

June 2016



## How we implement the ten principles of the UN Global Compact

### Human rights

#### **Principle 1: Recognition and compliance with human rights set out at international level**

#### **Principle 2: Ensure non-complicity with violations of human rights**

LGT complies with the applicable social legislation at all its locations worldwide and makes a positive contribution to the welfare of the community in the countries in which the Group operates.

In its core business, LGT exclude companies associated with human rights violations from LGT Sustainable Investing products. All LGT employees attend regular training on the LGT Code of Conduct. This defines the minimum standards for ethical and professional conduct. These standards must be complied with even if local requirements go less far. Local laws take precedence if they are more stringent.

LGT's suppliers have been required to sign a supplier agreement since 2013. The agreements contain environmental, sustainability and social standards, but also require compliance with human rights and labor principles defined by the International Labour Organization (ILO). Under the supplier agreement, suppliers agree to impose the same provisions on their own suppliers. LGT has regular meetings with suppliers to review compliance.

LGT held its third Supplier Day in 2015. The event included presentations on suppliers' social and environmental responsibilities, and on the principles of the UN Global Compact.

### Labor standards

#### **Principle 3: Freedom of association and recognition of the right to collective negotiations**

LGT's employees are not subject to collective bargaining agreements. They have the right to organize themselves collectively. There is an employee representation committee in Liechtenstein, where about two-thirds of its employees work. The committee consists of five members, who are elected once every three years by all LGT employees in Liechtenstein. The last election took place in November 2013.

In 2015, LGT was not fined or found guilty in any legal proceedings relating to labor standards.

#### **Principle 4: Elimination of all forms of forced labor**

#### **Principle 5: Abolition of child labor**

LGT does not tolerate forced or child labor in any form. It only operates in countries that prohibit such practices.

In signing the supplier agreement, suppliers undertake not to allow forced or child labor. They specifically agree not to employ any children. The agreement complies with the International Labour Organization standards, notably on the minimum working age.

In the core business, LGT's Sustainable Investing products exclude any companies with links to forced or child labor. LGT was awarded "highly commended" for sustainable investing in the Global Private Banking Awards 2015 run by *Professional Wealth Magazine* – part of the Financial Times Group – and *The Banker*.

## Protecting the environment

### Principle 6: Elimination of discrimination in respect of employment and occupation

LGT offers all employees equal opportunities for employment and promotion, regardless of gender, age, religion, nationality, ethnic background, sexual orientation, civil status, family situation, physical abilities and other characteristics protected under local law.

LGT treats employees with respect and respects differing opinions, outlooks and cultural practices.

LGT employed people of 55 different nationalities in 2015. The proportion of women in the workforce rose from 38.6% (2014) to 40.6% in 2015. Approximately 16% of staff were employed part-time. In 2015 the average age of LGT employees was 41.3 years. LGT also has a policy of offering employment to people over 50. LGT won best employer awards in Liechtenstein and Switzerland in 2015.

### Principle 7: Promotion of a sustainable approach toward environmental issues

#### Principle 8: Implementation of initiatives to promote environmental responsibility

LGT has been carbon neutral since 2010. The company is constantly improving energy and resource efficiency. LGT offsets CO<sub>2</sub> emissions in cooperation with the South Pole Group.

As a result, LGT has considerably reduced its CO<sub>2</sub> emissions since 2010. The current trend indicates that its carbon footprint has nearly reached a new equilibrium.

Environmental figures at a glance

|                                   |                | 2015   | 2014   | 2013   |
|-----------------------------------|----------------|--------|--------|--------|
| Total energy consumption          | MWh            | 13,154 | 13,089 | 13,848 |
| Electricity                       | MWh            | 10,318 | 10,501 | 10,754 |
| Heating                           | MWh            | 2,835  | 2,588  | 3,094  |
| Paper consumption                 | metric tons    | 163    | 156    | 125    |
| Waste                             | metric tons    | 277    | 247    | 262    |
| Water consumption                 | m <sup>3</sup> | 24,830 | 21,572 | 19,941 |
| Total CO <sub>2</sub> emissions   | metric tons    | 2,752  | 2,575  | 2,479  |
| CO <sub>2</sub> emissions per FTE | kg/FTE         | 1,300  | 1,292  | 1,348  |

LGT continues to work toward achieving its vision of purchasing 100% renewable energy for all its locations worldwide by 2030. The Group also plans to enhance the system for collecting and recording environmental data.

LGT began restructuring the Zurich office building to meet the current Minergie standards. LGT plans to use an interior design focused on energy optimization and install building automation systems.

Charging stations for electric vehicles were installed at the Pfäffikon offices in summer 2015.

LGT has been a member of the Swiss Climate Foundation since August 2012. Through the Foundation, LGT supports small and medium-sized companies in Switzerland and Liechtenstein that implement energy efficiency measures or innovative projects to reduce CO<sub>2</sub> emissions. In 2015, the Swiss Climate Foundation supported 263 projects with funding totaling CHF 1.5 million.

LGT became a member of the "MIU – Mobilität im Unternehmen" (Company Mobility) network in the city of Zurich in January 2013. The company joined the "mobility task force" of the Liechtenstein Chamber of Commerce and Industry in September 2013. The role of the task force is to support public transport in Liechtenstein.

### Principle 9: Promotion of the development and dissemination of environmentally friendly technologies

In 2015, LGT Venture Philanthropy (LGT VP) supported 32 organizations, 3 of which are involved in developing environmentally friendly technologies. In 2015, LGT VP's partnership with Kennermer Foods International won a Singapore Venture Capital & Private Equity Association (SVCA) Award.

The owner of LGT, the Princely House of Liechtenstein, invests CHF 5–10 million per year in portfolio organizations supported by LGT VP and in dedicated funds.

In the core business, LGT offers a range of Sustainable Investing products that apply ecological investment criteria. The Cleantech fund of funds launched in 2010 had invested in 22 companies by the end of 2015. These include a biomass producer, several wind turbine operators, providers of environmentally friendly solutions, a solar power manufacturer and waste management companies.

LGT offers an environmental mortgage in Liechtenstein. The mortgage helps environmentally aware clients who want to obtain Minergie certification for new builds and renovations.

LGT became a signatory to the Carbon Disclosure Project (CDP) in 2011. LGT has been a member of the UN Principles for Responsible Investment (PRI), the Forum Nachhaltige Geldanlagen (FNG – Sustainable Investment Forum) and the European Sustainable Investment Forum (Eurosif) since 2008. LGT is also a founding member of Swiss Sustainable Finance (SSF).

## Fighting corruption

### **Principle 10: Fight against corruption, including blackmail and bribery**

LGT's governing bodies are tasked with ensuring that all applicable laws, regulations and rules (compliance) are observed; infringements are not tolerated (LGT Code of Conduct).

In 2015 LGT continued to organize regular training sessions on corruption, blackmail, bribery, due diligence (combating money laundering and terrorist financing), and the LGT Code of Conduct. The training sessions are compulsory for all employees.

LGT supports the fight against financial crime. LGT has put in place comprehensive internal control and monitoring processes to identify and prevent money laundering, corruption and terrorist financing. Employees are required to notify their manager or the competent authorities of any suspicious activities.

## Other information

### **LGT in brief**

LGT is a leading international private banking and asset management group. The Group has been owned by the Princely House of Liechtenstein for over 80 years. As of 31 December 2015, the LGT Group had CHF 132.2 billion in assets under management. LGT has over 2,200 employees in over 20 locations in Europe, Asia and the Middle East.

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