.g. psychological support) if needed. This way, the branches give employees the possibility to anonymously communicate about issues with an independent person, as they do not report any details to LGT PB. Related costs are covered by LGT PB.

403-4 Worker participation, consultation, and communication on occupational health and safety

At some of our locations, we have established employee councils that hold regular meetings with management. The meetings provide a platform for all participants to openly talk about potential challenges. For example, the councils were consulted on measures that LGT PB's crisis management group issued in relation to the COVID-19 pandemic.

403-5 Worker training on occupational health and safety

As part of the Liechtenstein Academy, we offer our employees various programs that foster their health and well-being. Examples include resilience trainings (e.g. a one-hour recorded online impulse lecture on the negative effects of digitalization on well-being) or the *Be.Yourself* program, where participants receive hints and tips on personal development. We also offer courses on managing complex projects (*Manage.Complexity*) or increasing employees' efficiency sustainably (*Drive.Performance*).

In addition, LGT PB offers training on first aid, sleep management and balanced diets, and our line managers are offered employee management training.

403-6 Promotion of worker health

To support the physical health of our employees, we offer access to sports clubs and courses, such as yoga. In Switzerland and Liechtenstein, we participate in the Bike to Work challenge.

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

Our health measures help to prevent and mitigate significant negative occupational health and safety impacts. For more information, see [GRI 403-1, 2, 3, 4, 5, 6](#).

403-8 Workers covered by an occupational health and safety management system

All permanent employees are covered by an occupational health and safety management system.

403-10 Work-related ill health

	2021	2020
Days total	6 670	5 663
Days/headcount	1.6	1.5

Diversity, inclusion and equal opportunities

Developments, achievements and/or challenges in the reporting year

The topics diversity, inclusion and equal opportunities are attracting more interest among our stakeholders and society at large. During interviews, we have noted that potential employees are curious about our approach to diversity, inclusion and equal opportunities, and our clients and suppliers are also increasingly interested in how LGT PB manages these topics. This growing interest is apparent across all our locations.

European regulations increasingly address the matter of equal pay. In Switzerland, we conducted a salary benchmark study, and we received the “fair pay certificate”, signifying that there was a less than five percent salary difference between men and women. A similar study is planned for our location in Liechtenstein. Furthermore, we have defined our goal to increase the ratio of women in senior positions. Our UK offices established an internal network on LGBTQ+ topics and publish content on gender-related topics on social media.

In the future, we aim to define specific targets and goals related to diversity, inclusion and equal opportunities and to implement policies and activities at our local branches that ensure we make progress in addressing these topics.

3-3 Management of material topic

a & b How diversity, inclusion and equal opportunities contribute to sustainable development

Diversity, inclusion and equal opportunities allow clients and other stakeholders to identify with LGT PB. This positively impacts our operations, as potential clients and employees are attracted to our inclusive approach. We believe that diversity fosters innovation and allows us to scale our business.

As one of the largest employers in Liechtenstein, we have a responsibility to promote diversity, inclusion and equal opportunities. Our LGT Code of Conduct serves as an example to others, and we take our responsibility to actively share these values with our peers seriously.

c & d How we manage diversity, inclusion and equal opportunities

We have established a committee that deals with LGT’s diversity, inclusion and equal opportunities at the LGT PB level. The committee will re-formulate the global strategy in 2022, which will then be adjusted and implemented at our local branches. The committee will report to LGT PB’s Executive Board, which is chaired by the CEO of LGT PB. In addition, we have implemented policies that clearly set out and highlight the importance of these topics. They include our LGT Code of Conduct and HR vision. Our LGT Code of Conduct is a key instrument in promoting and upholding diversity, inclusion and equal opportunities. Our HR vision emphasizes these values. In our official communications, we ensure the use of inclusive language.

In our Diversity & Inclusion Strategy we have defined several topics that are relevant for us throughout the company, including gender. We strive to embed and manage these topics across all our local offices. Within these topics, we have defined a global ambition, and global initiatives will be launched in the coming years (e.g. mentoring program, unconscious bias trainings). For instance, as part of our Next4me program, we focus in particular on orientation and alignment with our employees’ specific wishes and needs in order to strengthen their motivation and commitment to their further professional activities (for more information, see chapter “Talent recruitment and development”).

In 2021, LGT PB defined a goal to have 30 percent of senior positions and 40 percent of all management positions filled by women and for women to account for 50 percent of our total workforce.

We have integrated the topics of diversity, inclusion and equal opportunities into the LGT ESG Cockpit. It assesses data points such as female representation in senior positions and salary benchmarks. We believe that diversity leads to innovation in companies and we wish to foster this through our investments (for more information on the ESG Cockpit, see chapter “Transparency in financial services”).

e & f How we track and provide information about the effectiveness of our management approach

We regularly assess employee satisfaction through surveys. As part of these surveys, we ask our employees about their perception of LGT PB’s approach to diversity, inclusion and equal opportunities. In 2020, over 90 percent of participants (88 percent response rate) agreed that we treat our employees fairly, regardless of age, gender, sexual orientation and ethnicity.

405-1 Diversity of governance bodies and employees

All diversity data in % of total

	2021			2020		
	Board of Directors	Executive management	Employees	Board of Directors	Executive management	Employees
Age						
<30	0%	1%	15%	0%	1%	16%
30–50	11%	64%	63%	0%	63%	64%
>50	89%	35%	22%	100%	36%	20%
Gender						
Male	89%	77%	53%	86%	78%	53%
Female	11%	23%	47%	14%	22%	47%

406-1 Incidents of discrimination and corrective actions taken

No incidents of discrimination took place during the reporting year.

Human rights in investments

Developments, achievements and/or challenges in the reporting year

Regulatory requirements pertaining to sustainability-related aspects encompass human rights matters. We work to implement the EU Action Plan on sustainable finance, which also addresses human rights.

We are a signatory to the UNGC. The ten principles of the UNGC are also incorporated into our LGT ESG Cockpit rating. In addition, we have donated to the *Finance Against Slavery and Trafficking (FAST)* initiative since its inception in 2018, and thus support tackling modern slavery and human trafficking in the financial sector. Looking to the future, we plan to draw up a human rights policy in 2022 with a view to supporting human rights from a financial market perspective (for more information, see *UNGC Communication on Progress*).

3-3 Management of material topic

a & b How our approach to human rights in investments contributes to sustainable development

For LGT PB, human rights in investments refers to respecting, supporting and promoting internationally proclaimed human rights for all investment decisions. Human rights factors are

therefore part of our ESG Cockpit's evaluation of companies' or countries' ESG performance (for more information, see chapter "Transparency in financial services").

c & d How we manage human rights in investments

We have established an investment committee that works with the research department to ensure the necessary level of ESG quality is in place (including human rights) for our portfolio management mandate "Focus Sustainability".

The LGT ESG Cockpit helps us to make balanced investment decisions while taking into account human rights aspects. Among other criteria, the rating considers companies' observance of human rights protections (for more information, see chapter "Transparency in financial services"). Our clients can choose to exclude companies violating the UNGC in their investment portfolios.

Moreover, we have included the topic of human rights in our employee trainings on sustainability regulation and our sustainability offering. In 2022, we will set up training on EU regulations and international ESG standards, which also encompasses the topic of human rights.

e & f How we track and provide information about the effectiveness of our management approach

We have set up an internal risk management process and regular internal audits to ensure the integration of human rights in our business.

Community engagement

Developments, achievements and/or challenges in the reporting year

In 2021, we engaged in various activities to support communities. For example, our employees in Singapore cooperated with a local NGO, ItsRainingRaincoats, to create financial literacy videos for migrant workers. Our Hong Kong office donated excess masks and hand sanitizer that were not used in our offices due to remote working regulations. We organized a clean-up day in Liechtenstein, and we engaged in activities to support bee protection in Switzerland. On a broader level, our team in Asia established a dedicated employee volunteering team. We seek to further extend our volunteering initiatives across all our offices and to develop a group-wide strategy on community engagement.

In 2021, we also organized sponsoring activities, such as LGT Wealth Management's (UK) virtual run to Liechtenstein for a good cause. Thirty teams with a total of 265 participants ran for the charity partner The Fore.

3-3 Management of material topic

a & b How our community engagement contributes to sustainable development

Through our community engagement and knowledge transfer, we support disadvantaged groups and people in need and thereby contribute to sustainable development. At the same time, community engagement allows us to intensify team building and collective contributions to social and environmental development. For some of our employees, LGT PB's community engagement programs motivate them to also take part in initiatives outside of LGT PB. Moreover, our employees identify with our core values, which are further enhanced through our community engagement programs.

c & d How we manage community engagement

We engage in community work through Community Days, held in most of our office locations: Liechtenstein, Switzerland, Austria, the United Kingdom, Hong Kong and Singapore. In 2022, we will be introducing the Community Days in Dubai. Our goal is to implement at least one Community Day per location each year in order to give our employees the opportunity to participate in a meaningful local volunteering project. As part of LGT PB's 18-month Graduate Program, each graduate spends a so-called Social Week at a not-for-profit organization as a volunteer.

Group Sustainability Management has group-wide responsibility for coordinating our Employee Volunteering Program. The implementation of programs is supported by individuals or teams at the local level. While each location develops its own initiatives according to the Group strategy, we all strive to contribute to the SDGs by building long-term and trustful relationships with local partners.

e & f How we track and provide information about the effectiveness of our management approach

The feedback from our employees about our community engagement and its success is crucial to us. We collect their feedback through our regular Great Place to Work survey. We also review the Community Days during EVP (Employee Volunteering Program) team meetings, which take place three times per year, and invite those people responsible for local implementation to attend. We issue yearly reports that include information about the total costs, grants and donations, and the number of employees that participated in the Community Days.

We collect valuable input on the graduate Social Week by interviewing the participants and carefully monitoring our activities to improve their sustainable impact. We are committed to further developing our evaluation and reporting processes in the future.

