

Initiating the ESG client conversation with Phoebe Stone



Learning Objectives

- Understand the demand and current knowledge within ESG investing.
- Understand the opportunities, benefits and challenges of ESG investing.
- Understand the holistic spectrum of capital and how it can be applied to Sustainable Investing.
- Gain an understanding of the United Nations Sustainable Development Goals (UN SDGs) and how they can be applied to portfolio management.

What is ESG to you?



Regulation

MiFID II & SFDR

Dear CEO Letter

Revised FCA remit



Confusion / Cynicism

Data overwhelm

Terminology

"Green washing"



Opportunity

Consumer demand

A new conversation with clients

The Great Wealth Transfer



Solution

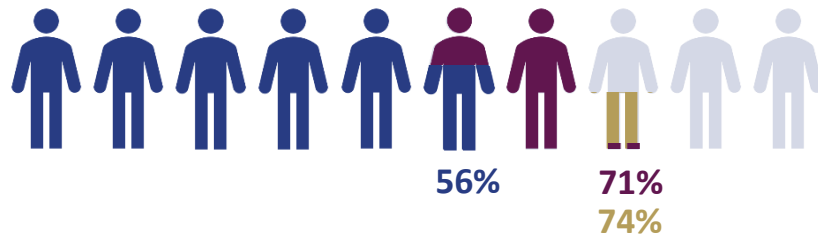
Environmental catastrophe

Social unrest

Using the markets as a mechanism for change

Who cares?

% who are interested in responsible and impactful investment

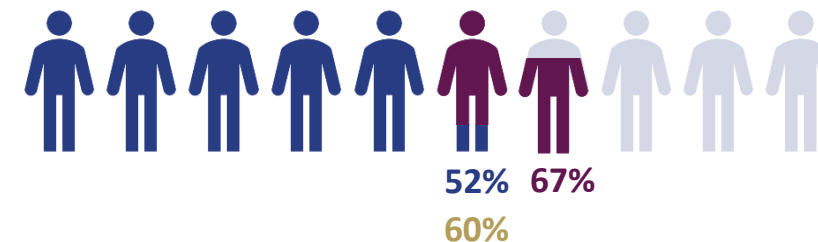


- All Respondents
- Millennials
- Those with Investible Assets

% who would choose to invest responsibly if given the option



% who would be motivated to save more if they knew their investments made a positive difference



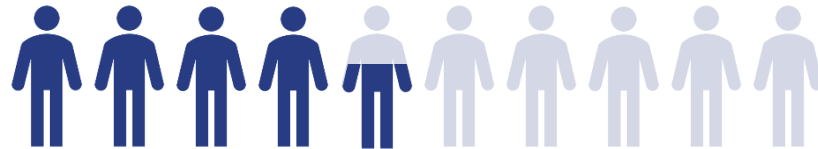
Source: www.gov.uk "Investing In A Better World"

Who knows?

% who currently hold responsible and impactful investments or savings



% who have heard of responsible or impactful investment



Source: www.gov.uk “Investing In A Better World”

Many of us are already making sustainable choices



Recycling

89% say their household "regularly" recycles

56% say they're recycling more in the past year

Source: wrap.org.uk



Energy Use

62% UK energy consumers purchase sustainably

55% want to understand their carbon footprint

Source: Ernst & Young LLP



Animal Products

20% have reduced how much meat they eat

77% factor in animal testing when buying cosmetics

Source: The Vegan Society

UN SDGs: a framework for change



Source: UN

UN SDGs: a framework for change



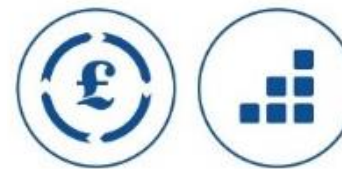
From the Sustainable Development Goals to a portfolio



Healthcare and societal wellbeing



Financial inclusion and education



Circular economy and resources



Climate and environmental action

Portfolio alignment to the sustainable investment pillars

- In order for clients to better understand their portfolios' exposure to these themes, thematic mapping is conducted monthly

Sample portfolio mapping



Key

Healthcare and societal wellbeing	53%
Financial inclusion and education	2%
Circular economy and resources	7%
Climate and Environmental action	38%

