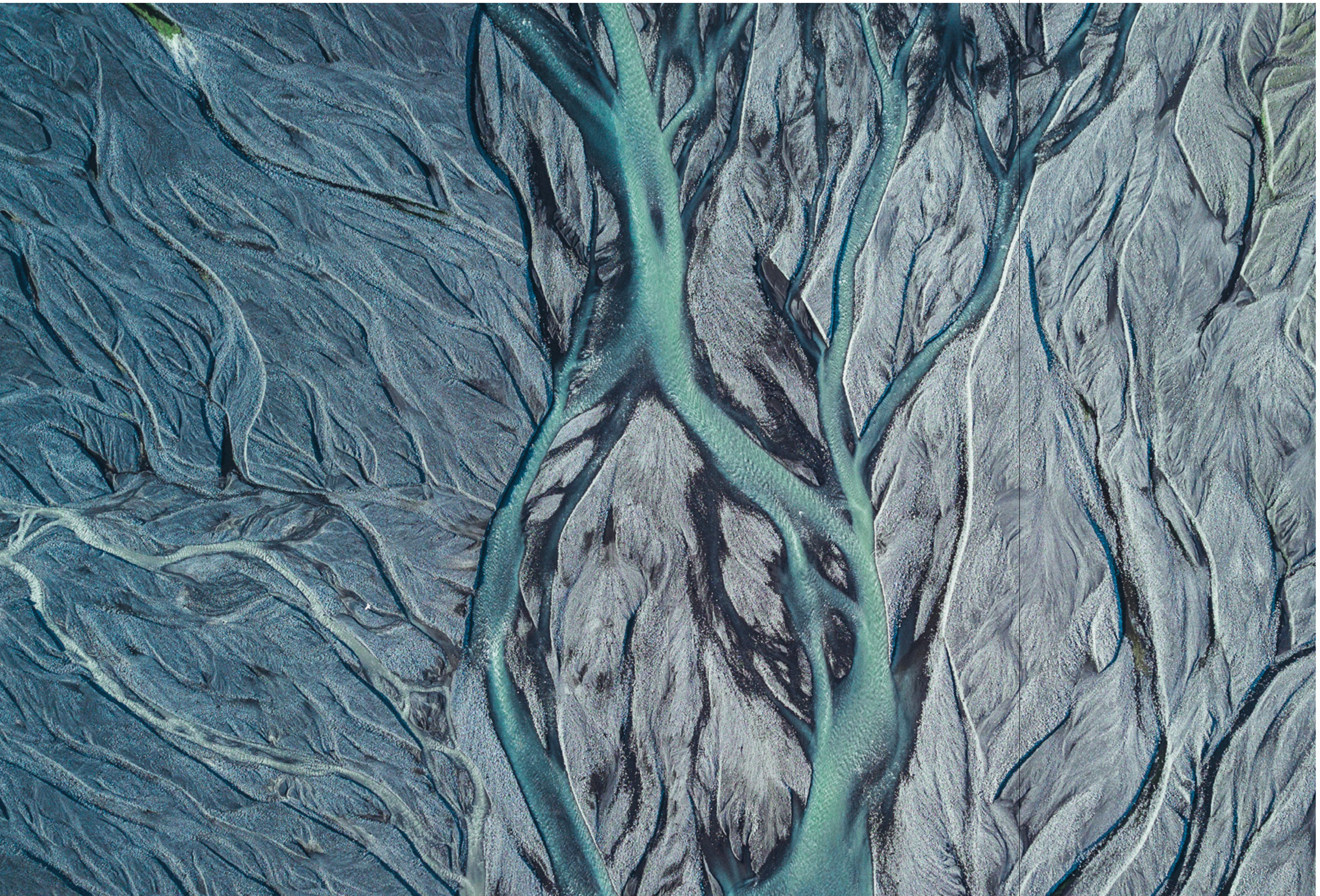
Wealth Management

TCFD Report

2024

Forward-looking
for generations



Cover image
Onofrio Marinari, detail from "Saint Catherine reading a book", around 1680.

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Introduction

LGT Wealth Management (LGT) is a UK-based wealth management partnership which provides a comprehensive range of investment management, wealth planning and private investment office services. As of 31 May 2025, LGT Wealth Management has GBP 30.7 billion Assets under management, employs over 700 staff and has offices in London, Jersey, Bristol, Edinburgh, Leeds, Birmingham and Manchester. LGT is part of LGT Group, which is a leading international private banking and asset management group.

LGT Group has been fully controlled by the Liechtenstein Princely Family for over 90 years. As at 31 December 2024, LGT Group managed assets of CHF 367.5 billion (GBP 327.1 billion) for wealthy private individuals and institutional clients. LGT Group employs over 6000 people who work out of more than 30 locations in Europe, Asia, the Americas, Australia and the Middle East.

This report has been prepared in response to the Financial Conduct Authority's (FCA) TCFD-aligned disclosure rules. It is structured in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework, organised into four sections: Governance, Strategy, Risk Management and Metrics and Targets. It provides a direct and transparent response to all 11 TCFD recommended disclosures, demonstrating LGT's commitment and journey to integrating climate-related risks and opportunities into our business strategy and risk management processes.