Sustainable thinking

Developments, achievements and/or challenges in the reporting year

Promoting sustainable thinking is becoming increasingly important. In 2021, we launched a new program (Drive4Impact) that centers around sustainability as part of the Liechtenstein Academy. During the seminar, we assess humans' influence on the environment, economy, politics and society (for more information, see chapter "Talent recruitment and development").

Our net-zero strategy 2030 established in 2021 means we have assumed a pioneering role in the industry. We must therefore educate our employees on this topic and actively engage them (for more information, see chapter "Climate protection and risk management").

3-3 Management of material topic

a & b How our sustainable thinking contributes to sustainable development

For LGT, sustainable thinking entails acting as a thought leader, contributing to a multi-stakeholder dialog and adding to research on sustainability. This enables us to motivate our peers to act more responsibly and our clients to invest more sustainably. In addition, sustainable thinking is inspirational and attracts valuable new employees. Our employees in turn act as ambassadors and further contribute to sustainable thinking.

c & d How we manage sustainable thinking

Sustainable thinking is a pillar of our Sustainability Strategy 2025. We strive to be a thought leader in sustainability and want our employees to actively engage in sustainability issues. We will thus train them accordingly. In addition, we will join forces with governments, companies, NGOs and other relevant stakeholders to optimize our contribution to the SDGs.

Group Sustainability Management drives communication about sustainability-related topics through public webinars,

web-based trainings, presentations and publications on internal media channels (e.g. intranet) and reporting.

Sustainable thinking is also integrated into our employee projects, such as the LGT Kickbox initiative (see *Sustainability Report 2021*, page 30). Group Sustainability Management closely cooperates with the learning and development department to further improve the education roadmap for employees to advance their knowledge about sustainability.

e & f How we track and provide information about the effectiveness of our management approach

As an active member of numerous associations, we discuss relevant sustainability-related topics with our stakeholders and we benchmark ourselves against our peers with regard to our approach to sustainable thinking. The stakeholder dialogue allows us to closely monitor trends and gain insights into how to further integrate sustainable thinking into our business (for more information, see *Sustainability Report 2021*, pages 30–33).

Responsible corporate governance

Developments, achievements and/or challenges in the reporting year

We constantly monitor, assess and implement regulatory requirements that are relevant for our business activities. We fulfill the requirements of EU regulations, such as SFDR and the EU taxonomy. Furthermore, EU regulation CRD V¹ will be implemented after the respective Principality of Liechtenstein law comes into effect.

In 2020, the Foundation Board of LGT Group announced a plan to divide the Group structure and form three independent divisions that focus on private banking (LGT PB), asset management (LGT Capital Partners) and impact investing (Lightrock). This restructuring allows the three divisions to focus on their respective markets and competitive environments. The restructuring has no consequences for private banking and asset management clients, and LGT PB and LGT Capital Partners will continue their fruitful collaboration.

3-3 Management of material topic

a & b How our responsible corporate governance contributes to sustainable development

Responsible corporate governance is ingrained in our business philosophy: we do not consider responsible corporate governance a mere regulatory requirement but rather as a long-term approach pursued by our company. Responsible corporate governance is essential for us in order to safeguard the trust of our clients, our owner, our employees, suppliers, associations and organizations, as well as society and regulators. It enables us to increase client loyalty and attract prospects and employees. We also consider an open public dialogue to be important, as it allows us to further strengthen our reputation.

In our LGT Code of Conduct, we set out our shared values that serve as the basis for our relationships. Our LGT Code of Conduct applies to all our employees and members of the supervisory and controlling bodies of LGT and its affiliated companies. In 2017, we implemented a separate code of conduct for our suppliers, requiring our partners to comply with international principles.

c & d How we manage responsible corporate governance

The Foundation Board of LGT Group Foundation is the highest governance body of LGT Group. The Foundation Board is

comprised of four separate committees: the HR Compensation Committee, the HR Nomination Committee, the Risk Committee and the Audit Committee.

- The HR Compensation Committee reviews the compensation guidelines of the Group, discusses and determines amendments to or the creation of compensation plans and proposes the compensation of LGT PB's Executive Board.
- The HR Nomination Committee defines and reviews the performance appraisal, development and succession plans of LGT PB's Executive Board, discusses and reviews the talent management situation and development of LGT and reviews the personnel and HR risk reporting of LGT.
- The activities of the Risk Committee include a periodic review of the general risk limits, risk strategy and framework including an assessment of the risk tolerance/appetite as well as a regular assessment of adequacy of the group-wide risk organization.
- The activities of the Audit Committee include the review of financial information, monitoring the adequacy of the system of internal controls and of the compliance framework that management and the Board members have established.

For more information, see the [Annual Report 2021](#) (page 12).

LGT PB's Sustainability Board reports to the Foundation Board, which sets the strategic direction and guiding principles relating to sustainability. The Sustainability Board is chaired by Olivier de Perregaux, CEO of LGT PB, and includes representation of LGT PB's Executive Board and the heads of the Sustainability Committees. (for more information, see [GRI 2-12](#) disclosures and the [Sustainability Report 2021](#), page 34).

Group Sustainability Management, with the support of the cross-divisional Sustainability Think-Tank, is responsible for driving LGT's sustainability strategy and contributions to sustainable development (for more information, see [GRI 2-9](#) to [2-23](#) disclosures).

LGT Bank Ltd. is rated by Moody's and Standard & Poor's. LGT applies International Financial Reporting Standards (IFRS).

e & f How we track and provide information about the effectiveness of our management approach

We have implemented internal and external processes to assess the effectiveness of our corporate governance approach. The Sustainability Sounding Board discusses the governance structure and committees, which are being approved by the Sustainability Board. We periodically publish

¹ For more information on the Capital Requirements Directive V (CRD), see [here](#).

reports, such as the Sustainability Report. We also conduct internal and external audits and make use of external consulting and non-audit services.

Ethics and integrity

Developments, achievements and/or challenges in the reporting year

We updated our LGT Code of Conduct in 2020 and subsequently provided training to all employees on the new LGT Code of Conduct. All employees have to pass various tests to ensure their understanding of the practical application of the code and their compliance with the code on an annual basis.

We need to consider and adapt to new technologies and systems (e.g. blockchain, compliance surveillance tools) and develop measures to deal with these technologies ethically (for more information, see chapter "Digitalization and data protection").

3-3 Management of material topic

a & b How our approach to ethics and integrity contributes to sustainable development

We are a values-oriented company with a long-term focus that has integrated ethics, integrity, respect and reliability into our culture. These values also form the basis of our LGT Code of Conduct. By embodying our LGT Code of Conduct in our daily business activities, we enjoy a good reputation among our clients, employees and other stakeholders, and protect ourselves from the risks of reputational loss. The Liechtenstein financial center and other hubs relevant to LGT PB also benefit from our good reputation. In addition, our ethical and high-integrity approach serves as an example for other financial institutions, positively enhancing the sustainable development of the industry.

c & d How we manage ethics and integrity

The LGT Code of Conduct applies to all our employees and members of the supervisory and controlling bodies of LGT and its affiliated companies. It is a binding document that defines our shared values as well as our ethical and professional standards. The principles defined in our LGT Code of Conduct also recur in other internal directives and regulations. Our internal directives set out clear rules to avoid businesses that could jeopardize our reputation and identify and prevent money laundering, corruption, bribery and terrorist financing. Moreover, the directives require strict adherence to the "know your client" rules and include a business policy concerning tax compliance.

We have established relevant processes to ensure compliance as well as ethics and integrity at LGT PB. These include transaction monitoring or systems that screen our clients on a daily basis to ensure the exclusion of financial crimes and illicit behavior at LGT PB. In case of violations, we take the necessary actions as required by laws/regulations or internal policies (e.g. SAR filing or other notification to relevant regulators, termination of relationships/client exit, disciplinary measures and/or training).

Our employees can report any form of noncompliance via internal whistleblowing channels (i.e. hotline, mailbox). LGT PB has established a task force that is managed by internal audit and deals with any cases of violations.

In addition to establishing processes that ensure ethical and high-integrity behavior, we support various ethical initiatives. For example, we support the Liechtenstein Initiative on Finance Against Slavery and Trafficking (FAST), which works to combat human trafficking and modern slavery, with financial assistance and network involvement.

e & f How we track and provide information about the effectiveness of our management approach

We regularly review our LGT Code of Conduct and make necessary amendments if needed. Furthermore, internal and external audits provide mandatory feedback on the LGT Code of Conduct.

We engage in a regular dialogue with our peers about international best practices concerning ethics and integrity. We take part in various associations and we have frequent exchanges with our peers (e.g. Wolfsberg Group, Global Coalition to Fight Financial Crime) during industry events where new standards and trends are discussed. Furthermore, we receive feedback about our approach to ethics and integrity from our stakeholders through regular surveys.

205-1 Operations assessed for risks related to corruption

All LGT PB operating companies were assessed for risks related to corruption in 2021. In total, 19 medium risks were identified. Identified risks include, for example, the effectiveness of employee trainings or the clarity of policies and procedures. To ensure the group-wide understanding of our policies, we continuously enhance our employee trainings on the implementation of anti-corruption measures.

205-2 Communication and training about anti-corruption policies and procedures

We regularly communicate about our anti-corruption policy to all our employees.

LGT PB has created standardized web-based training modules on anti-corruption policies and procedures that will be rolled out group-wide in 2022. Certain modules will be mandatory for all employees. In addition to these standardized web trainings, our individual branches have the possibility to implement trainings on anti-corruption.

205-3 Confirmed incidents of corruption and actions taken

In 2021, there were no confirmed incidents of corruption at LGT.

Compliance

Developments, achievements and/or challenges in the reporting year

We constantly evaluate and develop our compliance processes to address new developments. In 2021, we invested in additional resources to expand the Compliance department.

