

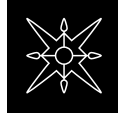


LOMBARD ODIER
LOMBARD ODIER DARIER HENTSCH

Sustainability Report 2020

Sustainability Report 2020

04/05



A word from our Managing Partners

06/13



Introduction

14/21



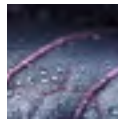
Sustainability governance and managing risk

22/39



Investments

40/45



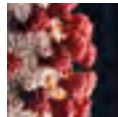
Technology solutions

46/53



Reducing our footprint

54/61



Our colleagues

62/71



Philanthropy and community engagement

72/73



Targets

74/75



Memberships, certifications and signatories

76/77



Independent assurance report

A word from our Managing Partners

On behalf of my fellow Managing Partners, I am pleased to introduce the Lombard Odier Group 2020 Sustainability Report. We publish this report to outline our approach to sustainability for all of our stakeholders, illustrating how we manage our commercial, social and environmental impacts and deliver on our sustainability strategy. We prepared this report in line with the Global Reporting Initiative (GRI) Standards, the most widely accepted global framework for sustainability reporting.

We compiled this report during an extraordinary period for the Group and, indeed, our world. Over a year into the Covid-19 pandemic, this public health emergency continues to exact a heavy toll on our personal and professional lives. Yet, throughout this most testing of times, our entrepreneurial spirit has enabled us to take constructive approaches to new challenges as we worked hard to maintain the level of service our clients have come to expect from us. Simultaneously, we have taken important steps to protect our colleagues' health and ensure operational continuity.

While the crisis has severely affected economies and communities globally, it is the most vulnerable populations who have borne the brunt of the impact. That is why, at the outset of the pandemic, we launched our Covid-19 Relief Initiative through Fondation Lombard Odier to help those in difficulty. This worldwide programme supports several charitable organisations that prioritise local projects to ensure maximum, immediate impact.

The pandemic triggered the deepest recession in modern history, the recovery from which, we are convinced, must be sustainable. If we are to truly “build back better”, we believe our economy must transition to a Circular, Lean, Inclusive and Clean (CLIC™) economic model. And, from new technologies to greater capital availability, we already see significant changes with the potential to accelerate this transition. Companies that understand this shift and contribute to its realisation through pioneering solutions will thrive. Meanwhile, those that deny or disregard the transition face a threat to their very existence. At Lombard Odier, our role is to identify the investment opportunities created by this paradigm shift. To that end, in 2020, we launched two new high-conviction strategies: Climate Transition and Natural Capital.

We are continuing to see growing interest from our clients in sustainable investment solutions. As we work with our clients to optimise returns, we believe how we allocate assets contributes to the transition to a sustainable economy. As wealth transfers between generations, younger people challenge and accelerate changes to traditional approaches to building investment portfolios, with a particular focus on sustainable investments.

In November 2020, we reaffirmed our commitment to helping deliver a sustainable future when Lombard Odier signed the United Nations Principles for Responsible Banking. Delivering on this commitment will form part of our ongoing work to embed sustainability throughout our business at the strategic, portfolio and internal corporate levels. We also joined the Circular Bioeconomy Alliance, which aims to drive transformational change towards a climate- and nature-positive economy by connecting investors to sustainable, investable solutions. And we entered into a partnership with the University of Oxford to foster research and teaching on sustainable finance and investment, focusing especially on climate change, circular economy and natural capital.

“ We work with our clients to optimise returns,
and we believe that our asset allocation
contributes to the transition
to a sustainable economy ”

2020 underscored the importance of our efficient, highly secure, bespoke banking platform that we believe is essential to the responsible long-term management of a financial institution. In the coming years, we will continue to upgrade our technology through innovation, digitalising our internal processes and offering our clients experiences of an even higher quality.

In Geneva, the construction of our new headquarters is forging ahead. This venture reflects our confidence in the future and our desire to create a space that meets our clients' and colleagues' needs today and tomorrow. We want to create a building that showcases our commitment to sustainability. To achieve this, we are aiming for the highest possible sustainability standards and ensuring a holistic approach to every aspect of the construction.

We enter 2021 optimistic that the recovery from the Covid-19 pandemic will be sustainable. But to realise this aspiration, we must all play our part. At Lombard Odier, we will continue to support our clients in achieving their financial goals as we promote the transition to the CLIC™ economic model that will ensure a sustainable tomorrow, both for ourselves and for generations to come.



Patrick Odier
Senior Managing Partner

“ We believe that sustainability
is the investment philosophy that is most likely
to bring the highest returns. That is why
we recommend that all our clients
build their portfolios
with sustainability in mind ”

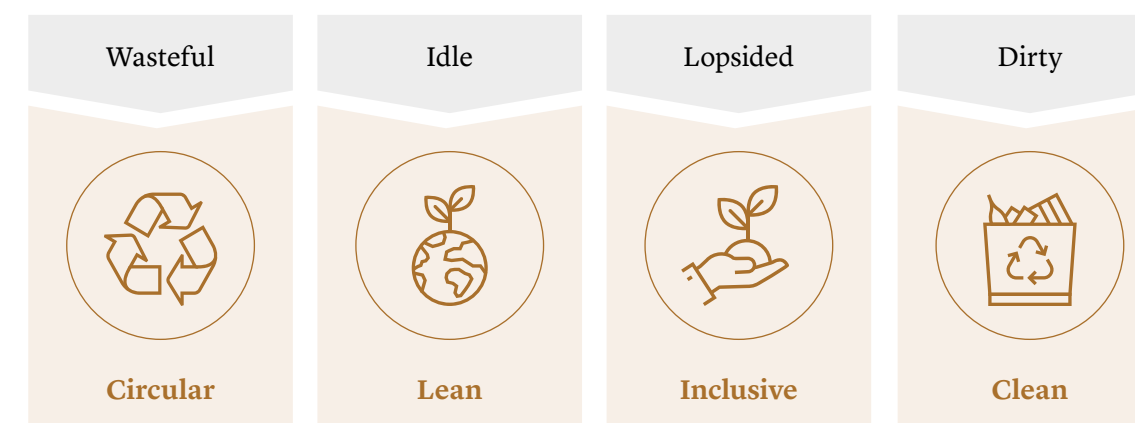
Frédéric Rochat
Managing Partner



Introduction

At Lombard Odier, we believe that the Sustainability Revolution is no longer a mere ideal. It is, in fact, a reality, one that is already affecting every sector in every corner of the globe. We see no development more significant nor urgent than the need for a fundamental redesign of our unsustainable economic model, a need underscored by the Covid-19 pandemic that continues to ravage economies and communities worldwide. With its ever-growing material consumption, our current model has led to unprecedented resource extraction, pollution, and waste. This model is WILD: Wasteful, Idle, Lopsided and Dirty.

Moving from a WILD to a CLIC™ economy



We must evolve and transition to a more sustainable, regenerative alternative: a future based on a Circular, Lean, Inclusive and Clean model. We call this the CLIC™ economy. And we are already in the midst of this transition, one that the financial sector is in a prime position to support through its power in allocating capital.

The transformation to a CLIC™ economy

We believe that decarbonisation and the transition to a net zero economy forms part of a larger economic transformation. Below, we highlight a number of key transformations that will take place when we move from a WILD to a CLIC™ economic model. We believe we must fundamentally rethink the way we live, produce and act, and that we must decouple our economic growth from its underlying, adverse environmental footprint and ensure our economy delivers broad and inclusive benefits for all stakeholders. The sustainable CLIC™ economy reduces our dependence on ever-greater extraction of mineral resources and recognises the value of the materials and components that comprise the products currently excluded from circular, sustainable models.

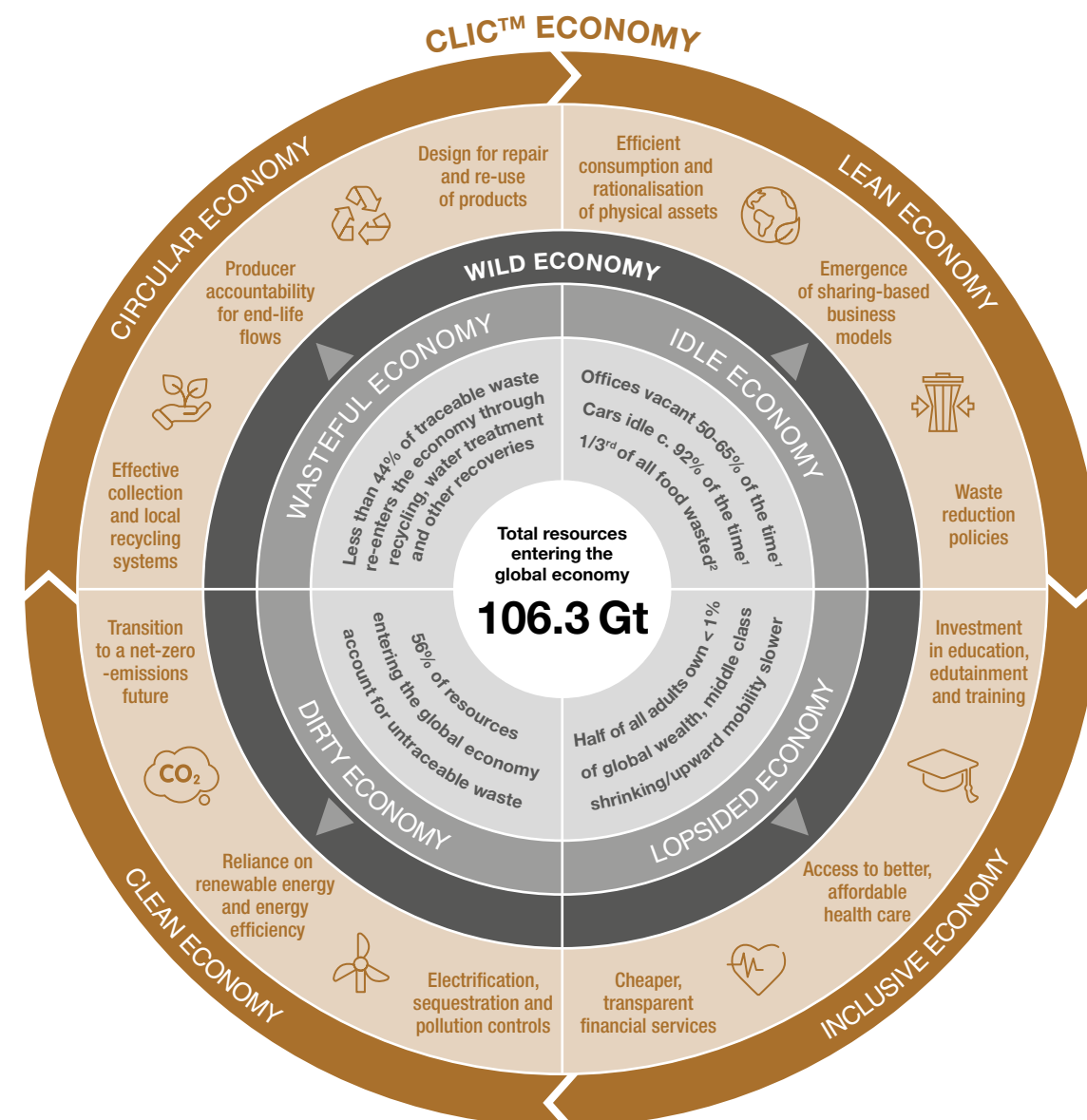


Chart sources: Lombard Odier analysis 2020 based on ¹Ellen MacArthur Foundation, ²Food and Agriculture Organisation, ³Circularity Gap Report; ⁴Credit Suisse; 106.3Gt based on Lombard Odier estimate of extraction of raw materials in 2019 plus recycled materials.

2020 was a year in which many of the world's imbalances were revealed with excruciating clarity. Air pollution—which particularly affects low- and middle-income countries—was proven to make the novel coronavirus even more dangerous. Ineffective healthcare systems struggled to cope with the tsunami of Covid-19 patients. Many of those unable to work from home—who are disproportionately less affluent—were forced to assume a greater risk of infection. And the children of such families were more likely to miss out on education for lack of the technology they needed. These are just a few examples that testify to the challenges ahead.

In particular, the pandemic has reaffirmed the general imperative to be prepared for the unexpected. Lombard Odier activated its longstanding Business Continuity Plan in early 2020, first by restricting travel to and from our offices in Asia. Shortly after, we initiated a global strategy to help combat the spread of the coronavirus. By mid-March, supported by our in-house technology, 80% of our colleagues were safely working from home while ensuring business continuity and enabling us to remain close to our clients. Thanks to our employees' dedication and resilience, our relationships with our clients grew stronger as we faced the same challenges, even as the physical distance between us increased.

As a global wealth and asset manager, we understand that banks play a pivotal role in our economy and society and that what will make them thrive over the long term will also be good for our business. Indeed, we cannot ensure enduring success as a firm through improved operational efficiency and lasting partnerships without also making a positive contribution to all of our stakeholders, including our clients, colleagues, portfolio companies, local communities, NGOs, suppliers and academics. It is, therefore, crucial that we understand the social, environmental and economic effects of our actions. At the end of 2020, Lombard Odier's total client assets stood at CHF 316 billion. Consequently, we believe we can positively influence a large proportion of the economy through our work.

As stated in our Code of Conduct and Shared Values, seven core values underpin Lombard Odier's approach to sustainability. We apply these values to all aspects of our business:

We act with integrity.

We respect our clients.

We avoid conflicts of interest.

We protect the reputation of our firm.

We respect the individual.

We are open and honest in our communication.

We are committed to the common good.

