



Article 29 of the French
Energy-Climate Law Report of
LGT Private Debt (France) S.A.S.
Reference year: 2023



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Introduction

The French law of 8 November 2019 on energy and climate (the 'Energy-Climate Law') introduces a regulatory framework that is designed to support the transition to a more sustainable economy and society. In particular, Article 29 of the Energy-Climate Law reinforces the requirements of Article 173 of the Law on Energy Transition for Green Growth of 15 August 2015, especially regarding the management of risks related to climate change and the inclusion of environmental, social and governance (ESG) criteria in investment policy.

The Energy-Climate Law complements the requirements of the European framework laid down by Regulation (EU) 2019/2088 of 27 November 2019, known as the Sustainable Finance Disclosure Regulation ('SFDR'). As a result, French asset management companies are required to publish an information report on the risks associated with climate change as well as biodiversity risks in addition to disclosing information on sustainability risks and principal adverse impacts.

This report was prepared by and for **LGT Private Debt (France) S.A.S.** ('the Firm'), an alternative investment fund manager authorized and regulated in France by the Autorité des marchés financiers (AMF) (AMF authorization number: GP-19000034). Most of the information presented in this report relates to LGT Private Debt (France) S.A.S. Where relevant, it also includes information relating to **LGT Private Debt** or to the group entity LGT Capital Partners.

This report sets out the Firm's approach to sustainability and its actions, commitments and ambitions in terms of integrating sustainability aspects and ESG criteria into its operations. Further, the report outlines the contribution that the Firm makes to the transition to a sustainable economy and [global] efforts to combat climate change and the preservation of biodiversity.



Foreword by the Head of LGT Private Debt

LGT Private Debt is a specialized asset manager within LGT Capital Partners, which has been a signatory to the United Nations Principles for Responsible Investment (UN PRI) since 2008. LGT Private Debt focuses exclusively on direct private debt strategies and operates from three offices in Paris, London and Frankfurt. Since 2005, LGT Private Debt has invested more than EUR 5.6 billion in over 125 arranged middle market debt transactions across Europe, mainly to sponsor-backed companies.

At LGT Private Debt, we see a strong alignment between positive, sustainable investing and risk-adjusted returns. We believe that we have a responsibility to invest in a way that effectively supports the transition to a more sustainable economy and society and a commitment to help our clients achieve their financial objectives while investing responsibly.

We recognize the importance of integrating ESG factors into our investment, risk and decision-making processes. We believe that this helps to align the achievement of positive long-term financial performance for our investors with measures to support the better functioning of the companies we invest in, enhancing conduct across a wide range of markets and industries and generating positive impact beyond financial markets. This includes alignment with critical global initiatives such as the Paris Agreement on limiting global warming. Our Investment team has been completing company-level climate resilience analysis both pre-deal and during the lifetime of our investments since 2019. As part of these efforts, our latest fund's portfolio companies are required to report their greenhouse gas (GHG) and carbon emissions, with some companies additionally being subject to carbon reduction incentives where applicable.

Our ESG strategy includes using a comprehensive ESG Scorecard as an integral part of the investment process. This enables our Investment team to select assets with a positive ESG profile, with the asset selection and monitoring process including assessments covering seven different ESG and sustainability factors, which we evaluate using a combination of proprietary tools and commonly used industry frameworks.

Pre-investment, the ESG Scorecard guides our investment decision-making, enabling Investment teams to identify companies that promote ESG as well as those that fall short in this area. Post-investment, annual reassessments of each investee company enable us to engage productively with companies on ESG matters and to fulfil our reporting requirements under SFDR. When assessing companies on ESG, Investment teams look at:

1. ESG controversy checks
2. Private Equity Sponsor rating – We assess private equity sponsors' overall approach to ESG, leveraging existing due diligence materials where available.
3. Sustainable Development Goals (SDG) impact assessment – Using the company's industry sector as a proxy, we use our proprietary ESG assessment tool, the ESG Cockpit, to determine whether the company is likely to have any positive or negative impacts on the SDGs.
4. Principle Adverse Impacts (PAIs) – Where possible, we assess companies based on the PAI indicators to ensure we consider all ESG sustainability risks at asset level.
5. Climate resilience – We have developed our own Climate Resilience Framework, which is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

6. Biodiversity risk profile – We incorporate biodiversity impacts, dependencies and associated risks and opportunities into investment decisions with the help of a third-party analysis tool, "Altitude" from AXA Climate; this includes providing estimated MSA. km² calculations.
7. Materiality assessment – We carry out a review of the various ESG factors that are defined as material for the given industry by the Sustainability Accounting Standards Board (SASB).

During our investment period, we perform annual ESG surveys for all our portfolio companies, gathering responses on all key ESG metrics in line with industry standards and regulatory considerations. This includes the collection and preparation of aggregated ESG and carbon footprint key performance indicators (KPIs) on an annual basis. As part of this practice, we share the results of the ESG campaign with each portfolio company for it to benchmark itself, and we also share the results with our investors and other stakeholders to facilitate discussions and comparisons. Further, we use board observer seats to (i) make sure ESG topics are included on the management's agenda and (ii) to promote best practices through our dialogue with shareholders and key decision makers.

Based on our approach, as outlined in this report, we believe that we are well positioned to influence portfolio company governance and decision-making, including through economic incentives for our portfolio companies to improve their ESG and sustainability profiles. We believe our partnership with management and shareholders can help to increase financial and non-financial value for all stakeholders in a clearly measurable way.



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SECTION A – The Firm’s general approach to the consideration of ESG quality criteria

1 Summary of the Firm’s general approach to the consideration of ESG criteria, especially in its investment policy and strategy

At LGT Capital Partners in general, and specifically at LGT Private Debt (France), we believe that investors – and the asset managers investing on their behalf – have a responsibility to invest in a way that effectively supports the transition to a sustainable economy and society. Our commitment to helping our investors achieve their financial objectives is founded on the conviction that financial objectives can be achieved by investing responsibly.

We integrate ESG factors into our investment and risk processes and believe that this is approach aligned with the generation of long-term positive financial performance for our investors. We also recognize and value the fact that ESG integration can help to improve the sustainability credentials of the companies we invest in and support the sustainability transition across a wide range of markets and industries, while generating positive social impact. Our philosophy is based on the fundamental belief that it is possible to achieve good economic performance while meeting sustainability goals, as we generally expect that portfolios that adhere to high ESG standards have the potential to outperform over the long term.

2 Content, frequency and means used by the Firm to inform investors about the criteria relating to the ESG quality objectives taken into account in the investment policy and strategy

We believe that transparency forms the foundation of successful long-term partnerships with investors. We are committed to complying with the highest standards of reporting.

The following channels are used by the Firm to communicate ESG-related information to investors:

- Quarterly investor reports (issued by each individual fund)
- Quarterly investor update calls with investors
- Specific LGT Private Debt “Annual ESG Survey Findings Report”, available to external stakeholders on LGT Capital Partners’ website
- LGT Capital Partners’ website, which contains a specific section on sustainability and includes regulatory SFDR disclosures of LGT Private Debt (France)
- The Annual Sustainability Report of LGT Capital Partners, as well as ESG studies on specific investment activities, which are available on LGT Capital Partners’ website
- The Annual non-Financial Report of LGT Capital Partners, which includes information on concrete sustainability initiatives and is publicly available on LGT Capital Partners’ website
- Annual General Meetings with investors
- Annual UNPRI Transparency and Assessment Reports that are publicly available on LGT Capital Partners’ website
- One-on-one calls with investors on request.



3 Adherence of the Firm, or of certain financial products, to a charter, code, initiative or label that incorporates ESG quality criteria

LGT Capital Partners, the group to which LGT Private belongs, has joined various organizations and industry bodies that support the sustainable development of the financial industry, primarily the UNPRI and the Net Zero Asset Managers initiative (NZAM). LGT Capital Partners adheres to business conduct rules and international standards, including the United Nations Global Compact (UNGC), the United Nations Universal Declaration of Human Rights (UDHR) and the OECD Principles of Corporate Governance. We have also adopted the Sustainable Development Goals (SDGs). In line with those goals, we believe that investments in companies with high ESG standards can add long-term value for our investors, while also generating positive impacts for the environment and society.

While LGT Capital Partners places a strong focus on holistic ESG assessment, we also take concrete actions where relevant. This includes the definition of a benchmark Exclusion List that is aligned with the Paris Agreement and other international standards listed above; this list excludes companies associated with controversial weapons (anti-personnel mines, biological and chemical weapons, cluster weapons, or nuclear weapons) as well as businesses involved in the extraction, processing or sale of thermal coal. The exclusion relating to thermal coal aims to support efforts to combat climate change and reflects our commitment to shift our investments towards supporting an energy supply that is consistent with the target of achieving net zero emissions by 2050 or sooner. These measures are also aligned with the Financial Action Task Force, OECD Guidelines for Multinational Enterprises and UN Security Council Sanctions.

In addition to these Group-level commitments, LGT Private Debt has obtained ESG labels from LuxFLAG for our latest funds.

SECTION B – Internal resources deployed by the Firm

1 Description of the financial, human and technical resources dedicated to integrating ESG criteria into the investment strategy

Integrated ESG assessments and procedures are central to our responsible investment strategy and to the creation of value for all stakeholders.

Team members across LGT Private Debt have additional responsibilities covering specific aspects of the impact and ESG investing strategies and reporting obligations. These responsibilities span multi-disciplinary teams, including the Investment team, the Portfolio Monitoring team and the Finance & Operations team.

Team member	Primary role	Impact/ESG responsibilities
Jonathan Smith	Co-Head of the Private Debt Investment team based in London; responsible for origination in the UK, Nordic and Benelux regions. Head of ESG and Impact for Private Debt and a member of the LGT Capital Partners' Group Private Markets ESG Committee.	Coordinating key stakeholders, including the Private Debt management team, impact and ESG subject matter experts from across LGT Capital Partners, and external specialist consultants to develop, define and implement the Private Debt investment strategy.
Alix Jariel	Associate Director in the Private Debt Investment team based in Paris.	Material contribution to the development of the Impact Framework for Private Debt funds, and definition of new assessment approaches, including for biodiversity. Supporting the Investment team during the assessment and review of new impact opportunities. Representative of LGT Private Debt on the Impact Commission of France Invest.
Muhammed Sisman	Associate Director within the Portfolio Monitoring Team, performing: (1) independent asset valuation analysis; (2) core middle office functions (e.g. deal funnel and pipeline analysis, portfolio management analysis; and (3) portfolio monitoring, including review of underlying company KPIs and financial performance, covenants, review of watchlist/underperforming assets.	Lead for the content and construction, coordination and execution of the annual ESG survey, including the analysis, interpretation and publication of the findings. Surveys form the basis of the annual ESG re-assessments at company level. Responsible for quantitative analysis on taxonomy and PAI-related metrics for ongoing and periodic reporting obligations, including the preparation of the SFDR Annex 2 schedules (to accompany the statutory audited financial statements), compilation of the European ESG Template (EET) and drafting of the annual PAI report.
Faisal Sethi	Head of Fund Controlling, responsible for overall administration and investor reporting obligations across the Private Debt funds.	Taking the lead with the external auditors and coordinating internal subject matter experts to draft and submit the periodic reporting SFDR Annex 2 that accompanies the statutory audited Financial Statements.