We consider participation in relevant initiatives to be an effective instrument for ensuring that we are on top of industry developments and further develop our high compliance standards. We took part in various initiatives and seminars during the reporting year. We are a partner of the *Liechtenstein Initiative FAST*, which we actively promoted at various international events (for more information, see chapter “*Ethics and integrity*”). We were present at the Lausanne Seminar, where we chaired a breakout session (“*Boosting Co-operation in Asset Recovery – Exploring the Potential of Private Sector Engagement and Public-Private Collaboration*”), exploring the role of how a national AML/CFT¹ public-private partnership can support cross-border asset recovery investigations.

3-3 Management of material topic

a & b How our compliance contributes to sustainable development

We consider compliance to be of utmost importance for us as a financial institution, and also believe that compliance is the basis of sustainable business. Consequently, we comply with regulatory requirements as well as internal policies and regu-

lations, and we pay close attention to industry standards (e.g. FATF², Wolfsberg Group). By ensuring our compliance with external and internal requirements, we foster long-term value creation and reinforce our reputation as a trustworthy partner. On a broader level, this positively influences the reputation of Liechtenstein’s financial center as well as the locations where LGT operates.

c & d How we manage compliance

Our Group Compliance consists of two departments, Group Regulatory & Investment Compliance (GRIC) and Group Financial Crime Compliance (GFCC). The Group Head Compliance is responsible for ensuring the execution of all compliance measures throughout the Group. LGT’s respective locations have implemented compliance structures that build upon the guidelines set out by the Group while taking into account the country-specific requirements.

We are an active member of the Liechtenstein Bankers Association. LGT PB is involved in various initiatives related to the prevention of money laundering, e.g. the Liechtenstein Initiative FAST, Public Private Partnership (PPP) in Liechtenstein or the Lausanne Seminar, which focuses on boosting co-operation in asset recovery.

e & f How we track and provide information about the effectiveness of our management approach

The compliance functions within LGT PB are regularly audited by LGT PB’s internal audit function as well as external regulators/auditors (e.g. the Liechtenstein Financial Market Authority). In addition, we conduct regular business risk assessments and financial crime controls. The remediation of findings is monitored via an internal tool to monitor the correct implementation. The relevant supervisory management bodies can access relevant information, re-audits and related findings. Additionally, we have defined specific key performance indicators and key risk indicators and we regularly issue compliance reports to the management bodies.

LGT is not aware of any cases of non-compliance with laws and regulations in the social and economic area and received no significant fines in Liechtenstein in 2021.

¹ Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)

² The Financial Action Task Force, <https://www.fatf-gafi.org/>

Risk management

Developments, achievements and/or challenges in the reporting year

We put great effort into securing our IT infrastructure and our clients' data. Risks related to cybersecurity are increasing and we have witnessed a notable surge in cybersecurity threats during the COVID-19 pandemic. Consequently, external assessments of LGT PB's IT infrastructure are currently being implemented.

We have also observed an increase in sustainability-related regulatory requirements. For example, the European Central Bank has issued guidelines on climate-related and environmental risks for banks and several financial market authorities have issued requirements related to sustainability risks. LGT PB fulfills regulatory requirements and goes beyond these, thus assuming a pioneering role: we are a founding member of the *Net-Zero Banking Alliance (NZBA)* of the UN and we have committed to *Partnership for Carbon Accounting Financials (PCAF)*.

As LGT PB steadily expands its international reach (e.g. recent acquisition in Austria), we must be prepared to deal with varying regulatory requirements and different approaches to ESG.

We have implemented the *New Business Activity Approval and Review (NBAAR)* approach. The aim of this process is to analyze all relevant regulatory, tax and operational aspects of a business activity before implementation as well as show all opportunities, risks, expected profit and cost to enable a well-informed decision. Moreover, all necessary resources and processes for creation, execution, booking and controlling of the business activity should be identified and implemented involving all relevant organizational units. The approach also ensures that LGT PB complies with all regulatory requirements.

3-3 Management of material topic

a & b How our risk management contributes to sustainable development

By ensuring the implementation of professional risk management, we create a healthy balance sheet and ensure adequate capitalization, ultimately safeguarding the trust of our clients. At the same time, we act as a stable and attractive employer. We will continue to contribute to the economies that we are part of by carefully managing our risks.

We identify different categories of risk that affect LGT PB: market risks, liquidity and funding risks, credit risks and operational risks. We also holistically consider sustainability risks and integrate them into our risk management. The specific inclusion of ESG topics in our risk management (see *TCFD Report 2021*, pages 20–21) allows us to consider environmental and social developments, while at the same time underpinning our reputation as a responsible bank.

c & d Our approach to risk management

Our purpose is to create long-term value for our stakeholders. We believe that long-term profitability and adequate risk management go hand in hand, and our approach to risk management is thus characterized by long-term thinking, stability and a prudent approach.

The Risk Controlling and Security department defines the standards and strategies relating to risk management. LGT PB's risk policy sets out all relevant principles and directives and comprises two key elements: first, it details our overall approach to risk-taking; second, it sets out the risk principles that translate the risk strategy into operating standards. The operating standards define the risk organization as well as risk processes. LGT PB employs the *Internal Capital Adequacy Assessment Process (ICAAP)*, which is based on the standards of the *Basel Committee on Banking Supervision*, and helps ensure that the capital base is adequate at all times.

For each risk category (market risks, liquidity and funding risks, credit risks and operational risks), we analyze and define methods to identify, manage and monitor related risks.

We ensure proper risk management by providing mandatory and consistent online employee trainings, for example, on cybersecurity and sustainability.

e & f How we track and provide information about the effectiveness of our management approach

Our rulings and directives are valid for three years. After three years, they are resubmitted for review by the Group Executive Secretariat to the issuing author and, if necessary, adjusted. Internal and external audits are conducted on a regular basis.

Group Risk Controlling and Security regularly engage with the financial market authority of Liechtenstein and the Liechtenstein Bankers Association.



Principles for Responsible Banking

LGT Private Banking – 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 2021: Annual Report 2021
- SR 2021: Sustainability at LGT 2021
- NFR 2021: Non-Financial Report 2021
- TCFD 2021: TCFD Report 2021 (Task Force on Climate-related Financial Disclosures)
- LGT's website

Any additional resource used is indicated in the report.

Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/relevant information
<p>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.</p>		
<p>1.1 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, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>LGT Private Banking (LGT PB), headquartered in Vaduz (FL), operates as a wealth management service provider for private clients, offering the following services and products:</p> <ul style="list-style-type: none"> ▪ Investment advice and portfolio management ▪ Trading advice and execution ▪ Loan and credit facilities ▪ Philanthropy services and impact investing <p>Since LGT's foundation 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, the United Kingdom, Hong Kong, Singapore, the United Arab Emirates, Japan and Thailand. As at 31 December 2021, LGT PB employed over 3400 people. LGT PB's revenues are based on wealth management (commission business and services) and trading, as well as on money market and lending business.</p> <p>LGT has been managed by the Princely Family of Liechtenstein for more than 90 years and has a long tradition of professionally managing family assets. In both its corporate and investment strategies, LGT takes a long-term perspective.</p>	<ul style="list-style-type: none"> ▪ AR 2021 (page 5) ▪ LGT website (About us)
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>LGT PB has been systematically integrating sustainability into its processes for more than 13 years. Thanks to our owner, sustainable and long-term thinking are part of the company's DNA. LGT PB is committed to integrate sustainability into all of its business processes and across its entire product range, which is also embedded in the company's Sustainability Strategy 2025. The strategy consists of three pillars:</p> <ul style="list-style-type: none"> ▪ Sustainable investing ▪ Sustainable business ▪ Sustainable thinking <p>The strategy is implemented through numerous commitments, initiatives and projects. In 2017, LGT PB introduced the LGT Sustainability Rating to give clients greater transparency regarding the sustainability quality of their investments. In 2018, LGT Wealth Management launched the Sustainable Model Portfolio Service for external financial advisors and in 2019, LGT PB launched its actively managed portfolio management solutions with a focus on sustainability in Switzerland and Liechtenstein, and in 2020, it did so in Asia. Over the last ten years LGT PB has used its balance sheet, its distribution strength and its sustainability know-how to support the sustainable and innovative product development of LGT Capital Partners and Lightrock, two organizations that share the same beneficial owner as LGT PB.</p> <p>LGT PB joins forces with relevant stakeholders (such as the Liechtenstein Bankers Association, the Net-Zero Banking Alliance, or the FAST Initiative) to leverage its contributions to sustainable development. Since 2012, LGT has been committed to the ten Principles of the UN Global Compact. And as part of the Sustainability Strategy 2025, LGT PB has identified the most important SDGs to which it wants to make an active contribution; these are SDG 3, 5, 7, 8, 10, 12, 13 and 17.</p> <p>LGT PB signed the Principles for Responsible Banking (PRB) in 2020 and is a founding member of the UN Net-Zero Banking Alliance, thus underscoring its commitment to continuing to support 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 Agreement. Starting from the 2021 financial reporting year, LGT PB reports according to the standards set by the Task Force on Climate-related Financial Disclosures (TCFD). It does so in particular to better identify and provide transparency on climate risks.</p> <p>LGT PB announced its commitment to become a net-zero emissions company by 2030 in its operations and investments. With this step, LGT PB is once again underscoring its commitment to contribute to a sustainable financial sector. In Europe, 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.</p>	<ul style="list-style-type: none"> ▪ SR 2021 (pages 6–10, 32–33) ▪ NFR 2021 <ul style="list-style-type: none"> – Management of material topic (page 26) – Sustainable thinking (pages 39–40) – Sustainable products and solutions (pages 21–22) ▪ TCFD 2021 (pages 6–7, 15–17) ▪ LGT website (Sustainability at LGT)

Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/relevant information
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.		
<p>2.1 Impact Analysis: Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <p>a. Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. considered in the scope of the analysis.</p> <p>b. Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p> <p>c. Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d. Scale and Intensity/Salience of Impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p>	<p>In 2021, LGT PB conducted a materiality analysis to determine topics with significant business relevance and those relevant for sustainable development. Within the most material topics, LGT PB assessed where it has the biggest impacts with regard to the SDGs.</p> <p>As a private bank, the main contribution to a more sustainable development of the financial services industry will come from progress across the following dimensions:</p> <ul style="list-style-type: none"> ▪ To successfully develop and promote a high performing range of sustainable investment products and services. The absolute amount and the share of positive impact investments should increase while the share and absolute number of negative impact investments should be reduced. This applies to both LGT PB's balance sheet and to its client assets under management. ▪ To strengthen the know-how around sustainable investing and business, including the impact assessment of investments, both within the bank and with its clients. Topics with essential business relevance are: <ul style="list-style-type: none"> – Biodiversity protection – Circular economy – Sustainable thinking – Human rights in investments – Diversity, inclusion and equal opportunities ▪ To continuously enhance the sustainability of LGT PB's own operations and processes <p>Sustainable products and solutions</p> <p>In 2021, LGT PB developed its own sustainability framework. The LGT Private Banking sustainability thematic framework, which outlines our key areas of focus with regard to long-standing sustainable themes, aims to further strengthen our pioneering role in sustainability. With the framework, LGT PB also seeks to present its sustainability efforts and sustainable investment expertise to clients and other stakeholders in a comprehensible manner. The framework shows which of the 17 SDGs are primarily addressed by a specific activity or product of LGT PB.</p> <p>In 2021, LGT PB committed to achieving net zero by 2030. This includes all advised client investments, the lending portfolio and its own investments. LGT PB therefore develops all of its products and services in accordance with the sustainability framework and in line with its net zero ambition.</p> <p>The LGT ESG Cockpit, our proprietary analysis tool developed in 2009, systematically generates ESG ratings for individual stocks and picks securities in accordance with ESG criteria. It uses ESG data from various specialist and established information providers and is continuously being further developed. The Cockpit 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. In addition, the LGT Sustainability Rating, which is derived from the LGT ESG Cockpit, provides clients with transparent information on the sustainability quality of their portfolio and provides them with important information when selecting their investments, also in terms of their impact (positive or negative) on the SDGs.</p> <p>In 2021, we further embedded our philanthropy advisory capabilities in private banking to support our clients with their philanthropic engagements.</p>	<ul style="list-style-type: none"> ▪ NFR 2021 <ul style="list-style-type: none"> – Materiality assessment and list of material topics (pages 15–16) – Sustainable products and solutions (pages 21–22) – Climate protection and risk management (pages 26–27) ▪ TCFD 2021 (pages 13–17) ▪ SR 2021 (pages 6–10, 16, 23, 25) ▪ LGT website (LGT ESG Cockpit)

Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/relevant information
<p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> ▪ Identified and disclosed its areas of most significant (potential) positive and negative impact ▪ Identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts 	<p>Climate protection and risk management</p> <p>After setting its overall net-zero emissions target for 2030, LGT PB defined four sub-categories based on LGT PB's 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 GHG Protocol alone is of limited significance, as most emissions are associated with investments (GHG protocol Scope 3, category 15). LGT PB therefore divided these emissions into three categories, while emissions associated with the remaining scopes are gathered under one category:</p> <ul style="list-style-type: none"> ▪ Operations (Scope 1, 2 and 3, category 1-14) ▪ LGT PB's own investments (Scope 3-15) ▪ Advised client investments (Scope 3-15) ▪ Lending portfolio (Scope 3-15) <p>LGT PB will define ambitious reduction targets for 2030 and set a reduction path for all four categories. From 2030 onwards, LGT PB will procure carbon dioxide removals (CDR) to remove all unavoidable emissions.</p> <p>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)¹. LGT PB is also one of the founding members of the UN Net-Zero Banking Alliance (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.</p>	<ul style="list-style-type: none"> ▪ TCFD 2021 (page 17, Table 2)
<p>Conclusion on fulfillment of the requirements regarding Impact Analysis</p>		
<p>As part of the materiality analysis carried out in 2021, it was possible to identify key topics that significantly contribute to sustainable development. LGT PB's greatest contribution is achieved through its clients' investments. In 2022, the impact analysis is to be carried out using the Investment Portfolio Impact Analysis Tool provided by the PRB.</p>		
<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</p>	<p>Sustainable products and solutions</p> <p>In its Sustainability Strategy 2025, LGT PB has committed to becoming one of the leading providers of sustainable investment solutions and aims to optimize the contribution of its investment solutions to the SDGs. LGT PB measures and reports transparently on the sustainability of its balance sheet and client investments.</p> <p>Climate protection and risk management</p> <p>As part of the existing Sustainability Strategy 2025, LGT PB has set quantitative operational goals:</p> <ul style="list-style-type: none"> ▪ 20 percent reduction of CO₂e² emissions by 2025 per FTE³ (base year 2017) ▪ 30 percent reduction of energy⁴ consumption by 2025 per FTE (base year 2017) ▪ 30 percent reduction of paper consumption by 2025 per FTE (base year 2017) ▪ 100 percent use of renewable energies⁵ by 2025 <p>In 2022, LGT PB will develop its new Sustainability Strategy 2030, and define how it will achieve net-zero emissions by 2030 in its operations⁶ and investments⁷, as well as other goals (for example Diversity & Inclusion, etc.). In this regard, LGT will start to remove part of its operational CO₂ emissions starting in 2025; the remainder of our operational emissions will continue to be offset using carbon credits.</p> <p>Biodiversity protection</p> <p>LGT PB published its position on biodiversity in May 2022. SMART targets will be discussed based on this position.</p>	<ul style="list-style-type: none"> ▪ SR 2021 (pages 6, 24–26) ▪ TCFD 2021 (pages 16,17, 26, 27) ▪ NFR 2021 <ul style="list-style-type: none"> – Sustainable products and solutions (pages 21–22) – Climate protection and risk management (pages 26–27) – Biodiversity protection (pages 29–30) – Sustainable Thinking (pages 39–40) – Human rights in investments (pages 38–39) – Diversity, inclusion and equal opportunities (pages 37–38)

¹ PCAF enable financial institutions to assess and disclose greenhouse gas emissions attributable to loans and investments. <https://carbonaccountingfinancials.com/>

² CO₂e (CO₂ equivalents): coverage of further greenhouse gases with different global warming potential in a common unit.

³ Full-time equivalent

⁴ Scope 1 and 2 emissions (electrical and thermal energy); GHG Protocol

⁵ Scope 1 and 2 emissions (electrical and thermal energy); GHG Protocol

⁶ Scope 1, 2, 3-1, 3-3, 3-5, 3-6, 3-7; GHG Protocol

⁷ Own investments (nostro), discretionary PM & advisory mandates, credits & mortgages

Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/relevant information
<p>Show that these 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. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p>	<p>Sustainable thinking Sustainable thinking is one of the three main pillars of LGT PB's Sustainability Strategy 2025, highlighting the fact that LGT PB wants to be a thought leader in sustainability and that LGT PB's employees should actively engage and be trained in sustainability issues.</p> <p>LGT PB joins forces with governments, expert associations, NGOs and further stakeholders to optimize its contributions to the SDGs.</p> <p>Human rights in investments In 2022, LGT PB will issue its Human Rights Policy. SMART targets will be discussed based on this policy. LGT PB donates to the FAST initiative (Liechtenstein initiative on modern slavery and human trafficking).</p>	
<p>Show that the bank has analyzed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>Diversity, inclusion and equal opportunities LGT PB's goal is to have 30 percent women in senior management positions by 2030. Measures will be defined and established accordingly in the Sustainability Strategy 2030. In line with the corporate culture, LGT was certified as a "Great Place to Work" at all locations worldwide in 2020 and 2021.</p>	

Conclusion on fulfillment of the requirements regarding Target Setting

LGT PB is consistently pursuing qualitative and quantitative targets, which have been defined in the Sustainability Strategy 2025, and is developing a new overall Sustainability Strategy in 2022 with SMART targets for 2030. This strategy will be in line with LGT PB's net-zero strategy and its sub-targets.

<p>2.3 Plans for Target Implementation and Monitoring</p>	<p>In order to adequately implement and monitor its targets, LGT PB:</p> <ul style="list-style-type: none"> ▪ Reviews and updates the goals in its Sustainability Strategy 2025 and defines new GHG emission reduction goals in addition to other sustainability goals for 2030 ▪ Is developing its Sustainability Strategy 2030 to align with net-zero ambitions ▪ Reviews and monitors its net-zero strategy every three years ▪ Has updated its Sustainability Governance structure, established the Sustainability Committee Data & Reporting as well as the Carbon Removal Workgroup ▪ Regularly issues the TCFD, PRB and Non-Financial Report (in accordance with the GRI Standards and UN Global Compact) starting from 2022 ▪ Commits to report in accordance with the PCAF standard 	<ul style="list-style-type: none"> ▪ SR 2021 (pages 6–7, 34) ▪ TCFD 2021 ▪ NFR 2021
<p>Show that your bank has defined actions and milestones to meet the set targets.</p>		
<p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>		

Conclusion of fulfillment of the requirements regarding Plans for Target Implementation and Monitoring

LGT PB has defined targets and will implement the sustainability strategy for 2030. The net-zero strategy will be embedded in the Sustainability Strategy 2030 and reviewed every three years. Based on the targets set within the overall Sustainability Strategy 2030, we will also track and monitor the net-zero targets and ensure the fulfillment of the requirements.

Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/ relevant information
2.4 Progress on Implementing Targets	<p>LGT's overarching progress is reflected in:</p> <ul style="list-style-type: none"> ▪ The Sustainability Strategy 2030, which will be developed in 2022 ▪ The Sustainability Governance structure, which has been broadened with the addition of the Sustainability Committee Data & Reporting and the Carbon Removal Workgroup as well as the Sustainability Sounding Board (advisory board) ▪ Further progress within sustainability reporting 	<ul style="list-style-type: none"> ▪ SR 2021 (page 7) ▪ NFR 2021 <ul style="list-style-type: none"> – Sustainable products and solutions (pages 20–22) – Climate protection and risk management (pages 26–27) ▪ Lightrock ▪ LGT website
<p>For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target.</p>	<p>The Sustainable Investment goals for 2025 have been set and will be reviewed; new goals will be set in the Sustainability Strategy 2030.</p>	
<p>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p>	<p>Sustainable products and solutions</p> <p>In 2009, LGT launched its ESG Cockpit, which systematically generates ESG ratings for individual stocks and picks securities in accordance with ESG criteria.</p>	
<p>Report on your bank's progress over the last twelve months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>In 2017, LGT PB introduced the LGT Sustainability Rating, which is determined based on data from the LGT ESG Cockpit, to give our clients greater transparency with regard to the sustainability quality of their investments. The rating ranges from one to five stars, indicating the sustainability quality of individual equities, bonds, funds and overall portfolios. In addition to conducting ESG assessments of a company and taking into consideration controversies, since 2020, the rating also assesses the impact (negative and positive) of a company's products and services on the SDGs.</p>	
	<p>Further important milestones that have been achieved include:</p> <ul style="list-style-type: none"> ▪ Implementation of LGT Private Banking sustainability thematic framework ▪ New product offering, e.g. the Private Equity Impact Fund of our partner company Lightrock and expansion of our wealth management offering ▪ Development of sustainable advisory solutions ▪ Further enhancement of client reporting, including more sustainability information ▪ Integration of sustainability into the research process ▪ Implementation and compliance with regulatory developments such as SFDR ▪ Education of front staff and compliance employees on ESG regulatory requirements and sustainability offering 	
	<p>Climate protection and risk management</p> <p>LGT PB signed the PCAF commitment and is part of a corresponding working group in the DACHLI region. Group Sustainability Management has established internal working groups with Financing and Group Risk in order to become familiar with the PCAF standard and support the development in the regional sub-group. Further working groups together with the Investment Services department are to be launched in 2022 and will focus on client investments.</p>	

Conclusion on fulfillment of the requirements regarding Progress on Implementing Targets

LGT PB conducts an annual review of and discloses the progress made against the goals in its Sustainability Strategy 2025. LGT PB has pledged to achieve net zero by 2030. Further goals will be reviewed and renewed for the Sustainability Strategy 2030 in 2022, and the set goals will then be tracked.

Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/relevant information
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.		
<p>3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programs and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>LGT PB strives to build and maintain trusting, long-term relationships with its clients. The LGT Code of Conduct sets out LGT's shared values as well as ethical and professional standards that are binding to all employees, members of the supervisory and controlling bodies of LGT and its affiliated companies. In particular, it also sets out LGT's value-oriented approach to engaging with its clients, whereby fairness, respectfulness, professionalism and proactiveness lie at the heart of its conduct.</p> <p>As a financial institution, LGT PB recognizes its role in contributing to resolving environmental and social issues and to 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 to 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.</p> <p>To ensure that funds are directed towards 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. External asset managers who manage mandates for LGT PB are encouraged to implement similar standards.</p> <p>In line with the MiFID II amendment, LGT PB determines its clients' preferences regarding ESG investments (environmental, social and corporate governance) to ensure that they are taken into consideration during the investment advisory and portfolio management processes. LGT PB currently enhances its investor profile in accordance with EU regulations. With this dedicated ESG suitability check, LGT PB will also adapt its product offering in order to offer clients sustainable products that meet their requirements.</p>	<ul style="list-style-type: none"> ▪ LGT Code of Conduct ▪ SR 2021 (pages 10–16) ▪ NFR 2021 <ul style="list-style-type: none"> – Sustainable products and solutions (pages 20–22) – Transparency in financial services (pages 22–24) ▪ Policy on the exclusion of controversial weapons ▪ Sustainability Framework

Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/relevant information
<p>3.2 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 activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>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.</p> <p>The LGT Sustainability Rating for equities considers the sustainability quality of the respective company. In the case of bonds, the sustainability of the underlying issuer is assessed. The company ratings are based on three dimensions, including the ESG assessment of companies' operations, controversies and the impact of the companies' products/services on the SDGs.</p> <p>In 2021, LGT PB launched its first impact fund, with its partner company Lightrock. Together with LGT PB and the Princely Family, the fund gives LGT PB clients the opportunity to invest in private equity of rapidly growing, innovative and sustainable businesses in Europe, Latin America and India. There was strong demand for the fund, which raised a total of CHF 820 million.</p> <p>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". By the end of 2021, actively managed assets of the portfolio totaled CHF 1.13 billion across 264 mandates. The assets include both new assets as well as existing mandates that have been converted to the "Focus Sustainability" mandate as per client requests.</p> <p>In Asia, LGT PB offers three PM sustainability-focused mandates that are suited to clients with a particular interest in sustainability within securities, ETFs, funds and certificates. These totaled CHF 85.3 million as at the end of 2021.</p> <p>In the UK, LGT Wealth Management's external financial advisors have access to the Sustainable Model Portfolio Service, which is based on the philosophy of sustainable economic growth. ESG risks are consistently avoided and investments are made in companies whose activities have a positive impact and that integrate sustainability to a high degree. As at the end of 2021, managed client assets totaled CHF 1.5 billion.</p> <p>In addition to offering a wide range of sustainability focused products and services, LGT PB also engages in promoting sustainable thinking. The Sustainable Investing team is LGT PB's competence center and works to educate, promote and communicate about sustainable investments.</p>	<ul style="list-style-type: none"> ▪ SR 2021 (pages 12–17) ▪ NFR 2021 <ul style="list-style-type: none"> – Sustainable products and solutions (pages 21–22) – Sustainable thinking (pages 39–40) ▪ Lightrock Evergreen Fund

Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/relevant information
Principle 4: Stakeholders		
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.		
4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.	LGT is convinced that the only way to tackle global challenges is to address them collectively. LGT PB engages in a regular dialogue with various stakeholder groups (e.g. Liechtenstein Bankers Association, Swiss Sustainable Finance, VfU ¹ , PCAF, etc.), and in particular with its clients, owner and employees. In addition, LGT PB actively discusses sustainability with governments and suppliers, academics and representatives of civil society.	<ul style="list-style-type: none"> ▪ SR 2021 (pages 32–33) ▪ NFR 2021 <ul style="list-style-type: none"> – Membership associations (pages 12–13) – Sustainable thinking (pages 39–40)
Principle 5: Governance & Culture		
We will implement our commitment to these Principles through effective governance and a culture of responsible banking		
5.1 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 effective implementation of the Principles.	<p>The Foundation Board of LGT Group Foundation is the highest governance body of LGT PB. The Foundation Board has four separate committees: the HR Compensation Committee, the HR Nomination Committee, the Risk Committee and the Audit Committee.</p> <p>LGT PB's Sustainability Board reports to the Foundation Board, which sets the strategic direction and guiding principles relating to sustainability. This Sustainability Board is chaired by Olivier de Perregaux, CEO of LGT PB, and includes representatives of LGT PB's Executive Board and the heads of the sustainability committees.</p> <p>The newly formed Sustainability Committee Data & Reporting will provide the data and further information for the PRB and other reports. LGT PB's Group Sustainability Management will put together and publish the PRB and the other sustainability reports.</p> <p>The LGT Code of Conduct sets out LGT's shared values as well as 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, the Code of Conduct considers and references the sanctions programs of the United Nations, the US and the European Union. Moreover, the code sets out the goal to align LGT's investments with the Paris Agreement to limit global warming.</p> <p>LGT PB has established an LGT Supplier Code of Conduct, which is an integral element of the contracts with suppliers. The code 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.</p>	<ul style="list-style-type: none"> ▪ AR 2021 (page 5) ▪ SR 2021 (page 34) ▪ NFR 2021 <ul style="list-style-type: none"> – Governance (pages 6–9) ▪ LGT Code of Conduct ▪ LGT Supplier Code of Conduct ▪ TCFD 2021 (pages 8 and 9)
5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.	<p>LGT PB's greatest asset is its employees. LGT PB has established employee training roadmaps that aim to enhance employees' soft skills. Moreover, employees receive training tailored to their specific roles. New employees must complete different mandatory trainings, also on sustainability and sustainable investing.</p> <p>The Liechtenstein Academy is a group-wide program that offers unique possibilities for training and personal development to employees and future leaders. As part of the Academy, LGT PB has set up a program called "Drive4Impact" that centers around sustainability-related topics. During the seminar, employees assess humans' influence on the environment, economy, politics and society.</p>	<ul style="list-style-type: none"> ▪ SR 2021 (pages 20–21) ▪ NFR 2021 <ul style="list-style-type: none"> – Talent recruitment and development (pages 32–33) – Employer of choice (pages 33–34) – Community engagement (page 39) – Sustainable thinking (pages 39–40)

¹ Verband für Umweltmanagement (<https://www.vfu.de/>)

Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/relevant information
	<p>LGT's remuneration policy reflects the importance of the LGT Code of Conduct, including the sustainability aspects contained in the code. It stipulates that the failure to adhere to the LGT Code of Conduct or internal guidelines and directives, or violations thereof, may impact variable compensation.</p> <p>LGT PB created the LGT Kickbox initiative, which gives employees an opportunity to introduce transformative ideas. The initiative aims to bring LGT PB further thanks to the interactive process with employees.</p> <p>LGT PB has created an Employee Volunteering Program. LGT PB aims to implement at least one Community Day per location each year for employees to voluntarily participate in a meaningful local project. In addition, LGT is a partner company of B360 Partnerships, which organizes voluntary assignments at universities in southern Africa and internships with companies in Switzerland and Liechtenstein.</p> <p>LGT PB's Group Sustainability Management drives communication about sustainability topics through public webinars, presentations and publications on internal media channels (e.g. intranet).</p>	
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <p>a) target-setting and actions to achieve targets set</p> <p>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected</p>	<p>Responsible corporate governance is an indispensable prerequisite for maintaining and strengthening the trust of clients and employees, but also of LGT'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, Board 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 Boards of Directors at entity level. In this way, LGT PB ensures that sustainability is treated as a priority at all management levels and is incorporated into all business activities.</p> <p>Climate considerations are integrated into the sustainability agenda and are part of the mandates of all sustainability boards and committees. All boards and committees meet on a regular basis. Sustainability aspects have also been integrated throughout LGT PB's business lines.</p>	<ul style="list-style-type: none"> ▪ AR 2021 (page 12) ▪ SR 2021 (page 34) ▪ NFR 2021 – Governance (pages 7–10)
Conclusion of fulfillment of the requirements regarding Governance Structure for Implementation of the Principles		
<p>LGT PB has adapted its Sustainability Governance structure to align it with its current strategies, including its net-zero commitment and other initiatives and commitments entered into in 2020 and 2021, such as NZBA, PRB and TCFD reporting. It continuously monitors its fulfillment of acting within the Governance Structure and adapts the structure as required to implement the Principles.</p>		

Reporting and self-assessment requirements	High-level summary of bank's response	Reference(s)/relevant information
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 Progress on Implementing the Principles	LGT PB systematically integrates sustainability into its processes. As part of its Sustainability Strategy 2025, LGT PB has identified the most important SDGs to which it wants to make an active contribution. LGT PB signed the Principles for Responsible Banking (PRB) in 2020, ensuring that it is aligned with the vision of the SDGs and the goals established under the Paris Agreement. (Principle 1)	
Show that your bank has progressed on implementing the six Principles over the last twelve months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1–2.4).	In 2021, LGT PB conducted a materiality analysis, which serves as a foundation for the Sustainability Strategy 2030. Moreover, LGT PB has committed to achieving net-zero emissions by 2030 and will align its Sustainability Strategy 2030 accordingly. LGT PB further developed its sustainable products and solutions offering. (Principle 2)	
Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.	LGT PB reports on its commitments and its current and future development concerning sustainable development. On the investment side, LGT transparently discloses ESG information about its products and solutions by indicating their sustainability quality by means of its one to five-star LGT Sustainability Rating. Clients are also provided with the E, S and G scores and the SDG impact (negative or positive) of their investments. (Principle 3)	
Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.	LGT PB engages in a regular dialogue with various stakeholder groups, in particular its clients, owner and employees. LGT PB actively discusses sustainability with governments and suppliers, academics and representatives of civil society. (Principle 4)	
	LGT PB's Sustainability Governance is well established. Climate considerations are integrated into the sustainability agenda and are part of the mandates of all sustainability boards and committees.	
	LGT PB has established employee training roadmaps that aim to enhance employees' soft skills. Furthermore, the Liechtenstein Academy offers programs for personal development. The remuneration policy reflects sustainability aspects. The LGT Kickbox initiative is designed to drive continuous learning and foster innovation and sustainable development. In addition to this, LGT PB offers its staff an Employee Volunteering Program. (Principle 5)	

Conclusion on fulfillment of the requirements regarding Progress on Implementing the Principles for Responsible Banking

This is LGT PB's PRB reporting and self-assessment. Important fundamental work serves as a basis for implementing the six principles and LGT PB therefore believes that it has fulfilled the requirements regarding progress on implementing the PRB. LGT PB strives to continuously strengthen its sustainability endeavors and contribute to sustainability within banking as a whole.

Taxonomy Regulation

Information on LGT Private Banking pursuant to Article 8 of the EU Taxonomy Regulation

In accordance with Art. 8 of the EU Taxonomy Regulation¹ and the underlying Disclosures Delegated Act, which came into force on 1 January 2022, LGT Private Banking (hereinafter LGT PB) is required to disclose the proportional exposure of taxonomy eligible and taxonomy non-eligible activities related to the environmental objectives of climate change adaptation and climate change mitigation, starting in 2022 for year-end 2021. For the first two reporting years 2021 and 2022, Art. 10 (2) and Art. 7 (1) to (3) of Delegated Regulation 2021/2178 provide for a transitional arrangement, consisting of requirements merely extending to taxonomy-eligible economic activities² and not yet to taxonomy-aligned economic activities.

Based on the taxonomy disclosure requirements, the disclosed information on taxonomy-eligibility for the mandatory ratios must be based on information that is publicly disclosed by counterparties³. If this information is not yet available or has not yet been disclosed by the counterparties, estimates can be used to determine the taxonomy eligibility as part of the voluntary disclosure as presented in the second table.

The disclosure has been prepared in accordance with the mandatory reporting requirements to the extent possible:

Proportions to be disclosed in accordance with Article 8 of the EU Taxonomy Regulation as of 31 December 2021	Mandatory reporting ratios
1 Proportion of taxonomy-eligible positions	11.57%
2 Proportion of taxonomy non-eligible positions	8.22%
3 Proportion of positions to non-NFRD-eligible entities	12.72%
4 Proportion of short-term interbank loans	13.06%
5 Proportion of derivatives	2.14%
6 Proportion of trading portfolio	3.29%
7 Proportion of risk positions to central governments, central banks and supranational issuers	35.84%

Note: The above metrics are unaudited and have been prepared to the best of our ability.

Alongside the mandatory reporting LGT PB also performed an analysis on best-effort estimations for the Taxonomy eligibility of corporates as disclosed under the voluntary ratios.

Additional voluntary disclosure based on NACE codes

Proportions to be disclosed in accordance with Article 8 of the EU Taxonomy Regulation as of 31 December 2021	Voluntary reporting ratios
1 Proportion of taxonomy-eligible positions	12.31%
2 Proportion of taxonomy non-eligible positions	7.48%
3 Proportion of positions to non-NFRD-eligible entities	12.72%
4 Proportion of short-term interbank loans	13.06%
5 Proportion of derivatives	2.14%
6 Proportion of trading portfolio	3.29%
7 Proportion of risk positions to central governments, central banks and supranational issuers	35.84%

Note: The above metrics are unaudited and have been prepared to the best of our ability.

Quantitative and explanatory information

The figures considered are based on the balance sheet exposure published in the *Annual Report 2021* (p. 24). The denominator includes the amount of total assets, also including other balance sheet items such as cash or intangibles, and excluding trading book, derivatives and exposures to central banks, central governments and supranational issuers. This amount reflects the total covered assets for the taxonomy eligibility and is the denominator of the ratios.

LGT PB's taxonomy-eligible activities amount to 11.57 percent of total covered assets at year-end 2021. They are calculated on the basis of LGT PB's mortgage portfolio, which includes home equity loans and building renovation loans. We plan to broaden the scope of mandatory reporting as data availability from our counterparties increases. With the ongoing implementation of the EU Taxonomy Regulation 2020/852 and development of market practices, the availability and quality of

¹ In 2020, the European Parliament adopted the Taxonomy Regulation. It identifies activities deemed sustainable. It states that companies subject to the Non-Financial Reporting Directive (NFRD), including financial corporations, must disclose how operations align with the Taxonomy.

² "Taxonomy-compliant economic activity" means an economic activity that is described in the delegated acts adopted pursuant to Article 10 (3), Article 11 (3), Article 12 (2), Article 13 (2), Article 14 (2) and Article 15 (2) of Regulation (EU) 2020/852, irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts.

³ According to the FAQ 12 of the EU Commission dated 20 December 2021.

information is expected to improve. This may affect the basis of preparation and result in refinements in future period disclosures.

Taxonomy non-eligible activities amount to 8.22 percent of the total covered assets. This ratio does not include exposures to undertakings that are not subject to the Non-Financial Reporting Directive (NFRD), which are presented in row 3.

We supplemented the mandatory reporting by a voluntary ratio with proxies for the remaining portfolios: financial corporations, non-financial corporations and local governments. We consider these proxies to meet the Taxonomy requirements in the best possible way¹.

As a private bank, the area in which LGT PB has the greatest scope for impact is its clients' investments. We understand that the objective of the point-in-time information is to have a clear view of the level of alignment with the Taxonomy. Our contribution to sustainability, however, lies mainly in advising our clients on investing in sustainable activities. Given this fact and the challenges associated with providing information in alignment with the EU Taxonomy, we have taken a best-effort approach for a first taxonomy-eligible reporting.

Additional qualitative taxonomy information

Given that the EU Taxonomy regulation is currently under development and that data from corporates on taxonomy-aligned activities is still limited, neither taxonomy alignment nor taxonomy eligibility are being integrated into LGT PB's business strategy, target setting, product design and processes, nor into the bank's engagement with clients and other stakeholders.

With the extended reporting ranging from the Sustainability Report, the TCFD Report and this Non Financial Report, LGT PB is demonstrating its commitment to further transparency in sustainability disclosure. The aim of LGT PB is to be a leader in the area of sustainability. In addition to the net zero 2030 target, this includes setting a target in line with the PRB, identifying client needs and further developing the corresponding ESG product offering. LGT PB is also focusing on the implementation of regulatory requirements and the further integration of sustainability risks into credit, risk management and back office processes. LGT PB will also implement internal and external communication measures and expand the training offering for employees.

¹ The requirements set out in the Disclosures Delegated Act COMMISSION DELEGATED REGULATION (EU) 2021/2178 published in December 2021 and the FAQs published by the EU Commission on 20 December 2021 and 2 February 2022.