When considering our impact on and responsibilities towards our stakeholders, we look to several key global frameworks. Lombard Odier is a signatory of the United Nations Global Compact and supports its Ten Principles on human rights, labour, the environment and anti-corruption. With the Ten Principles in mind, and building on an existing base of compliance with applicable laws and regulations, our sustainability commitments take into account the following key considerations:

- › Sustainable finance and impact investing
- › Human rights and conditions of work, including safety and health, diversity, fair and equal treatment of all employees, hours of work and wages
- › Community involvement, development and investment
- › Corporate philanthropy and employee volunteering
- › Anti-bribery and anti-corruption measures
- › Corporate governance and ethics
- › Carbon issues and environmental impact
- › Participation of and respect for diverse cultures and disadvantaged people
- › Customer satisfaction and adherence to principles of fair competition
- › Accountability, transparency and performance reporting.

In 2020, we joined several other selected frameworks that reflect Lombard Odier's commitment to sustainability:

- › The **Circular Bioeconomy Alliance** aims to drive transformational change towards a climate- and nature-positive economy by connecting investors to sustainable, investable solutions.
- › The **Climate Action 100+** investor-led initiative for ensuring that the world's largest corporate emitters take the action needed to tackle climate change reinforces the voice of our stewardship activities.
- › The **UN Principles for Responsible Banking** is an important framework that we will implement further to integrate sustainability throughout our operations.
- › In early 2021, Lombard Odier became a Founding Partner of the **Sustainable Markets Initiative's Natural Capital Investment Alliance**. The Alliance aims to accelerate Natural Capital development as an investment theme and to mobilise USD 10 billion towards Natural Capital themes across asset classes by 2022.

For a complete list of our participations, see the 'Memberships, certifications and signatories' section.



Being a B Corp

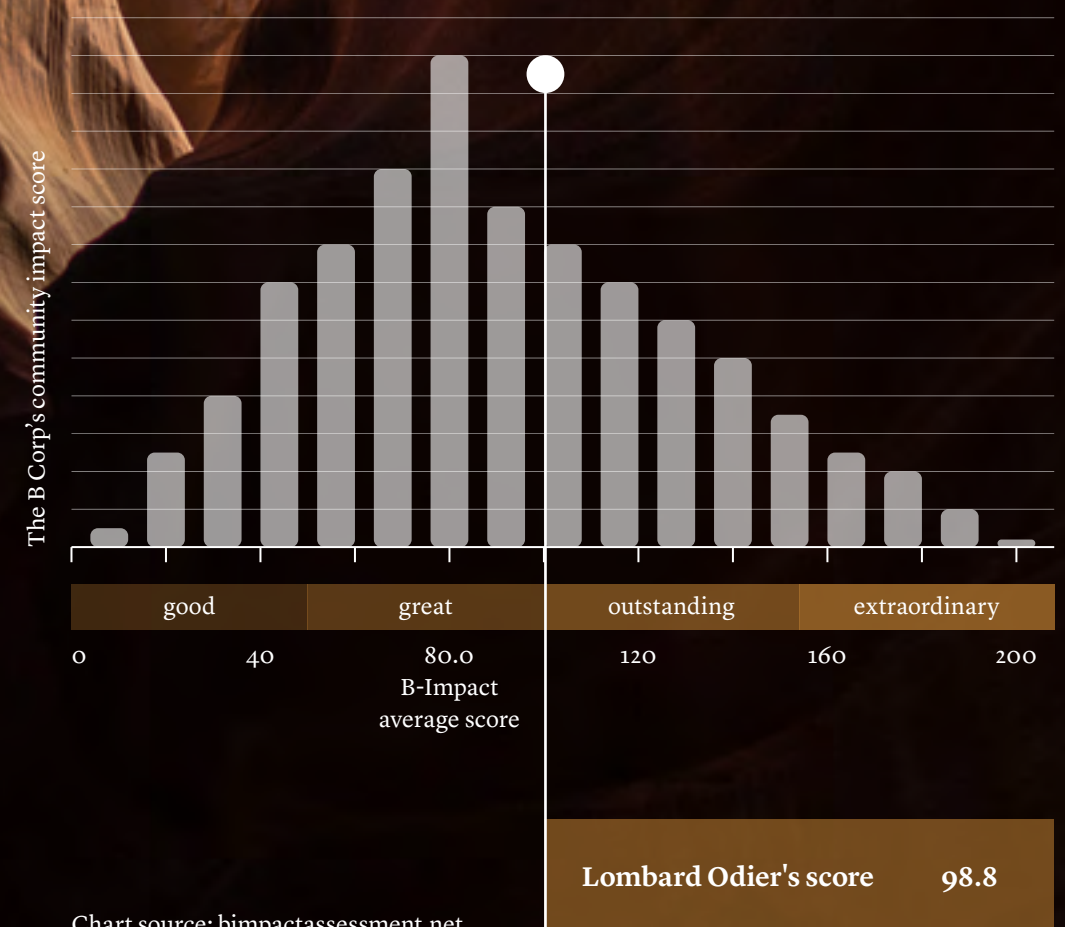
Lombard Odier has been a B Corp-certified company since March 2019. B Corp is one of the most widely recognised private sustainability certifications granted to companies that practice corporate sustainability at the highest level. B Corp certifications are awarded by B Lab, initially a New York-based non-profit that has evolved into a global organisation. There are currently around 4,000 certified B Corporations across 150 industries in 74 countries. As such, we are part of a worldwide network of like-minded entrepreneurs in which certified B Corps endeavour to use business as a force for good, aiming to have a positive impact on the economy and society.

Achieving B Corp certification demonstrates the full alignment of our products and services strategy with global best practices. However, we also recognise that sustainability is an ongoing process for us as well as for others, and we continue to work towards achieving complete sustainability throughout our investment portfolios and operations. We have developed tools that enable us to continuously integrate sustainability in our investments, and we are implementing this framework one asset class at a time (see 'Investments' section).

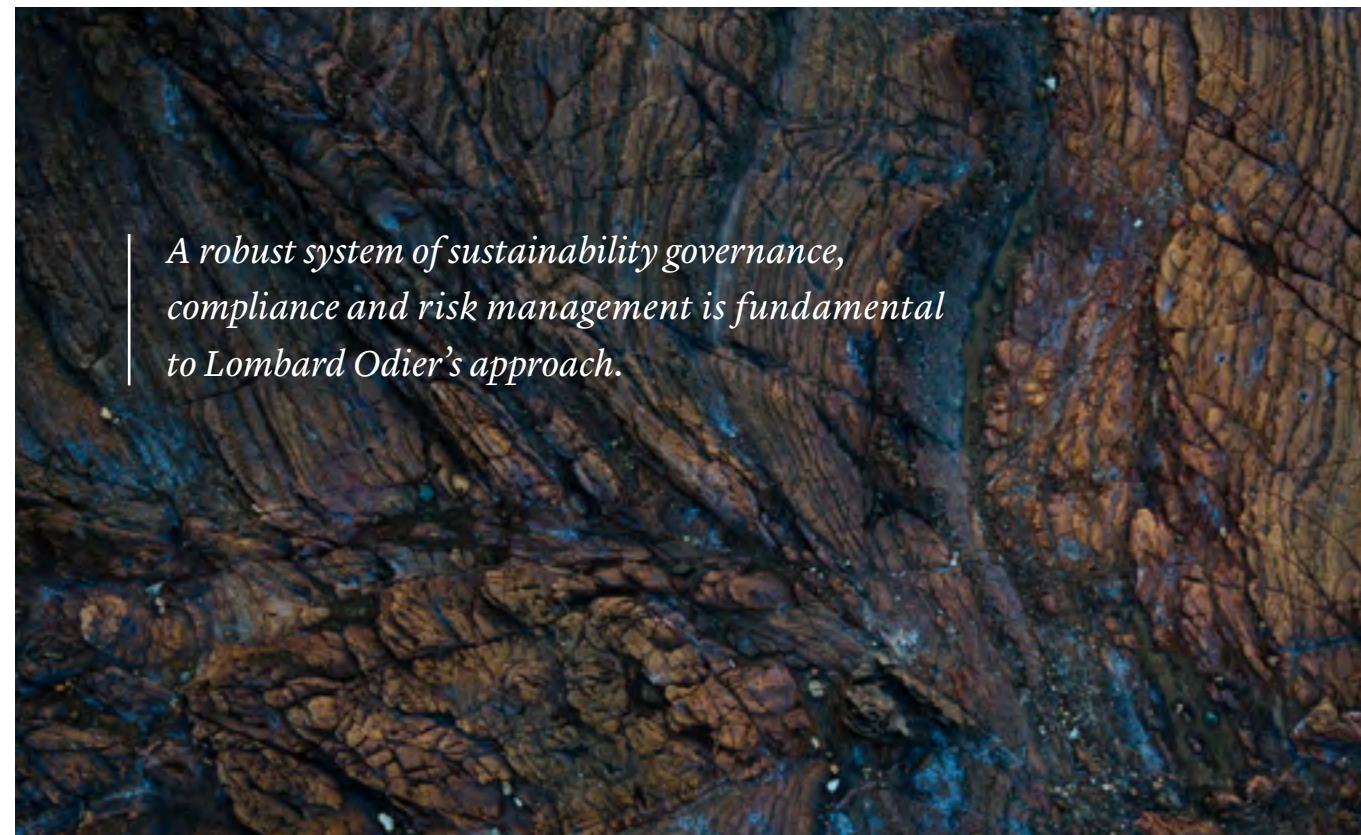
We aim to set the standard for good business, emphasising the message that the financial industry can be a powerful catalyst towards economic sustainability. We also understand that a growing number of people want to work for a company that they recognise as having a positive impact, and so our reputation as a socially responsible employer is increasingly important. Thus, our focus on sustainability also helps us to attract and retain talent.

Lombard Odier achieved a B Impact assessment score of 98.8 out of 200, well above the 80-point certification threshold. B Lab will reevaluate our B Corp certification in 2022. Further details, as well as Lombard Odier's Disclosure Report, are available at [bcorporation.net](https://www.bcorporation.net).

**Lombard Odier achieved 98.8
B Impact assessment score,
well above the 80-point average**



Sustainability governance and managing risk



Governance and oversight

At the Lombard Odier Group level, our sustainability governance has two key centres of responsibility:

- › Our **Sustainability Steering Forum** oversees our sustainability philosophy, investment approach, and related policies;
- › Our **Corporate Social Responsibility (CSR) Steering Forum** ensures that our non-investment related actions, operations and policies are aligned with our sustainability values.

Both forums consist of senior management representatives from across our business, thus including the wide range of groups involved in driving Lombard Odier's sustainability work. The Sustainability Steering Forum meets on a bimonthly basis or more often as needed. The CSR Steering Forum meets once a month. The Sustainability Steering Forum and the CSR Steering Forum report to the Board of Managing Partners. While we review our sustainability policies at least once a year, we may also update them as and when required (e.g. with the introduction of new regulation or following an internal policy update). The Board of Managing Partners approves all policy introductions, amendments and deletions.

Additional groups responsible for layers of oversight and governance around implementing our sustainable investment philosophy and policies report to the Sustainability Steering Forum. At least one member of the management team oversees each group:

Stewardship Committee:

- › **The Lombard Odier Investment Management (LOIM) Stewardship Committee** is responsible for overseeing and guiding our stewardship responsibilities for internally managed funds. It consists of representatives from across our asset classes; our dedicated sustainability teams; and the Compliance, Risk and Legal departments. It reviews and provides guidance on voting and engagement and serves as an escalation mechanism when necessary. The Committee is responsible for the final sign-off on voting and engagement reports to boards and committees.

Investment teams:

- › **LOIM Sustainability Forums:** Within each asset class or investment team, investment professionals act as internal Environmental, Social, Governance (ESG)/Socially Responsible Investment (SRI) specialists in close collaboration with the central Sustainability and ESG teams. LOIM Sustainability Forum members are particularly involved in implementing and monitoring Sustainable Investing policies and features across the portfolios or mandates of each investment team.
- › **Private Client Business:** The Investment Committee consists of the Chief Investment Officer and the Product Category Heads. This Committee works with investment specialists across our different asset classes. All our portfolio managers and analysts have full access to all of our sustainability-related data and analyses and are expected to stay up-to-date on important sustainability-related developments. In particular, these resources enable the monitoring of developments that could have a material impact on an investment (e.g. where a particular sustainability challenge or ESG issue is financially relevant to companies operating in the sector that the analyst is covering).

Risk management

We have built accountability into our risk management infrastructure and implemented it throughout the Group. We base our operational risk framework on the ‘three lines of defence’ model.

- **1st line of defence**
Business, Operations, IT
In owning and managing their day-to-day risks, our business and support units are our first line of defence.
- **2nd line of defence**
Risk, Compliance, Legal
Our Risk, Compliance and Legal teams represent our second line of defence. They provide an additional safety net against risks by providing oversight and monitoring (independent controls), defining the risk management framework, providing support and training to the first line of defence, and driving the implementation of appropriate risk and compliance rules and frameworks.
- **3rd line of defence**
Internal Audit
Internal Audit is our third line of defence, ensuring independent verification of the completeness, efficiency and adequacy of our overall internal control system. With an unlimited scope of intervention, Internal Audit reports to the Group Supervisory Board and the Bank’s Audit Committee of the Board of Directors.

All our employees are educated in managing risk and must complete regular training programmes, including Code of Conduct, information security and data protection training. Depending on an employee’s role, they may also be required to complete specialised training. Our Group risk taxonomy provides a standard definition of risk types across all of our activities and legal entities and allows for the consolidation of risks according to this definition. We also break down the main strategic & business, reputation, operational and financial risk categories into subcategories where those risks are relevant to Lombard Odier. We regularly assess our risk process as part of our decision-making processes and governance structures.