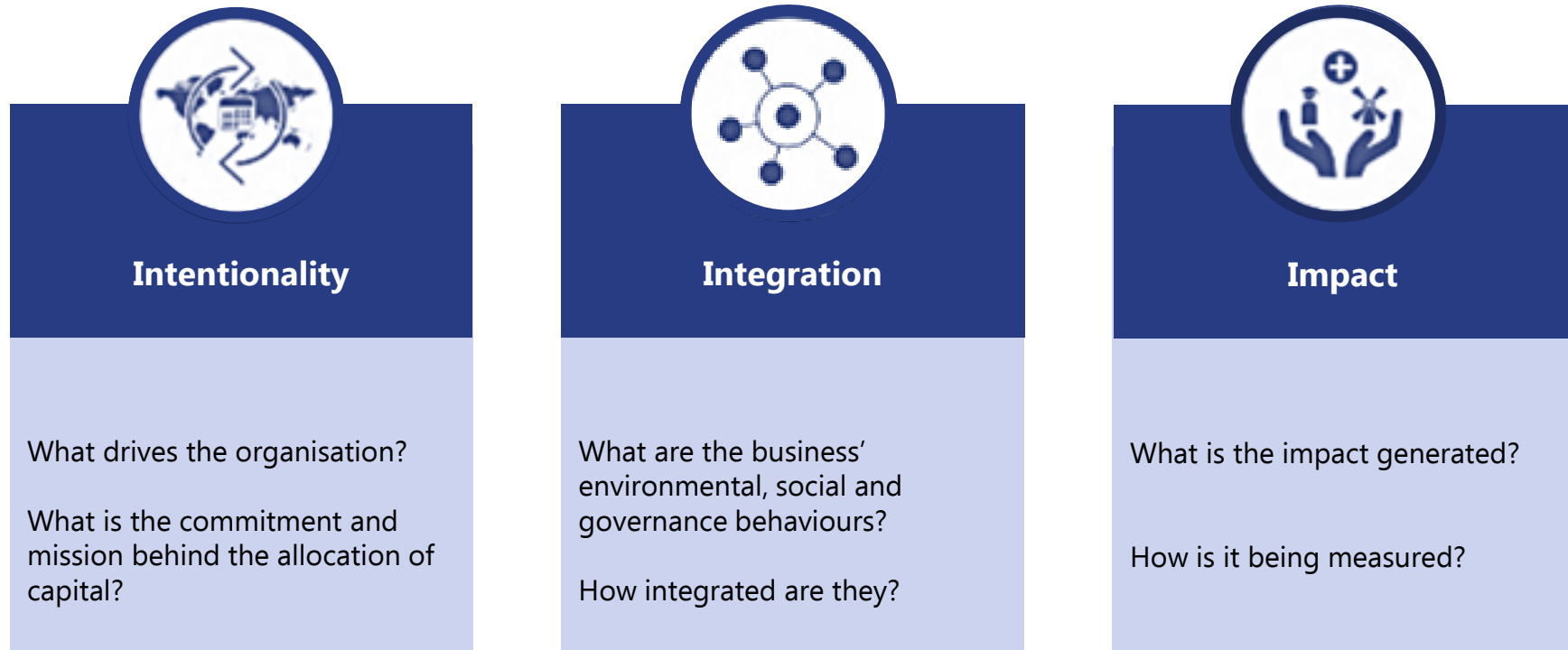
Alignment analysis considers:

- % of revenue generated by the business attributed to the pillar
- This revenue alignment is calculated through alignment to the UN SDGs

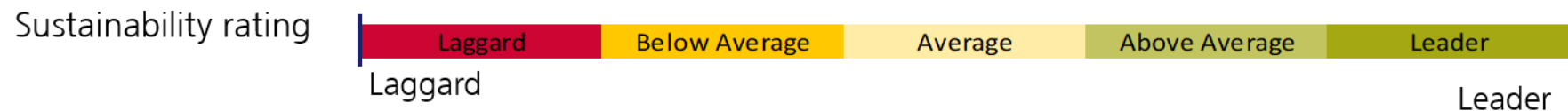
Commentary on pillar alignment

- Whilst the mapping captures impact generated directly by a business' revenue, it does not capture indirect positive impact generated by a business for example through the company's operations or supply chain. This means that the positive contribution to pillars such as financial inclusion and circular economy is higher than this mapping implies
- Some of the pillars provide many more investment opportunities than others. This is due to the number of sub-themes connected to that pillar, valuations within the sectors at any one time and number of listed companies (or bonds) linked to the theme. This is likely to change, for example we expect the investment opportunities mapped to financial inclusion and education and circular economy pillars to grow over time

Looking for the positives: our sustainable investing framework



6
Average



Walking the walk

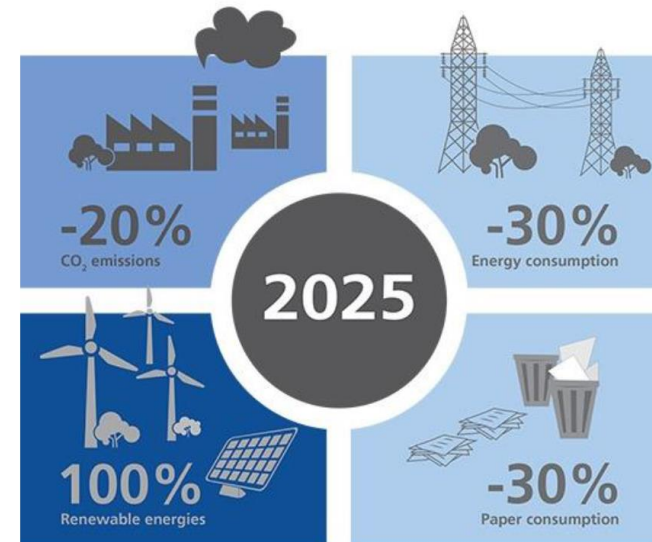


Global
environmental
targets

Charitable
allocation: 10% of
Group profit



International
sustainable
collaboration



Base year: 2017, per full-time equivalent (FTE)