The aim of this report is to provide a clear and concise overview of how LGT integrates climate-related risks and opportunities into its investment decisions on behalf of clients, alongside a transparent account of how it manages its own climate-related impacts.

This report covers all activities within LGT Wealth Management UK LLP, LGT Wealth Management Limited, LGT Wealth Management US Limited and LGT Wealth Management Jersey Limited.

This report also refers to LGT Private Banking, a business unit of LGT Group, which also encompasses LGT Wealth Management.

TCFD Recommended Disclosures

Governance Disclose the organisation's governance around climate-related risks and opportunities.
a. Describe the board's oversight of climate-related risks and opportunities.
b. Describe management's role in assessing and managing climate-related risks and opportunities.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.
b. Describe the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks.
a. Describe the organisation's processes for identifying and assessing climate-related risks.
b. Describe the organisation's processes for managing climate-related risks.
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
a. Disclose the metrics used to assess climate-related risks and opportunities in line with the organisation's strategy and risk management process.
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against those targets.

Compliance statemement

LGT Wealth Management (LGT) is committed to providing its clients with transparent information about the climate-related financial risks and opportunities the company faces. Climate risks and opportunities related to the assets they oversee and to their own business operations are assessed.

LGT's approach to managing climate-related risks and opportunities is aligned with that of the broader LGT Group. Accordingly and where relevant, this report leverages information from and cross-references LGT Group's 2024 Annual Report, which includes climate-related disclosures in line with the European Sustainability Reporting Standards and with TCFD. For the financial year 2023, LGT was incorporated as part of LGT Group's TCFD report. For the financial year 2024, LGT has produced a separate entity report. As LGT's climate-related practices evolve, its disclosures will be updated accordingly.

This entity report has been prepared in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures and the ESG 2 – Disclosure of climate related financial information in the FCA Handbook. In producing this report, the following guidance has been considered:

- TCFD Recommendations and Recommended Disclosures (2017)
- Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities (2017)
- Guidance on Risk Management Integration and Disclosure (2020)
- Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (2021)
- Climate Financial Risk Forum (CFRF) guides (2021-2023)

Heinrich Henckel CEO	Phoebe Stone Chief Sustainability Officer

Governance

This section outlines how LGT's board and management oversee and manage climate-related risks and opportunities. It details the processes and frequency of their discussions, the types of information they receive and the channels through which this information is communicated. Overall, it provides an overview of how climate considerations are integrated and embedded within governance structures and decision-making processes.

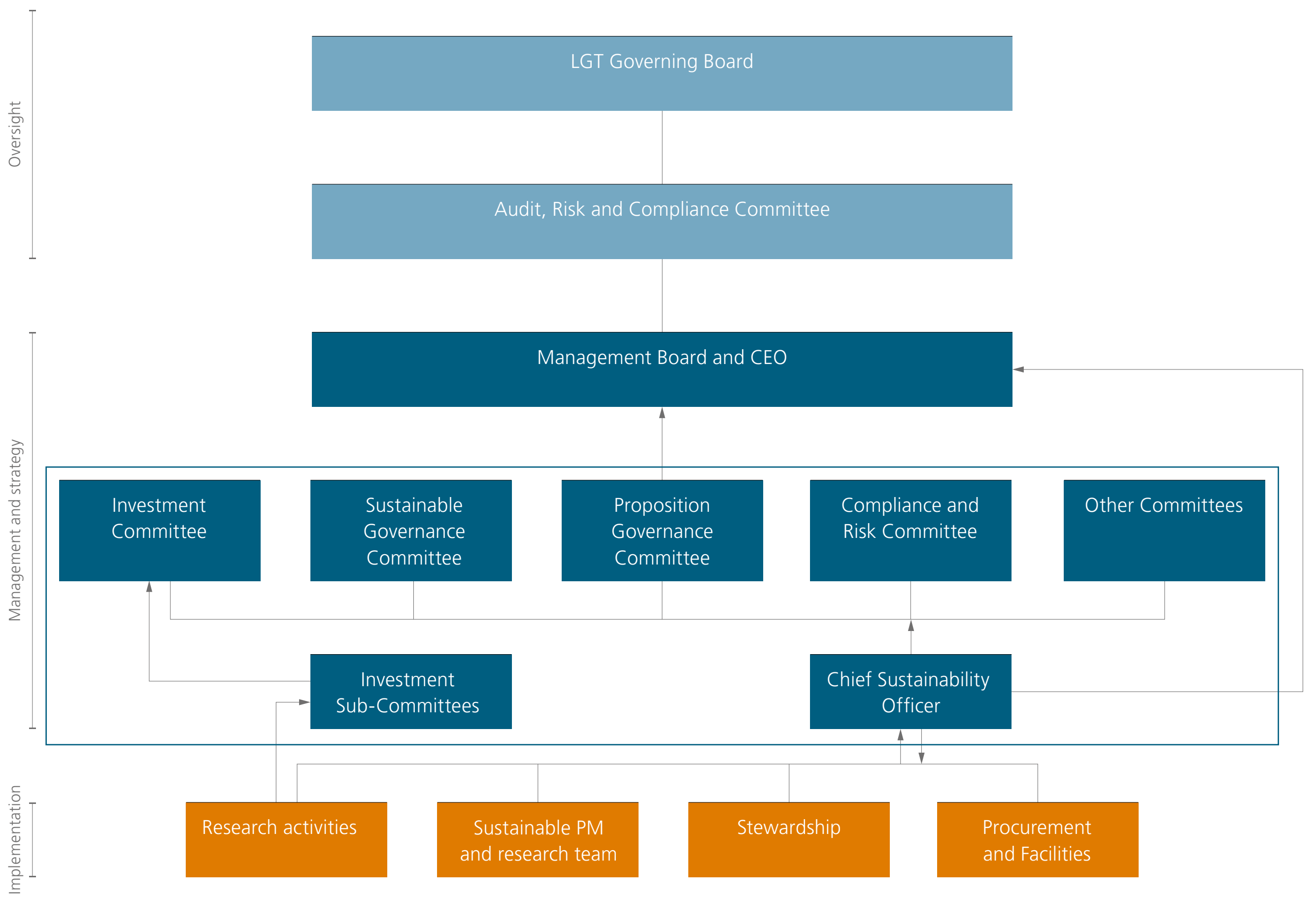
a. Describe the board's oversight of climate-related risks and opportunities