Our Compliance unit ensures that we conduct our business diligently and fairly. It also ensures that our Group’s activities comply with current regulatory and legal requirements as well as our in-house regulatory codes, such as our Code of Conduct.

Our Operational & Counterparty Risk teams consist of experienced professionals, who are wholly independent of our portfolio managers, covering counterparty and operational risks. We have a three-layer process for sustainability-risk management oversight:



SRI Restrictions on tobacco, coal and unconventional oil & gas, and level 5 controversies—LOIM has introduced restrictions on investments in companies whose revenues derive from tobacco, coal or unconventional oil & gas above certain thresholds for their actively managed public funds. The Chief Investment Officers may override these restrictions where there are appropriate reasons for doing so (for example, where a company is transitioning to a more sustainable model but is currently over the revenue threshold). We apply the same approach to companies impacted by a level 4 or 5 controversy. We update the list of companies affected by these restrictions daily, and the risk management team discusses and reviews these holdings with LOIM portfolio managers weekly. These holdings are also subject to review by the Stewardship Committee, which includes a senior representative from the LOIM risk management team.



Monitoring exposure to stocks ranked in the bottom two ESG quartiles on a GICS sector level 2 basis—We give additional scrutiny to holdings with ESG ratings in the third or fourth quartiles relative to their Global Industry Classification Standard (GICS) level 2 peers. The risk management team discusses holdings with below-average ratings with our portfolio management teams to ensure they take appropriate measures to mitigate ESG-related risks within the fund.



Monitoring overall portfolio compliance with the investment process using internal benchmarks to compare holdings—Our internal benchmarks screen out names that are considered low ESG as well as level 5 controversies. The risk management team uses this to encourage managers to either improve their ESG rating or engage with companies for change or improved sustainability disclosure.

While we generally believe it is better for investors to determine their own values-based exclusions, there are exceptions where we believe the potential negative impact of a sector or security on society is too great. At Lombard Odier, we have two Group-wide exclusions:



Controversial weapons:

We do not invest in, nor issue recommendations to invest in, companies that produce, trade or store controversial weapons (i.e. biological and chemical weapons, anti-personnel mines, cluster weapons, depleted uranium, white phosphorus) as defined by the United Nations (UN) conventions. These controversial weapons indiscriminately kill, seriously injure and maim civilians, and often continue to do so long after conflicts have ended. Except for depleted uranium and white phosphorus, the production and use of such weapons have been banned or outlawed by several international treaties, namely the Biological and Toxin Weapons Convention (BWC – 1972), the Chemical Weapons Convention (CWC – 1993), the Ottawa Treaty on Landmines (effective 1999) and the Convention on Cluster Munitions (Oslo Convention – 2008).



Essential food commodities:

Wheat, rice, corn and soybeans are the four kinds of cereal that form the basis of the global human diet and are critical components in achieving the second UN Sustainable Development Goal (SDG) – zero hunger. Stable food prices are a crucial component of food security for many at-risk populations. The increasing volatility of their prices directly affects such populations, who are sometimes forced to spend over 80% of their income on food to survive. The UN Special Rapporteur on the Right to Food has stated that the emergence of a speculative bubble and trade in commodity derivatives was a significant factor in the global food price crisis in 2007 and 2008, and has advised a restrictive approach to dealing in such instruments. As we are concerned about the potential impact of commodities investments on the volatility of essential food prices, Lombard Odier has decided to permanently exclude all financial instruments that invest in essential foods.

*We have built accountability into
our risk management infrastructure
and implemented it throughout the Group.*



Interview with Joanna Kaye

Executive Vice President, Head of Operational Risk
and Member of the Lombard Odier Crisis Management Team,
Bank Lombard Odier & Co Ltd

As the Covid-19 pandemic has proven, extraordinary situations demand a solid risk framework and a flexible approach. To prepare for the unexpected, our Business Continuity Management team has long been running scenarios for different events that could affect our business. From the beginning of the crisis, several units collaborated to ensure a continuous service for our clients and a safe environment for our colleagues.

How did Lombard Odier react when the Covid-19 pandemic began in early 2020?

At first, the impact was felt mostly in Asia, so our primary focus was on supporting our colleagues in that region. They were the first to implement measures that would ultimately become familiar to us all, such as restricted travel, segregation of teams and home working.

We also analysed and anticipated the likelihood of the virus spreading worldwide and the potential impact of a global coronavirus pandemic on our business activities and employees. As the pandemic developed, no one had perfect information, so we had to formulate our response based on what we knew at the time.

What immediate measures did Lombard Odier take globally?

To ensure our colleagues' security while maintaining continuity of service for our clients, we immediately ordered masks and hand sanitiser and, over a weekend, activated our Work from Home protocol. At the height of the pandemic in spring 2020, 80% of our colleagues were working from home and were able to serve our clients without any interruptions.

How prepared was Lombard Odier for this situation?

Lombard Odier had already spent a lot of time refining and improving its approaches to business continuity and crisis management. We also had scenario training in place for a range of emergencies, such as cyber-attacks and building outages. While no one can ever be fully prepared to do in real life what had previously always been a theoretical exercise, our building outage scenarios helped us rapidly and seamlessly transition the majority of our colleagues to home working. We also had the benefit of senior representatives from both business and support functions whose focus was on finding solutions and making decisions, even when the answers weren't always obvious.

Has Lombard Odier changed how it prepares for the unexpected?

The past year of dealing with Covid-19 has provided many lessons to further strengthen our crisis management preparedness. We need to continue to train our colleagues who play critical roles in managing such situations. The crisis also highlighted the importance of maintaining communication channels and links with all offices and employees globally, including those working from home. Above all, I think the pandemic really made people understand anything is possible. Who would have thought, in 2019, that a global pandemic would bring the world to its knees the following year?

Investments

At Lombard Odier, our core belief is that we are at the beginning of a profound economic transition. Our society has long relied on a growth model that has become unsustainable, and the shift to a new paradigm is already underway.

We believe that sustainability is now the most significant determinant of how we interact with companies. By distinguishing businesses that achieve lasting success from those that do not, sustainability will drive short- and long-term returns. Moreover, sustainability is the most significant issue facing our economy, now and in the future. In particular, the climate transition and the need to recognise the importance of natural capital are crucial to the impending economic transition's success. For these reasons, we are committed to supporting the transition of our economies to more inclusive and sustainable models.

Decoupling growth from negative environmental and societal footprints is becoming ever more realistic, as businesses find solutions that create value by delivering more circularity, leanness, inclusivity and cleanness. We characterise this transition as a shift from what we call a WILD (Wasteful, Idle, Lopsided and Dirty) economy to a digitally enabled CLIC™ (Circular, Lean, Inclusive and Clean) economy. And we believe it is our fiduciary duty to help our clients mitigate the risks and capture the investment opportunities associated with this transition.

¹ Renewables 2020 – Analysis – International Energy Agency (IEA)

2020 saw an acceleration in the move towards a sustainable global economic model. For example, renewable power generation capacity increased by a record 200 gigawatts while the rest of the energy sector shrank. Demand for oil and coal fell 8.8% and 5%, respectively, while demand for solar and wind increased¹. As the world focuses on moving beyond the Covid-19 pandemic, it is clear that the recovery must be sustainable.

The transition to a low-carbon, climate-resilient economy is one of the most important cross-cutting features of the CLIC™ economic transformation. In addition to our robust sustainable investment framework, we have built in-house capabilities to analyse portfolio temperature alignment. The Lombard Odier Portfolio Temperature Alignment (LOPTA) framework enables us to strategically analyse the temperature trajectories of companies and portfolios across asset classes by assessing their degree of alignment with the decarbonisation pathways implied by the Paris Agreement, which seeks to limit global warming to 1.5–2 °C above pre-industrial levels. Through such analyses, we can identify companies that are best positioned to capitalise on the full range of investable opportunities created by this shift and discern specific, systemic risks around companies that have not understood the nature or urgency of the transition.

“ Trillions of dollars will be mobilised
as part of the global Natural Capital
and Climate Transition, which we believe
will create significant value and fundamentally
shape portfolio outcomes in the years to come ”

Hubert Keller
Managing Partner

As a global wealth and asset manager, our priority is to best meet our clients' long-term objectives. Meanwhile, our fiduciary responsibilities require us to integrate sustainability into the products and services that we offer to our clients. Allocating capital to sustainable activities ensures the promotion of economic models consistent with the UN's Global Compact and SDGs. We do this by embedding sustainability into our investment processes and portfolios and through strong collaborative initiatives that contribute to shaping our industry.



Natural Capital

We view our economy as a subset of Earth's biophysical systems and natural capital as the bedrock of our economy and society. This understanding is grounded in the latest scientific and economic literature. Recent studies have concluded that more than half of the world's GDP (USD 44 trillion) is likely to be moderately to highly dependent on nature². As such, we recognise that nature-positive investing and the inclusion of biodiversity considerations in finance represents a vital new frontier. That is why, in November 2020, we launched the Lombard Odier natural capital strategy to offer our clients an opportunity to invest in companies that leverage the regenerative power of nature. The natural capital strategy is a unique global investment fund developed in partnership with the Circular Bioeconomy Alliance, established under the Sustainable Markets Initiative. The Circular Bioeconomy Alliance, of which Lombard Odier is a founding member, aims to drive transformational change to a climate- and nature-positive economy by connecting investors to sustainable investable solutions.

² World Economic Forum (2020)

Climate Transition

In February 2020, Lombard Odier launched its Climate Transition fund to capture opportunities across all sectors created by the need to transition to a climate-resilient economy and adapt to climate change. The fund identifies companies that provide solutions for reducing, avoiding or capturing carbon. The fund also invests in: (i) companies in carbon-intensive industries fundamental to economic growth that are transitioning to sustainable business models; (ii) companies focused on building more resilient infrastructure; and (iii) companies that monitor physical and financial risks related to climate damage.



Interview with Stéphane Monier

Chief Investment Officer, Private Bank,
Bank Lombard Odier & Co Ltd

Our Chief Investment Officer and the Investment Solutions unit provide our private clients with advice on all aspects of portfolio construction & implementation and investment offerings, as well as investment research and insights on events that impact a portfolio.

Why does Lombard Odier put so much focus on sustainable investing?

At Lombard Odier, sustainable investing means that we target strong, efficient companies that respect their ecosystem of partners (including regulators, shareholders, employees, customers and suppliers); that will withstand the ongoing changes to the world economy (in terms of demography, natural resources, climate change, digital revolution and inequalities); and that will be able to participate in a more sustainable societal model.

Many different forces are driving the investment world towards sustainability, such as changes in society and companies, customer demand and new regulations. However, it is important to realise that we are implementing sustainable investments not merely in response to growing demand, but because we are convinced that these are the investments most likely to deliver the strongest returns for our clients.

Of course, sustainability goes beyond climate change. We want to help our clients tap into all of the sustainability revolution's opportunities while supporting them in navigating its uncertainties.

What developments are you seeing in terms of sustainable investment products?

There is a lot of innovation, and this will continue in terms of structured products, ESG funds and thematic funds. We will also see more refined individual stock-selection criteria that increasingly build on science-based analytical methods. Since ESG investing is spreading to every corner of the fixed-income markets, we foresee developments in areas such as emerging market debt, which were, until recently, lagging behind in terms of data and tools. Climate and sustainability bonds will also continue to develop, and we see a growing demand for transparency in their use of funds.

How does the Lombard Odier Portfolio Temperature Alignment (LOPTA) framework affect the bank's investment decisions?

Our proprietary LOPTA tool enables us to project temperature trajectories consistent with given business models and, therefore, a company or portfolio's likely future alignment with the Paris Agreement's goals. Such projections tell us that some companies' business models may entail an important climate risk by yielding temperature trajectories that do not meet the Paris Agreement's goals, while those of other companies are in line. We are continuously developing additional tools to analyse new and existing challenges such as climate change, physical risk, protecting natural capital and achieving an inclusive society.

