



Website product disclosure for financial products referred to in Article 10 (1) in conjunction with Article 8 (1) of Regulation EU 2019/2088¹

Sustainability-related disclosures for Portfolio Management Mandates "Domestic".

(a) Summary

This financial product promotes environmental and social characteristics. The characteristics promoted by this financial product consist of investing in fixed income and equity of corporates and fixed income of states resulting in average to high Environmental, Social and Governance (ESG) ratings on portfolio level and to a smaller extent in alternative investments with generally no or low ESG quality. The investment goal is a positive contribution to a sustainable future including environmental, social, and economic aspects to the same extent.

ESG-Score	Rating	Sustainability quality
80 – 100	LGT★★★★★ Sustainability Rating	Excellent
60 – 79.9	LGT★★★★☆ Sustainability Rating	Good
40 – 59.9	LGT★★★☆☆ Sustainability Rating	Average
20 – 39.9	LGT★★☆☆☆ Sustainability Rating	Low
0 – 19.9	LGT★☆☆☆☆ Sustainability Rating	Poor

The LGT wide exclusions apply (please refer to website [link](#) of exclusions). Therefore, the mandates do not purchase any shares, bonds, or other investment instruments from companies that manufacture or trade in controversial weapons (e. g. nuclear weapons, biological and chemical weapons, landmines, cluster bombs, uranium munitions and phosphorus bombs). The list of excluded firms due to controversial weapon exposure is provided by an external data provider. The LGT controversial weapons exclusion policy can be found here:

https://www.lgt.com/shared/.content/publikationen/nachhaltigkeit/Controversial_Weapons_Policy_en.pdf

In addition, investments in companies involved in mining or producing coal for energy generation or that generate energy using coal are not permitted (thermal coal) if the contribution to revenues generated through thermal coal activities exceeds 5% of their total revenues, or if they are responsible for more than 1% of global annual thermal coal production. The exclusion comprises listed companies and private firms and is updated twice a year. The LGT coal exclusion policy can be found here:

https://www.lgt.com/shared/.content/publikationen/nachhaltigkeit/Coal_exclusion_policy_en.pdf

The method to assess good governance practices is to apply the governance-related sustainability indicators used in the LGT Sustainability Rating for every corporate investment (fixed income and equity). This examines the soundness of management structures, employee relations, remuneration issues and tax compliance. In addition, the governance-related sustainability indicators are accentuated in case of controversies: negative news deducts from the score originally reached by a company in the LGT Sustainability Rating. The LGT Sustainability Rating and sustainability indicators used to measure the ESG characteristics of investments are assessed in our proprietary ESG rating system, using solely raw data from renowned external ESG data providers. The proprietary ESG ratings methodology is constantly improved to ensure accurate assessment of an investment's ESG quality, reflecting the latest market and regulatory developments.

The proportion of the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product in accordance with the binding elements of the investment strategy should be as large as possible, i. e. the portfo-

¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector
LGT Group Foundation, Herrengasse 12, FL-9490 Vaduz, Phone +423 235 11 22, lgt@lgt.com, www.lgt.com

lio's average ESG score must be at least 3.5 stars. 1-star-rated products are per se excluded from investments and at least 70% of the portfolio assets must exceed a rating of 2 stars. In addition, 20% of the portfolio must be 4- or 5-star rated.

The investment process includes pre-trade and post-trade checks against the binding elements performed by portfolio management, as well as by compliance. Daily checks are conducted during the holding period on whether ratings for the single-line and collective vehicles are intact.

Instruments may be purchased or divested in case of changes to the asset allocation, improvement, or deterioration of financial and/or sustainable attractiveness.

(b) No sustainable investment objective

This financial product promotes environmental and social characteristics but does not have as its objective a sustainable investment (in the sense of the European Union (EU) and including the "do no harm" principle).

(c) Environmental or social characteristics of the financial product

The characteristics promoted by this financial product consist of investing in fixed income and equity of corporates and fixed income of states resulting in average to high Environmental, Social and Governance (ESG) ratings on portfolio level and to a smaller extent in alternative investments with generally no or low ESG quality while

a) excluding corporate issuers by product (thermal coal, controversial weapons).

b) striving for a better ecological footprint on asset-weighted basis of the portfolio vs. its benchmark in two dimensions: greenhouse gas emissions and water withdrawal.