A continuous program of internal and external ESG training forms the cornerstone of our investment approach, with the team investing in the delivery of external training supported by internally delivered content to all members of the LGT Private Debt team. In the last 12 months, this has included external training providers delivering bespoke content on (i) climate change and climate-related analysis at company level, (ii) biodiversity and (iii) best practice for sustainability-linked loans in relation to ESG and impact KPIs at portfolio company level. This has been supplemented by internal training on (i) biodiversity, (ii) impact investing and (iii) impact action plans at portfolio company level. Training has been delivered in person to our Paris team by La Fresque du Climat and La Fresque de la

Biodiversité, with plans to extend the training offering to our London and Frankfurt teams during 2024. Core technical and commercial knowledge related to impact and ESG investing also exists at the LGT Capital Partners level. The Private Debt team works closely with the central team that has ESG oversight across all asset classes. This includes benefitting from market intelligence, analytical best practices and shared resources, learning and approaches from other asset classes within LGT Capital Partners. The Private Debt team designed and implemented the Impact and ESG Framework to address specific private debt asset class reporting obligations in close collaboration with the team referenced below:

Team member	Primary role	Impact/ESG responsibilities
Tycho Sneyers	Managing Partner at LGT Capital Partners, and Chair of the ESG Committee. He has initiated and led the firm's ESG efforts since 2002, including measures to embed ESG principles in its investment processes for its various asset classes. He currently serves on the Board of Directors of the UN PRI.	Provides oversight and guidance to the Private Debt team, including supporting new initiatives that are presented by the Private Debt team at least once a month as part of its participation in the LGT Capital Partners ESG Committee.
Keimpe Keuning	Head of ESG and Impact in Private Markets. Leads the development of LGT Capital Partners' Impact Framework. Role includes acting as Chair of the Private Markets ESG Committee. Responsible for implementing the ESG and Impact Strategy a cross Private Markets.	Materially supports the adaptation of all ESG and impact initiatives in Private Debt funds, and plays an active role in reviewing the impact assessment of opportunities proposed by the Private Debt Investment team.
Stefan Lügstenmann	Responsible for impact assessment, management and reporting in Private Equity. Covers ESG and impact analytics across Private Markets and specifically assesses direct investments.	Materially supports the adaptation of the Impact Framework for the Private Debt funds. Acts as a sparring partner for the Private Debt Investment team during the assessment of new impact opportunities.

Our internally developed tools include an ESG seven-factor scorecard and impact scorecard (for use in the case of an impact deal). The ESG seven-factor scorecard evaluates portfolio companies using a number of standalone assessments on specific ESG considerations. These include: (i) a climate resilience and CO2 assessment tool, (ii) a public controversy check via RepRisk, and discussion of matters with the LGT Capital Partners ESG Committee (if applicable), and (iii) rating the private equity sponsor with reference to an independent score generated by the Private Markets ESG team. It also benchmarks portfolio

companies against (iv) alignment with the SDGs, (v) company due diligence in relation to ESG matters and with reference to SASB, (vi) compliance with the PAIs, and (vii) an assessment of the biodiversity profile of companies using a third-party assessment tool. The assessment of each investment is done pre-commitment and at least once annually following the completion of the ESG survey, as discussed earlier. The company responses are used to ensure ESG monitoring is data driven, with the survey content regularly reviewed and amended based on the most recent review of ESG approaches and outcomes.

We use a number of third-party providers, with their expertise and services supporting our ESG approach, assessments and reporting. These are listed below:

Provider	Service
RepRisk	ESG-related reputational risk over a five-year historic period (database screening and alerts)
Upright Platform	Net Impact Score for assets (if required), including alignment to SDGs and PAI compliance (only used for impact fund assets)
Altitude by AXA Climate	Platform used to generate predicted climate and biodiversity footprint / profile based on location- and activity-based inputs
Bluemark	Introduced on a deal-by-deal basis engagement where there is an ESG margin ratchet

2 Actions taken to strengthen the Firm's internal capacities

The sharing and accumulation of specialist ESG and impact investing knowledge is a priority for the LGT Private Debt team. We employ a number of approaches to ensure the delivery of the relevant training sessions to the management team, the Investment team and the Operations teams, including:

- Mandatory Firm-wide ESG training for all employees (including the UN PRI Academy Certificate);
- Targeted workshops with the Private Debt Investment team on how to evaluate investment opportunities with clearly defined impact and ESG criteria;
- Formalized Investment Committee process changes to incorporate mandatory screening and due diligence criteria;
- Targeted operations workshops on the impact of ESG ratchets on commercial terms of loan agreements, and the consequences for fund NAV/performance and investor reporting outputs;
- Targeted fund controller workshops to develop knowledge of mandatory SFDR requirements at year-end reporting dates;
- Inclusion of the Private Debt business unit at the point of inception for all relevant flagship projects implemented across LGT Capital Partners regarding the development and enhancement of ESG and impact-related processes. This includes the objectives of improving ESG data quality, and of designing and implementing scalable and automated solutions to generate periodic deliverables. These measures are ultimately designed to comply with regulatory requirements, internal management guidelines and external investor-led obligations.

We engage with business units through a variety of structured communication measures to promote ESG and impact investing-related topics:

- Mobilization of partner and principal initiatives to promote strategic objectives and best practices within the business units, including Private Debt;
- Specific and frequent interaction between the Private Debt team and central LGT Capital Partners' subject matter experts and technical ESG forums, which promote knowledge-sharing and best practice in the fast-moving and continuously changing ESG regulatory environment. This includes, but is not limited to, approaches being coordinated in relation to climate and biodiversity with pan-Capital Partners working groups.

Using this knowledge base and its analytical capabilities, the Private Debt team also contributes to the preparation of:

- Annual LGT Capital Partners ESG Report, specifically the latest Private Debt insights, including sharing portfolio-level KPIs based on survey responses from our portfolio companies.
- A detailed analysis of the full Private Debt asset portfolio, using the Impact and ESG Framework, to complete an historic assessment of each underlying investment under the defined impact and ESG criteria. This provided valuable insights and indicated that 15% of the aggregate historical portfolio would be classified as 'impact investments' under current parameters.

Alongside the incorporation of impact and ESG criteria into the formal investment process, recent developments include the formation of the Crown Impact Private Debt (CIPD) fund. CIPD has a specific investment thesis covering three impact themes: Climate Action, Inclusive Growth and Healthcare (supporting 11 SDGs).

SECTION C – Approach to the consideration of ESG quality criteria at the level of the Firm's governance

1 Knowledge, skills and experience of the governing bodies in taking decisions relating to the integration of ESG criteria

The Firm's governing body/ LGT Private Debt management team

The members of the Firm's governing body – in collaboration with the other partners of LGT Private Debt – determine the overall strategy, including the ESG strategy, of the LGT Private Debt business and define the investment policy, especially in respect of the integration of ESG criteria, of each of the funds managed by the Firm.



Etienne Haubold

Head of the LGT Private Debt business and member of the Firm's governing body (Président)

Prior to joining the firm in 2006, Etienne Haubold spent two years at Société Générale in its Leveraged Finance team, where he was in charge of sourcing, arranging and monitoring mid-market senior and mezzanine debts. He began his career at The Boston Consulting Group on assignments for corporate and private equity firms, with a focus on consumer goods, chemicals, industrial goods and utility sectors. He sits on the Board of several mid-cap corporates. He has been particularly involved in ESG matters for LGT Private Debt and drives ESG integration in the Private Debt business and the development of an impact offering.



Kevin Abrial

LGT Private Debt Partner and member of the Firm's governing body (Directeur Général)

Kevin Abrial joined the firm's Paris office soon after its inception in 2006. He started his career in the M&A team of Arthur Andersen and then spent four years in the Corporate Finance department of BNP Paribas, where he was involved in various M&A transactions in Europe and Latin America. Kevin Abrial co-leads LGT Private Debt's investment activities across Europe. In the area of ESG, he ensures that ESG policies and frameworks are fully integrated into our investment processes.



Matthew Gordon Clark

LGT Private Debt Partner

Matthew Gordon Clark joined the firm in 2005 from Mezzanine Management Limited, where he was a Director focusing on UK and European investments. Deal responsibilities included the origination and structuring of new investments and management and the exit of portfolio companies. Prior to joining Mezzanine Management Limited in 2000, he worked for the acquisition finance team at NM Rothschild & Sons. He previously completed a six-year commission in the British Army. He sits on the Boards of several portfolio companies. He oversees LGT Private Debt's Investors Relations function and has been pivotal in ensuring we follow ESG best practice.

The Firm's supervisory body/LGT Capital Partners senior executives

Three senior executives at LGT Capital Partners have a seat on the Firm's Supervisory Board and oversee the decisions taken by partners at LGT Private Debt on overall strategic matters, including the ESG strategy of the LGT Private Debt business.



Roberto Paganoni

Chief Executive Officer of LGT Capital Partners and member of the Firm's Supervisory Board

Roberto Paganoni is the Chief Executive Officer and co-founder of LGT Capital Partners. He joined LGT Group in 1997 to form the Alternative Investments Group, which is now LGT Capital Partners Ltd. Prior to joining LGT Group, he spent eight years at McKinsey & Company, where he managed international projects in the areas of industrial goods, airlines, telecommunications and financial services. Long before ESG-related regulations were introduced, he was already a strong advocate of the integration of ESG factors into the investment decision process and subsequently drove their implementation across LGT Capital Partners.



Werner von Baum

Chief Risk Officer of LGT Private Debt and member of the Firm's Supervisory Board

Werner von Baum is a Managing Partner and Chief Risk Officer of LGT Capital Partners. He is a member of the Executive Committee and chairs the Risk and the Compliance Committee. Before joining LGT Capital Partners in 2005, he was Managing Director at HypoVereinsbank (HVB) in Munich, where he built up and led the Corporate Origination and High Yield Capital Markets business. Prior to joining HVB, he worked for Bankers Trust in London, where he held various positions in the marketing, structuring and trading of fixed income, FX and equity derivatives. He took the overall lead in designing and implementing LGT Capital Partners' ESG policies and framework. In his role as CRO, he is responsible for ensuring that LGT Capital Partners follows a consistent approach to ensure that ESG-related risks are adequately measured, assessed and mitigated.



John Kossow

Chief Financial Officer of LGT Capital Partners and member of the Firm's Supervisory Board

John Kossow is a Partner and Chief Financial Officer of LGT Capital Partners. He is a member of the Executive Committee. Prior to joining LGT Capital Partners in 2010, he spent over five years at KPMG Zurich's Audit Financial Services department, where he managed financial and regulatory audits as well as special projects in the Swiss banking industry. In his role as CFO of LGT Capital Partners Group, he coordinates all efforts to ensure that ESG-related aspects are adequately reflected in the financial reports issued by LGT Capital Partners and all of its entities.

2 Integration of sustainability risks into the Firm's investment decision-making processes and alignment of remuneration practices

The Firm's investment decision-makers (i.e. members of the Firm's Investment Committee) are primarily responsible for ensuring that for any given investment opportunity, all relevant material sustainability risks are adequately identified and assessed and are effectively managed.

Through the carried interest mechanism in place for all the funds managed by the Firm, the Firm encourages investment decision-makers to incorporate all relevant material risks – including relevant material sustainability risks – to which a given investee company is exposed i) at the time of the investment decision and ii) throughout the entire period during which the investee company is held in our funds.

Carried interest is a mechanism whereby the Firm's investment decision-makers make a personal investment in the funds managed by the Firm, thus constituting a personal financial risk for the Firm's investment decision-makers. Carried interest is calculated and distributed to the Firm's investment decision-makers (if carried interest is to be distributed) at the end of the life of the fund. Return on investment for carried interest mechanically depends on the rate of return of the investors in the funds. If the rate of return of the investors is below a certain threshold (defined at the inception of the fund in the legal documentation as the 'hurdle rate'), the personal investment of the Firm's investment decision-makers is lost.

If the Firm's investment decision-makers fail to adequately identify and assess and effectively manage all the relevant material risks – including material sustainability risks – of an investment opportunity / portfolio company, and in the event that such risks materialize, the financial performance of the fund, together with the return on investment for the carried interest, will be negatively impacted.

We believe that the carried interest mechanism is consistent with the integration of sustainability risks into our investment decision-making process and ultimately aligns the interests of the investment decision-makers with the interests of the investors in a way that is consistent with the investment horizon of the funds we manage.

In addition, the Firm's investment decision-makers are entitled to receive a variable remuneration component on an annual basis provided the objectives defined at the beginning of each year are met. These objectives include ESG objectives, particularly the objective to maintain and constantly improve operational processes within the Firm in order to identify, assess and manage sustainability risks during the investment selection process and the holding period. For the Firm's investment decision-makers, the variable remuneration component is determined by the Firm's Executive Directors and/or the Group Senior Executives, together with the Group Remuneration Committee.