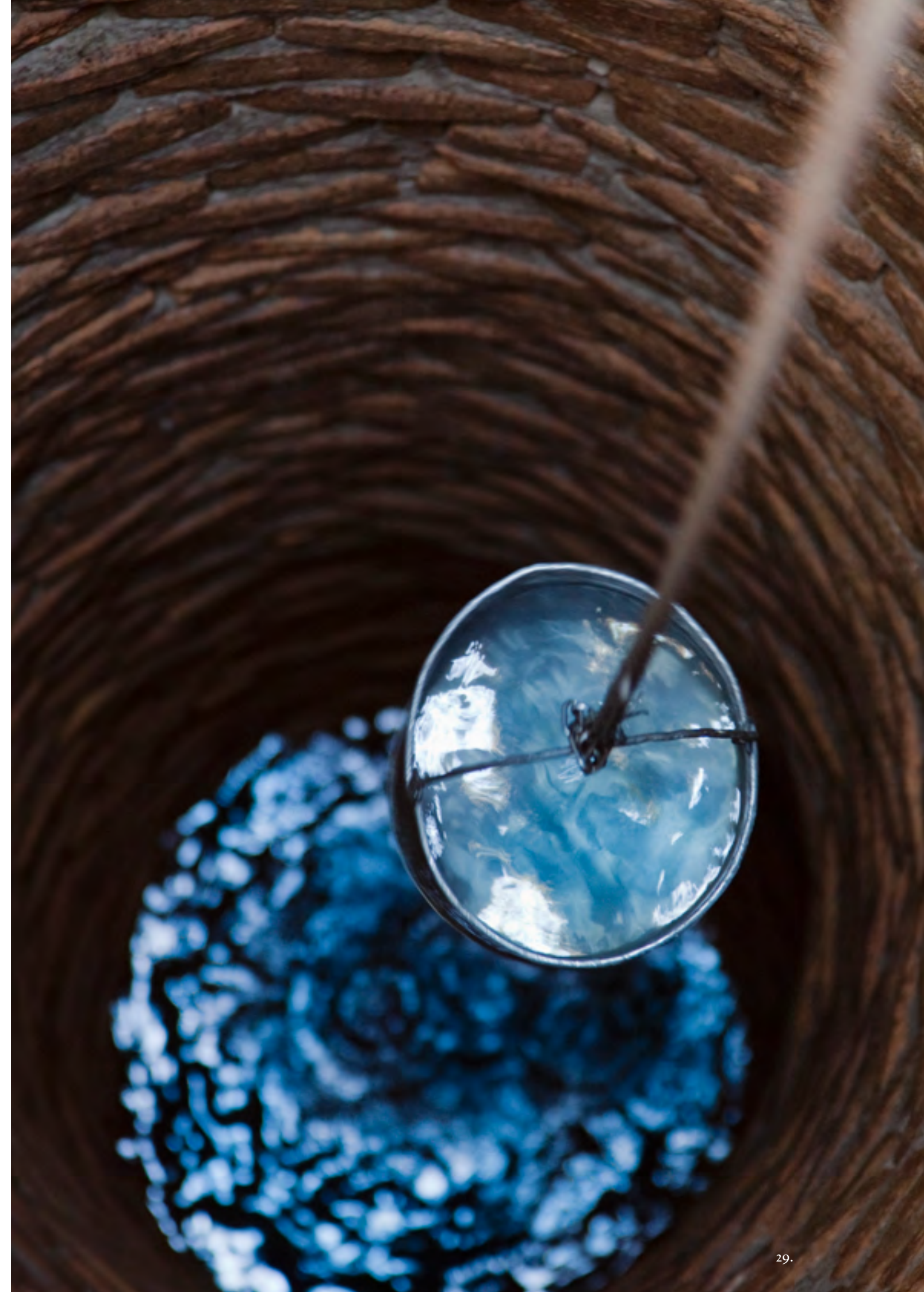
Has the Covid-19 pandemic changed the way investors make decisions? Will we see an increased shift towards sustainability?

The Covid-19 pandemic has been a catalyst in many respects. It has revealed how unprepared our economic system was for such a crisis and the lack of resilience in many areas. Due to a prolonged lack of demand for their products or services, many companies have not survived. Some withstood only a month or two of lower revenues before collapsing, often because they had not built up a sufficient buffer during previous, more prosperous years. There is now, more than ever, a sort of shared realisation that we need to transition to a more sustainable and inclusive economy. In this respect, Covid-19 has been a catalyst for change.

Impact investing

As part of our sustainable investing offering, we develop impact investing products that enable investors to fund selected projects that directly impact specific communities.

For example, in 2020, we entered into a partnership with Plastic Bank to pioneer an investment solution to help prevent ocean plastic pollution while creating long-term value for collector communities. With the 150 million tonnes of plastic already polluting the marine environment growing by 8 million tonnes a year, plastic pollution is one of the greatest threats facing our oceans. Plastic Bank stops plastic waste before it enters the ocean by collecting and reprocessing it for reuse. In exchange, local collectors get paid a salary that will enable a decent living standard. Lombard Odier will fund the collection of over 795 tonnes of ocean-bound plastic in Haiti (the equivalent of over 39 million plastic bottles). This will improve the lives of up to 6,000 collectors and their families as the first step in a larger programme that aims to create a positive impact in Haiti and Egypt. In January 2021, Lombard Odier and Plastic Bank created a new investment solution with an added layer to fund educational programmes in underdeveloped nations while continuing to reduce ocean plastic.





Interview with Dr Ben Caldecott

Director, Oxford Sustainable Finance Programme
and Lombard Odier Associate Professor of Sustainable Finance,
University of Oxford

In 2020, Lombard Odier and the University of Oxford announced a new multi-year partnership to foster research and teaching on sustainable finance and investment with a particular focus on climate change, circular economy and nature. The collaboration will create a unique platform for knowledge exchange between academia and financial services. It will also help sustainable finance become a major field of academic research globally and harness the financial sector's vast potential to drive environmental, social and economic change.

What structural changes are underway as a result of climate change?

Climate change is driving a range of structural changes to the global economy, creating risks and opportunities for investors. For instance, changing consumer preferences are affecting innovation, and technologies are converging to mitigate climate-related impacts. Physical risks describe how, for example, infrastructure can be affected by extreme weather events such as flooding, forest fires and hurricanes, resulting in the costly destruction of roads, bridges or train lines. The understanding of physical risks will likely force a rethink in where infrastructure is developed. Insurance companies are already taking physical risks into account in their risk analyses. Stranded assets (a deterioration of value) might result if companies do not adjust to the impacts of climate change. Climate change is an all-encompassing challenge and clearly impacts each sector of our economy.

Why is it important for investors to consider natural capital in their asset allocation decisions?

More than half of the world's GDP is believed to be moderately to highly dependent on nature. Therefore, the importance of preserving biodiversity and natural capital is not to be underestimated, not just to the success of companies and society but also for humanity's future.

What is your view on net zero transition plans for corporates and portfolios? How should we think about offsets?

Since we must take some extremely significant steps to address climate change, companies and states must rapidly design, implement, and execute credible, accountable plans that include clear interim targets. The ultimate goal is, of course, net zero by 2050 or sooner. Residual emissions that cannot be decreased to zero must be offset. Today, there is a wide range of offsets available, and it can be difficult to select one that effectively contributes to a lasting net zero.

The recently published Oxford Principles for Net Zero Aligned Carbon Offsetting outlines the key elements of credible net-zero-aligned offsetting:

1. Prioritise reducing your emissions. Offsets are the last resort.
2. Shift offsetting towards directly removing carbon from the atmosphere.
3. Shift offsetting towards long-lived storage, which achieves lasting or permanent carbon removal.
4. Support the development of a market for net-zero-aligned offsets.

How has the Covid-19 pandemic impacted the world's willingness to tackle climate change?

The pandemic has accelerated the development of new solutions in a range of industries. We're also seeing regulations that favour green technologies—"build back better" is showing momentum right now.

Stewardship

This section refers to Lombard Odier Investment Managers (LOIM), our asset management business. We use investment stewardship to address, manage and mitigate company-specific, systemic and market-related sustainability risks to deliver sustainable benefits for the economy, environment and society. LOIM's stewardship approach is built on three pillars: integration, engagement and voting. For all three pillars, LOIM incorporates The Oxford Martin Principles for Climate Conscious Investment, the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD) and emerging best practice on natural capital, as well as the more traditional core ESG considerations, into the heart of its overall stewardship activities. As such, the stewardship of sustainability enables us to encourage companies to secure an orderly transition to a sustainable model and increase their resilience to climate change impacts.

Engagement on sustainability issues allows us to go beyond systematic data screening by testing, challenging and influencing a company's sustainability profile. Therefore, we have set ourselves the goal of embedding an active dialogue with companies on sustainability issues as an integral part of our investment process. We do this regardless of whether we are equity or fixed-income investors. Traditionally, equity investors have taken the lead on engagement, particularly regarding corporate governance risks. However, from the very beginning, we have taken a cross-asset approach to building our sustainability analyses and tools. We continue to prioritise active ownership with our equity holdings, as described above. We also recognise that exercising voting rights is an essential part of investment management and the stewardship activities we undertake on behalf of our clients. We seek to vote in line with our clients' long-term interests. As an overriding principle, we look to the two leading global governance standards (G20/Organisation for Economic Co-operation and Development (OECD), 2015; and International Corporate Governance Network (ICGN), 2020) when determining how to act.

The outcomes of the engagements influence our investment considerations, and we link our voting to engagement outcomes. This ensures a circular, consistent stewardship approach. When it comes to fixed income, particularly in the case of corporate bonds, we believe that dialogue with companies provides a better understanding of the issuer's risk profile and, therefore, that such dialogue is a critical aspect of credit analysis. The unique characteristics of this asset class lend themselves to dialogue on issues besides equity investments. Leverage, liquidity and tail-risks are among the key topics, which become even more important for lower-rated issuers.

Our private client business is working to adopt many best practices adapted to the private banking business model. In 2020, we made significant progress on establishing an effective, robust compliance framework that will facilitate the delivery of engagement and proxy voting on behalf of our private clients. We have also made progress on integrating sustainability knowledge and expertise amongst the investment professionals working in our private client business. We believe in the importance of stewardship as an indispensable investment tool that helps us both protect and enhance the long-term value of the assets entrusted to us while unlocking additional value.

The Oxford Martin Principles for Climate Conscious Investment are a set of scientifically grounded tools designed to support investors and companies in assessing corporate strategy, focusing on the need to reduce net greenhouse gas emissions to zero. The principles are³ :

1. Commitment to net zero emissions
2. Profitable net zero business model
3. Quantitative medium-term targets.

³ Oxford Martin Principles for Climate-Conscious Investment, Briefing February 2018



UN Principles for Responsible Investment

Lombard Odier has been a signatory of the six United Nations Principles for Responsible Investment (UNPRI) since 2007. We are committed to developing our business in line with these principles:

1 Incorporation of ESG issues into investment analysis and decision-making processes

Lombard Odier supports and promotes the use of ESG criteria as a crucial part of our sustainability philosophy. We have been integrating these criteria into our investment decisions for over 20 years and have developed our own proprietary models to ensure we benefit from the most robust, decision-relevant information possible. In turn, this enables us to better understand how companies are positioned with regard to the sustainability issues most pertinent to their long-term performance and to identify those achieving measurable results on the journey towards greater sustainability.

Implementation of sustainable investment (internally managed funds)

At Lombard Odier, sustainability is a cross-team collaboration between our investment teams and dedicated sustainability experts. This means that we use a blend of systematic and fundamental analysis at all levels of the investment process. It also increases our capacity to identify risks and opportunities and to turn these insights into actionable intelligence. Over the past year, we have significantly expanded our in-house sustainable investment expertise and resources to continually enhance our ability to help clients position their portfolios for the transition to a sustainable economy across asset classes. Within LOIM, we have two dedicated sustainability teams that are primarily responsible for research and analysis of material, forward-looking sustainability challenges and business practices and for providing a centralised framework for our stewardship efforts. We share the results from these teams' work with our private banking business to align the Group's asset management and investment activities.

A. The **Sustainable Investment Research, Strategy & Stewardship Team (SIRSS)** is responsible for identifying, analysing and mapping material sustainability challenges likely to affect the long-term viability of companies' business activities and models. The team maps the exposure of different sectors and industries to sustainability challenges and companies' susceptibility to those challenges, working closely with sector analysts, investment teams and the ESG Solutions team. The SIRSS team also works to develop and launch new sustainable investment products and solutions and is responsible for the internal verification of green bonds. In addition, the team is responsible for carrying out LOIM's strategic stewardship objectives by working with investee companies—either directly or through industry collaboration—to promote sustainable business practices and models and enhance long-term value for clients. To reflect the complex and multifaceted nature of sustainability challenges, the team brings together sustainability specialists with a range of skillsets that include investment banking, macroeconomics, lifecycle analysis, data science, stewardship and communications.

B. The **ESG solutions team** is responsible for conceiving, developing and distributing ESG metrics and in-house assessment tools, including business practices scoring, controversy indicators and impact metrics. We have an extensive quantitative platform that systematically gathers data on companies and key ESG issues. During 2020, we upgraded our proprietary ESG tool to filter the ESG issues that are most relevant to specific business contexts—commonly referred to as a ‘materiality-based’ approach. To achieve this, we created a proprietary framework encompassing 14 dimensions that reflect the principal dimensions of ESG opportunities and risks to which companies can be exposed across their value chain. These include upstream risks primarily related to supply chain or natural resource use, operational risks directly related to a company’s production and operational processes, and downstream risks related to the potential negative impact of products and services sold. We have identified and ranked the most material ESG dimensions for 158 Global Industry Classification Standard (GICS)⁴ Level 4 sub-industries, which is captured in our proprietary Lombard Odier ESG Materiality Heat Map. For each company, we then calculate a rating that integrates materiality by overweighting the most relevant information based on the industry in which they operate while underweighting less relevant, general information. Using this methodology, we then calculate our Lombard Odier ESG Materiality Rating for each company, ranking them from A+ to D based on a comparison with their peers. Our Lombard Odier ESG Materiality Rating also embeds our proprietary Consciousness, Actions and Results (CAR) methodology. Since we believe that companies making measurable progress towards sustainability are more likely to outperform, we overweight the ‘Results’ component: ESG indicators linked to definitive outcomes.

Our Lombard Odier ESG Materiality methodology enhances our ability to monitor companies’ progress on the sector-specific issues that are the most relevant to
› their long-term sustainability and engage with them on these material issues. It is designed to differentiate between the talkers, doers and achievers.

Additionally, the team monitors the occurrence and severity of controversies with the potential to affect companies and their stakeholders. The ESG solutions team has also built an in-house model for assessing the sustainability of sovereign
› entities based on a government’s commitments, actions and achievements towards achieving the SDGs by 2030. Finally, the team is responsible for measuring the various environmental impact metrics and the alignment of portfolio temperatures with the Paris Agreement. Each of these tools is integrated into our investment teams’ processes through screening and exclusion approaches for our systematic teams and the decision-making process for our high-conviction teams.