(d) Investment strategy

- The sustainable investment strategy is focused on the investment goal of this financial product: positive contribution to a sustainable future – for the environment, society and the economy. Ecological, social, and economic sustainability have equal importance in the investment strategy of this financial product. The investment strategy of the respective portfolio management mandate is:
 - The objective is to deliver a positive long-term wealth generation by focusing on the Swiss equity and bond market ("home-bias"), but broadly diversifying risks. The portfolio is globally invested while taking the ESG/sustainability criteria into consideration.
- The policy to assess good governance practices is to apply the governance-related sustainability indicators used in the LGT Sustainability Rating to every corporate investment (fixed income and equity):
 - sound management structures are checked via "board independence and expertise" as well as via "ownership structure"
 - employee relations are checked via "integration of sustainability aspects in corporate strategy"
 - remuneration issues are checked via "compensation policy (long-term and ESG oriented)"
 - tax compliance issues are checked via "accounting practices"

In addition, the governance-related sustainability indicators are accentuated in case of controversies: negative news in relation to tax compliance of a given company for instance, deducts from the score originally reached by a company in the LGT Sustainability Rating.

(e) Proportion of investments

- The proportion of the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product in accordance with the binding elements of the investment strategy should be as large as possible, i.e. the portfolio's average ESG score must be at least 3.5 stars. 1-star rated products are per se excluded from investments and at least 70% of the portfolio assets must exhibit a 2-5-star rating. In addition, 20% of the portfolio must be 4- or 5-star rated.
- The remaining proportion of the investments and their purposes is to reflect the asset allocation. This asset allocation needs to be followed. The binding allocation can be reached by investments in funds, ETFs, or single investments that may not reflect the elements described in a) above in every case. First, use of ETFs for asset allocation management purposes: ETFs are at times required for steering the asset allocation in a cost-efficient and fast way. Second, buy-in of niche market-related expertise: We also allocate money to emerging markets (equity and fixed income). It could be challenging to select sustainable investments in this region, or even impossible. Third, alternative investments: We offer our clients most of our investment strategies with or without

alternative investments. Usually, it is difficult or even impossible to derive an ESG rating for alternative investments. Therefore, strategies with alternative investments have lower ESG coverage compared to strategies without alternative investments.

- Minimum environmental and social safeguard checks are thoroughly conducted by the Fund Research Team prior to investing in third-party vehicle. These vehicles must reach at least an "average" sustainability quality, i.e. a 2 star rating.

(f) Monitoring of environmental or social characteristics

The environmental or social characteristics and the sustainability indicators mentioned in pre-contractual disclosure are monitored throughout the lifecycle of the financial product as follows:

- Pre-deal: screening of investments on Principal Adverse Impact (at least 2 stars according to the LGT Sustainability Rating). In addition, the Fund Research Team thoroughly conducts the minimum environmental and social safeguard checks for 2-/3-/4- and 5-star rated collective vehicles.
- Holding period: daily checks on whether above mentioned ratings for the single-line and collective vehicles are intact. Changes are especially likely during reporting season and in cases of intensified company- and/or country-related news flows.
- End of life: all investments can be divested in cases of adaptations in the asset allocation requirements and/or deteriorating financial and/or sustainable attractiveness or in cases of profit taking. If an asset's sustainability quality deteriorates below 2 stars, it must be divested within 30 days.

This strategy is continuously implemented in the investment process by pre-trade and post-trade checks against the binding elements performed by portfolio management as well as by compliance.

(g) Methodologies and (h) data sources and processing

The proprietary ESG rating system uses data from renowned external data providers that specialize in ESG-related data. The data can both be qualitative or numeric and is then evaluated using proprietary algorithms. This includes scoring of certain data items, comparing data to relevant peer groups, etc. to arrive at a certain number of key performance indicator (KPI) scores related to E, S, and G topics. These scores are then weighted to arrive at an overall numeric ESG rating for companies and government-related investments. The investment manager selects the data used and the respective weights of the KPIs and can vary across different business activities of the underlying assets.

Additionally, environmental footprint measures are also calculated for companies, establishing standards for environmental impact measures like greenhouse gas emissions or water withdrawal on companies' revenues or enterprise value. Finally, the products and services of companies are assessed with respect to their environmental and social impact, using proprietary numeric impact measures as well as companies' revenues from the different products or services. These measures are also used to assess the ESG characteristics of the underlying assets.

In the case of missing data, we estimate using values from company peers with respect to industry and geographical location. Overall, 10% to 15% of the data used is estimated. As the measures used are all based on data and algorithmic assessment of the data, data errors may invalidate the results in some cases. Therefore, both automated and manual data checks are implemented prior to calculating any results. Additionally, the results are cross checked before investment decisions are made.

The sustainability indicators used comprise the overall ESG score derived as described above, as well as individual E, S, and G scores. Additionally, the environmental impact measures of companies' operations and the numerical environmental and social impact measure for companies' products and services are also used. All measures are aggregated to the overall portfolio level and then either compared to the respective benchmark or assessed on a standalone basis to assess the ESG characteristics of the portfolio.