The members of the Investment team who perform investment research and financial analysis play a key role in supporting the members of the Firm's Investment Committee, especially in terms of identifying, assessing and managing the sustainability risks of each investment opportunity / portfolio company. The members of the Investment team (those having generally more than two years of experience) are also subject to the carried interest mechanism and are therefore also incentivized to identify, assess and effectively manage all the relevant material risks – including the relevant material sustainability risks – of an investment opportunity / portfolio company.

Further, through annual variable remuneration, the members of the Investment team are incentivized in a manner that rewards the accuracy and comprehensiveness of their sustainability risks analyses. For members of the Investment team, the variable component of remuneration is determined by the Firm's Executive Directors together with the Group Remuneration Committee.

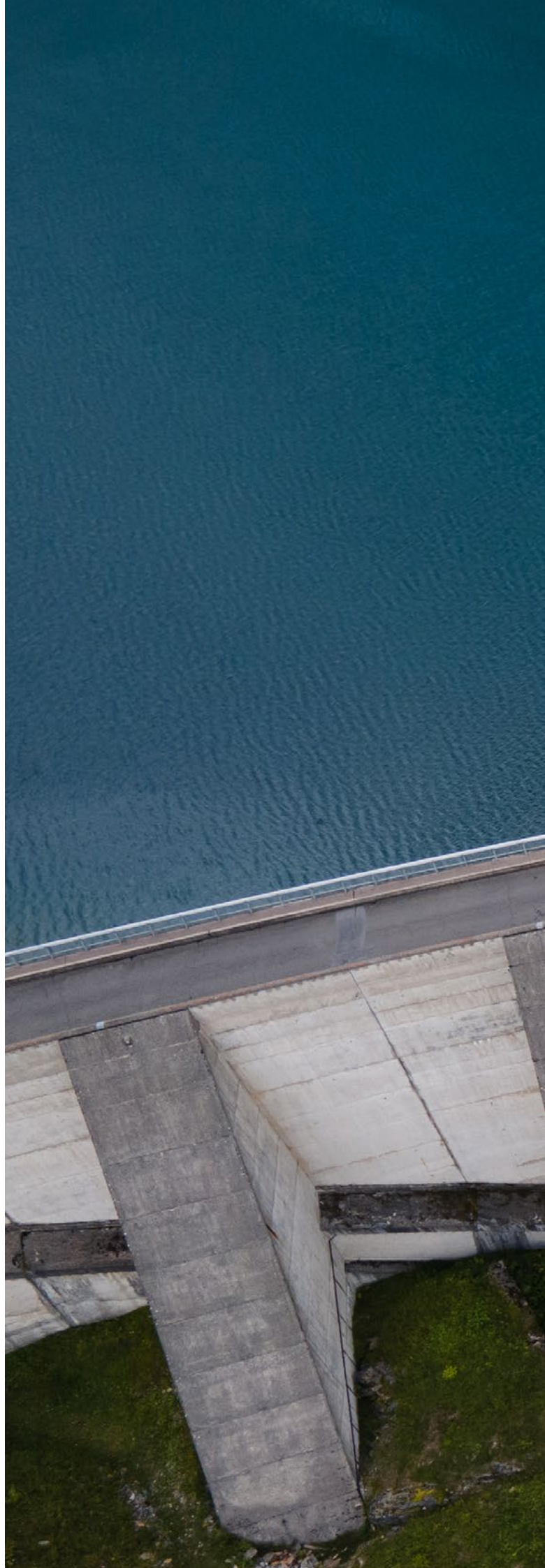
The information presented above for the purpose of our Article 29 reporting obligations is discussed in more detail in the Firm's Remuneration Policy.

3 Integration of ESG criteria into the internal regulations of the Firm's Board of Directors or Supervisory Board.

Our Firm is a French simplified joint stock company run by the Firm's governing body under the supervision of the Firm's Supervisory Board. The members of our Supervisory Board represent LGT Capital Partners, which is the group to which the Firm belongs. Our Supervisory Board does not currently have internal regulations in place. We are considering the possibility of implementing internal regulations for our Supervisory Board and integrating ESG criteria into such regulations.

The Supervisory Board of LGT Private Debt (France) S.A.S. regularly reviews key ESG and sustainability initiatives, with monthly updates provided to the Board by the Head of ESG & Impact, Private Debt during monthly management meetings. Board engagement and oversight are integrated into daily activities, including in the pre-investment stage and during the investment period at portfolio company level where applicable. Consequently, to ensure an appropriate level of expertise and consistency, Board members attend ESG and sustainability training, which is provided to our investment professionals and covers all elements of our approach at both investee company and at a portfolio level. Recently, this has included external training provided to the Investment team related to biodiversity and climate change and insights into how to analyze and incorporate these aspects when conducting due diligence and presenting investment opportunities.

LGT Capital Partners provides company-wide training, such as the mandatory completion of UN PRI ESG training, and delivers ESG and sustainability updates to all employees at least once annually. As part of the close integration between LGT Private Debt and LGT Capital Partners, our Risk and Portfolio teams present a quarterly dashboard of our ESG and sustainability initiatives and risks to the LGT Private Debt Audit and Risk Committee. Close coordination between LGT Capital Partners, internal stakeholders and the Supervisory Board through key members of our Risk, Portfolio and ESG teams ensures alignment and transparency.





SECTION D – Strategy for engagement with portfolio companies

LGT Private Debt acts as a direct private debt investor and therefore has limited decision-making powers in terms of the implementation of strategic ESG and impact action plans at investee level. However, it has developed an engagement strategy encompassing various stakeholders and includes the integration of ESG and sustainability factors in its investment approach.

1 Scope of companies covered by the engagement strategy

LGT Private Debt has developed an engagement strategy with various stakeholders that covers 100% of its investments.

Engagement during investment phase

LGT Private Debt seeks to invest in companies that do not present material ESG risks. As part of its investment due diligence process, it has developed a seven-factor proprietary ESG scoring model that includes an ESG rating of the majority equity shareholder it partners with. This points to the existence of a dialogue with shareholders that includes the consideration of ESG reporting and the carbon footprint in loan documentation, as well as collaboration regarding the implementation of ESG margin ratchets and sustainability-linked loans.

Engagement during monitoring phase

LGT Private Debt conducts an annual ESG survey that encompasses its portfolio companies. It collects and prepares aggregated ESG and carbon footprint KPIs annually. As part of this practice, LGT Private Debt shares the results of its ESG survey with each portfolio company for benchmarking purposes and encourages them to conduct an annual carbon footprint assessment.

Further, LGT Private Debt uses Board observer seats to (i) make sure ESG is considered in the portfolio company's agenda and (ii) promote best practices through our dialogue with shareholders and management.

Engagement with employees

LGT Private Debt implements dedicated ESG and/or impact training sessions for the entire Investment team and portfolio monitoring team at least once annually. Team members are also regularly updated on the evolution of the investment due diligence process. Moreover, oversight and implementation responsibilities for ESG integration fall within the scope of each Investment team member's responsibilities, with ESG engagement forming part of their annual objectives, which are tied to the variable component of their annual compensation.

Engagement with industry

LGT Private Debt commits to several international or industry standards that promote responsible investment practices, such as France Invest, of which we are a member. This French Private Equity Association brings together private equity firms that operate in France and the associated professions that support them. Its members play a major role in the growth and transformation of companies and in supporting the French economy. We oversaw the Private Debt section of the annual ESG report of the French industry participants. We are also a signatory to IC International, a general partner-led initiative to assist private equity-held portfolio companies in monitoring and reducing carbon emissions. We submitted our application to become part of the Impact Committee of France Invest.

2 Presentation of voting policy

As a direct private debt investor, LGT Private Debt is not in charge of shareholder-led or shareholder-suggested responses to specific ESG issues, nor is it in a position to implement a strategy. Consequently, we do not have a voting policy.

However, as a majority private debt investor, LGT Private Debt often has Board observer seats and promotes best practices through our dialogue with shareholders and management, as well as our annual ESG survey, by for example: (i) sharing the results of our annual ESG survey of the portfolio with each portfolio company to allow it to benchmark itself, or (ii) encouraging the adoption of an annual GHG assessment process within our portfolio.

3 Report on the engagement strategy implemented

LGT Private Debt's annual ESG survey achieved a 98% response rate in 2023. In all new investments completed during 2023, LGT Private Debt secured ESG and carbon footprint reporting, as well as implementing ESG margin ratchets.

Quantitative information related to the engagement strategy implemented:

Percentage of companies involved in dialogue out of all companies involved in the topic covered	100%
Specify the denominator of the above indicator	39

4 Report on the voting policy

As a private debt investor, LGT Private Debt is not in charge of shareholder-led or shareholder-suggested responses to specific ESG issues or in a position to implement a strategy. However, we do promote best practice through our dialogue with shareholders and management, as well as our annual ESG survey, by for example: (i) sharing the results of our annual ESG survey for the portfolio with each portfolio company to enable them to benchmark themselves, or (ii) encouraging the adoption of an annual GHG assessment process within our portfolio.

5 Decisions taken in terms of investment strategy, particularly in terms of sectoral disengagement

For each fund structure, the formal documentation – specifically the Limited Partnership Agreement (LPA) – explicitly states the segment of the credit market involved, the geographical range, the indicative business size, and the sectors and industries that the fund will either actively pursue or avoid. This is determined prior to each fund launch and reinforced throughout the

fundraising period and into the active investment period of the fund life. The exclusion policy is reviewed periodically to ensure consistency with the fundamental investment strategy and intended criteria.

In addition to negative screening, LGT Private Debt has developed an asset selection process and monitoring that include seven different ESG and sustainability factors, which are assessed using a combination of proprietary tools and commonly used industry frameworks. These seven factors are:

- i. ESG controversy check – We consider any controversial ESG issues identified by our risk monitoring solution via the RepRisk platform. We also consider any ESG sensitivities identified, typically related to the business model of the company or the market in which it operates.
- ii. Sponsor rating – We use internally generated sponsor ratings. If no ESG rating on the sponsor is produced internally, we carry out a qualitative assessment of the manager's ESG practices based on publicly available information and our own due diligence on the manager.
- iii. SDG impact assessment – Using the company's industry sector as a proxy, we determine whether the company is likely to have any positive or negative impacts on or alignment with the SDGs.
- iv. PAIs – Where possible, we assess investee companies against the PAI indicators to ensure we consider all ESG sustainability risks at asset level.
- v. Climate resilience – We systematically consider risks related to climate change and assess the materiality of those risks for any specific business. We have developed our own Climate Resilience Framework, which is aligned with TCFD recommendations. The framework enables us to analyze a company's resilience to physical climate risks (related to climate change itself) and transition risks (related to the transition to a low-carbon economy). On the back of our analysis, we rate the materiality of such climate risks. This allows for informed asset selection based on climate change considerations and for the subsequent monitoring of the portfolio's composition according to the risks identified.
- vi. Biodiversity risk profile – We assess biodiversity impacts and dependencies, as well as the associated risks and opportunities, in investment decisions with the help of the third-party analysis tool Altitude by AXA Climate, which includes the provision of estimated MSA.km2 calculations.
- vii. Materiality assessment – We carry out a review of the various ESG factors that are defined as material for the industry in question by SASB.



SECTION E – European taxonomy and fossil fuels

1 Investments in economic activities contributing to environmental objectives

As of 31 December 2023, we have no portfolio companies for which an analysis was made to assess how much their economic activities contribute to environmental objectives.

2 Exposure to companies active in the fossil fuel sector

LGT Private Debt excludes from its investment universe companies that are active in the fossil fuel sector, as defined by Annex I to Commission Delegated Regulation (EU) 2022/1288. Its exposure to companies that are involved in exploration, development, production, transportation, refining or sales activities related to non-renewable carbon-based energy sources, such as solid fuels, natural gas and oil, represents 0% of its total assets under management.