⁴ An industry taxonomy developed by Morgan Stanley Capital International (MSCI) and Standard and Poor’s (S&P)

2 Be an active owner with ESG issues incorporated in ownership policies and practices

Stewardship is a fundamental part of our investment process, and we have set out the basis for our engagement with companies in our **Engagement Policy**. This level of engagement relates to our asset management business, while our private clients business integrates best practices adapted to its business model. Thus, we look at ‘engagement’ in its fullest sense—not only in terms of how we vote at shareholder meetings, but also how we maintain an open and continuous dialogue with a company throughout the investment lifecycle. We use the intelligence and analysis that the Sustainable Investment Research Strategy & Stewardship and ESG solutions teams generate to drive our dialogue and voting power with companies. This empowers us to have informed discussions with those companies and target issues we think are material to their long-term financial stability and performance. In line with our commitment to stewardship and transparency, we disclose our proxy voting record on a retrospective quarterly basis via the **Vote Disclosure Service** provided by Institutional Shareholder Services, our proxy research and execution provider.

In early 2020, LOIM became supporters of the Climate Action 100+ initiative, a global collective effort engaging the 160 worst polluters to achieve change. LOIM also became members of the Green Bond Principles, which promote integrity in the Green, Social and Sustainability Bond market through guidelines recommending transparency, disclosure and reporting. At the time of publishing this Report, we were among the Top 25 largest green bond investors globally in terms of the value of our holdings.

3 Seek appropriate ESG disclosure from the entities in which we invest

Lombard Odier continuously engages with companies to better understand their ability and willingness to transition to a more sustainable economy. Here, disclosure is critical, not just for us as investment managers, but also for the stability of the wider financial system and the global economy. Through our engagements, we regularly encourage the companies we invest in to provide transparent disclosure of decision-relevant information around ESG issues. This is why Lombard Odier supports the final recommendations of the TCFD, which will improve our ability to analyse companies’ material risks and their readiness for the transition to a decarbonised economy. Since 2015, we have also supported an investor group run by the United Nations that encourages stock exchanges to adopt guidelines that require listed companies to report non-financial data in a transparent, standardised way. In 2020, LOIM joined the Finance for Biodiversity Pledge (financeforbiodiversity.org), which calls on global leaders to commit to protecting and restoring biodiversity through their finance activities and investments. As part of our membership, we support improved disclosures to reverse nature loss through the Pledge’s five commitments: 1) collaboration and knowledge sharing; 2) engaging with companies; 3) assessing impact; 4) setting targets; and 5) reporting publicly.

4 Promote acceptance and implementation within the industry

Lombard Odier is a co-founder and active participant in many initiatives and associations that promote the adoption of socially responsible investing throughout the financial industry:

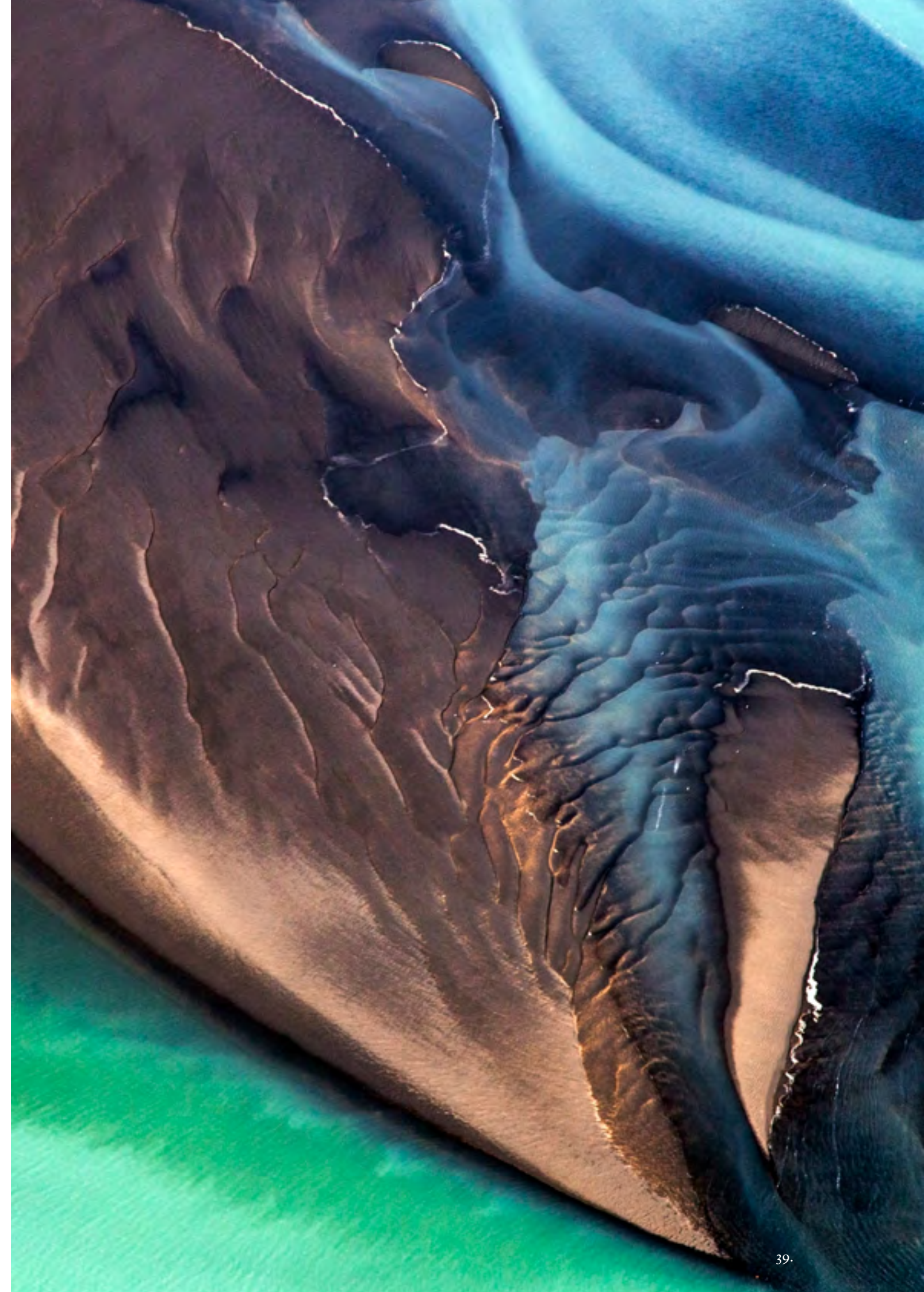
- › Founding member of The Circular Bioeconomy Alliance
- › Active member of Sustainable Finance Geneva (SFG), which promotes sustainable finance and positions Geneva as a sustainable finance centre
- › Founding partner and active member of Swiss Sustainable Finance (SSF)
- › Founding partner and active member of the Global Impact Investing Network's (GIIN) Investors Council
- › Signatory of the 2019 Global Investor Statement on Climate Change
- › Signatory of the Carbon Disclosure Project (CDP)
- › Signatory of the TCFD
- › Participant in Climate Action 100+
- › Member (Investors) of the Green Bonds Principles and Sustainable Bond Principles
- › Member of the Energy Transitions Commission
- › Member of the Finance for Biodiversity Pledge
- › Member of the Institutional Investors Group on Climate Change (IIGCC)
- › Founding member of the Natural Capital Investment Alliance
- › Signatory of the United Nations Principles for Responsible Banking (UN PRB).

5 Work together for better implementation

Lombard Odier supports UNPRI collaborative initiatives and is actively involved with local, national and international regulatory and political authorities in promoting a sustainable finance framework. The PRI Collaboration Platform is a unique forum that allows signatories to pool resources, share information and enhance their influence on ESG issues.

6 Transparency on our own activity and implementation progress

Lombard Odier completes the annual UNPRI transparency reporting and assessment. These transparency reports are publicly available on the [UNPRI's website](#). In addition, we are committed to providing quality, transparent reporting to our clients on non-financial factors. This includes, for example, detailed analysis of companies' exposure to and management of controversies, ESG scores, carbon intensity and industry exclusions. We believe this gives our clients a clearer view of the environmental and social profile of their portfolios.




Technology solutions

Secure and efficient banking technology is essential to the responsible, sustainable long-term management of a financial institution. Our Technology & Operations (T&O) unit is at the forefront of designing and servicing technology solutions for businesses and investment professionals. We have created our own bespoke in-house IT solutions that enable our partners and us to simplify our processes and serve our clients efficiently.

The T&O unit has three types of clients: our bankers, external asset managers and Business Process Outsourcing (BPO) clients. Our BPO clients are a range of carefully selected, independent European financial institutions⁵, including other private banks, institutional investors and family offices.

Our banking technology is an important point of differentiation for Lombard Odier, and we have a long track record of expertise in this space. We develop our technology solutions in close collaboration with bankers and asset managers both internally and externally, which enables us to rapidly understand our clients' needs. Furthermore, having full ownership of our technology gives us the agility and flexibility we need to quickly provide new functionalities to meet our clients' needs as they evolve.

⁵These institutions are based in countries that are members of the Financial Action Task Force (FATF), and they are under the supervision of the Swiss Financial Market Supervisory Authority (FINMA) or equivalent foreign authorities



“ The pandemic has strengthened
our conviction that technology is key ”

Alexandre Zeller
Managing Partner

Our Global Assets+ tool offers asset servicing, consolidation and reporting with first-class global custody and state-of-the-art technological tools. The platform gives clients a global, consolidated view of their assets and enables them to:

- › Manage stock exchange transactions, identify trends and risks and implement and monitor overlay strategies
- › Monitor the performance of a portfolio segment, evaluate its ESG criteria and measure allocation effects
- › Benefit from an interactive interface with our secure technology built-in, developed entirely in-house.

Meanwhile, our proprietary G2 wealth management platform is pioneering, easily deployable and highly flexible. The platform manages billions in assets and thousands of accounts, and includes development, infrastructure management and cybersecurity.

The G2 banking platform includes:

- › Portfolio analysis, management and reporting, Customer Relationship Management (CRM) functions, mobile solutions and digitisation
- › Trading and forex, risk management, compliance and tax
- › Accounting and management information systems, regulatory and financial reporting.

In 2020, we launched the GX platform transformation project: the strategic evolution of our G2 platform. This seven-year programme will take our wealth-management platform to a new level of capability. It will also enable us to support local universities by bringing talented engineering graduates and experienced asset management professionals together to develop specific functionalities. Through this unique pairing, the programme will benefit from the powerful combination of technological innovation and banking expertise.

We also invested in Taurus, a leading Swiss digital infrastructure provider for banks, asset managers and stock exchanges. This investment is part of our strategy for remaining at the forefront of advanced technology in blockchain and digital assets, in order to make ongoing enhancements to our offering for our clients and third parties.

Amid the complex environment created by the Covid-19 pandemic, our priority was to ensure that we could continue offering our clients exceptional service as we adjusted to an unprecedented home-working situation. For many years, Lombard Odier has used crisis scenario simulations to prepare for emergencies. This work ensured that we had a highly effective global Business Continuity Plan ready to implement at the start of the pandemic. When the first global lockdowns came into effect in early 2020, this Plan enabled us to offer our clients uninterrupted service even as 80% of our employees immediately began working from home. We were also able to introduce new functionalities in response to our clients' developing needs and create a tool that handles video conferences for up to 3,000 people.

Furthermore, our colleagues ensured we could absorb a growing volume of transactions while reducing operational and IT incidents. Since several of our functions cannot work remotely, we implemented a rotating work-from-home system for these teams that allowed us to follow pandemic guidelines while safeguarding the health of our employees and their families.

*We are tackling today's cyber challenges
to prepare for the bank of tomorrow.*

As a technology service provider for other institutions, the pandemic has reinforced what we have long believed: that there is tremendous value in having an in-house IT solution, and that running a complex institution demands a reliable tool. Flexible, integrated technology enables us to remain prepared for the unexpected and protect our clients in an ever-changing world. Many financial institutions are also prioritising spending on cybersecurity, risk analytics and client-facing systems.

E-waste is a growing problem. Discarded electronics are proliferating globally, and their current estimated value is over USD 60 billion⁶. At Lombard Odier, we aim to ensure that our electrical appliances are recycled and re-used as much as possible. Depending on the item, we have a range of solutions in place to achieve this goal. In many cases, we donate used electronics to charities, including ASSAFI (Association d'Appui et de Formation aux Initiatives de Développement, mission en RDC), Uganda Connect, BUPP (Actions et Travail Social Hors Murs) and humanitarian projects arranged by local schools. Elsewhere, we arrange for the manufacturer to take back the equipment for refurbishment and re-use. Facilitating the re-use of electronics and their components reduces the need for mineral extraction and new manufacturing, and is part of our aim to support the transition towards a CLIC™ economy.

⁶Source: The world's e-waste is a huge problem. It's also a golden opportunity | World Economic Forum (weforum.org)

Ecole Polytechnique Fédérale de Lausanne (EPFL)

Lombard Odier supports innovation in technology. To that end, we are a founding partner of the EPFL Center for Digital Trust, a collaboration between researchers, industry, the public sector and civil society to define and realise a shared vision: re-inventing trust mechanisms that will contribute to prosperous, peaceful societies in the digital age. To find out more, read our interview with Martin Vetterli, President, EPFL, in the 'Philanthropy and community engagement' section.

France Digitale

Lombard Odier has supported France Digitale since 2016. Established in 2012, France Digitale is the largest association of digital entrepreneurs and investors in France and Europe. Our partnership further strengthens Lombard Odier's ties with and support for the generations of entrepreneurs who combine digital technology, talent and innovation.