(i) Limitations of methodologies and data

Limitations of methodologies and data are:

- The proportion of estimated data could result in an incomplete assessment of an investment's ESG quality. We are addressing this by sourcing data from many renowned ESG data providers to reduce the proportion of estimated data. However, we depend heavily on market and regulatory bodies to address this limitation, i.e. how market standards and regulations require a company to report on more ESG data and ensure the respective quality of this data. As the proportion of estimated data is relatively small, we believe it does not affect attaining environmental and social characteristics promoted by the financial product.

- Methodology used to calculate the ESG rating of investments might be out of date in the long term and therefore not ensure accurate assessment of an investment's ESG quality. This limitation is addressed through constant improvement of ESG ratings methodology, reflecting the latest market and regulatory developments.

(j) Due diligence

We carry out due diligence on the underlying assets of the financial product as described under (f) above in the investment process continuously by pre-trade and post-trade checks against the binding elements and performed by portfolio management.

(k) Engagement policies

An engagement policy has not been established.

(l) Where an index is designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product, 'Designated reference benchmark'

No index has been designated as a reference benchmark.

General risk information

This publication is an advertising material / marketing communication. This publication is intended only for your information purposes. It is not intended as an offer, solicitation of an offer, or public advertisement or recommendation to buy or sell any investment or other specific product. The publication addresses solely the recipient and may not be multiplied or published to third parties in electronic or any other form. The content of this publication has been developed by the staff of LGT and is based on sources of information we consider to be reliable. However, we cannot provide any confirmation or guarantee as to its correctness, completeness and up-to-date nature. The circumstances and principles to which the information contained in this publication relates may change at any time. Once published information is therefore not to be interpreted in a manner implying that since its publication no changes have taken place or that the information is still up to date. The information in this publication does not constitute an aid for decision-making in relation to financial, legal, tax or other matters of consultation, nor should any investment decisions or other decisions be made solely on the basis of this information. Advice from a qualified expert is recommended. Investors should be aware of the fact that the value of investments can decrease as well as increase. Therefore, a positive performance in the past is no reliable indicator of a positive performance in the future. The risk of exchange rate and foreign currency losses due to an unfavorable exchange rate development for the investor cannot be excluded. There is a risk that investors will not receive back the full amount they originally invested. Forecasts are not a reliable indicator of future performance. In the case of simulations the figures refer to simulated past performance and that past performance is not a reliable indicator of future performance.

The commissions and costs charged on the issue and redemption of units are charged individually to the investor and are therefore not reflected in the performance shown. We disclaim, without limitation, all liability for any losses or damages of any kind, whether direct, indirect or consequential nature that may be incurred through the use of this publication. This publication is not intended for persons subject to a legislation that prohibits its distribution or makes its distribution contingent upon an approval. Persons in whose possession this publication comes, as well as potential investors, must inform themselves in their home country, country of residence or country of domicile about the legal requirements and any tax consequences, foreign currency restrictions or controls and other aspects relevant to the decision to tender, acquire, hold, exchange, redeem or otherwise act in respect of such investments, obtain appropriate advice and comply with any restrictions. In line with internal guidelines, persons responsible for compiling this publication are free to buy, hold and sell the securities referred to in this publication. For any financial instruments mentioned, we will be happy to provide you with additional documents at any time and free of charge, such as a key information document pursuant to Art. 58 et seq. of the Financial Services Act, a prospectus pursuant to Art. 35 et seq. of the Financial Services Act or an equivalent foreign product information sheet, e.g. a basic information sheet pursuant to Regulation EU 1286/2014 for packaged investment products for retail investors and insurance investment products (PRIIPS KID).

Risk information on LGT Sustainability Rating

To determine the LGT Sustainability Rating, the companies, countries and supranational organizations underlying the investment vehicles are assessed according to criteria defined by LGT with respect to the areas of environment (E), social issues (S) and corporate governance (G). Corporate and country-specific sustainability data (raw data) of external data providers feed into this rating. The LGT Sustainability Rating is a result based on criteria and calculation methods determined by LGT. It does not claim to be exhaustive, accurate or up to date. The LGT Sustainability Rating is not substantiated by LGT. Any liability of LGT is excluded. The LGT Sustainability Rating does not constitute advice, an offer, a solicitation or invitation to submit an offer; it is neither a basis for a decision nor a recommendation to buy or sell investment vehicles or other specific products and does not constitute advertising for products or services. Advice from a qualified specialist before making an investment decision is recommended. Investments may be subject to fluctuations. A high LGT Sustainability Rating and a high ESG score do not guarantee a good or better performance of the investment vehicle or other products, in particular in comparison with an investment with a lower LGT Sustainability Rating. The LGT Sustainability Rating must be strictly separated from other analyses and assessments.