

## **Private equity managers highlight importance of UN Sustainable Development Goals to address key environmental and social challenges**

**An overwhelming majority (90%) of private equity managers believe the UN Sustainable Development Goals (SDGs) will help the financial industry address pressing environmental and social challenges, according to a new study by LGT Capital Partners.**

Pfaeffikon, 13 January 2021. The LGT Capital Partners' study, ESG and the SDGs: Insights from private equity managers, assesses the views of 117 private equity managers across the globe, looking at the importance of ESG in their day-to-day decision-making, the reasons for integrating ESG into their activities, and what they plan to focus on in the future.

The research found that three-quarters of private equity managers think ESG is relevant to investment decision-making, with 70% having declined investments due to ESG concerns.

In addition, 90% of those interviewed believe that incorporating ESG either increases or has a neutral effect on risk-adjusted returns, with 10% thinking that it has a negative effect.

Other key findings from the LGT Capital Partners' report, ESG and the SDGs: Insights from private equity managers, are:

- Over a quarter (28%) of private equity managers already integrate the UN SDGs into their investment activities, with a further 34% planning to do so
- Private equity managers are increasingly aware of the importance of ESG issues to their investors: a strong majority (58%) noted that their investors were either 'concerned' or 'very concerned' about ESG integration into their private equity portfolios
- Managers ranked climate change and carbon emissions as the most important environmental issues – by a wide margin. Governance, however is their top priority overall, with 56% of respondents identifying it as their main ESG focus
- Managers highlighted reporting and data collection as two key areas for further ESG improvement
- Managers say they need greater availability of data sources for measuring ESG factors in order to deepen ESG integration into their investment decision-making

To help managers frame their approach to enhancing ESG capabilities, LGT Capital Partners has simultaneously published a new guide on ESG integration in private equity, called Implementing ESG in private equity 2.0. The new publication is a collection of eight ESG case studies from leading private equity managers, including AEA, Summa, Genstar, NewQuest, Hg, Triton, GenBridge and KKR. The guide highlights the latest developments in ESG integration, ranging from climate change and diversity to data security and ESG value creation. LGT Capital Partners anticipates that the case studies will help to expand the ESG toolbox by making ESG integration more business-relevant and useful to private equity managers.

**Commenting on the survey findings and the guidance for managers, Tycho Sneyers, Managing Partner at LGT Capital Partners and board member at UN PRI, said:**

"Private equity is perhaps the asset class best placed to address environmental, social and governance considerations. Our findings show that both managers and investors are increasingly aware of the importance of ESG integration, both in addressing the major challenges that the world faces and in delivering attractive risk-adjusted returns over the long term. The SDGs play a major role making investment activities more outcome-orientated and broadening the way in which managers integrate ESG."

**Methodology**

The LGT Capital Partners' survey is based on the views of 117 private equity managers from the US, Europe and Asia, ranging size from less than USD 500 million of assets under management to more than USD 5 billion. The survey seeks to assess their views on the role of ESG in investment decision-making, the top ESG issues, their motivations for ESG integration and their priorities for the future, including the SDGs. Participants were largely senior decision-makers, including a large proportion of C-level professionals and investment managers.

The full survey, ESG and the SDGs: Insights from private equity managers, can be found [here](#).

The full guide, Implementing ESG in private equity 2.0, can be found [here](#).

**LGT Capital Partners**

LGT Capital Partners has a long-held commitment to incorporating ESG considerations into its investment programs and its business overall. Since 2003, many of its portfolios have had a responsible investment clause written into its governing documents, authorizing the firm to exclude investments that are substantially exposed to arms-related activities, violations of human rights, irresponsible treatment of the natural environment or other non-ethical conduct of business. In 2009, LGT Capital Partners launched its dedicated sustainable bond and equity offerings. In 2008, the firm was one of the early signatories to the UN PRI. Furthermore, since 2018, Tycho Sneyers, a Managing Partner at LGT Capital Partners, has served on the PRI's board of directors. LGT Capital Partners is also a signatory to the Montreal Carbon Pledge.

LGT Capital Partners is a leading alternative investment specialist with over USD 60 billion in assets under management and more than 550 institutional clients in 39 countries. An international team of over 550 professionals is responsible for managing a wide range of investment programs focusing on private markets, liquid alternatives and multi-asset class solutions. Headquartered in Pfäeffikon (SZ), Switzerland, the firm has offices in New York, Dublin, London, Vaduz, Paris, Frankfurt, Dubai, Beijing, Hong Kong, Tokyo and Sydney.



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