

LGT’s 2030 net-zero commitment: accelerating the climate transition by aligning client and investment offering

Ursula Finsterwald, Head Group Sustainability Management, LGT Group Holding
 Christopher Greenwald, Head Sustainable Investing, LGT Bank (Schweiz) AG

Last year, the Intergovernmental Panel on Climate Change (IPCC) came to a clear conclusion in its 6th Assessment Report: Global warming is continuing, and the goal of limiting it to 1.5°C under the Paris Agreement is a long way off. Reaching the set targets requires drastic reductions in greenhouse gas emissions in the coming decades.

For LGT’s owner, the Princely Family of Liechtenstein, sustainable and long-term oriented action has always been among their core values. This attitude is also anchored in LGT’s values and culture.

LGT Private Banking (LGT PB) has therefore set the goal of reducing its greenhouse gas emissions from operations and investments to net-zero by 2030. This means that it must reduce its greenhouse gas emissions from its operations, its own investments and client investments as far as possible by 2030, so that only unavoidable emissions will be subject to mitigation mechanisms such as carbon capture storage

LGT PB is a founding member of the UN Net-Zero Banking Alliance and is committed to the Partnership for Carbon Accounting Financials, which is developing a standard to measure financed emissions. LGT PB has also signed an agreement with Climeworks at the end of 2021. The Swiss company will filter a part of LGT’s greenhouse gas emissions from the air and permanently store them in the ground starting in 2025.

What does this mean for clients of LGT?

LGT has committed to net-zero across all of its operations and its investment portfolio by 2030. We have taken this step not only because it is imperative to address the climate crisis, but also because it represents an opportunity for our clients to better manage risks in their portfolios and identify long-term growth opportunities in light of the global transition to a low-carbon economy.

Our strategy for addressing net-zero across our investments comprises three key elements. Firstly, we educate our clients about climate risks in their investment portfolios and provide them with transparency and adequate tools in order to help them manage those risks effectively across their investment strategies. This is only possible by collaborating with industry partners to develop forward-looking low-carbon trajectories in order to identify companies across portfolios that are most exposed to climate risks.

Secondly, by identifying climate transition leaders, our net-zero strategy allows us to identify the long-term investment opportunities in companies that are positioned to benefit from a transition to a low-carbon world. Through the insights of our research and advisory teams, we highlight companies that will benefit from de-carbonization trends such as energy efficiency, the electrification of transportation, and the circular economy.

Finally, our net-zero target requires us to actively engage with our investee companies. Participating in leading initiatives such as Climate Action 100+ allows us to work collaboratively with other investors to incentivize companies to mitigate climate risks, reduce their carbon footprints, and orient their strategies toward a low-carbon economy.

Net zero: what does it mean?

Net zero is achieved by removing from the atmosphere and permanently sequestering the same amount of climate-relevant gases for which an actor is responsible. Since 2010 LGT is offsetting its operational CO₂ emissions; since 2019 with a windpower project in India