The **LGT Governing Board** has ultimate accountability for LGT's strategic sustainability aims and delivery against them, including those related to climate change. The Board is informed, at least once a year, on the delivery against progress of LGT against the LGT Group Sustainability Strategy 2030 and management of the business-wide climate risks and opportunities.

The **Audit, Risk and Compliance (ARC) Committee**, functions as an oversight body, ensuring the appropriateness and effectiveness of internal controls, risk management systems, policies, processes and procedures established by management and the Board Members. It is responsible for oversight and approval of financial and sustainability reporting, including climate-related reporting. The ARC Committee is also tasked with approving and monitoring the climate risk appetite, for the business.

LGT's sustainability governance structure

The organigram provides a visual representation of the governance structure, identifying the roles, reporting lines, and the flow of information (indicated by arrows) that collectively support effective decision-making on climate-related matters at LGT.



LGT's alignment with LGT Group's sustainability governance structure

LGT Group Foundation and LGT Group's sustainability committees play an important role in shaping the strategic direction of sustainability initiatives across all entities. To ensure a coordinated approach, strong linkages have been established between LGT and LGT Group's sustainability governance (for more information on this refer to pages 22–29 in the **LGT Group Annual Report 2024**). These linkages include reciprocal participation of board and committee members between LGT and LGT Group, as well as direct reporting lines from some LGT members to LGT Group senior leadership. This governance framework fosters collaboration, aligns decision-making and enables LGT to operate in accordance with LGT Group's overarching sustainability objectives.

b. Describe management's role in assessing and managing climate-related risks and opportunities

The **Management Board, chaired by the CEO**, manages the business on a day-to-day basis in accordance with the business strategy and risk appetite and tolerance set by the Governing Board and ARC Committee. It ensures all business matters, including sustainability, have appropriate systems and controls in place for the business to be managed effectively – including climate strategy. The Management Board holds strategy sessions with LGT's Chief Sustainability Officer (CSO) at least twice a year, to provide the Management Board on key climate-related indicators, including – but not limited to – carbon data associated with client investments and business operations (Scope 1, 2 and 3), and climate-related stewardship activities.

All members of the Management Board have received training on the TCFD framework and review updates to LGT's TCFD reporting on an annual basis.

The CEO serves as the primary link between the Governing Board and Management Board, facilitating communication and coordination on climate-related risks and opportunities. LGT's Chief Sustainability Officer (CSO) works closely with the CEO to ensure he is informed of the implementation and progress of LGT's strategic sustainability aims.

The **Sustainable Governance (SG) Committee** oversees LGT's alignment with and implementation of the LGT Group Sustainability Strategy 2030, as well as the UK Sustainable Strategic Goals (covering commercial objectives, resilience and internal engagement). The SG Committee includes representatives from the majority of business divisions, who are also primarily individuals from the Management Board. It meets quarterly, during which members provide updates on sustainability matters related to business operations, sustainable investing, stewardship and regulatory developments. Additionally, the SG Committee holds responsibility and oversight for sustainability reporting and disclosures, including TCFD and other carbon and energy regulatory requirements like the Energy Savings Opportunity Scheme (ESOS) and the Streamlined Energy and Carbon Reporting (SECR).

The **Chief Sustainability Officer (CSO)**, who is chair of the SG Committee is responsible for overseeing that the SG Committee and other Management Board committees fulfill their duties related to the implementation of LGT's sustainability strategic aims. The CSO is also responsible for the strategic aims, and the coordination, execution and integration of these strategies across LGT. Furthermore the CSO also:

- Serves as a liaison between sustainability efforts and the board or executive leadership to ensure governance and oversight.
- Enhances existing products and services and develops new offerings and client proposition for LGT business.
- Ensures alignment with LGT Group approach and the LGT Group Sustainability Strategy 2030.

The Management Board delegates to the **Investment Committee** the responsibility to formulate LGT's house views on investments, as well as to provide guidance to the front office on asset allocation. On a quarterly basis the Sustainable Research Lead through an ESG Governance Pack, provides an update on the ESG characteristics of portfolios, including – but not limited to – climate-related risks and opportunities of LGT's house views on investments. This process utilises LGT's proprietary ESG data platform to identify potential material sustainability risks and facilitate informed discussions among Investment Committee members. The data serves as a foundation for these discussions, with sustainability risk considered as one input within a broader assessment of financial risks. Climate and ESG information derived from the Investment Committee's portfolio analysis is communicated to the Management Board via the Chief Investment Officer (CIO), during the bi-annual sustainable strategy meetings. The specific metrics presented are detailed in the Metrics and targets section (page 16).