Quantitative data related to exposure to companies active in the fossil fuel sector:

Share of assets under management in companies active in the fossil fuel sector (in %)	0
Share of assets under management in companies active in the coal sector (in %) (optional)	0
Share of assets under management in companies active in the conventional oil and gas sector (in %) (optional)	0
Share of assets under management in companies active in the unconventional oil and gas sector (in %) (optional)	0

SECTION F – Strategy for alignment with international objectives for limiting global warming

The **Paris Agreement** is a legally binding international treaty on climate change. It was adopted by 196 countries at the UN Climate Change Conference (COP 21) in Paris, France, on 12 December 2016. The Paris Agreement represents a milestone accord in the multilateral climate change process. In fact, this is the first time that a binding agreement has brought all nations together to **combat climate change** and accelerate the actions needed for **a sustainable low-carbon future**. The Paris Agreement’s central objective is to strengthen the global response to the threat of climate change by **holding the increase in global average temperature at below 2°C** above pre-industrial levels and pursuing efforts **to limit the temperature increase to 1.5°C** above pre-industrial levels. Currently, the global average temperature is **already about 1.3°C higher** than it was in the late 1800s. To keep global warming to no more than 1.5°C – as called for in the Paris Agreement – **global GHG emissions need to be reduced by 45% by 2030 compared to 2010 levels and to reach net zero by 2050.**¹

Our Firm is committed to achieving the goal of net zero GHG emissions by 2050, in line with global efforts to limit warming to 1.5°C. Within the LGT Private Debt business, we have defined **a strategy** that we believe to be consistent and appropriate to meet this objective. Our strategy is built on two main pillars, each with specific associated steps:

- **Pillar I:** Define quantitative targets that we can easily monitor in order to assess the extent to which we are aligned with the objectives of the Paris Agreement. The steps associated with Pillar I are:
 1. Determine our carbon footprint baseline (expressed in absolute value and carbon intensity) in respect of the reference year we have chosen, which is 2022.
 2. Establish a quantitative target for 2030 (expressed in intensity value (tCO_{2e}/mEUR invested)).
 3. Define annual carbon budgets (expressed in intensity value (tCO_{2e}/mEUR invested)).

- **Pillar II:** Determine a set of measures and actions consistent with the 2030 target we have established and monitor the effectiveness of such measures and actions. The steps associated with Pillar II are:
 4. Define and implement measures and actions related to the investment due diligence process and portfolio companies’ monitoring process that we believe are consistent for meeting the annual carbon budgets we have defined.
 5. Assess on an annual basis the extent to which we meet our annual carbon budget by comparing that budget with the actual GHG emissions of our portfolio.
 6. If necessary, i) determine and implement corrective actions, and/or ii) strengthen the measures and actions in place related to the investment due diligence process and portfolio companies’ monitoring process.

1 Carbon footprint baseline (reference year: 2022)

An initial assessment was carried out for 2022. This assessment consisted of determining the carbon footprint baseline (expressed in carbon intensity) of our portfolio based on the GHG emissions of the portfolio companies held in the funds we manage.

Year	Carbon footprint	
	Scope 12	Scope 123
Baseline 2022	7.4	147.3
Measurement unit	tCO_{2e}/MEUR (invested)	

¹ Website of the United Nations Framework Convention on Climate Change (UNFCCC): <https://unfccc.int/> [13th May 2024]

For this initial assessment, all the portfolio companies held in the funds managed by LGT Private Debt have been considered as of 31 December 2022; that is a total of 41 portfolio companies. For this assessment, we have relied on data provided directly by our portfolio companies and used sectorial proxies as needed. Proxy calculations are based on public-market proxies for the most granular GICS category, GICS sub-industry level per scope. For the information in the table below, we have indicated the percentage of emissions from portfolio companies versus the percentage of emissions calculated by relying on sectorial proxies for Scope 1, Scope 2 and Scope 3 GHG emissions, respectively:

Scope	Source of data	
	From portfolio companies	Sectorial proxies
Scope 1	63%	37%
Scope 2	45%	55%
Scope 3	50%	50%

2 Quantitative target (for 2030)

Based on the baseline for the reference year 2022 and with the objective of achieving net zero by 2050, we have defined a target volume of carbon emissions that we will seek to reach by 2030. Our target is **4.5 tCO₂e/mEUR (invested)**. In fact, our aim is for the total carbon emissions (Scope 1 and Scope 2) per million invested by the portfolio companies held in the funds managed by LGT Private Debt in 2030 to be equal to or below this target. A new target will be defined in 2030 for the year 2035 and then every five years thereafter until 2050. Our quantitative target does not include Scope 3 emissions for the time being. We plan to expand our carbon trajectory analysis to include Scope 3 emissions in the future.

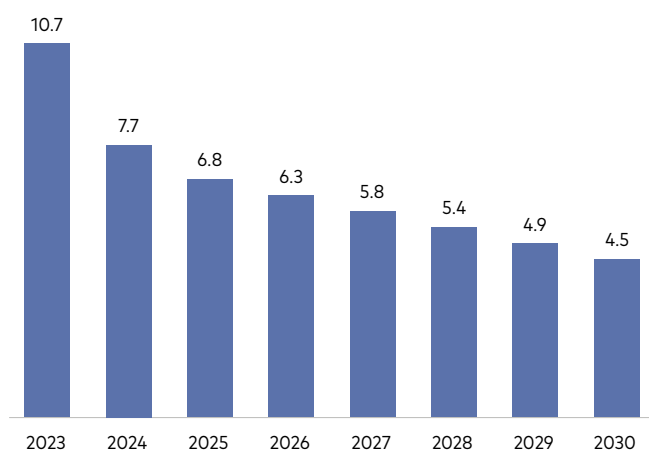
Quantitative information related the Firm's strategy for alignment with the international objectives for limiting global warming set out in the Paris Agreement:

Quantitative objective for 2030 ²	4.5 tCO ₂ e/mEUR
Unit of measurement of the quantitative objective for 2030	Carbon intensity (tCO ₂ e/mEUR)
Amount of assets under management covered by the quantitative alignment objective ³	EUR 2.05b AUM
Share of assets under management covered by the quantitative alignment objective over total assets under management	100%
Type of asset covered by this objective	Private debt investments

3 Annual carbon budgets (period 2023–2030)

The methodology we use to assess the alignment of our investment strategy with the Paris Agreement is based on the annual carbon budget that we built with the support of the ESG team of LGT Capital Partners. Considering our 2022 carbon footprint baseline and our 2030 target, we have set up the following annual carbon budgets for each year for the period 2023–2030:

Annual carbon budgets – tCO₂e/MEUR (invested)



² Scope 1 and scope 2 only

³ AUM for LGT Private Debt as a whole (LGT Private Debt (France): EUR 1,849m AUM and LGT Private Debt (UK): EUR 201m

Our carbon budgeting methodology is based on the International Energy Agency (IEA) Net Zero 2050 scenario and covers Scope 1 and Scope 2 emissions only. For homogeneous high-emitting industries, the sector decarbonization approach (SDA) based on the IEA industry-specific pathways is used to determine the carbon budgets. For heterogeneous or low-emitting industries, the value-added approach based on the global IEA pathway is used. For this initial assessment, proxy industry budgets based on the public-market proxies on the most granular GICS category, the GICS subindustry, are used.

Quantitative information related to the Firm's methodology to assess the alignment of the investment strategy with the Paris Agreement:

Use of an internal methodology?	Yes
Level of coverage at portfolio level	100%
Evaluation time horizon	31 December 2030

4 Measures and actions associated with the Firm's strategy for alignment with the Paris Agreement objectives

To support the achievement of our strategy for alignment with the objectives of the Paris Agreement, LGT Private Debt has put in place a series of measures and actions that relate, in particular, to our investment due diligence and portfolio monitoring processes. These measures and actions include:

- **Exclusion List** – In accordance with the Exclusion List that applies across all the funds we manage, we do not invest in companies that directly generate revenues from activities related to the extraction, production or sale of [thermal] coal or non-conventional hydrocarbons operations. Our current portfolio does not include this type of companies. More generally, our Exclusion List is aligned with the exclusions set out in article 12(1) of EU Regulation 2020/2018 for EU Paris-aligned benchmarks;
- **Carbon footprint assessment** – For each investment opportunity that is presented to the Investment Committee, we systematically perform an assessment of the carbon footprint of the company that we are considering investing in. This assessment may be based on data provided directly by the company

and/or sectorial proxies provided by external ESG-data providers. Such data may be complemented and refined through dedicated ESG due diligence, where applicable. In addition, we systematically determine whether the companies we consider investing in have decarbonation plans in place. Both criteria (carbon footprint assessment and decarbonation plan) are taken into account when making an investment decision, as they enable us to determine the extent to which an investment opportunity fits with our strategy for alignment with the objectives of the Paris Agreement.

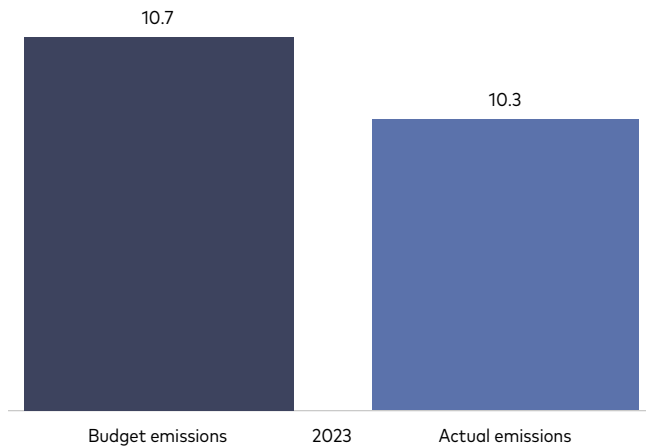
- **ESG margin ratchets** – We seek to agree on the implementation of ESG margin ratchets with new portfolio companies (and their respective majority shareholders) as far as possible. ESG margin ratchets are a mechanism whereby the interest rate margin decreases if one or several ESG-related KPIs are met (including emissions reduction targets). ESG margin ratchets are negotiated on a case-by-case basis, and we seek to implement this mechanism for each new company in our portfolio.
- **Engagement/ongoing dialogue with portfolio companies** – We maintain an ongoing dialogue with our portfolio companies (and their shareholders) and encourage portfolio companies to implement measures and actions to reduce their exposure to ESG risks and their ESG impacts (including carbon emissions). Further details of our engagement vis-à-vis our portfolio companies are provided in Section D 'Engagement' of this report.

5 Annual assessment ('actual GHG emissions' vs 'carbon budget')

We evaluate the extent to which our strategy is aligned with the objectives of the Paris Agreement on an annual basis. These evaluations consist primarily of a comparison of the annual carbon budgets we have established for each year until 2030 and the actual measured emissions of portfolio companies for the relevant year (using data provided by our portfolio companies or sectorial proxies).

For 2023, we compared the total emissions (Scope 1 and Scope 2) of the portfolio companies held in the funds managed by LGT Private Debt with the 2023 carbon budget:

Annual carbon budgets – tCO₂e/MEUR (invested)



In 2023, the total emissions (Scope 1 and Scope 2) of the portfolio companies held in the funds managed by LGT Private Debt were 3% below our 2023 carbon budget.

Quantitative information related to the quantification of results:

Free metric	10.3 tCO ₂ e/mEUR
Description of the free metric	Carbon intensity
Free metric unit of measurement	tCO ₂ e/mEUR

Note: Neither the Firm nor the other entities of LGT Private Debt manage index funds. We do not therefore use the "climate transition" and "Paris Agreement" benchmarks defined by Regulation (EU) 2019/2089 to assess the extent to which our strategy is aligned with the objectives of the Paris Agreement.

6 Corrective actions/revision of the investment process (as applicable)

In 2023, we did not make changes to the investment strategy based on the strategy for alignment with the Paris Agreement compared to 2022. Consequently, we did not take any specific actions to monitor the impact of changes.

We would generally make changes to the investment strategy based on our strategy for alignment with the Paris Agreement in the following cases:

- Due to our constant efforts to improve processes regarding the inclusion of climate change-related criteria – notably carbon footprint assessments – in the context of our investment due diligence process. For this purpose, we monitor market best practices and ensure that our Investment team is fully aware of the latest developments in this area.
- In a situation where the emissions of our portfolio companies would exceed our annual carbon budget. This would trigger mitigation measures and corrective actions, the nature and degree of which would vary depending on the extent to which the annual carbon budget would not be met. For example, we might engage further with portfolio companies to encourage them to intensify their measures to reduce carbon emissions, or we might focus on investment opportunities with very low emissions and/or robust decarbonation plans. For 2023, we are within our annual carbon budget and there are therefore no specific mitigation measures and corrective actions to be implemented.

