

## ESG Viewpoint: LGT Capital Partners

RepRisk interviews Alexander Zanker, Senior ESG / Quantitative Strategist at LGT Capital Partners

LGT Capital Partners is a Swiss-based alternative investment specialist with USD 50 billion in assets under management. On behalf of over 400 pension funds, insurance companies, sovereign wealth funds, banks, endowments and foundations, the firm manages a wide range of investment programs focused on private markets, liquid alternatives, and multi-asset class solutions.

Alexander Zanker joined LGT Capital Partners in 2014 and works as a Senior ESG / Quantitative Strategist to develop and implement the firm's ESG approach for listed public investments. Prior to this, he held positions at TrueWealth AG, Vontobel AM, and Deka Investment where he gained expertise in quantitative finance, trading, and IT. Between 2008 and 2011, he worked at LGT's Asset Management as Head Investment Management Quant.



### 1. RepRisk: Could you please provide some insight into your specific role at LGT and explain the work that you do?

**Alexander Zanker:** I work at LGT Capital Partners, a firm specialized in investment solutions for institutional clients, mainly in alternatives like private markets. We incorporate ESG topics in all our investment activities. To be more precise, I am responsible for both the conceptual framework and the implementation of our ESG approach for listed public investments where we have a dedicated ESG offering including equities and fixed income. We have created our own proprietary ESG scoring for all issuers we can invest in, together with a proprietary software tool, called ESG Cockpit, which provides support for all steps of the analysis. I am also responsible for this tool.

### 2. RR: What are the main challenges your department faces with regards to incorporating ESG issues?

**AZ:** The main challenges are:

- Focusing on the most material and meaningful data to use for assessing the ESG performance of different issuers. We understood that we require a highly industry-specific approach to do this properly. Therefore, we need an in-depth understanding of the ESG topics that are the most material drivers of the different businesses and corporate operations.
- As our ESG assessment is strongly data driven, sourcing meaningful data that simultaneously is reliable and of high quality is crucial for us.

- Tracking current ESG risk exposure and business conduct of issuers is also very important for us. We believe this provides valuable information and gives a much more complete picture of an issuer's ESG performance, especially on issues where we have to rely on companies' policies and stated processes in place rather than factual data.

### **3. RR: LGT has been a client of RepRisk since 2015. How does your department use the RepRisk ESG Risk Platform in its day-to-day work?**

**AZ:** We currently use RepRisk for different purposes:

- To stay on top of the ongoing news flow regarding ESG issues linked to our investment universe for easy flagging of incidents that could lead to major risks down the line. The level of scrutiny varies between companies that are part of our watchlists or in which we have investments, and companies that are part of our overall investment universe.
- To get a deeper understanding of key ESG issues or hot topics topics faced by different industries, and how these evolve over time.
- To quickly dig into a certain topic and to obtain a comprehensive understanding of the scope of the issue at hand, which serves as a possible starting point for our own investigations.

### **4. RR: Private markets are one of your strategic focuses, how does RepRisk data specifically support your private equity business?**

**AZ:** Because we incorporate ESG assessments into our private markets initiatives, we have a strong interest in upcoming ESG issues linked to the companies in the portfolio of the external managers (General Partners/ GP) we invest with. For this reason, we have set up our complete universe of portfolio companies to be monitored by RepRisk. As the majority of these companies are rather small, not many issues arise and the resulting flow of risk incidents and criticism is easily manageable. We have a look at all items that are being flagged, check them for relevance, and ask the respective GP for further information or clarifications on the matter.

To us, this is a great step forward in implementing ESG considerations in private markets, as we are able to monitor both the ESG issues of our portfolio companies as well as how the respective GP deals with these issues.

### **5. RR: What developments are on the horizon for LGT?**

**AZ:** One important next step will be to include quantitative risk metrics to amend our proprietary ESG rating. We think that using RepRisk data for this is exactly what we should do, as we get comprehensive and meaningful data as input.

Further, we strive to improve the level of analysis we have in place for overall investment portfolios in terms of exposure to controversial topics. Here, using RepRisk data would also be of great help.

Finally, we observe that investors are keen to see the positive impact on ESG topics or exposure to ESG opportunities their investments have. Therefore, we want to improve the level of analysis and visualization possibilities for these impacts.