All active **Investment Sub-Committees** (bonds, equities, funds, investment trusts) have representation from sustainability specialists, to provide input to key sustainability risk considerations and possible sustainability opportunities. This occurs on a qualitative and quantitative basis, using the LGT's ESG data platform.

The **Proposition Governance Committee** considers sustainability risks and opportunities related to new product and service offerings. It meets at least quarterly, with the CSO as a member who provides sustainability-related input as appropriate.

The **Compliance and Risk Committee**, appointed by the Management Board, is responsible for overseeing effective compliance and risk management. The Committee advises on policies and procedures to ensure adherence to sustainability and climate related regulations and disclosures. Additionally, risk reporting includes consideration of sustainability-related risks.

All **other Management Board Committees** are responsible for implementing strategies for climate-related matters and monitoring progress, relevant to their respective business areas, and consider climate-related matters within their areas, albeit this is not governed by a set process and with a defined frequency.

All individual **Research Team** analysts are responsible for conducting ongoing, regular, ESG analysis on all assets under coverage. Using ESG data and primary and secondary research, analysts are required to identify and address any material ESG considerations, including climate risk (transition and physical risk), which will form a part of the overall assessment of financial attractiveness. These factors are documented in research publications for each asset and in LGT's internal research data platform, Research Portal.

The **Sustainable Portfolio Management and Research Teams** are responsible for the management of the sustainable investment proposition, research and thought leadership. These teams are also responsible for supporting the wider business through the provision of climate-related sustainability research and insights to all LGT investment, research and client functions. This is delivered to the investment, research and client teams through regular communications and reporting on a structured basis.

The **Stewardship Team** is responsible for engagement with fund managers and investee companies, voting and public policy advocacy. Engagement can occur either directly or through collaboration with other investors, including through Climate Action 100+, the IIGCC Net Zero Engagement Initiative and directly on climate-related risks and opportunities and decarbonisation strategies.

Operations and Procurement are responsible for collecting data on ESG metrics for LGT's offices and employees. They also lead initiatives aimed at reducing the operational footprint, including through strategic procurement decisions.

Strategy

This section describes the climate-related risks and opportunities LGT faces over different time horizons, along with the potential impacts on the business. It also outlines the strategy to reduce clients' investment exposure to climate risks while capitalising on opportunities arising from the transition to a low-carbon economy. This section also provides an overview of the approach used to assess the resilience of clients' investments and portfolio strategies.

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

As a wealth manager, LGT recognises that climate-related risks and opportunities, along with their financial impacts, are governed and managed through the strategies it applies to its operations and client investments.

In 2024, as part of the annual climate risk assessment, LGT Group, with contributions from LGT, evaluated the climate-related risks and opportunities presented in the table. The impacts of these risks and opportunities were assessed across three timeframes:

- Short: ≤ 1 year
- Medium: > 1 year and ≤ 5 years
- Long: > 5 years

As part of this process the risks and opportunities are evaluated for likelihood and impact, which consider regulatory, reputational and financial impacts. The thresholds deemed financially material is £0.9m (~1m CHF) and over, representing a loss or a gain of a single event. The ratings are on a residual basis, meaning it is the gross risk minus the controls measures in place. The table presented in this report is the same as LGT Group-level assessment (available on pages 49–50 in the LGT Group Annual Report 2024), with two exceptions highlighted in the table below and explained in the following paragraphs. It is important to note that the Group-level assessment presents an aggregated score that reflects all exposures and management measures across all LGT Group entities and geographies and represents the highest impact value. In addition, LGT does not have its own investments and does not offer credit and loans directly; instead, it refers clients to LGT Bank AG. Therefore, the table below, presents the risk impacts relevant to LGT specifically.

Exposure to physical risks – such as damage to physical assets or supply chain disruptions – is currently low but could gradually become more significant. LGT operates by renting office spaces and adopting a hybrid work approach for its employees, which limits exposure to both damage costs and operational disruptions in the next five years. The impacts of physical risks on clients' investments are likely to be more significant; however, it remains capped at a moderate level, as sustainability risks – including physical risks – are duly considered in the investment due diligence process and in LGT's house view.

In the short and medium term, LGT is particularly concerned with transition risks, which involve potential losses arising from stricter policies and regulations; technological advancements and business model shifts; and changes in investor sentiment. LGT faces the potential risk of breaching legal and regulatory requirements driven by the UK's Sustainability Reporting Disclosure regulation, the anticipated changes with the EU's Sustainable Finance Disclosure Regulation and challenges associated with data availability. LGT also faces the risk of being perceived as failing to meet industry standards, engaging in greenwashing and litigation, which could lead to reputational damage and revenue losses. However, given the market trend towards reducing the regulatory burden on ESG regulations, the UK's regulators' enforcement approaches as they relate to ESG regulation in the UK and the control measures currently in place at LGT (described on page 15 – Risk management section, c.), these risks have not been identified as material but rather as emerging risks to be monitored.