If it is relevant and/or necessary in the future to make changes to our investment strategy and/or investment due diligence process related to our strategy for alignment with the Paris Agreement, our Head of ESG & Impact will – under the supervision of the Firm's governing body and LGT Private Debt Partners – be responsible for implementing such changes, ensuring that they are operationally effective and verifying that the expected outcomes of such changes are realized.

SECTION G – Strategy for alignment with the long-term biodiversity objectives

1 Measure of compliance with the objectives set out in the Convention on Biological Diversity

Biodiversity is essential to support all life on earth, including humans. The **Convention on Biological Diversity**, which was adopted at the Earth Summit in Rio de Janeiro on 5 June 1992, is an international treaty for 'the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources'. To date, the **Convention on Biological Diversity** has been ratified by 196 nations.

The overall objective of the **Convention on Biological Diversity** is to encourage actions that will lead to a sustainable future. The Convention addresses biodiversity at all levels – ecosystems, species and genetic resources as well as biotechnology – and covers all domains that are directly or indirectly related to biodiversity and its role in the development of science, politics, education, agriculture, business, culture etc.

The objectives of the **Convention on Biological Diversity** are to promote the:

- **Conservation of biological diversity**
- **Sustainable use of its components**
- **Fair and equitable sharing of benefits arising out of the use of genetic resources**

The Firm fully supports the objectives of the **Convention on Biological Diversity** and has therefore developed a set of measures that is fully integrated into the investment due diligence process and the investment decision-making process, as well as the portfolio companies' monitoring process, which aims to ensure that the companies we invest in adhere to the objectives of the Convention on Biological Diversity.

Investment process

Across all our investment processes, we apply a comprehensive Exclusion List that excludes any activities that negatively impact biodiversity, such as deforestation to produce palm oil or wood pulp, or companies that are involved in any non-sustainable economic activities to develop their business. Further, we have benchmark exclusions that are aligned with the Paris Agreement and are set out in Article 12(1)(a)–(g) of Commission Delegated Regulation (EU) 2020/2018.

We incorporate the assessment of biodiversity risks and opportunities into investment decisions with the help of the third-party analysis tool Altitude by AXA Climate. In the case of each prospective investment, we examine the company's direct and indirect activities and rate the materiality of its biodiversity profile and associated risks and opportunities. We incorporate the industry metric MSA.km2 by estimating it at company level and, alongside qualitative analysis, we score the company based on its (i) dependency on ecosystem services, (ii) impact on biodiversity, (iii) proximity or impact on areas of interest for biodiversity and (iv) potential to threaten species that are referenced in the Altitude platform outputs.

If any potential investee company is deemed to have material or potential biodiversity-related risks in its operational activities, including indirectly via its supply chain, we will not pursue the investment. If the Investment team identifies minor risks or impacts and believes that strong mitigating actions are being taken by the management team or the majority shareholder, it can propose to take the opportunity forward.

Post-investment (during the holding period)

- **Monitoring:** Throughout the holding period, we monitor whether our portfolio companies have an impact on biodiversity. This includes reviewing data obtained through our annual ESG survey,

which incorporates specific biodiversity-related questions to help us assess their alignment with the PAIs under SFDR. These include asking management teams to confirm whether any potential operations would be conducted near biodiversity-sensitive areas, and if so, which assessments have been conducted and which mitigation measures are in place. The Investment teams additionally complete an annual re-assessment of the biodiversity profile through the Altitude platform and use these outputs to complete an annual review of biodiversity materiality mapping with the ESG Scorecard.

- **Engagement:** If there is any concern about potential issues identified by the investment team, they are immediately discussed with the management team, and if applicable, with shareholders, to ensure the issues are known and actively addressed. We engage in a continuous dialogue with portfolio companies and their majority shareholders to support plans and measures for alignment with long-term biodiversity objectives. If applicable, we are open to discussing potential incentivization through our debt facilities.

2 Analysis of the contribution to the reduction of the main pressures and impacts on biodiversity

In 2019, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) identified the five main drivers of direct pressures responsible for biodiversity decline:

- ✓ Changes in land and sea use
- ✓ Direct exploitation of organisms and resources
- ✓ Climate change
- ✓ Pollutions
- ✓ Invasive species

The identification of the pressures responsible for biodiversity decline for a given investment opportunity is part of the wider assessment of biodiversity impacts carried out by the investment team during the investment due diligence process and investment decision-making process referred to above. The identification and assessment of such pressures is based primarily on:

- Information and documents provided by the company;
- Any assessments carried out by the existing or future majority shareholder;
- Any specific ESG due diligence that the Investment team may mandate dedicated advisory firm to carry out;
- Information provided in **Altitude**

Efforts to identify and assess the pressures responsible for biodiversity decline of an investment opportunity have two main objectives:

- To determine which measures (if any) are in place within the potential portfolio companies to address the pressures that their activities may have on biodiversity; and
- To exclude investment opportunities where we believe the pressures responsible for biodiversity decline are too high and for which no adequate mitigation measures or plans are in place.

Post-investment and throughout the holding period, we assess the extent to which our portfolio companies help to reduce the main pressures driving the decline in biodiversity as a result of their activities. In particular, this includes:

- Analyzing the data related to the impacts on biodiversity reported to us in the annual ESG questionnaire sent to our portfolio companies; and
- Dialogue with the management of our portfolio companies and their respective shareholders, especially on the implementation and effectiveness of measures taken by the portfolio company to reduce the pressures responsible for the decline in biodiversity.

The assessment we perform each year may allow us to engage with portfolio companies more actively and to foster the implementation of more decisive measures within portfolio companies to reduce any pressures responsible for the decline biodiversity resulting from their activities.

3 Reference to the use of a biodiversity footprint indicator

The biodiversity footprint indicator that we use is provided by **Altitude**, a building science-based and data-driven SaaS solution developed by **AXA Climate**. Altitude follows the Global Biodiversity Score assessment methodology developed by CDC Biodiversité and enables us to evaluate the footprint (i.e. static and dynamic impacts) of companies and investments on biodiversity. The results of assessments are expressed in MSA.km², where "MSA" denotes the Mean Species Abundance. This metric is recognized by the IPBES when assessing the integrity of ecosystems by measuring the abundance of species at a local point: An impact of 1 MSA.km² is equivalent to the total destruction of 1 km² of intact ecosystem. For further information on the Global Biodiversity Score methodology GBS and MSA, please refer to the following webpage: https://www.cdc-biodiversite.fr/wp-content/uploads/2023/07/20230717_STOXX600.pdf).

The **Altitude** platform enables us to calculate the biodiversity footprint of investments depending on i) the sector and sub-sector of a company, and ii) the country or countries where the company and its assets are located. **Altitude** does not currently enable users to identify variations in biodiversity footprint within a single country.

We currently use **Altitude** for:

- Investment opportunities: We calculate the biodiversity footprint of each investment opportunity by performing an assessment using the Altitude platform based on the geographical location of the company's main operational sites (i.e. headquarters, production sites / factories, warehouses, research centers, distribution centers), alongside headline information related to the company's activities, the sectors it operates within and its key financial data to help generate output focused on nature-related physical and transition risks.
- Portfolio companies: We calculate the biodiversity footprint of all the portfolio companies in which we have invested since the launch of our latest fund in 2021. Our objective for the near future is to run the analysis for all the companies in our portfolio. This allows us to monitor the change from one year to the next and to potentially engage with portfolio companies and their majority shareholders about this topic. In addition, biodiversity footprints are aggregated, meaning that we can obtain an overall biodiversity footprint of our portfolio using MSA.km². This allows us to see how our biodiversity footprint evolves at portfolio level or by sector, geography and other measures.

This indicator will enable us to quantify the extent to which our investment decisions contribute to the realization of the Kunming-Montreal Global Biodiversity Framework targets for 2030. Further work on these targets will be carried out in the coming years.

For further information on these targets, please refer to the Convention on Biological Diversity webpage at: <https://www.cbd.int/gbf/targets>).

Quantitative information related to the biodiversity footprint indicator:

	Terrestrial	Aquatic
Static impact	394.9	17.4
Dynamic impact	2.7	0.1
Free metric unit of measurement	MSA.km ²	
Brief description of the metric	Mean Species Abundance (MSA) is a metric recognized by the IPBES to assess the integrity of ecosystems by measuring the abundance of species at a local point	
Share of assets under management covered by the biodiversity footprint indicator (in %)	33%	

The Altitude platform follows a multi-dimensional approach to estimating the biodiversity footprint. It covers two criteria: The nature of the impacts (terrestrial or aquatic) and their duration. The pressures covered for every sub-sector are:

Terrestrial ecosystems:

- Land use
- Encroachment
- Fragmentation
- Atmospheric nitrogen deposition
- Terrestrial ecotoxicity
- Climate change

Freshwater ecosystems:

- Hydrological disturbance due to climate change
- Hydrological disturbance due to direct water use
- Wetland conversion
- Land use in catchment of rivers
- Land use in catchment of wetlands
- Freshwater eutrophication
- Freshwater ecotoxicity

In addition, this platform covers the duration of the impacts, distinguishing between static impacts (all impacts occurring before the year of the evaluation) and dynamic impacts (impacts occurring during the year of evaluation).

Appendix of Section G – Definitions of the three objectives of the Convention on Biological Diversity

Conservation of biological diversity

Biological diversity – or biodiversity – can be defined as the variability among living organisms from all sources, including terrestrial, marine and other aquatic ecosystems, and the ecological complexes of which they are part. This includes variations in genetic, phenotypic, phylogenetic and functional attributes, as well as changes in abundance and distribution over time and space within and among species, biological communities and ecosystems. **The conservation of biodiversity** refers to the management of human interactions with genes, species and ecosystems to provide the maximum benefit to the present generation while maintaining their potential to meet the needs and aspirations of future generations; this encompasses elements of preserving, studying and using biodiversity.

<https://www.ipbes.net/glossary/biodiversity>

https://www.ipbes.net/glossary-definitions?search_api_fulltext=Biodiversity+conservation&field_deliverable=

Sustainable use of components of biological diversity

The sustainable use of components of biological diversity has been defined by the Convention on Biological Diversity since 1992 as the use of components of biological diversity in a way and at a rate that does not lead to the long-term decline of biological diversity, thereby maintaining its potential to meet the needs and aspirations of present and future generations.

As the human population increases, so does the pressure on ecosystems, since we draw ever more resources from them. Our ecological footprint on the planet is unsustainable and will become insupportable unless we change our consumption patterns and our behavior in general. In the past, humans have adapted to changing conditions by increasing productivity, but we have now reached the limits of the earth's capacity. Today, our only option is to manage productivity and resources in a sustainable manner, reducing waste wherever possible, using the principles of adaptive management, and considering traditional knowledge that contributes to the maintenance of ecosystem services. Within the **Convention on Biological Diversity**, sustainable use principles are applied to the sectors that most affect biodiversity, such as agriculture, forestry, fisheries, tourism and water management. In 2004, **the Convention on Biological Diversity** Parties adopted the Addis Ababa Principles and Guidelines for the Sustainable Use of Biodiversity, a set of 14 principles that apply to all activities and areas. In 2010, these principles were reaffirmed and their implementation assessed through an in-depth review. By adopting the

Convention on Biological Diversity, governments commit themselves to integrate conservation and sustainable use into their policies at the national level. Biodiversity loss needs to be minimized and local populations require help in restoring degraded areas to support the start of a new era of environmentally-sound economic development.