Net-zero ambitions by 2030



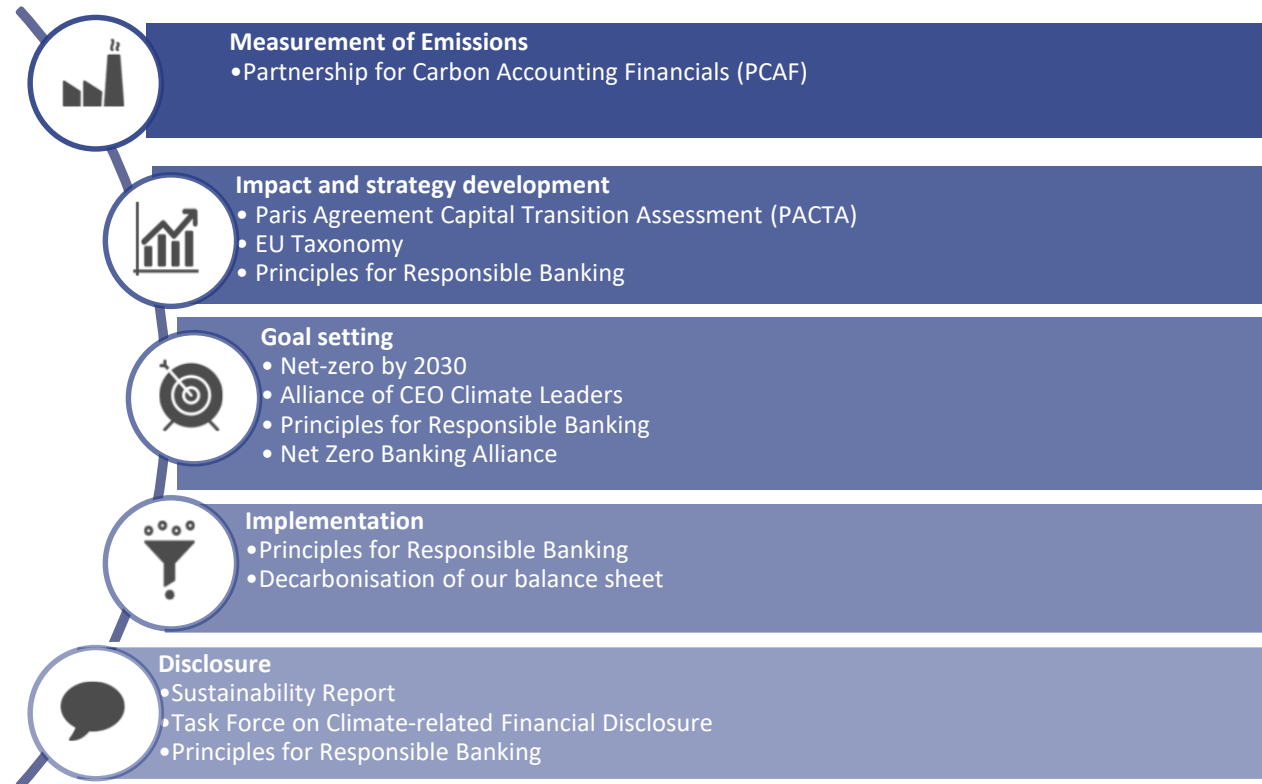
Operations



Investments

LGT: a net-zero company

- LGT is aiming to be a frontrunner in fighting climate change: we need urgent action to meet the climate target to keep global warming well below 2° Celsius



Net-zero

- **Net zero emissions are required by 2050** to stabilise global temperatures and meet the Paris Agreement
- Global carbon emissions **minus** [natural carbon sinks & CO₂-removals] = **zero**

Here to help

- Local Business Development contacts – **David Brown & Elliott Kibble**
(David.brown@lgtvestra.com & Elliott.kibble@lgtvestra.com or 07423 671 488 & 07919 499 844)

Rethinking growth in a post-pandemic world

26 February 2021

The rise of smart cities

12 February 2021

What does a Biden presidency mean for the 'green revolution'?

27 November 2020



Phoebe Stone, Partner and Head of Sustainable Investing

Over the past two months, we have seen some stunning and potentially transformational climate-related announcements from the world's superpowers. Under President-elect Joe Biden, the US will be rejoining the Paris Agreement on 20 January 2021, signalling a clear departure from Trump's climate change skepticism. Meanwhile, China has committed to net-zero ambitions by 2060 and Putin has formally ordered cuts of 30% of greenhouse gases (GHG) by 2030 for Russia. Looking closer at these announcements, we can find some interesting and promising details, particularly from the world's two largest economies: the US and China.

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VALUES WORTH SHARING



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Sustainability 360°
2021

Rethinking growth

Quarterly Report
Sustainable
Portfolio Service

Q4 2020 market review