Interview with Technology & Operations

Geoffroy de Ridder, Executive Vice President, Head of Technology & Operations

Richard Denglos, Senior Vice President, Head of IT Infrastructure

Bank Lombard Odier & Co Ltd

Lombard Odier supports our technology clients in their responsible, sustainable management by providing secure and efficient banking technology. The Technology & Operations (T&O) unit is also an important part of implementing our internal sustainability strategy through a number of initiatives.

How important is information technology in enabling Lombard Odier to meet its sustainability goals?

Technology can both enable and prevent sustainability, so it plays a significant role. We are driven by our commitment to Lombard Odier's CLIC™ framework and have been working systematically to find solutions to reduce e-waste; minimise the energy we consume through our technology use and optimise the use of such energy, for example through partially heating our buildings with heat generated by our servers; and move towards cleaner, more circular technologies. Our forthcoming Green IT programme will bring all such measures together under a single initiative that represents the T&O department's commitment to minimising its environmental impact.

Can you give some examples?

We reduce our hardware footprint, energy consumption and cooling requirements by virtualising 98% of our servers (running several servers on the same hardware). We also direct the air conditioning systems in our data centres towards the cabinets that house our hardware, which are themselves designed for optimal airflow to maximise cooling, to further reduce our energy consumption. And our desktop computers shut down automatically at night, which saves energy directly and, by generating less heat, produces indirect energy savings through a reduced need for air conditioning.

How do you reduce electronic waste and ensure circularity in our use of electronics?

The number of devices we use has increased considerably in recent years. At Lombard Odier, we are committed to reducing e-waste and increasing circularity in several ways. We look to buy products with a good sustainability profile and longer expected lifespans.

When we replace a device, we aim to either sell the old one back to the manufacturer or donate it to charity.

We also use fewer workstations than we used to—when there was typically more than one PC on each desk—by virtualising many of them, and we are continuing along this path.

What concrete actions can we all do to reduce our technological footprints?

User behaviour plays an important role in a system's power consumption, so we can all play our part. One important energy-saving tip is to turn our laptops off when we can, instead of leaving them in sleep mode. We can also avoid unnecessary emails, because the carbon footprint of an average email is equivalent to that of a small plastic bag. Small changes to our email habits that make a big difference include unsubscribing from mailing lists, replying without the email's full history, minimising the number of people in copy and attaching documents only when necessary.

We are constructing our new global headquarters in Geneva. What role does technology play in this big step for the Group?

Our new headquarters will feature smart technologies to ensure energy efficiency, consistent air quality, optimal lighting and much more. Moving all of our Geneva employees into the same building has led us to rethink our ways of working, especially in collaborative spaces. Laptops instead of desktops will enable employees to choose to meet and work in different areas of the building, away from their dedicated workspaces. And, of course, we will ensure that 100% of our electronics are re-used or recycled responsibly. Those are just a few examples of how we will harness technology to enhance our sustainability efforts across our new headquarters.

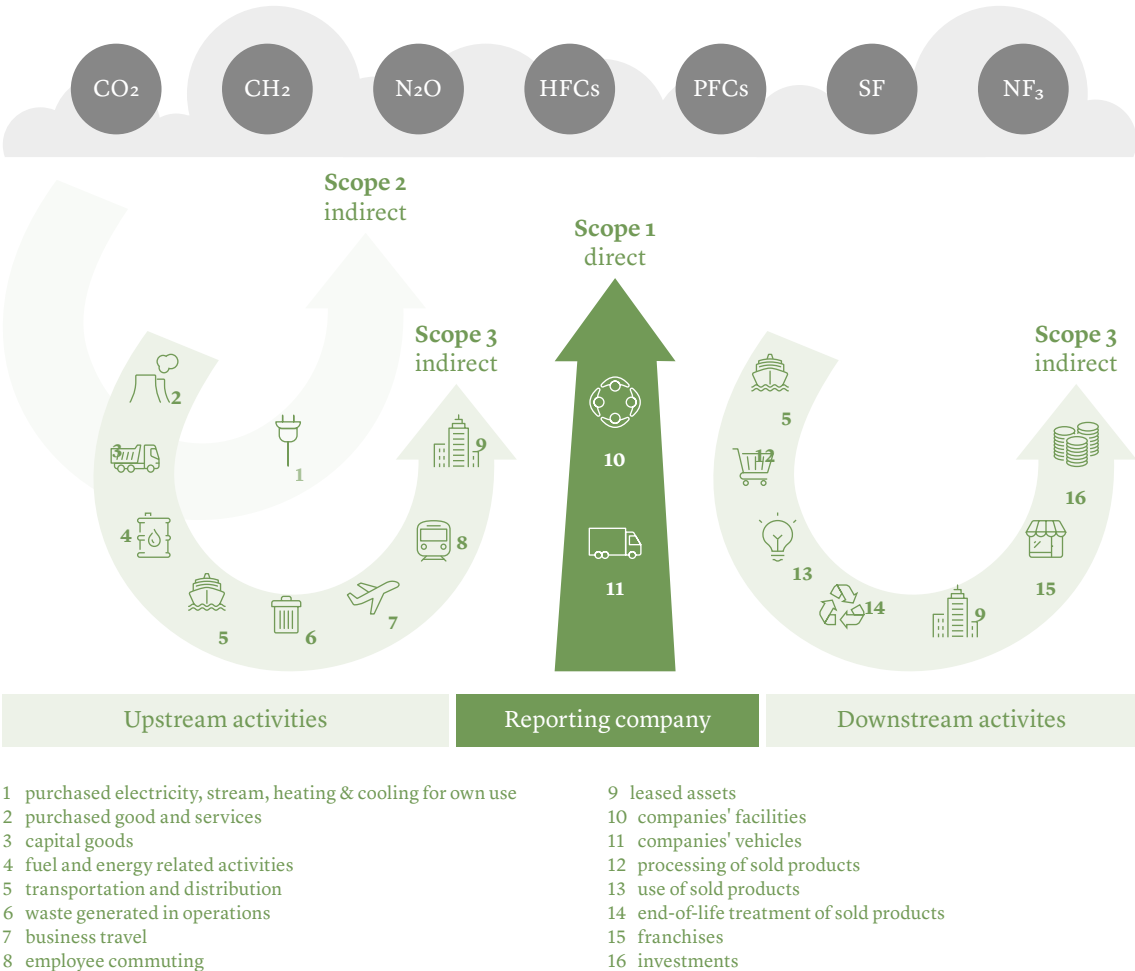
Reducing our footprint

In 2020, Lombard Odier's global carbon footprint was 3,456 tonnes CO₂e, down from 7,547 tonnes CO₂e in 2019⁷. Clearly, the primary driver of this 54% year-on-year reduction in our carbon footprint was the Covid-19 pandemic's global impact on travel and work. This section will break down this reduction by type of emissions and attempt to quantify how much was due to the various structural improvements we have undertaken rather than the pandemic. We align our efforts to reduce our footprint with our CLIC™ vision by aiming to make our operations Circular, Lean, Inclusive and Clean. Reducing our carbon footprint does not just enable us to have a positive impact on the environment and our stakeholders. It also produces economic benefits in the form of increased operational efficiency and reduced costs.

We calculate our carbon footprint using the Greenhouse Gas (GHG) Protocol standards. Our 2020 carbon footprint analysis covers Scope 1, Scope 2 and some elements of Scope 3 emissions:

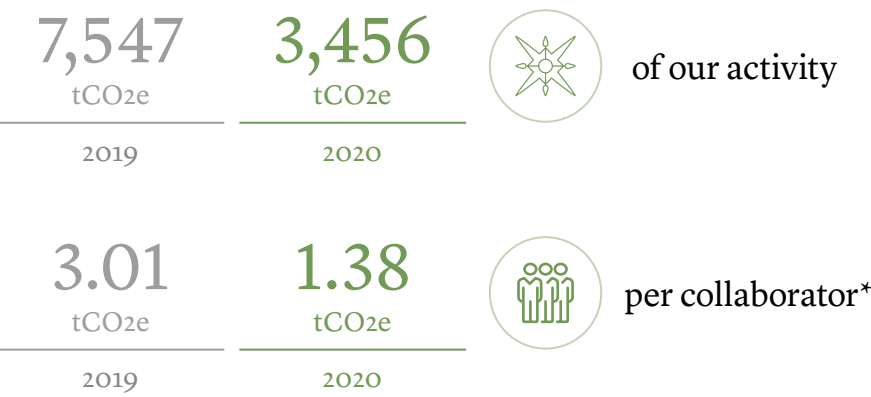
- Scope 1:** Direct emissions from controlled sources, including natural gas and fuel oil
- Scope 2:** Indirect emissions from purchased electricity, steam, heating and cooling
- Scope 3:** Indirect emissions (not included in Scope 2) that occur in our value chain, such as business travel, supply chain (tier 1) and waste.

GHG Protocol Scope Guidance



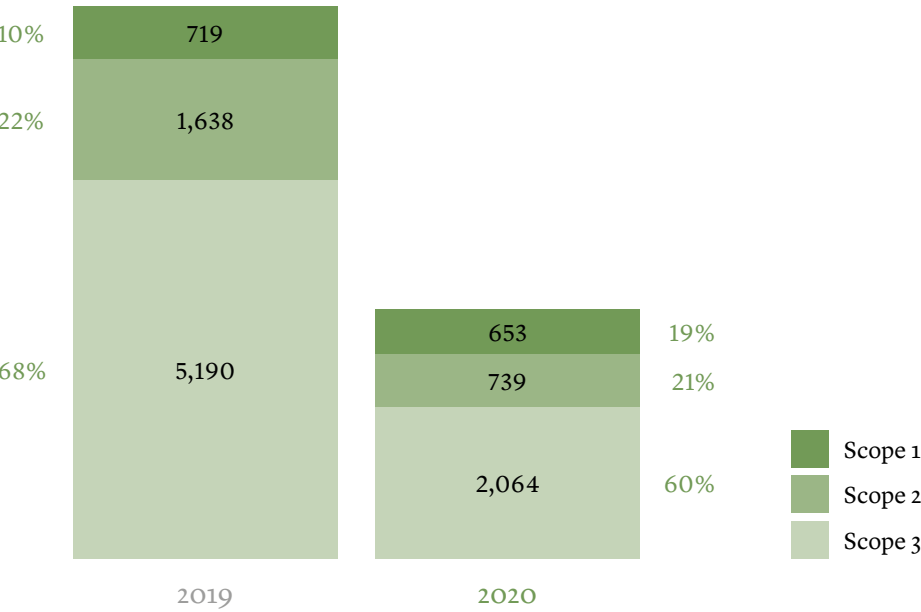
⁷ 2019 figures restated

Our carbon footprint analysis



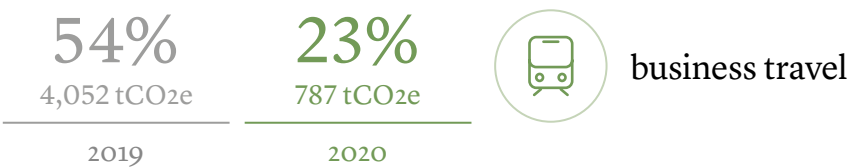
GHG emissions factors used to calculate carbon footprint are continuously updated to reflect reality as precisely as possible. The emissions factors were updated in 2020. The 2019 carbon footprint results have therefore been adjusted for consistency.

Our emissions per scope (tonnes CO₂e):



* 2500 collaborators in total

Sources of our emissions



Due to travel restrictions imposed during the pandemic in 2020, the number of business flights and train journeys our colleagues took dropped by 75% and 64% respectively year-on-year. We used this opportunity to integrate new ways of working and maintaining close contact with our clients and colleagues. Consequently, we increased our use of video conferencing by 91% compared to 2019. Since our business relies on maintaining close relationships with our clients, we expect business travel to increase compared to 2020 once restrictions ease. However, we also anticipate that much of the demand for different types of meetings—both in person and by video—will remain, and we intend to use the lessons learned during the pandemic to promote an efficient balance between travel and remote meetings. We will continue to favour hotels that have a meaningful sustainability programme in place.



Our energy use decreased by 40% in 2020. The decrease results from the home working imposed on colleagues in all our offices at different times last year, and is balanced by a consistent energy use as Lombard Odier runs its own server halls.



Our waste treatment emissions remained relatively low, accounting for less than 1% of emissions. However, since this is an area in which all of our employees can make a big difference through small changes in their behaviour, waste continues to be an important area of focus. Our efforts to achieve a nearly paperless office continued in 2020. We will be able to measure the real impact of our digitisation efforts once pandemic restrictions are lifted. Similarly, although the use of plastic in our offices also decreased significantly last year, the unusual circumstances of 2020 means that these figures are not representative of the real progress we have made in our ongoing Zero Plastic initiative. We launched this effort in 2019 to eliminate single-use plastics and replace all containers with either recyclable or compostable solutions in all our offices.



For the second consecutive year, Imprim'Vert awarded its label to our printing plant in Geneva, which handles 10 million impressions a year. The Imprim'Vert label is granted only to printing works that comply with ecological criteria, such as banning toxic products and optimising electricity consumption. Created in 1998 by the French Chambre des Métiers (Chamber of Trade), the label sets and verifies a standard recognised throughout the printing industry.