LGT can also support the transition to a lower-carbon economy by directing investments towards less climate-sensitive sectors and companies with a favorable transition outlook, through its products and LGT's proprietary ESG data platform. Reducing operational carbon footprint also presents an opportunity to lower LGT's operational costs. The strategy and targets associated with these are described in the Metrics and targets section (page 16).

Climate-related risks and opportunities

Risks and opportunities type	Description	Timeframe (years) and impact Short	Medium	Long
Risks				
Physical: Acute and chronic climate change	Severe sudden weather events (e.g. floods, extreme storms) could negatively affect market prices (e.g. a devaluation of financial assets or damage to physical assets serving as collateral). A possible increase in the frequency and severity of acute weather events could impact LGT's business operations and value chain in the long term. In addition, chronic weather change is expected to evolve gradually and have a greater impact on financial and physical assets in the long term.	Low	Medium	Medium*
Transition: Policy and regulation change	Increased risks and operating costs are expected in the short to medium term for both investees and LGT's own operations due to changes in climate policies and regulation, including potentially diverging climate policies. These risks will be higher if stricter policies are introduced with little notice, and even more acute if they are introduced at short notice. Changes in policy (e.g. carbon pricing/energy transition regulation) could have a significant impact on business models and financial performance, and lead to devaluations in financial and physical assets. Rising carbon prices could make it increasingly difficult to meet net-zero obligations should the purchase of carbon credits become too expensive.	Medium*	Medium	Low
Transition: Technological and business model change	Investments, especially in carbon-intensive sectors, may be negatively affected if investee companies do not adapt quickly enough to technological changes in their sector. Potential negative effects on companies not adjusting their business models may emerge quickly but may also only manifest in the long term. Furthermore, for investees, higher expenditures are expected in order to keep up with accelerating technological advances. Financed buildings not implementing new emissions reduction technologies may be prone to devaluation. For own operations, the further transition to lower emissions technologies may lead to higher costs.	Medium	Medium	Medium
Transition: Market sentiment change	LGT not adjusting its offering to support its clients with the products that help them achieve their investment objectives is a short- and medium-term risk. Having the wrong product shelf could lead to loss of client confidence and of business. Portfolios not meeting their promised or expected sustainability outcomes could have a negative effect on LGT's ability to retain assets under management. Corporates and sovereigns failing to become more climate risk-resilient could suffer from decreased revenues and/or debt repayment difficulties, leading to a devaluation of their securities.	Medium	Medium	Low
Transition: Litigation	The risk of being perceived as not adequately managing climate-related risks or neglecting fiduciary duties towards clients, or of being accused of greenwashing may arise. Furthermore, if LGT's actions are perceived as failing to meet its commitments, industry standards or practices, or if its climate-related disclosures are deemed unsatisfactory, its reputation could be negatively impacted. Regulatory uncertainty, inconsistent climate-related definitions and the absence of best practices for climate-related disclosures and sufficient data further increase the risk of penalties and litigation. This could result in lower revenues and/or higher litigation or operating costs.	Medium	Medium	Low
Opportunities				
Client investments	LGT supports clients in their aim to decarbonise their portfolios by offering low-carbon investment products and co-investing opportunities, and by leveraging proprietary tools to support clients in mitigating climate risks.	Low	Medium	Medium
Operations	LGT aims to increase renewable energy use, cut commuting and travel-related GHG emissions, and improve building energy efficiency to enhance climate resilience in its operations.	Medium	Medium	Low

* Diverges from LGT Group's impact rating, reflecting differences in service offerings and regional control measures.

Timeframes
Short: ≤ 1 year
Medium: > 1 year and ≤ 5 years
Long: > 5 years

Gross Impact Categories
Low
Medium
High

To minimise clients' investment exposure to climate-related risks and provide solutions for decarbonisation, LGT adopts a multi-faceted approach. The products and activities supporting this strategy are described below.

Portfolio Investment Strategy

Climate risk is viewed as an element of investment and financial risk, alongside qualitative sustainability and financial analysis. LGT incorporates climate risk factors and opportunities into the way discretionary investments are managed for clients, through the assessment of the KPIs covered in the Metrics and targets section (page 16). LGT embeds these numerous data points and insights into core system and research and Portfolio Management platforms to increase visibility and engagement from the investment managers and their clients.

Data informed approach

Through LGT's ESG data platform, LGT can effectively identify exposure to climate risks, assess the most material factors and make informed decisions about whether to accept or mitigate those risks.

Exclusions

Since 2021, LGT excludes all direct investments from its investment universe that produce thermal coal or generate electricity from coal.

Climate solutions

Through the portfolio investment strategy, LGT has the ability to identify assets that provide climate solutions. This gives investment managers and clients access to a wide range of different climate-related and nature-related (including circular economy) investment vehicles. Products include UK funds, investment trusts, direct equity and bond investments as well as private market funds through Lightrock and Capital Partners, LGT Group's partner organisations.

Transition bonds

LGT provides a direct labelled bond portfolio solution. This solution enables clients to invest in the financing of climate solutions through debt issuance with transparency on the use of proceeds. All holdings align to International Capital Markets Association (ICMA) labelled bond principles, ensuring a high-level governance and reporting on the use of proceeds.