Alignment with the UN Global Compact Principles

UNGC Principle	Reference	Commentary
Human Rights Principles		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	Chapter on “Human rights in investments”, page 38, “Sustainable products and solutions”, pages 20–22, LGT Supplier Code of Conduct	As a wealth management service provider with a global reach, we are committed to ensuring that human rights risks are being monitored both in our operations and investments. LGT is a signatory to the UN Global Compact and supports the principles related to human rights abuses and forced labor. The ten principles are also incorporated into the ratings of the LGT ESG Cockpit – our proprietary analysis tool for evaluating companies’ or countries’ ESG performance by using a wide range of raw data from ESG data providers. Using the LGT ESG Cockpit, we measure the impact of our investments on the SDGs.
Principle 2: Make sure that they are not complicit in the human rights abuses	Chapters on “Corporate culture”, pages 34–35, “Human rights in investments”, page 38, “Ethics and integrity”, pages 42–43, LGT Supplier Code of Conduct, Liechtenstein Initiative	<p>Our portfolio management mandate “Focus Sustainability” excludes UN Global Compact violators that negatively impact human rights or are involved in child labor, modern slavery, corruption or causing environmental damage.</p> <p>LGT ensures that the value of social responsibility is reflected when choosing and collaborating with business partners. All suppliers must accept the LGT Supplier Code of Conduct, which requires suppliers to 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 principles of the UN Global Compact.</p> <p>In addition to establishing processes that ensure ethical and high-integrity behavior and investments, we are committed to various ethical initiatives. For example, we support the Liechtenstein Initiative, which works to combat human trafficking and modern slavery.</p>
Labor Principles		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Chapter on “Corporate culture”, pages 34–35, LGT Supplier Code of Conduct	<p>There are no risks for our employees regarding their rights to freedom of association and collective bargaining.</p> <p>The LGT Supplier Code of Conduct also requires our suppliers to adhere to standards and conventions. These include, among others, respecting employees’ rights in terms of freedom of association and assembly, as well as becoming involved with employee representations and works councils in accordance with the relevant legislation.</p> <p>When we assess companies to invest in, we take employees’ rights to freedom of association and collective bargaining into account.</p>
Principle 4: The elimination of all forms of forced and compulsory labor	LGT Supplier Code of Conduct	As set out in the LGT Supplier Code of Conduct, any form of forced labor is prohibited. The ban in particular also covers any work associated with forced contracts or slavery, or work imposed against the will of the employee.
Principle 5: The effective abolition of child labor	LGT Supplier Code of Conduct, chapter on “Human rights in investments”, page 38	<p>Child labor is prohibited at LGT not only within its operations, but also in its business relationships: suppliers must comply with the UN Convention on the Rights of the Child and the relevant ILO convention.</p> <p>Our portfolio management mandate “Focus Sustainability” in particular also focuses on the exclusion of UN Global Compact violators that are involved in child labor.</p>
Principle 6: The elimination of discrimination in respect of employment and occupation	Chapter on “Diversity, inclusion and equal opportunities”, pages 37–38, “Sustainable products and solutions”, pages 20–22	<p>As one of the largest employers in Liechtenstein, we have a responsibility to promote diversity, inclusion and equal opportunities.</p> <p>In our Diversity & Inclusion strategy, we have defined several topics that are relevant for us across the entire company, and we have set specific plans and targets to ensure continuous improvement. In addition, we have integrated the topics diversity, inclusion and equal opportunities into the LGT ESG Cockpit.</p>

UNGC Principle	Reference	Commentary
Environmental Principles		
Principle 7: Businesses should support a precautionary approach to environmental challenges	LGT Code of Conduct, Chapter on "Sustainable products and solutions", pages 20–22, Policy on coal	<p>LGT uses resources carefully and strives to limit consumption to the greatest extent possible. In addition, LGT makes an effective contribution to supporting the sustainable development of the environment (as well as of society).</p> <p>The LGT Sustainability Rating, which we derive from the LGT ESG Cockpit, supports our clients when making investment decisions, ultimately supporting the goal of making investments more sustainable in the long term.</p> <p>In addition, we have 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.</p>
Principle 8: Undertake initiatives to promote greater environmental responsibility	Chapters on "Sustainable Products and solutions", pages 20–22, "Sustainable thinking", pages 39–40, "Climate protection and risk management", pages 26–27, "Energy efficiency and renewable energy use", pages 28–29, "Membership associations", pages 12–13	<p>In 2021, LGT developed the LGT Private Banking sustainability thematic framework. With this framework, we strive to further strengthen our pioneering role with regard to sustainability and to clearly and comprehensibly present our sustainability efforts and investment expertise to our clients and other stakeholders. The framework also shows which of the 17 SDGs we mainly address.</p> <p>We track our performance in energy use and greenhouse gas emissions. Moreover, in 2021, we committed to achieving net-zero emissions in our operations, advised investments, lending portfolio and our own investments by 2030. We are a founding member of the Net-Zero Banking Alliance of the UN (NZBA) and we have committed to the Partnership for Carbon Accounting Financials (PCAF).</p> <p>We want our employees to actively engage in sustainability issues and train them accordingly.</p>
Principle 9: Encourage the development and diffusion of environmentally friendly technologies	Chapter on "Sustainable Products and solutions", pages 20–22, Sustainability Report 2021, pages 24, 27	<p>We integrate sustainability-related regulations into the respective portfolio management and advisory policies. Our ESG Cockpit gathers data about environmental performance and greenhouse gas emissions. Since the data is available for both individual investments and entire portfolios, we are able to calculate the CO₂ emission of our investment portfolios. LGT uses the ESG Cockpit to analyze more than 9000 companies and around 200 countries.</p> <p>In 2021, we analyzed CO₂ removal projects and entered into an agreement with the Swiss company Climeworks, which will remove CO₂ emissions for us from 2025 to 2030. We chose this company as it can provide critical support for the development of solutions for carbon dioxide removals in the future.</p> <p>LGT donates its net refunds from the CO₂ tax to the Swiss Climate Foundation, of which it has been a partner since 2012. Donations from partner companies will be used to support SMEs that contribute to climate protection in Switzerland and Liechtenstein through innovative projects.</p>
Anti-corruption Principles		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	Chapter on "Ethics and integrity", pages 42–43, LGT Code of Conduct	<p>We do everything in our power to combat financial crime. We have extensive internal controls and monitoring processes in place to identify and prevent money laundering, corruption, bribery and terrorist financing, which are further developed on an ongoing basis. We report suspicious activities to the responsible control office.</p> <p>In business relationships, we neither offer nor accept inappropriate gifts, invitations or other favors. We do not tolerate corruption or bribery.</p> <p>LGT PB has created standardized web-based training modules on anti-corruption policies and procedures that will be rolled out in 2022.</p>

GRI content index



LGT Private Banking (LGT PB) has reported in accordance with the GRI Standards for the period 1 January 2021 to 31 December 2021. For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index is clearly

presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 1: 2021	Foundation				
GRI 2: 2021	General Disclosures				
The organization and its reporting practices					
GRI 2: General Disclosures 2021	2-1 Organizational Details	page 6			
	2-2 Entities included in the organization's sustainability reporting	page 6			
	2-3 Reporting period, frequency and contact point	page 6			
	2-4 Restatements of information	page 6			
	2-5 External assurance	page 6			
Activities and workers					
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	page 6			
	2-7 Employees	page 7			
	2-8 Workers who are not employees	page 7			
Governance					
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	page 7			
	2-10 Nomination and selection of the highest governance body	page 8			
	2-11 Chair of the highest governance body	page 8			
	2-12 Role of the highest governance body in overseeing the management of impacts	page 8			
	2-13 Delegation of responsibility for managing impacts	page 9			
	2-14 Role of the highest governance body in sustainability reporting	page 9			
	2-15 Conflicts of interest	page 9			
	2-16 Communication of critical concerns	page 9			
	2-17 Collective knowledge of the highest governance body	page 9			
	2-18 Evaluation of the performance of the highest governance body	page 9			
	2-19 Remuneration policies	page 10			
2-20 Process to determine remuneration	page 10				
	2-21 Annual total compensation ratio	page 10	Compensation ratio	Confidentiality constraints	Privately held company

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Strategy, policies and practices					
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	page 10			
	2-23 Policy commitments	page 11			
	2-24 Embedding policy commitments	page 11			
	2-25 Processes to remediate negative impacts	page 11			
	2-26 Mechanisms for seeking advice and raising concerns	page 11			
	2-27 Compliance with laws and regulations	page 11			
	2-28 Membership associations	pages 12–13			
	Stakeholder engagement				
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	page 14			
	2-30 Collective bargaining agreements	page 14			

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 3: 2021	Material Topics				
Materiality assessment and list of material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	page 15			
GRI 3: Material Topics 2021	3-2 List of material topics	page 16			
Client centricity					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 17			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 18			
GRI 201: Economic Performance-2016	201-1 Direct economic value generated and distributed	page 18			
GRI 201: Economic Performance-2016	201-2 Financial implications and other risks and opportunities due to climate change	pages 18–19			
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 19			
GRI 203: Indirect Economic Impacts-2016	203-2 Significant indirect economic impacts	pages 19–20			
Natural capital					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 20			
Sustainable products and solutions					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 22			
Transparency in financial services					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 23			
GRI 417: Marketing and labeling-2016	417-1 Requirements for product and service information labeling	page 23			
GRI 417: Marketing and labeling-2016	417-2 Incidents of non-compliance concerning product and service information labeling	page 24			
GRI 417: Marketing and labeling-2016	417-3 Incidents of non-compliance concerning marketing communications	page 24			
Digitalization and data protection					
GRI 3: Material Topics 2021	3-3 Management of material topics	pages 24–25			
GRI 418: Customer Privacy-2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	page 25			
Climate protection and risk management					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 26			
GRI 305: Emissions-2016	305-1 Direct (Scope 1) GHG emissions	page 27			
GRI 305: Emissions-2016	305-2 Energy indirect (Scope 2) GHG emissions	page 27			
GRI 305: Emissions-2016	305-3 Other indirect (Scope 3) GHG emissions	page 27			
GRI 305: Emissions-2016	305-4 GHG emissions intensity	page 27			
Energy efficiency and renewable energy use					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 28			
GRI 302: Energy-2016	302-1 Energy consumption within the organization	page 28			
GRI 302: Energy-2016	302-3 Energy intensity	page 28			