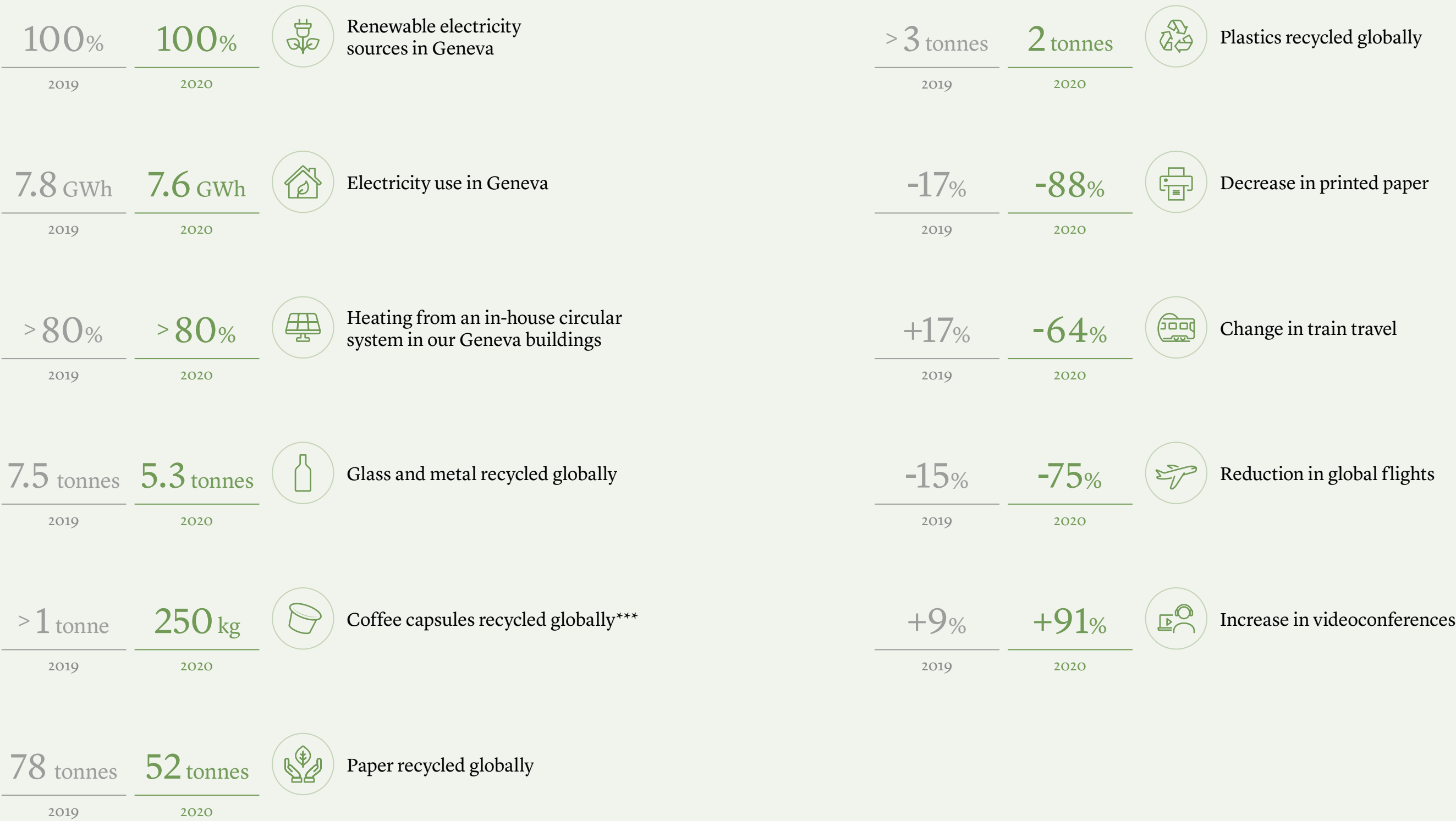
Emissions from our supply chain entailed a relative increase by 16% in 2020. This is due to the mix of purchases made during the year with a higher carbon emission factor in GHG Protocol calculations. We use a monetary-based approach for supplier expenses, with a resulting impact from foreign exchange rate fluctuations.

As we set out in our Procurement Guidelines, we seek to engage with suppliers that have adopted meaningful corporate responsibility policies and programmes that cover and actively support ethical conduct, diversity, social responsibility and environmental sustainability. In 2020, we reviewed our procurement framework to ensure the comprehensive integration of sustainability in our approach. We will implement our Rethink Procurement project in 2022, which will focus on creating an automated, digitalised invoicing process that strengthens tracking and reduces administrative costs. We aim for transparency, and are implementing an increased focus on sustainability into our due diligence and tender processes. Potential new suppliers will have to prove they comply with all laws and regulations—including Human Rights—in their country of operation and meet our environmental requirements. In our Supplier Code of Conduct, we reaffirm our commitment to requiring all our suppliers to align their business practices with the Ten Principles of the UN Global Compact.

We have continued to support our suppliers during the Covid-19 crisis. Where a supplier is experiencing difficulties due to the pandemic, we aim to jointly identify solutions.

** excluding emissions from tier 2 and subsequent supplier expenses

Selected sustainability achievements



*** 2020 estimated at 25% of 2019 figure, to include the Covid-19 impact of employees working mainly from home

Building sustainably: our new headquarters

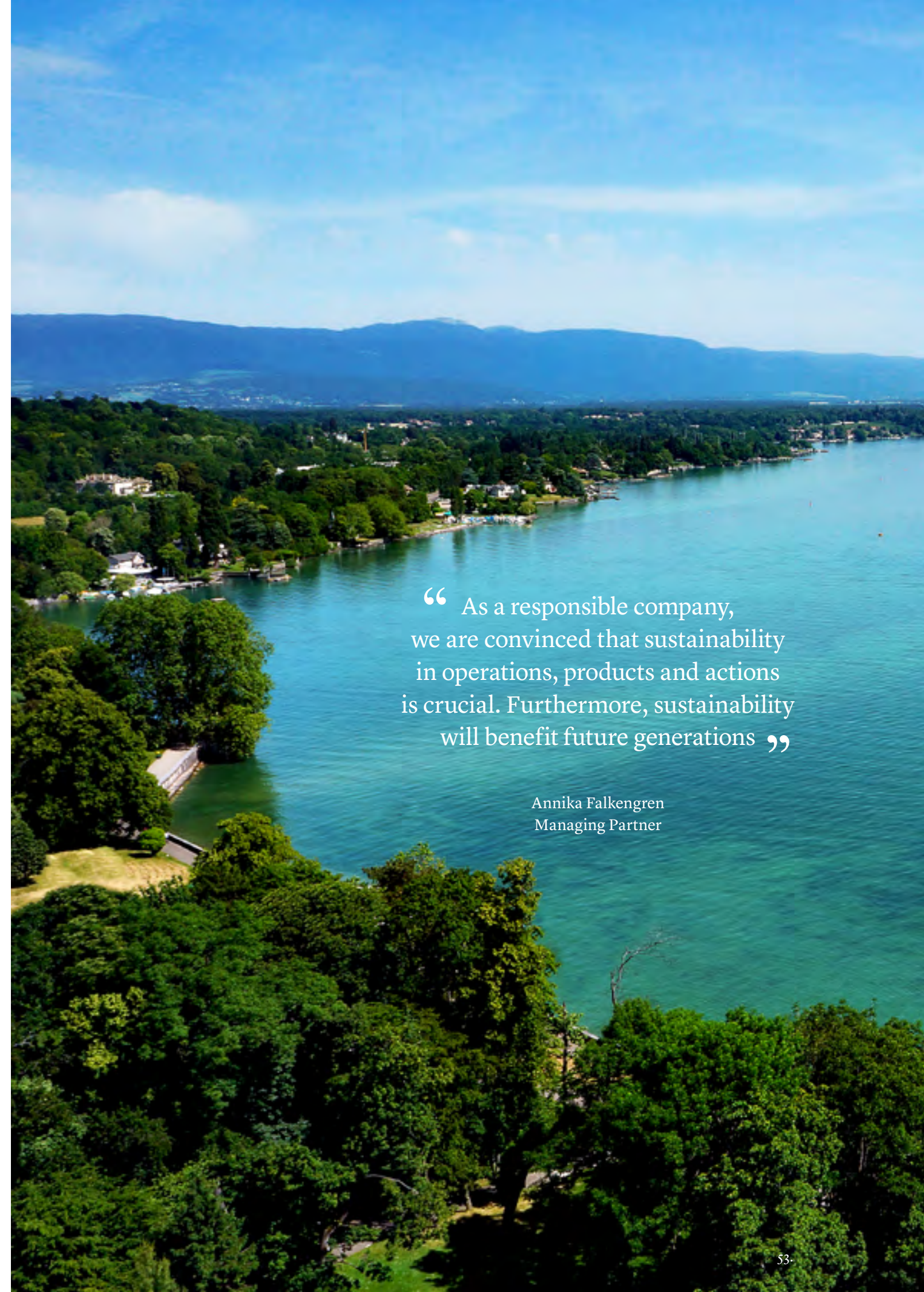
In 2020, we continued to put in place the sustainability framework for our new headquarters in Bellevue, on the right bank of Lake Geneva. The building is under construction and will embody the highest possible standards of sustainability. We are formalising the framework in line with the three sustainable building certifications we aim to achieve: SNBS (Standard Nachhaltiges Bauen Schweiz), Minergie-P and BREEAM®. To receive these certifications, we are developing solutions in a number of areas, including:

- › Efficient water use, including rainwater collection and re-use
- › Material sourcing to ensure an interior air quality with the lowest level of polluting particles
- › Solutions for optimising the amount of natural light entering the building while reducing glare
- › Solar roof panels to add to our renewable energy sourcing
- › Green mobility solutions, including e-bikes and charging stations for electric cars and bikes
- › CFC-free gases in cooling fluids in our in-house restaurant
- › Access for persons of reduced mobility
- › Building automation and smart building solutions
- › Improved recycling solutions
- › Energy provision, which will include joining the GeniLac project, a 100% renewable thermal solution that uses water from Lac Léman to cool and heat buildings
- › Employee well-being, including a fitness centre to help employees maintain an active lifestyle.

A sustainable building is in line with Lombard Odier's view that sustainability will drive operational efficiency and reduced costs, as well as provide a space that best meets our clients' and employees' needs.

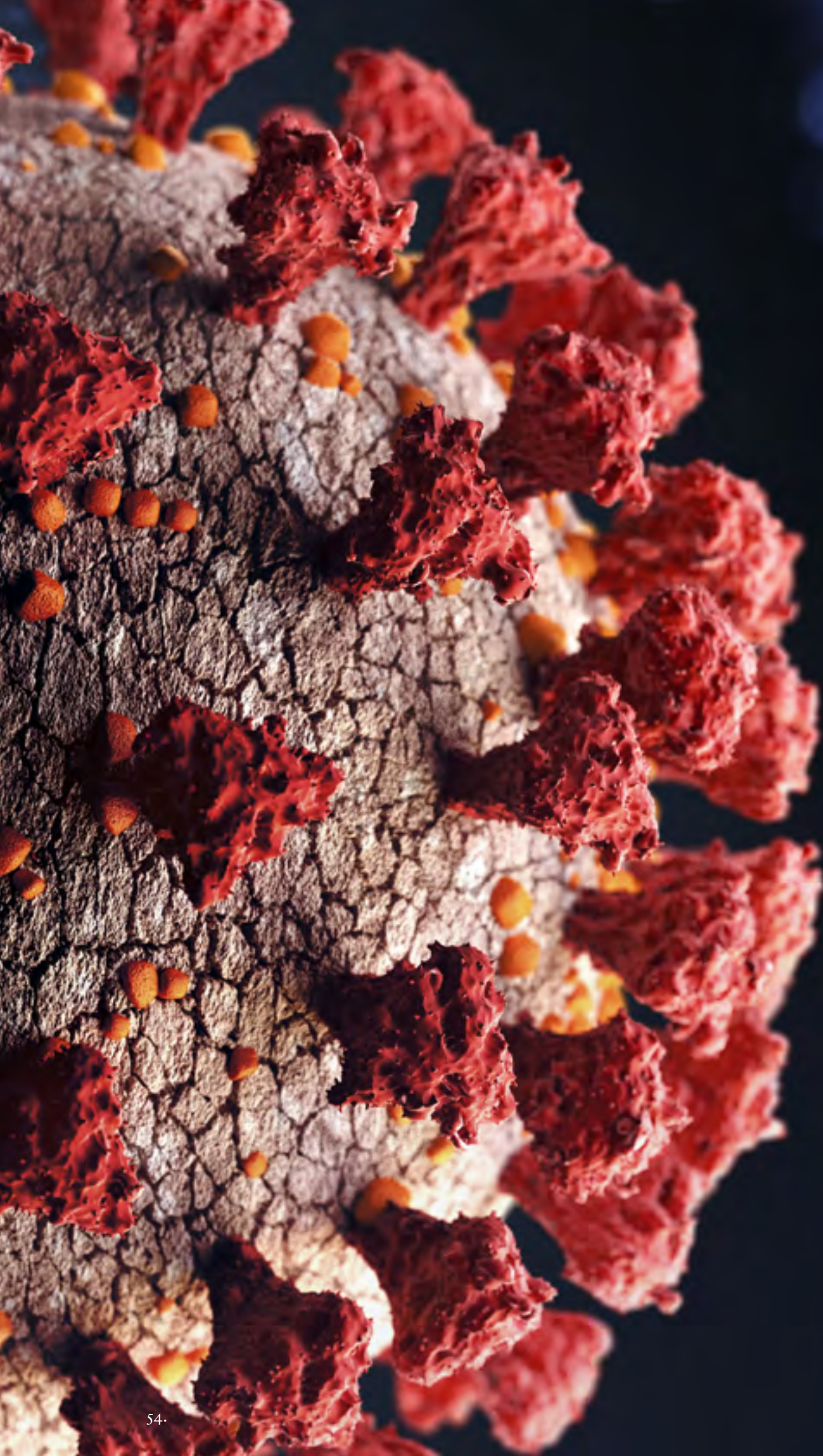
Where possible, we aim to implement sustainability initiatives linked to our new headquarters in advance of its completion, such as our upcoming e-bike initiative for Geneva employees. Electric bikes will be available for use 24/7, which will provide valuable information for the development of our future mobility plan.