Stewardship

LGT sees stewardship as integral to promoting resilient investments as well as the just transition to a low-carbon economy. Its stewardship strategy focuses on achieving two key outcomes: ensuring it fulfils its fiduciary duty to provide stable investment returns in line with clients' objectives; and helping ensure a sustainable future, through sound capital management.

LGT actively participates in initiatives such as Climate Action 100+ to align company strategies with the Paris Agreement, voting in line with climate principles and encouraging companies to commit to net-zero goals.

Guided by the LGT Group Sustainability Strategy 2030, LGT prioritises stewardship activities based on systemic issues such as climate change, biodiversity loss and fairer societies, underpinned by a strong focus on good governance practices.

Stewardship focus areas

At the helm of any successful business or strategy is a robust and strong governance

Climate change
The risks and opportunities of climate change can have a material impact on the profitability, valuation and long term prospects of a business.

Biodiversity and nature
LGT considers nature as a tool to preserve the natural world and limit the impacts of climate change.

Fairer societies
LGT's longstanding reputation as a responsible employer extends to its supply chain and investee companies. We expect our investees to uphold the same principles on human and labour rights.

LGT believes that the risks and opportunities associated with climate change can have a material impact on a company's profitability, valuation and long-term value creation. Understanding the transition, physical and liability risks that businesses face as they move to a low-carbon economy is vital. This enables LGT to understand managed and unmanaged risks, as well as the viability of entire sectors, business models and companies.

LGT takes a deliberate and focused approach to engagement. Rather than pursuing high-volume, low-impact interactions, efforts are concentrated where credibility, relationships and capital can influence real change. This includes public equities, investment trusts and external fund managers. LGT uses Esgaia, an engagement tracking platform, to categorise activity by intent (proactive vs reactive) and format (interaction, dialogue or structured engagement):

- **Interaction:** Initial, exploratory engagement to establish rapport and understand company strategy.
- **Investor Dialogue:** Two-way, targeted discussions on material issues to influence corporate behaviour.
- **Structured Engagement:** Focused, time-bound campaigns with defined goals and measurable outcomes.

This approach ensures accountability, avoids greenwashing and allows LGT to clearly articulate progress and impact.

Avenues of stewardship responsibility

Voting

- LGT votes on behalf of all equities on our approved list.
- LGT reviews managers voting policies and engages with them on their voting decisions ahead of Annual General Meetings (AGM)s.

Engagement

Fund managers

- LGT engages with all our managers via regular fund meetings, an annual ESG Due Diligence Questionnaire (ESG DDQ) and ad-hoc questionnaires.

Direct holdings

- LGT engages with direct holdings via meetings and letters to chairpersons.

Public advocacy policy

- As responsible managers, LGT have a role in broadening sustainable financial policy and ensuring it is apt for our sector.
- LGT engages with the Financial Conduct Authority (FCA), Personal Investment Management & Financial Advice Association (PIMFA) and others where material.

c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

LGT has not conducted a formal scenario analysis; instead, it takes a more holistic and integrated approach to identifying sustainability risks and opportunities at both investment and portfolio levels, combining quantitative data, key indicators and fundamental analysis of each investment. Climate considerations are a critical part of this process. The data points used for identifying and assessing climate-related risks and opportunities include:

- Alignment with the IIGCC decarbonisation pathway
- Carbon Footprint intensity (tons of CO_2e per million dollars of revenue)
- Weighted Average Carbon Intensity (tons of CO_2e per million dollars of revenue)
- Climate solution exposure
- High impact sector exposure
- Engagement and stewardship coverage on climate-matters.

See the Metrics and targets section (page 16) for a full description of these.

LGT emphasises the importance of supporting the transition of higher-emitting sectors that will remain essential within a sustainable economic model. To achieve a comprehensive assessment of climate investment risk, backward-looking carbon data is combined with forward-looking climate transition plans.

Furthermore, LGT's approach reflects a commitment to a just transition, acknowledging and supporting industries and regions that are at earlier stages of their economic development, ensuring that climate action is inclusive and equitable.

Risk management

This section describes how LGT identifies, assesses and manages climate-related risks, including how these risks are integrated into their overall risk management processes.

a. Describe the organisation's processes for identifying and assessing climate-related risks

In 2023, LGT Group conducted a Double Materiality Assessment, which included LGT. The assessment identified climate change as a material topic both financially and in terms of impact. This assessment was also updated in 2024 (for more detail refer to pages 37-38 of LGT Annual Report).

Simultaneously, a comprehensive annual climate risk assessment was carried out at LGT Group level, with contributions from LGT. Sustainability risks are considered to be drivers of traditional risk categories, such as market risk, liquidity and funding risk, credit risk, operational risk and reputational risk. Sustainability risks are therefore considered an integral component in the assessment of any of the traditional risk categories. This assessment considers the market, liquidity and funding, credit and operational risks for each climate risk typology. LGT's process for the identification and assessment of climate-related risks to client investments is described in strategy section in page 13 (Strategy section, c.).

b. Describe the organisation's process for managing climate-related risks and opportunities

Several processes are employed to manage climate-related risks and opportunities that affect the firm and client investments:

Compliance and marketing support

- Compliance regularly reviews climate-related regulations and industry news to ensure full adherence to disclosure and reporting requirements.
- An Anti-Greenwashing Forum has been established to further strengthen awareness and education on greenwashing. This forum convenes quarterly, bringing together representatives from various business areas to foster discussion, share updates and provide practical examples. Additionally, the Compliance and Marketing teams collaborate to review all publications, ensuring they comply with the Anti-Greenwashing policy.