<https://www.ipbes.net/fr/taxonomy/term/25451>

<https://www.cbd.int/undb/media/factsheets/undb-factsheet-sustainable-en.pdf>

Fair and equitable sharing of benefits arising out of the use of genetic resources

The Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization (ABS) is a supplementary agreement to the 1992 **Convention on Biological Diversity**. It provides a transparent legal framework for the effective implementation of the fair and equitable sharing of benefits arising out of the utilization of genetic resources, thereby contributing to the conservation and sustainable use of biodiversity. The Nagoya Protocol aims to create greater legal certainty and transparency for both providers and users of genetic resources by establishing more predictable conditions for access to genetic resources and helping to ensure benefit-sharing when genetic resources leave the country providing the genetic resources. The Nagoya Protocol on ABS was adopted on 29 October 2010 in Nagoya, Japan, and entered into force on 12 October 2014.

https://www.ipbes.net/glossary-definitions?search_api_fulltext=fair+and+equitable+sharing+of+benefits+arising+out+of+the+use+of+genetic+resources&field_deliverable=

Appendix of Section G – The five main drivers of direct pressures responsible for biodiversity decline

1. Changes in land and sea use (*la destruction et l'artificialisation des milieux naturels*)

The biggest driver of biodiversity loss is how people use the land and sea. This includes the conversion of land cover types such as forests, wetlands and other natural habitats for agricultural and urban uses. Since 1990, around 420 million hectares of forest have been lost through conversion to other land uses. Agricultural expansion continues to be the main driver of deforestation, forest degradation and forest biodiversity loss. The global food system is the primary driver of biodiversity loss, with agriculture alone being the identified threat of more than 85% of the 28,000 species at risk of extinction. Extracting materials such as minerals from the ocean floor and building towns and cities are actions that also impact the natural environment and biodiversity. Reconsidering the way people grow and consume food is one way of reducing the pressure on ecosystems. Degraded and disused farmland can be ideal areas for restoration; this in turn can support in protecting and restoring critical ecosystems, such as forests, peatlands and wetlands.

2. Direct exploitation of natural resources (*la surexploitation des ressources naturelles et le trafic illégal*)

The recent IPBES report on the sustainable use of wild species reveals that the unsustainable use of plants and animals is not just threatening the survival of one million species around the world but is also putting at risk the livelihoods of billions of people who rely on wild species for food, fuel and income. According to scientists, halting and reversing the degradation of land and oceans can prevent the loss of one million endangered species. In addition, restoring only 15% of ecosystems in priority areas can improve habitats, with the rate of extinction being cut by 60% by improving habitats. Negotiations at COP15 focused on protecting plants, animals and microbes whose genetic material is the foundation for life-saving medicines and other products. This issue is known as "access and benefits sharing" and is governed by the Nagoya Protocol. Delegates at COP15 looked at how marginalized communities, including Indigenous Peoples, can benefit from a subsistence economy – a system based on provisioning and regulating services of ecosystems for basic needs. Through their spiritual connection to the land, Indigenous Peoples play a vital protective role as guardians of biodiversity.

3. Climate change (*le changement climatique global*)

Since 1980, GHG emissions have doubled, raising average global temperatures by at least 0.7 degrees Celsius. Global warming is already affecting species and ecosystems around the world, particularly the most vulnerable ecosystems such as coral reefs, mountains and polar ecosystems. There are indications that climate change-induced temperature increases may threaten as many as one in six species at the global level. Ecosystems such as forests, peatlands and wetlands represent globally significant carbon stores. Their conservation, restoration and sustainability are critical to achieving the targets of the Paris Agreement. By working with nature, emissions can be reduced by up to 11.7 gigatons of carbon dioxide equivalents per year by 2030, over 40% of what is needed to limit global warming.

4. Pollution (*les pollutions des océans, eaux douces, sol et air*)

Pollution, including from chemicals and waste, is a major driver of changes in biodiversity and ecosystems, with especially devastating direct effects on freshwater and marine habitats. Plant and insect populations are dwindling because of the persistent usage of toxic, non-selective insecticides. Marine plastic pollution has increased tenfold since 1980, affecting at least 267 animal species, including 86% of marine turtles, 44% of seabirds and 43% of marine mammals. Air and soil pollution are also on the rise. Globally, nitrogen deposition in the atmosphere is one of the most serious threats to the integrity of global biodiversity. When nitrogen is deposited on terrestrial ecosystems, a cascade of effects can occur, often resulting in an overall decline in biodiversity. Reducing air and water pollution and safely managing chemicals and waste are crucial to addressing the nature crisis.

5. Invasive species (*l'introduction d'espèces exotiques envahissantes*)

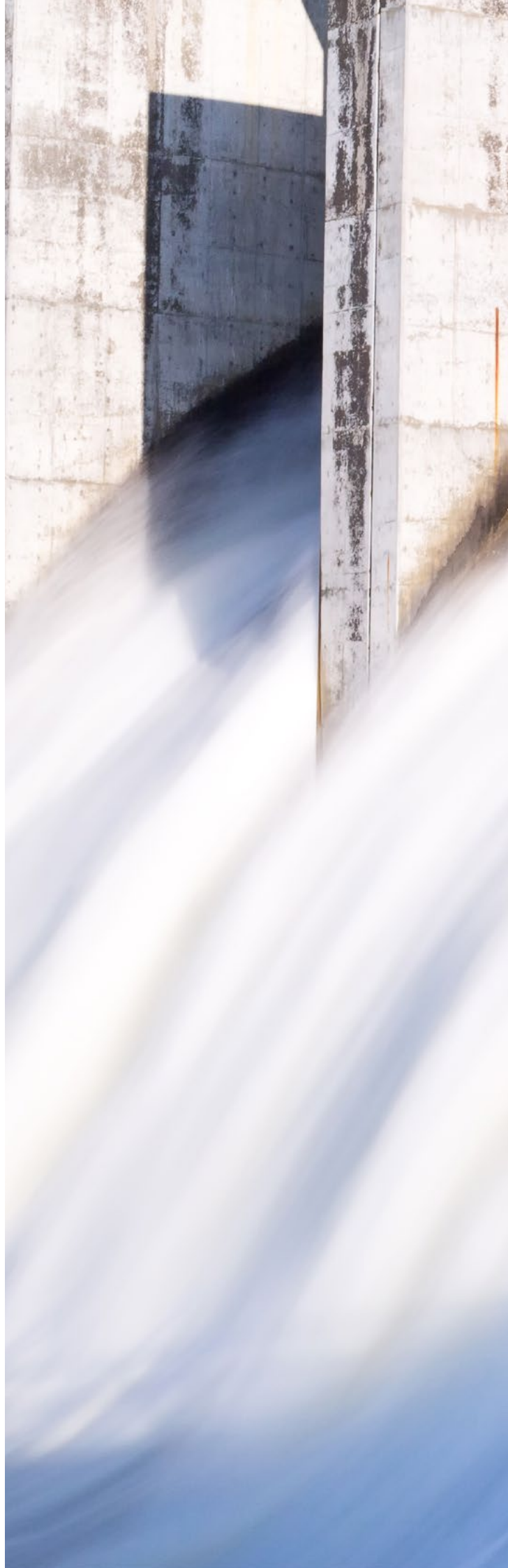
Invasive alien species are animals, plants, fungi and microorganisms that have entered and established themselves in the environment outside their natural habitat. Invasive alien species have devastating impacts on native plant and animal life, causing the decline or even extinction of native species and negatively affecting ecosystems. The global economy, with the increased movement of goods and travel, has facilitated the introduction of alien species over long distances and beyond natural boundaries. The negative effects of these species on biodiversity can be intensified by climate change, habitat destruction and pollution. Invasive alien species have contributed to around 40% of all animal extinctions since the 17th century where the

cause is known. Meanwhile, it is estimated that environmental losses from pests introduced in Australia, Brazil, India, South Africa, the UK and the US will reach over USD 100 billion per year. The threat from invasive alien species is a global issue that requires international cooperation and action. Preventing the international movement of these species and ensuring rapid detection at borders is less costly than subsequent control and eradication measures.

Source: <https://www.unep.org/news-and-stories/story/five-drivers-nature-crisis> (EN),

<https://www.unep.org/fr/actualites-et-recits/recit/les-5-principaux-facteurs-qui-alimentent-la-crise-de-la-nature> (FR) and

<https://biodiversite.gouv.fr/les-5-pressions-responsables-de-leffondrement-de-la-biodiversite> (FR)



SECTION H – Approach to taking ESG criteria into account in risk management

1 Process for identifying, assessing, prioritizing and managing risks related to the consideration of ESG quality criteria

The identification and assessment of ESG risks is an essential part of the investment due diligence we conduct when analyzing investment opportunities. As detailed in Section A of this report, ESG criteria are fully integrated into our investment decision-making process.

Further, the management of ESG risks is an integral part of our portfolio monitoring process that is applied across all the portfolios of the funds we manage.

In this context, ESG risks are managed at two levels:

1. At the level of each individual asset; and
2. At fund level

ESG risk management at individual asset level

The Investment team is primarily responsible for monitoring all relevant ESG risks to which a given portfolio company is exposed throughout the holding period. Those risks comprise existing risks from the date of investment and any such risks arising from that date until the ultimate realisation date.

At individual portfolio company level, ESG risks are monitored as part of the wider portfolio monitoring process, whereby the Investment team ensures that i) the portfolio company is operating in a manner that is consistent with its short-term objectives; ii) the short-term objectives of the portfolio company are consistent with its long-term strategy, and iii) the risks – including ESG risks – to which the portfolio company is exposed are adequately mitigated.

In operational terms, the Investment team carries out regular analysis (e.g. on markets trends, strategic positioning, management and operations) and reviews all the reports submitted to it by the portfolio company

(e.g. financial statements, budgets, commercial initiatives and HR policies). This analysis is complemented by frequent exchanges with the CEO and the management team of the portfolio companies as well as the majority shareholder of the portfolio companies (when this role is not performed by LGT Private Debt). When performing analysis and reviews and engaging in dialogue with the portfolio company, the Investment team systematically seeks to i) identify ESG events that can potentially directly or indirectly affect a portfolio company and ii) assess the extent to which such ESG events – if they materialize – would negatively impact the operations of the portfolio company and its financial performance. In addition, specific tools have been implemented to further support the Investment team in identifying and monitoring ESG risks:

- Rep-Risk: Rep-Risk is an ongoing screening tool that generates alerts if the portfolio company were to become involved in ESG events that may have an impact on the portfolio company;
- Altitude: Altitude is a solution by AXA Climate that enables the Investment team to monitor the sustainability risks (climate physical risks, climate transition risks and biodiversity risks) of our portfolio companies. The Investment team generates reports sourced from Altitude on an annual basis, enabling them to identify any new sustainability risk that our portfolio companies may be exposed to.

Finally, we send all our portfolio companies an annual ESG questionnaire that is linked to the PAIs that we monitor (see our 2023 consolidated statement on PAIs in Part II of this report for more details). The review of the completed ESG questionnaires received by our portfolio companies also helps us to identify new ESG risks and monitor existing ESG risks.

ESG risk management at fund level

In accordance with the applicable requirements, we have implemented risk management measures at fund level that enable us to identify and manage all the

relevant risks to which our funds are or may be exposed. These measures are described in our Risk Management Framework Policy and associated procedures.

A key principle of risk management at fund level, which we apply across all of the funds we manage, is diversification. This means that a specific significant risk to an individual asset does not constitute such a significant risk at fund level.

At fund level, risks – including ESG risks – are monitored by the person responsible for the risk management function, i.e. our Finance Director, who is also a member of the LGT Private Debt management team (our Risk Management function is independent from our operational units).

Our Risk Management Committee, which is led by our Finance Director and chaired by the Head of LGT Private Debt, meets on a quarterly basis. During this meeting, the members of the Risk Management Committee review the main risks to which the funds that we manage are exposed (e.g. market, liquidity, sustainability and counterparty risks), as well as their exposure to all other relevant risks (e.g. business, operational, liquidity and credit risks, which may be material in aggregate or for each individual fund that we manage).

In respect of ESG risk management at fund level, the objective is to assess whether a particular fund is over-exposed to one or several individual ESG risk(s). To make this assessment, we perform both qualitative and quantitative assessments to estimate as accurately as possible the recurrence of the material ESG risks across all the assets of each fund that we manage (where materiality is assessed in terms of the likelihood of occurrence and quantitative impact). If the analysis indicates or leads to the conclusion that a fund is over-exposed to one or several individual ESG risk(s), measures will be taken to reduce that exposure (e.g. the members of the Investment Committee will be informed that additional diversification is needed, the Investment team will be asked to work on mitigation measures at the level of the assets concerned and we may even decide to dispose of assets if we believe that the associated risks could jeopardize the fund and the interests of investors in the funds).