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Biodiversity protection					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 29			
GRI 304: Biodiversity-2016	304-2 Significant impacts of activities, products and services on biodiversity	page 30			
Circular economy					
GRI 3: Material Topics 2021	3-3 Management of material topics	pages 30–31			
Talent recruitment and development					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 32			
GRI 404: Training and Education-2016	404-1 Average hours of training per year per employee	page 33			
GRI 404: Training and Education-2016	404-2 Programs for upgrading employee skills and transition assistance programs	page 33			
GRI 404: Training and Education-2016	404-3 Percentage of employees receiving regular performance and career development reviews	page 33			
Employer of choice					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 33			
GRI 401: Employment-2016	401-1 New employee hires and employee turnover	page 34			
Corporate culture					
GRI 3: Material Topics 2021	3-3 Management of material topics	pages 34–35			
GRI 407: Freedom of Association and Collective Bargaining-2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	page 33			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	pages 35–36			
GRI 403: Occupational Health and Safety-2018	403-1 Occupational health and safety management system	page 36			
GRI 403: Occupational Health and Safety-2018	403-2 Hazard identification, risk assessment, and incident investigation	page 36			
GRI 403: Occupational Health and Safety-2018	403-3 Occupational health services	page 36			
GRI 403: Occupational Health and Safety-2018	403-4 Worker participation, consultation, and communication on occupational health and safety	page 36			
GRI 403: Occupational Health and Safety-2018	403-5 Worker training on occupational health and safety	page 36			
GRI 403: Occupational Health and Safety-2018	403-6 Promotion of worker health	page 36			
GRI 403: Occupational Health and Safety-2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	page 36			
GRI 403: Occupational Health and Safety-2018	403-8 Workers covered by an occupational health and safety management system	page 36			
GRI 403: Occupational Health and Safety-2018	403-10 Work-related ill health	page 36			

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Diversity, inclusion and equal opportunities					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 37			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	page 38			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	page 38			
Human rights in investments					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 38			
Community engagement					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 39			
Sustainable thinking					
GRI 3: Material Topics 2021	3-3 Management of material topics	pages 39–40			
Responsible corporate governance					
GRI 3: Material Topics 2021	3-3 Management of material topics	pages 41–42			
Ethics and integrity					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 42			
GRI 205: Anti-corruption-2016	205-1 Operations assessed for risks related to corruption	pages 42–43			
GRI 205: Anti-corruption-2016	205-2 Communication and training about anti-corruption policies and procedures	page 43			
GRI 205: Anti-corruption-2016	205-3 Confirmed incidents of corruption and actions taken	page 43			
Compliance					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 43			
Risk management					
GRI 3: Material Topics 2021	3-3 Management of material topics	page 44			

Abbreviations

AuM	Assets under management	LGT VP	LGT Venture Philanthropy
BD	Board of Directors	LTIS	Long-term incentive scheme
CRD V	Capital Requirements Directive V	MiFID II	Markets in Financial Instruments Directive II
EPEAT	Electronic Product Environmental Assessment Tool	NBAAR	New Business Activity Approval and Review
ESG	Environmental, social and corporate governance	NZBA	Net-Zero Banking Alliance
ETF	Exchange-traded fund	PCAF	Partnership for Carbon Accounting Financials
EU	European Union	PRB	Principles for Responsible Banking
FATF	Financial Action Task Force	SASB	Standard of the Sustainability Accounting Standards Board
FB	Private Banking Group Foundation Board	SDGs	Sustainable Development Goals
FTE	Full-time equivalent	SFDR	Sustainable Finance Disclosure Regulation
GFCC	Group Financial Crime Compliance	SOC	Security Operation Center
GHG	Greenhouse gas	TCFD	Task Force on Climate-related Financial Disclosures
GHRCC	Group Human Resources Compensation Committee	UNEP FI	United Nations Environment Programme Finance Initiative
GRIC	Group Regulatory & Investment Compliance	UNGC	United Nations Global Compact
HR	Human Resources		
HRCC	Human Resources Compensation Committee		
ICAAP	Internal Capital Adequacy Assessment Process		
IFRS	International Financial Reporting Standards		
ILO	International Labour Organization		
ISMS	Information Security Management System		
ISO	International Organization for Standardization		
LEED	Leadership in Energy and Environmental Design		
LGT	LGT Group Ltd.		
LGT PB	LGT Private Banking		

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Important references for Liechtenstein can be found in articles 3 to 6 FinMV [Financial Analysis Market Abuse Ordinance], for Switzerland in the Swiss Bankers Association Directives on the Independence of Financial Research, and for Austria in section 48 BörseG [Stock Exchange Act], the Austrian analysis principles of the Österreichische Vereinigung für Finanzanalyse und Asset Management [Austrian Association for Financial Analysis and Asset Management, ÖVFA] and the Austrian Society of Investment Professionals (ASIP) and the Standard Compliance Code of the Austrian banking sector. A history of all ratings and recommendations is available at your LGT relationship manager.

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Our analysts draw on publicly accessible information we consider to be reliable. For the compilation of the analysis, publications by domestic and foreign media and news services (e.g. Reuters, Bloomberg, VWD etc.), business publications, trade publications, statistics and rating agencies were used, together with information from the issuers of the analyzed securities – mainly via the Internet, but also in writing or by telephone. We also procure information from investment banks (sell-side research and primary research).

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Explanation of investment recommendations for stocks

We apply a "hybrid approach" (internal fundamental analysis combined with "theScreener", an external, purely quantitative analysis tool). TheScreener is based on purely quantitative, i.e. computable variables such as (but not exclusively restricted to) profit adjustments of the past few weeks, stock valuation in relation to historical performance and comparison groups, the technical trend, performance in relation to the market etc. The assessment of the equity analysts, which is largely based on a qualitative analysis, does not need to match with the one of theScreener. For the overall judgement the assessment of the equity analysts overrides the one of theScreener. LGT Bank (Switzerland) Ltd. categorizes its analysis recommendations into five ratings: for a "Buy" recommendation we expect a relative outperformance compared with the sector. Only equities subjected to an internal fundamental analysis can be rated "Buy". The recommendation "Attractive" is used for equities exclusively ranked by theScreener without any internal fundamental analysis as "slightly positive" or "positive". A moderate relative outperformance versus the index is expected. For equities that we rate as "Hold" we expect a performance largely in line with the one of the sector. This can comprise both equities for

which a fundamental analysis has been carried out as well as equities that theScreener ranks as "neutral" versus the index. The recommendation "Unattractive" is used for equities exclusively ranked by theScreener without any internal fundamental analysis as "slightly negative". A moderate relative underperformance versus the index is expected. By contrast, "Sell" recommendations are based on the expectation of a relative underperformance compared with the sector. This can comprise both equities for which we are recommending "Sell" for fundamental reasons as well as equities that theScreener ranks as "negative" versus the index. Therefore the ratings always reflect a relative consideration versus the sector and/or specified index. The risk assessment is based on the individual judgement of the analyst (e.g. we assume a "high" risk for illiquid shares, highly indebted companies or shares from developing countries).

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Explanation of investment recommendations for bonds

We employ both qualitative and quantitative methods to derive our recommendations, which are to be seen as relative to sector/quality peers among comparable maturities. "Buy" and "Sell" recommendations demand a qualitative in-house analyst opinion, in which we incorporate both historical and projected financial results and credit metrics as well as past and anticipated company and sector-specific observations and trends. We recommend "Buy" for a security for which we expect a strong relative outperformance compared to sector/quality peers among comparable maturities. We recommend "Sell" if we expect strong relative underperformance compared to sector/quality peers among comparable maturities. The ratings "Attractive", "Hold" and "Unattractive" can be based purely on a quantitative approach, which includes the

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- A: Safe investment as long as no unforeseen events impair the overall economy or sector
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- BB/Ba: Speculative investment. Defaults must be expected if the economic situation deteriorates
- B: Highly speculative investment. Defaults are likely if the economic situation deteriorates

For more information on our methodology for bonds, please contact your LGT relationship manager or your local LGT Group company.

Risk information for fund recommendations

No guarantee is provided that the publications and information are up to date. Investment decisions should therefore always be made on the basis of the current prospectus and/or the complete documentation and publication of the third party/fund issuer (in particular the key investor information) and following consultation with an expert. This fund recommendation does not meet all the statutory requirements for guaranteeing the impartiality of financial research. The Swiss Bankers Association Directives on the Independence of Financial Research do not apply to this recommendation. It does not constitute financial analysis within the meaning of the Liechtenstein Ordinance on the Preparation of Financial Analysis according to the Law against Market Abuse in the Trading of Financial Instruments. LGT Bank (Switzerland) Ltd. and/or its affiliated companies are not subject to any prohibition of trading prior to the publication of financial research with regard to the recommended funds. The research can form the basis for the investment decisions of LGT Bank (Switzerland) Ltd. itself and/or those of its affiliated compa-

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All selected third-party funds are subjected to a thorough quantitative and qualitative analysis process prior to inclusion in the LGT FundGuide. Selected third-party funds are also subject to a continuous monitoring process. Austria: Investment decisions should only be made on the basis of the current KIID and valid prospectus following consultation with an expert.

Country-specific information

LGT funds: The current full prospectus, the Key Investor Information Document (KIID) and the current annual and semi-annual reports can be obtained free of charge from the fund administrator and from the following addresses: Liechtenstein: LGT Bank Ltd., Herrengasse 12, FL-9490 Vaduz and as an electronic version at www.lafv.li; representative for Switzerland: LGT Capital Partners Ltd., Schützenstrasse 6, CH-8808 Pfäffikon; main distributor and paying agent for Switzerland: LGT Bank (Switzerland) Ltd., Lange Gasse 15, CH-4002 Basel; paying agent in Austria: Erste Bank der österreichischen Sparkassen AG, Am Belvedere 1, A-1010 Vienna.

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