Training and education

- Mandatory online training on greenwashing and on sustainable investing is required for all employees. Specific training has also been provided for Business Development, Marketing and Compliance teams.
- A comprehensive suite of sustainability training modules is available through the Learning Portal. These modules cover topics such as carbon credits, the LGT Sustainability Strategy 2030, anti-greenwashing practices, sustainability portfolio management and research, the LGT's ESG data platform and its private markets proposition.

Sector engagement and memberships

- LGT closely monitors climate initiatives and has become a signatory to commitments and pledges that support it in achieving its climate-related goals. LGT, either directly or through LGT Group or LGT Private Banking, is a member of several initiatives, including the UN Global Compact, Principles for Responsible Investment, Principles for Responsible Banking, Net-Zero Banking Alliance (NZBA), Climate Action 100+ and the Institutional Investors Group on Climate Change (IIGCC).
- LGT actively participates in market engagement initiatives such as Virtvest, a wealth management collaboration focused on enhancing investment practices related to climate risk management and providing a unified voice to regulators. Additionally, LGT is an active contributor and signatory of the UK Wealth Managers Climate and Net Zero Alliance. These engagements aim to promote sustainable practices and foster collaboration with industry peers to address climate-related challenges effectively.

Fund management engagement

- As a significant allocator to third-party funds, LGT holds fund managers accountable for their ESG integration and stewardship practices. As part of this LGT conducts annual due diligence surveys with an area of focus being stewardship approaches and activities. This 200+ question Due Diligence Questionnaire (DDQ) includes information on governance, investment process, collaboration activities and stewardship on seven specific sustainability themes such as climate risks and opportunities and biodiversity.
- The insights gained through the DDQ process are integrated annually into LGT's internal research platform, providing all analysts and investment managers with the ability to easily understand individual investment funds' approach to climate risk management. This process enables LGT to track progress and escalate where practices fall short of LGT's expectations. LGT also makes the findings publicly available via its annual fund engagement report.

Client engagement

- For LGT's sustainable and impact focused clients, a wide range of resources that go beyond traditional reporting and updates have been developed:
- LGT produces the following **reports**:
  - An annual stewardship report (produced alongside LGT Group), which provides insights and details of the engagement activities carried out on clients' behalf.
  - A company impact report, which covers both the operational footprint and developments to the investment services LGT offers.
  - Tailored portfolio level reports to clients, which include a mix of data insights into areas like environmental footprint and revenue alignment to the sustainable investment pillars.
- LGT also produces a **video series** called Connected Capital which consists of long form conversations with stakeholders from across the sustainable and impact landscape including a fashion designer using fungi and the head of the Goodwood Estate on how to combine business and nature. The series can be found on LGT's website.
- LGT also organises **networking and in person events** focused on sustainability and impact. For example, the LGT Client Stewardship Conference features panel discussions on stewardship progress and industry developments. Additionally, LGT hosts exclusive sustainability dinners for private clients, with guest speakers addressing specific sustainability topics.

c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

In 2024, the LGT risk team identified the need to revise its Annual Risk and Control Self-Assessment (RCSA) to incorporate sustainability considerations as a cross-cutting risk across all relevant risk events and topics. As these enhancements progress, LGT will further refine key performance indicators (KPIs), action plans, risk ownership and governance structures as appropriate.

Metrics and targets

This section describes the quantitative measures and specific goals LGT uses to assess and manage its climate-related risks and opportunities. It provides transparency on greenhouse gas emissions and tracks progress against climate targets.

a. Disclose the metrics used to assess climate-related risks and opportunities in line with the organisation's strategy and risk management process

b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

Overview of emissions and energy use

LGT has estimated the GHG emissions from its leased office space and from other energy-related activities not included in Scope 1 and 2.

Operational emissions 2024

Energy intensity	
Total energy consumption MWh	836
Total energy consumption per FTE (a)	1.18
GHG Emissions in tCO_2e	
Scope 2 GHG emissions – location-based (b)	131
Scope 3 (3) Fuel and energy-related activities (c)	50
Total GHG emissions (location-based)	181
Intensity ratio: $kgCO_2e$/FTE	**256**

a. 707 Full Time Employees (FTE)
b. For the London and Bristol offices, electricity consumption was obtained from invoices. For Leeds, Birmingham, Edinburgh and Jersey, electricity consumption was estimated based on the average consumption per square foot per month from the London office. The London and Bristol office buildings have gas boilers mainly for hot water and may be used occasionally for heating. Any gas consumption is expected to be minimal and therefore has not been included. At the time of reporting, it was not confirmed that all electricity consumption was sourced from renewables; therefore, the UK electricity grid GHG emissions factor was applied.
c. LGT does not own business vehicles; however, employees are able to claim mileage expenses for business travel in their own vehicles or in rental cars. Mileage has been derived from UK expense data, with actual fuel consumption unknown. Miles have been multiplied by appropriate kWh factors to produce fuel energy consumption in kWh.