2 Description of the main ESG quality risks

In terms of ESG risks, we see certain patterns across our portfolios where key ESG criteria are below average, such as a lack of gender diversity at senior management level and a lack of sophistication in the measurement, reporting and reduction of GHG emissions. That said, we do not consider these factors to be material and none of our funds are over-exposed to specific ESG risks.

3 Indication of how often the risk management framework is reviewed

The purpose of our risk management framework is to identify and manage all the relevant risks to which our funds are or may be exposed. To ensure that our risk management framework remains adequate and effective over time, the framework is continuously reviewed and amended in accordance with the latest regulatory requirements and guidance and latest market best practice. The arrangements in place in respect of our risk management framework are reviewed on an ongoing basis by the person responsible for the risk management function, i.e. our Finance Director who is also a member of the LGT Private Debt management team. Our Finance Director is responsible for making sure that the risk management measures in place within LGT Private Debt are and remain adequate and effective, especially in respect of any recent activity conducted by the Firm and/or any new strategy employed by the funds we manage.

Any proposal to make a significant change to our risk management framework is to be approved by the members of the governing body of the Firm prior to implementation. The Risk Management Framework Policy is reviewed annually by our Finance Director and the Compliance team, who ensure that any changes in the applicable regulatory risk management obligations that apply to the Firm (as defined in Articles 38 to 45 of AIFM regulation (UE) n. 231/2013 and Articles 318–38 to 318–43 of the AMF general regulation) as well as any new regulatory obligations are reflected in the Risk Management Framework Policy and integrated into our operations.

In addition, our risk management measures are reviewed on a periodic basis by the Firm's Compliance team in accordance with the Compliance Testing Plan. Such reviews consist of carrying out dedicated tests on a sample basis to ensure that our risk management measures are and remain adequate and effective. The conclusions of such reviews and any associated corrective measures/improvement actions are shared with the Head of the Risk Management function and the Firm's governing body and – if approved – are implemented. The findings and recommendations are subsequently reported to the senior Executives of LGT Capital Partners during meetings of the Supervisory Board).

Finally, the Internal Audit team of LGT Capital Partners – our third line of defense - also conducts reviews of our risk management measures on a periodic basis (in accordance with the Internal Audit Plan). Such reviews consist primarily of ensuring that appropriate controls are in place to ensure that our risk management framework is and remains adequate and effective. The findings of the reviews are shared with the Firm's Supervisory Board, the Firm's governing body, our

Finance Director and the Compliance team and any associated corrective measures/improvement actions are shared with the person responsible for the risk management function and the Firm's governing body and – if approved – are implemented.

4 Action plan to reduce the Firm's exposure to the principal environmental, social and governance risks

Our latest analysis, which covers the first quarter of 2024 and was presented at the Risk Management Committee in May 2024, has led to us to conclude that none of our funds are over-exposed to one or several ESG risks. For this reason, we have not defined specific action plans to reduce the funds' exposure to ESG risks other than continuing to engage with individual portfolio companies as part of the ongoing portfolio monitoring process and helping them to mitigate the main ESG risks they are exposed to.

5 Quantitative estimate of the financial impact of the main ESG risks identified

The way we currently monitor ESG risks enables us to i) assess with reasonable confidence the extent to which ESG risks may impact the operations of our individual portfolio companies and ii) identify the ESG risks that can subsequently have an impact of the financial performance of our portfolio companies. Given the uncertainty around the timing of ESG events that may impact on the operations of our portfolio companies and the challenge of accurately determining the potential impacts of these ESG events on the operations of our portfolio companies, we have not individually quantified the financial impact of the ESG risks we have identified.

Although we have not quantified the individual financial impacts of ESG risks, the valuation of our portfolio companies – and subsequently the valuation of our investments in those portfolio companies – encompasses all aspects of the portfolio company's financial and operational performance and therefore inherently includes ESG factors. This valuation process is performed on a quarterly basis by the person in charge of the valuation function within LGT Private Debt (the Head of the Portfolio Monitoring team, who reports directly to the Head of the LGT Private Debt business).

6 Indication of changes in methodological choices and results

No significant changes relating to ESG risks were made to our risk management framework in 2023.



SECTION I – List of financial products pursuant to Article 8 and Article 9 of SFDR

As of 31 December 2023, LGT Private Debt (France) S.A.S. manages six funds classified as Article 8 funds under SFDR and one fund classified as an Article 9 fund under SFDR.

Article 8 funds

Third generation of private debt funds (6 vehicles):

- Crown European Private Debt III S.C.Sp.
- Crown European Private Debt III (Lev) S.C.Sp.
- Crown European Private Debt III (Senior) S.C.Sp.
- Crown European Private Debt III Feeder S.A. SICAV-RAIF – Sub-Fund I
- Crown European Private Debt III B S.C.Sp.
- Crown European Private Debt III USD Feeder S.C.Sp.

Article 9 funds

First generation of private debt Impact fund (1 vehicle):

- Crown Impact Private Debt S.C.Sp.

The share of assets under management for each fund category is detailed below:

Article 8 funds	
Number of funds	6
Share of assets under management (in %) (LGT Private Debt (France) only)	35%
Share of assets under management (in %) (the whole LGT Private Debt business)	34%

Article 9 funds	
Number of funds	1
Share of assets under management (in %) (LGT Private Debt (France) only)	0%
Share of assets under management (in %) (the whole LGT Private Debt business)	0%

SECTION J – Summary of the principal adverse impacts of the Firm’s investment decisions on sustainability factors

1 Consideration of principal adverse impacts

LGT Private Debt (France) S.A.S.

(549300GLON6NCPMZSN90) considers the principal adverse impacts of its investment decisions on sustainability factors. This statement constitutes the consolidated statement on principal adverse impacts on sustainability factors of LGT Private Debt (France) S.A.S. and of the LGT Private Debt business as a whole.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023.

2 Summary of the principal adverse impacts

In 2023, we materially increased our coverage of PAI indicators following an update to the ESG questionnaire we sent to our portfolio companies, while maintaining a high response rate of 98%.

In respect of the PAI indicators that we prioritize (carbon footprint and biodiversity footprint), we continue to engage with our portfolio companies and their majority shareholders. Further, we have enhanced our investment due diligence process regarding climate and biodiversity impacts by implementing the dedicated analysis tool Altitude by AXA Climate. In addition, our investment strategy has not changed compared to the previous year and we continue to aim to invest in companies that belong to sectors that are generally not high-carbon emitting sectors.

In addition, among our portfolio companies, we are seeing an increasing number of companies that consider environmental matters. In fact, the number of our portfolio companies that have adopted an environmental policy has increased. Similarly, the number of companies that assess their carbon footprint remains high, and more and more portfolio companies are tracking their water and energy consumption.

⁴ The data provided in the consolidated statement on principal adverse impacts on sustainability factors related to the portfolio companies held in the funds managed by LGT Private Debt (France) S.A.S. as well as the portfolio companies held in the funds and mandates managed by LGT Private Debt (UK) Ltd.

SECTION K – Principal adverse impacts of investment decisions on sustainability factors and historical comparison

Information on the indicators on the principal adverse impacts of investment decisions on sustainability factors (art. 6 1. of RTS 2022/1288)	2023	2022
Climate and other environment-related indicators		
Greenhouse gas emissions		
GHG emissions		
1. a) Scope 1 GHG emissions <i>(Emissions de GES de niveau 1 en tonnes d'équivalents CO2) ff</i>	17,082	9,561
GHG emissions		
1. b) Scope 2 GHG emissions <i>(Emissions de GES de niveau 2 en tonnes d'équivalents CO2)</i>	7,512	6,154
GHG emissions		
1. c) Scope 3 GHG emissions <i>(Emissions de GES de niveau 3 en tonnes d'équivalents CO2)</i>	290,608	295,241
Carbon footprint		
2. Carbon footprint <i>(Empreinte carbone en tonnes d'équivalents CO2 par millions d'euros investis)</i>	132.5	143.7
GHG intensity of investee companies		
3. GHG intensity of investee companies <i>(Intensité de GES des sociétés bénéficiaires des investissements)</i>	186.6	247.9
Exposure to companies active in the fossil fuel sector		
4. Share of investments in companies active in the fossil fuel sector <i>(Part d'investissement dans des sociétés actives dans le secteur des combustibles fossiles (en %))</i>	0%	0%
Share of non-renewable energy consumption and production		
5. Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources <i>(Part de la consommation et de la production d'énergie des sociétés bénéficiaires d'investissement qui provient de sources d'énergie non renouvelables, par rapport à celle provenant de sources d'énergie renouvelables, exprimée en pourcentage du total des sources d'énergie (en %))</i>	79.2%	0%
Energy consumption intensity per high impact climate sector		
6. Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector <i>(Consommation d'énergie en GWh par million d'euros de chiffre d'affaires des sociétés bénéficiaires d'investissements, par secteur à fort impact climatique)</i>	1.37	Data not collected for 2022
Biodiversity		
Activities negatively affecting biodiversity-sensitive areas		
7. Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas <i>(Part des investissements effectués dans des sociétés ayant des sites/établissements situés dans ou à proximité de zones sensibles sur le plan de la biodiversité, si les activités de ces sociétés ont une incidence négative sur ces zones (exprimée en %))</i>	7.7%	Data not collected for 2022
Water		
Emissions to water		
8. Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average <i>(Tonnes de rejets dans l'eau provenant des sociétés bénéficiaires d'investissements, par million d'euros investi, en moyenne pondérée)</i>	0.00	Data not collected for 2022

Explanations	Actions taken, and actions planned and targets set for the next reference period
<p>We have noticed an increase in Scope 1 and Scope 2 GHG emissions year on year due to (i) increasing exposure to some companies with high carbon emissions and (ii) impact of company valuation. Data collected from our portfolio companies – coverage rate: 95%. Our emissions are calculated based on a mix of portfolio company provided data and estimates based on sectorial approach</p>	
<p>We have noticed a decrease in intensity driven by lower Scope 3 emissions in 2023 Data collected from our portfolio companies - coverage rate: 95%. Our emissions are calculated based on a mix of portfolio company provided data and estimates based on sectorial approach</p>	<p>All investments from our latest fund, and all funds going forward, have a contractual obligation to report their emissions. Older investments do not have any such contractual obligation. The percentage increase in portfolio companies reporting their emissions reflects the efforts made by LGT and our portfolio companies to enhance reporting. It also reflects portfolio dynamics as older investments (without the respective contractual obligation) are replaced by newer investments. We expect that over the next several years, all companies will report this data.</p>
<p>We have noticed a decrease in intensity driven by lower Scope 3 emissions in 2023. Data collected from our portfolio companies – coverage rate: 95%</p>	<p>Please refer to our above comment on GHG emissions.</p>
<p>We have noticed a decrease in intensity driven by lower Scope 3 emissions in 2023 Data collected from our portfolio companies – coverage rate: 95%</p>	<p>We typically aim to invest in companies with relatively lower GHG profiles compared to the wider economy (i.e. compared to leading market indices).</p>
<p>Data collected from our portfolio companies – coverage rate: 100%</p>	<p>We do not invest directly in the fossil fuel sector or businesses with material operations affiliated to the extraction of fossil fuels. We exclude this sector from our investment universe.</p>
<p>Data collected from our portfolio companies – coverage rate: 91%. Please note that this KPI is based on consumption only and not production. Evolution vs. prior year is not meaningful as the coverage was limited in 2022.</p>	<p>We support shareholder or management decisions that aim to reduce the consumption or production of energy from non-renewable energy sources.</p>
<p>Data collected from our portfolio companies – coverage rate: 32%. Limited coverage here given that only 32% of the portfolio companies fall under the definition of operating in a high climate impact sector.</p>	<p>We typically look to invest in companies in low impact climate sectors.</p>
<p>We have not been able to determine whether the activities of our portfolio companies are negatively affecting biodiversity. However, we have reflected in the KPI the percentage of companies located near or in a biodiversity sensitive area. We believe our risk exposure here is limited. Data collected from our portfolio companies – coverage rate: 91%</p>	<p>In 2024, we have implemented a tool to help us assess the negative impacts of our portfolio companies' activities on biodiversity.</p>
<p>Our exposure to companies rejecting emissions into water is limited given the result and the coverage ratio. Data collected from our portfolio companies – coverage rate: 91%</p>	<p>We have not planned to take specific actions on this PAI.</p>