All – the 2024 UK Government GHG Conversion Factors for Company Reporting were applied.

Given the recent acquisition of the discretionary management business of abrdn, abrdn Capital Ltd, in the UK and Jersey, LGT is still in the process of improving its data collection processes across the new office locations. As a result, LGT is currently unable to disclose information on its energy mix and other Scope 3 categories. Additionally, LGT is not yet able to report on Scope 3 Category 15 for the entirety of assets managed on behalf of clients. Relevant to Scope 3 Category 6 (Business Travel), LGT initiated the development of a new staff travel platform in 2024, that will enable future reporting of business travel emissions.

For the LGT Group Annual Report 2024, the 2024 greenhouse gas (GHG) emissions for Scope 1, 2 and 3 operational emissions were assessed and verified as part of the audit process. The Statutory Auditor's Report can be found in pages 14-18. These emissions are presented in Table 16 on page 75. For details on the methodology, please refer to pages 75, 77 and 79.

Client investment emissions

LGT monitors and assesses clients' portfolios with sustainable mandates using the following key metrics:

1. **Alignment with the Institutional Investors Group on Climate Change (IIGCC) decarbonisation pathway:** a snapshot of the proximity or divergence of the portfolio with the goal of achieving net zero greenhouse gas emissions by 2050 or sooner, consistent with the Paris Agreement.
2. **Carbon footprint:** this indicates how much GHG emissions, measured in carbon dioxide equivalents (CO_2e), are associated with every million dollars invested in that portfolio. It quantifies the carbon intensity of the portfolio relative to its size, enabling comparison across portfolios of different values.
3. **Weighted Average Carbon Intensity (WACI):** this measure indicates exposure to carbon-intensive companies/issuers based on the aggregated portfolio weights (at the time of the calculation). The GHG intensity is expressed in tons CO_2e per million USD in revenues.
4. **Climate solutions exposure investment portfolios:** using the GFANZ definition of climate solutions alongside the ICMA Green Bond categories, which includes economic activities such as renewable energy projects, sustainable agriculture, low-carbon transport networks, green buildings, clean technology development and others. LGT is able to calculate the ratio of the portfolio revenue share across the portfolio, providing an indication of the portfolio's overall exposure to economic activities that contribute directly to the transition to a net-zero economy.
5. **High impact sector exposure:** in the context of IIGCC's Net Zero Framework, 'high impact sector' are those identified for their large-scale production of GHGs, either directly from their operations or when their products are used or those that have high exposure to material physical climate risks. LGT is able to identify the portion of a company's revenue that comes from such activities. This allows for targeted engagement with companies that have significant climate impact.
6. **Engagement and stewardship on climate-related activities:** In line with its stewardship strategy, LGT measures climate-related engagements conducted over the past three years and can provide the percentage of a portfolio's underlying assets that have been engaged on climate matters.

All of these data points are accessible to the investment managers through LGT's ESG data platform and bespoke client reporting. Additionally, these KPIs for the centrally run investment mandates are monitored by the research team through the quarterly ESG Governance Pack and presented to the Investment Committee.

Through these data points, LGT is able to track and monitor real-world transition progress. LGT recognises that simply shifting investments to low-carbon alternatives does not fully address the complexity of the climate challenge.

LGT uses company reported data, retrieved through MSCI and made available through the LGT's proprietary ESG platform. In cases where companies do not disclose their carbon emissions, MSCI utilises peer comparison and activity information to estimate what their emissions are. For direct equities the company's disclosed or estimated information is considered, which is gathered directly from data providers. For bonds, LGT assigns the parent issuer's carbon data as a measure of the bond's carbon profile. For funds, where carbon data is available, a weighted average carbon assessment of a fund's underlying holdings is used. Similar to funds, portfolios are assessed using a weighted average carbon assessment of the portfolio's underlying holdings. LGT is unable to assess sovereign bonds and private issuers, therefore these are not accounted for in the climate metrics.

c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against those targets

Operational targets

With the Sustainability Strategy 2030, LGT Private Banking targets have been set in the areas of business travel, energy consumption and CO_2 emissions. Globally, all LGT Private Banking subsidiaries, including LGT, are working towards achieving these targets and determining specific measures that can be implemented.

LGT will focus on lowering emissions in operations through:
- Reducing energy consumption across its properties
- Ensuring the use of renewable energy
- Reducing business travel
- Requesting suppliers to adhere to the LGT Supplier Code of Conduct, which includes specific requirements in terms of climate-related behaviour.

The 2024 performance and historical progress against targets at LGT Private Banking level are detailed on page 75 of the LGT Group Annual Report 2024.

2030 climate-related targets

Scope	Target	Decarbonisation levers
Operations	100% renewable electricity and heating energy	• Improve data collection • Implement energy efficiency measures in operations
	Reduction in energy consumption by 30% per FTE by 2030 relative to 2019	
	90% reduction in Scope 1 and 2 emissions by 2030 relative to 2019	
	50% reduction in emissions from business flights per FTE by 2030 relative to 2019	• Promote sustainable travel policies and virtual meetings to reduce business flight emissions
Client investments	No specific Net Zero targets included	• Leverage stewardship activities • Offer low-carbon investment products for clients • Carbon foot-printing and ensuring data availability

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