Information on the indicators on the principal adverse impacts of investment decisions on sustainability factors (art. 6 1. of RTS 2022/1288)	2023	2022
Waste		
Hazardous waste and radioactive waste ratio		
9. Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average (Tonnes de déchets dangereux et de déchets radioactifs produites par les sociétés bénéficiaires d'investissements, par million d'euros investi, en moyenne pondérée)	7.83	Data not collected for 2022
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters		
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises		
10. Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (Part d'investissement dans des sociétés qui ont participé à des violations des principes du Pacte mondial des Nations unies ou des principes directeurs de l'OCDE à l'intention des entreprises multinationales (exprimée en %))	0%	0%
Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises		
11. Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (Part d'investissement dans des sociétés qui n'ont pas de politique de contrôle du respect des UNGC principes ou des OECD Guidelines for Multinational Enterprises, ni de mécanismes de traitement des plaintes ou des différends permettant de remédier à de telles violations (exprimée en %))	23.1%	Data not collected for 2022
Unadjusted gender pay gap		
12. Average unadjusted gender pay gap of investee companies (Écart de rémunération moyen non corrigé entre les hommes et les femmes au sein des sociétés bénéficiaires des investissements (exprimé en montant monétaire converti en euros))	15.6%	Data not collected for 2022
Board gender diversity		
13. Average ratio of female to male board members in investee companies, expressed as a percentage of all board members (Ratio femmes/hommes moyen dans les organes de gouvernance des sociétés concernées, en pourcentage du nombre total de membres)	16.4%	15.5%
Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapon)		
14. Share of investments in investee companies involved in the manufacture or selling of controversial weapons (Part d'investissement dans des sociétés qui participent à la fabrication ou à la vente d'armes controversées (exprimée en %))	0%	0%
Additional climate and other environment-related indicator (art. 6 1. a) of RTS 2022/1288)		
Emissions		
Investments in companies without carbon emission reduction initiatives		
4. Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement (Part d'investissement dans des sociétés qui n'ont pas pris d'initiatives pour réduire leurs émissions de carbone aux fins du respect de l'accord de Paris (en %))	35.9%	26.9%
Additional indicator for social and employee, respect for human rights, anti-corruption and anti-bribery matters (art. 6 1. b) of RTS 2022/1288)		
Social and employee matters		
Lack of a supplier code of conduct		
4. Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour) (Part d'investissement dans des sociétés sans code de conduite pour les fournisseurs (lutte contre les conditions de travail dangereuses, le travail précaire, le travail des enfants et le travail forcé) exprimée en %)	25.6%	17.7%

Explanations	Actions taken, and actions planned and targets set for the next reference period
Our exposure to companies generating hazardous waste and radioactive waste is limited given the result and the coverage ratio. Data collected from our portfolio companies – coverage rate: 91%	We have not planned to take specific actions on this PAI.
Data collected from our portfolio companies – coverage rate: 95%	Considering the coverage rate (95%) and the number associated with this indicator (0%), we have determined that no specific action needs to be taken. Our assessment of the risk is complemented by checks carried out regarding reputational risk through the independent third-party provider RepRisk.
Data collected from our portfolio companies – coverage rate: 91%	Limited exposure, given that 23% of the portfolio companies have not implemented such compliance processes. We have not planned to take specific actions on this PAI.
We believe the result reflects a small- to medium-sized gender pay gap across our portfolio. Data collected from our portfolio companies – coverage rate: 95%	We have not planned to take specific actions on this PAI.
Data collected from our portfolio companies – coverage rate: 91%	We have not planned to take specific actions on this PAI.
Data collected from our portfolio companies – coverage rate: 95%	Our investment universe excludes companies involved in the manufacture or selling of controversial weapons.

Explanations	Actions taken, and actions planned and targets set for the next reference period
Data collected from our portfolio companies – coverage rate: 91%	We will continue to engage with our portfolio companies to improve reporting, but there is no contractual obligation for them to do so at the moment. We believe that the increasing proportion of our portfolio companies with contractual obligations to perform carbon footprint assessments means that the number of companies without carbon emission reduction initiatives will also decrease in the future.

Explanations	Actions taken, and actions planned and targets set for the next reference period
Data collected from our portfolio companies – coverage rate: 91%	We have not planned to take specific actions on this PAI.

SECTION L – Description of policies to identify and prioritize principal adverse impacts of investment decisions on sustainability factors

1 Policies to identify and prioritize principal adverse impacts on sustainability factors

We have implemented processes to identify and prioritize PAIs on sustainability factors during both the i) **investment due diligence phase** and ii) **portfolio companies monitoring phase**.

- **Investment due diligence phase:** During the investment due diligence phase, we identify and assess PAIs of a given investment opportunity to meet the following objectives:
 - Exclude investment opportunities involving activities that are included on our Exclusion List. For example, we systematically reject investment opportunities related to companies active in the fossil fuel sector (**PAI 4**) or companies involved in the manufacture or sale of controversial weapons (**PAI 14**).
 - Assess the extent to which the investment opportunity is consistent with our strategy of alignment with the objectives of the Paris Agreement. For this purpose, and as part of our investment due diligence process, we seek to obtain the most accurate and reliable data in respect of the GHG emissions of the investment opportunity (**PAI 1, PAI 2 and PAI 3**).
 - Assess the extent to which the investment opportunity has or may have negative impacts on biodiversity (**PAI 7**).
 - Identify specific areas that may be a cause of concern (e.g. that are related to the climate/ environment and/or social and employee, respect for human rights, anti-corruption and anti-bribery matters).
 - Obtain an overall assessment of the adverse sustainability impacts of the investment opportunity; this assessment is then integrated into the wider ESG assessment that is carried out in relation to the investment opportunity presented to our Investment Committee.

- **Portfolio company monitoring phase:** During the portfolio company monitoring phase, we identify and assess PAIs on an annual basis. We do so by sending ESG questionnaires to all of our portfolio companies. The data we obtain in respect of each individual portfolio company is then analyzed. Particular importance is assigned to the PAIs related to our Exclusion List, as well as to any other indicators where the results may be a cause of concern. In addition, the data we obtain for each portfolio company is included in our consolidated statement on PAIs on sustainability factors for wider analysis at the level of the entire portfolio. The data we obtained on GHG emissions enables us to assess the extent to which our strategy is aligned with the objectives of the Paris Agreement.

In the future, we will seek to establish dedicated formalized policies that describe the measures we have put in place within LGT Private Debt in relation to the identification and prioritization of PAIs on sustainability factors.

2 Availability of information relating to the indicators used

The Firm strives to obtain the most accurate and reliable data possible in order to assess the PAIs of its investment decisions on sustainability factors. As a general rule, the data we obtained are provided by the company identified as an investment opportunity/ portfolio company. In some instances, however, a company may not have implemented tools for gathering and reporting the data we need for identification and assessment purposes in respect of the PAIs on sustainability factors. When data from the companies is not available, we generally rely on data based on sectorial proxies provided by ESG data providers, while still engaging with the company and encouraging it to put in place such tools. Finally, there may be instances in which data based on such sectorial proxies does not exist; in these instances, we would indicate that the data is not available.

SECTION M – Engagement policies

1 The Firm's engagement approach regarding principal adverse impacts on sustainability factors

As a significant debt investor in our portfolio companies, our engagement vis-à-vis our portfolio companies regarding PAIs on sustainability factors essentially consists in the three following activities:

1. We gather information on the indicators for the PAIs on sustainability factors from each of our portfolio companies on an annual basis through our ESG campaign. Once the data has been obtained, we analyze how each of our portfolio companies has performed from one year to the next in terms of its respective indicators on the PAIs on sustainability factors. We seek to understand any significant movement (upwards as well as downwards) with a particular emphasis on situations where a given portfolio company is underperforming significantly in respect of its PAI indicators.
2. Through ongoing dialogue with our portfolio companies and their respective majority shareholders, we seek to:
 - Improve the quality and accuracy of the data we obtain from our portfolio companies for the purpose of our ESG survey;
 - Promote the alignment of management compensation within our portfolio companies with the reduction objectives of PAIs on sustainability factors;
 - Take measures and actions to support our portfolio companies in their objectives to reduce their PAIs on sustainability factors and, in particular, to adopt a low-carbon budget;
3. We monitor on an ongoing basis the ESG KPIs of portfolio companies for which we have implemented a margin ratchets mechanism.

2 Availability of information relating to the indicators used

The Firm strives to obtain the most accurate and reliable data possible in order to assess the PAIs of its investment decisions on sustainability factors. As a general rule, the data we obtained are provided by the company identified as an investment opportunity/ portfolio company. In some instances, however, a company may not have implemented tools for gathering and reporting the data we need for identification and assessment purposes in respect of the PAIs on sustainability factors. When data from the companies is not available, we generally rely on data based on sectorial proxies provided by ESG data providers, while still engaging with the company and encouraging it to put in place such tools. Finally, there may be instances in which data based on such sectorial proxies does not exist; in these instances, we would indicate that the data is not available.



SECTION N – References to international standards

1 Adherence by the Firm to responsible business conduct codes and internationally recognized standards for due diligence and reporting

The Firm – and the LGT Private Debt business as a whole – adheres to the following **responsible business conduct codes** and **internationally recognized standards for due diligence and reporting** in particular:

- UN Principles for Responsible Investment (PRI)
- UN Guiding Principles for Business and Human Right
- UN Global Compact principles
- OECD Guidelines for Multinational Enterprises
- International Labour Organization (ILO) Conventions.

2 Degree of the Firm's alignment with the objectives of the Paris Agreement

Our Firm is committed to achieving the goal of net zero GHG emissions by 2050, in line with global efforts to limit global warming to 1.5°C. A comprehensive description of our strategy and methodology for alignment with the objectives of the Paris Agreement is provided in Section F of this report.

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Legal Information

The LGT Endowment follows the same investment approach that is used for the Princely Family of Liechtenstein. LGT Endowment is not available for investment by US investors.

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Risk Factors

Potential investors should carefully consider the strategy's risks. The risks include, without limitation:

- **Alternative investments are speculative, involve complex instruments, and carry a high degree of risk.** Such investments generally involve additional risks including higher levels of borrowing, limited transferability of investments, reduced investor protection, and less information to investors than would apply in major securities markets. An investment should only be made by those persons who could sustain a loss on their investment and is only suitable for professional investors.
- Investments can be subject to illiquidity, meaning there may be no buyer or seller available when the investor desires to invest or divest.
- The value of investments may be affected by uncertainties such as political developments, changes in government policies, changes in taxation, restrictions on foreign investments and currency repatriation, unfavorable exchange rate movements, and other developments in the laws and regulations of countries in which investments are made. This product may include investments in emerging markets. Emerging

markets investments present heightened political risks, economic risks, credit risks, exchange rate risks, market liquidity risks, legal risks, settlement risks, market risks, shareholder risk, and creditor risk.

- Additional risks include: (i) substantial or total loss on the investment due to extensive use of short sales, derivatives and debt capital, (ii) incentives to make investments that are riskier or more speculative due to performance based compensation, (iii) volatility of returns, (iv) potential lack of diversification and resulting higher risk due to concentration, (v) high fees and expenses that may offset profits, (vi) no requirement to provide periodic pricing or valuation information to investors, (vii) complex tax structures and delays in distributing important tax information, (viii) fewer regulatory requirements than registered funds, (ix) credit risks i.e. the failure of counterparties to meet contractual financial obligations and (x) operational risk due to insufficient internal processes or systems, misbehavior of staff or external circumstances.
- With regard to private markets investments specifically, investors are required to contribute capital as and when requested, any default may trigger substantial penalties, and prior distributions to investors can be recalled, and investors may be bound to lock-up periods in excess of 15 years.

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