In line with Lombard Odier's emphasis on the importance of preserving biodiversity, we will install beehives on our new site in late spring 2021.



“ As a responsible company, we are convinced that sustainability in operations, products and actions is crucial. Furthermore, sustainability will benefit future generations ”

Annika Falkengren
Managing Partner



Our colleagues

As one of the key pillars that enable our business's growth and success, our colleagues are at the centre of our considerations. Accordingly, we continually develop and adopt initiatives designed to improve the quality of their working lives. As outlined in our Code of Conduct and Shared Values and other internal policies, Lombard Odier strives to provide an ethical, inclusive workplace for all of our colleagues.

“ We are proud of our employees' resilience and dedication in serving our clients during these unprecedented times ”

Denis Pittet
Managing Partner

Covid-19 impact

The Covid-19 pandemic has had a profound effect on us all, not only in terms of how we do business and stay close to our clients but also in our personal lives. We are proud of the resilience that our employees have shown during this difficult period. Since the start of the pandemic, Lombard Odier has aimed to provide our colleagues with a robust support system. By executing the Business Continuity plan we have had in place for several years, we achieved a seamless transition to home working for our employees globally. To reduce the risks for employees whose presence in the office was unavoidable, we ensured a supply of face masks and hand sanitiser, increased the distance between desks and rearranged seating plans to use the space vacated by colleagues working from home. We also increased the frequency of surface disinfection and implemented face mask mandates in many offices. Managers implemented daily or weekly team calls to ensure optimal client service and maintain a strong human connection between colleagues. Our Managing Partners also organised weekly calls with Q&As to keep employees informed of the restrictions in place and measures taken by the bank.

Lombard Odier joined forces with the Resilience Institute⁸ to offer our colleagues a series of six webinars on the theme of resilience. These webinars aimed to provide advice and access to practical tools designed to boost morale and restore energy.

⁸ Founded in 2002, the Resilience Institute aims to deliver high impact, practical, evidence-based, integrated resilience training. www.resiliencei.com

We held a 21-day online well-being programme in April and May 2020 to help employees relax, build physical strength and improve concentration. This included three courses: Total Body Workout, Mindfulness Meditation and Yoga.

During the 2020 confinements, close to 80% of our employees worked from home. To ensure that we could receive rapid feedback on the new remote working situation and make changes where necessary, we replaced our annual employee survey with three surveys held between April and October 2020. An average of nearly 60% of employees completed each survey. The results provided valuable insights that enabled the Group to optimise its delivery of the assistance our colleagues required and support their health and work-life balance during the crisis.

More than 90% of respondents said that Lombard Odier has taken the measures necessary for employees to work in good conditions and that communication was clear. Meanwhile, 65% of respondents expressed concerns about the prolonged nature of the crisis and described the practical difficulties of maintaining social distancing.



Gender diversity

Lombard Odier recognises diversity as an area of continuous improvement and includes diversity training in its ongoing staff training programme. This is comprised of Workplace Diversity and Inclusion training, Preventing Discrimination and Harassment and manager training on Unconscious Bias.

Since the creation of the Gender Initiative in 2016, we have witnessed a positive evolution in the role of women within the Group. This is evidenced by the 6.1% increase in the proportion of women at senior management, a high retention rate after maternity leave (79.3%) and an increase in part-time work among male employees (+9%).

Due to the pandemic, we held last year's annual Women's Leadership Programme via video conference, enabling the participation of 20 talented women from across our European and Asian offices. The programme aims to help women with great potential develop their management skills and pursue careers within the Group.

Lombard Odier is committed to further accelerating our progress with respect to gender balance. In 2020, our Luxembourg office secured the Positive Actions certification, developed by the Luxembourg Ministry of Equality to support gender equality measures in Luxembourg's private sector.



Employee benefits

Depending on the country and office, Lombard Odier employees enjoy a range of benefits, including maternity, paternity and adoption leave and pay; subsidised travel passes; health insurance; an in-house restaurant; e-vehicle charging stations and concierge services. Equal rights and a better work-life balance for our employees is of great importance at Lombard Odier. That is why, following the Swiss population's agreement to the introduction of a two-week compensated paternity leave period in 2021, we decided to go a step further by offering an additional week. Consequently, as of 1 January 2021, new fathers at Lombard Odier receive 15 working days of paternity leave with full pay.

Our pension system provides a significant level of coverage and services. Moreover, we believe in the importance of employee participation in the Fund's strategic decisions, from the definition of benefits to the investment philosophy and strategic allocation. This leads to open dialogue and enables a sound, trusting relationship between the bank and its employees, continuing a tradition of providing a robust pension solution for our employees that began in 1910, when we became one of the first private companies in Switzerland to establish an employee pension fund.



Career development

In our 2019 annual employee survey, our colleagues told us that they wanted to see a greater emphasis on training and interventions designed to help them develop their careers. So, in 2020, we introduced a wide range of personal development courses to LO University, our internal digital learning platform available to all our colleagues globally. The new selection includes courses in leadership as well as subject-specific courses, such as interpersonal and IT skills. Since 2019, our bankers, client advisors, portfolio managers and other investment specialists in our Private Clients unit are achieving the Certified Wealth Management Advisor (CWMA) certification, which is recommended by the Swiss Bankers Association and internationally recognised under ISO 17024. In 2020, more than 100 employees received the certification.

In September 2020, Lombard Odier launched a new learning platform: Cooracademy. The platform was created at the Ecole Polytechnique Fédérale de Lausanne (EPFL) in Switzerland, home to a leading learning sciences research centre. The Cooracademy platform offers more than 1,000 interactive courses in a bite-sized format that adapt to the individual's knowledge level. It also motivates learning by enabling colleagues to challenge other learners and earn points. For our 300 colleagues working in Technology and Operations (T&O), we introduced a new digital solution dedicated to developing technological skills in November 2020. Pluralsight offers an online skills development tool created by industry experts in software development, IT operations, cloud, AI/Machine Learning, Big Data, cybersecurity and many more.

We have enriched and refined our Associate Programme Training. Originally launched in 2019, this selective, bespoke programme aims to train a new generation of bankers and investment experts by allowing them to alternate experience within our investment and bankers' teams. Our increased focus on education reflects a sustainable choice to invest in our employees by helping them develop their professional and technical expertise, soft skills and managerial competencies. For 2021, our career development team is working on two new leadership paths for middle and senior managers.



Work-life balance

We believe it is important to empower all our colleagues to establish and maintain a healthy work-life balance that includes a focus on well-being. To that end, Lombard Odier supports flexible hours, part-time solutions and remote working, and gives its employees a certain freedom to manage their professional and personal responsibilities in ways that work for them as well as the business. The majority of our staff have secure access to all the systems and applications they need to perform their day-to-day activities remotely, either via a company-issued laptop or access through a secure channel. Our state-of-the-art communications technology also enables teams to stay highly connected with each other and their clients, regardless of location. Many of our teams are split between locations on an ongoing basis, making this kind of digital connectivity central to our working practice.

We aim to provide a range of ongoing wellness programmes to support our colleagues' physical and mental well-being. Unfortunately, it has not been possible to maintain our Sports and Leisure programme and other sports and cultural activities during the pandemic. As we look forward to a time when we can be together again, we will continue to highlight the range of virtual learning initiatives on offer.



Volunteering policy

Lombard Odier supports employees who want to volunteer in their community or for charitable institutions. Supporting volunteers helps us build relationships with local communities, increase our positive impact and give our employees opportunities to develop their skills and leadership qualities outside of work. Volunteering also helps to improve our colleagues' morale, physical health and work-life balance by giving back to their communities. Our partnership with Alaya, a social engagement platform that links companies with volunteering opportunities in their cities or regions, enables Lombard Odier employees in Switzerland to support charities that contribute to the well-being of their local communities by donating and volunteering.

2020 snapshot of our employees



⁹ Not including Lombard Odier Investment Managers (LOIM)
¹⁰ Includes external consultants who are obliged to take various trainings such as Code of Conduct and Information Security & Data Protection





Interview with Vincent Magnenat

Limited Partner, Chief Executive Officer, Lombard Odier Asia,
Lombard Odier (Singapore) Ltd

Lombard Odier has been present in Asia for over 30 years. We cover Asia through our teams in Hong Kong, Singapore and Tokyo, as well as through strategic alliances with leading local institutions in Indonesia, the Philippines, Singapore, Taiwan and Thailand. Despite being spread across several countries, our Asia teams work according to a “One Team” approach—one that has proven to be particularly successful throughout the Covid-19 pandemic.

Lombard Odier’s teams in your geographical area were the first to feel the impact of the pandemic. How did Lombard Odier Asia get through 2020?

2020 was definitely a year like no other, one that tested us all in many ways. But by remaining agile, collaborative and resilient, we have emerged stronger and wiser. Through technology, for example, we have experimented with new ways of staying close to our clients, colleagues and strategic partners. To keep in close touch with our clients, we organised frequent video conferences, videos, webinars and newsletters on various topics. In a way, video calling makes us feel closer to our clients, since they require us to invite each other into our respective private spaces and sometimes even enable us to meet family members who might not have participated in a real-life meeting. Engagement has been essential.

How have you kept up the team spirit during the pandemic?


It isn’t easy to maintain a strong team spirit in such an environment, as many people thrive on the daily face-to-face interaction and idea-sharing that can only happen in an office. Things have been particularly challenging for new employees, who haven’t had the usual natural contact points while we’ve all been working virtually. Therefore, we shared information through town halls and other, less formal methods, such as team gatherings and videos. We strive to create a “One Team” spirit, despite being located in different countries. However, by staying in frequent contact and continually ensuring that everyone feels connected and appreciated, our teams and their managers did the most important work in this area. The engagement and commitment we have seen throughout the pandemic has just been amazing.

Has Covid-19 affected sustainability in investments?

Absolutely. The pandemic has accelerated several trends, including sustainability and digitalisation, and this will continue. There is a strong interest in sustainable investments and how they can generate superior returns. We are also seeing that core values matter to clients in that they want to feel that their bank is strongly aligned with their principles, beliefs and goals. Sustainability is an ever-present topic of discussion with our clients, and the younger generation, in particular, makes it clear that sustainability is important to them.

Do you expect to go back to pre-pandemic ways of interacting with clients?

We are all looking forward to meeting our clients and colleagues in person again. Face-to-face interaction enables us to build deeper relationships, especially with new colleagues and clients. That kind of depth is so important in a business as highly personalised as wealth management. However, we also intend to draw lessons from the pandemic, ensuring that our travel is efficient while maintaining the positive aspects of virtual meetings. There will likely be a demand for a mix of face-to-face and virtual interaction, and we definitely see the benefit in such an approach as we endeavour to offer the best possible service to our clients.



“ Lombard Odier is proud to launch the Covid-19 Relief Initiative as a complement to our donation to the HUG. Since its founding 224 years ago, the bank has drawn strength from its engagements in the communities it inhabits, both in Switzerland and elsewhere. We are determined to return the favour and support those same communities in this time of global crisis ”

Patrick Odier
Senior Managing Partner, Lombard Odier,
and President, Fondation Lombard Odier

Philanthropy and community engagement

2020 has reminded us all of the power of social impact and how we can achieve it through philanthropy, something that has long been a focus for Lombard Odier. In 2020, we launched our Covid-19 Relief Initiative, in which we made several grants to support vulnerable populations globally as the pandemic unfolded. Moreover, we continued our existing philanthropic activities and launched new partnerships. Our corporate foundation, Fondation Lombard Odier, carries out the philanthropic activities of our Group and its Managing Partners and embodies our commitment to achieving a positive social impact. The Foundation funds forward-looking solutions to drive positive impact through catalytic philanthropy and innovative finance, especially in education and humanitarian action. The goal is to work with grantees for whom the Foundation can have an impact by offering more than just funding. Our dedicated in-house Philanthropy Services team manages our Foundation.

We also offer an umbrella foundation solution through Fondation Philanthropia, which enables clients who want to engage in effective philanthropy to open sheltered funds. Such funds offer many features comparable to an autonomous foundation while benefiting from the umbrella structure's economies of scale. Since its creation, Fondation Philanthropia has opened 32 tailor-made funds. Here, donors can also partner with other philanthropists to support projects that might not exist without the cost-sharing and access to bundled expertise that an umbrella foundation affords.

Supporting the most vulnerable

In April 2020, Fondation Lombard Odier launched the Covid-19 Relief Initiative to support local efforts in countries heavily affected by the pandemic. Through this programme, the Foundation donated to institutions that help the most vulnerable, such as the homeless and people suffering from mental or physical disabilities. The Covid-19 Relief Initiative follows the March 2020 solidarity action by Lombard Odier and three other Genevan private banks supporting the Geneva University Hospital (HUG) and its nursing staff.

The Covid-19 Relief Initiative has donated to selected institutions and projects, including:

- › **Fondo Milano Aiuta (Milan Helps Fund):** Created by Fondazione Cariplo in Lombardy, Italy, this fund supports Milan's most vulnerable populations, such as the elderly and homeless, through projects that respond to concrete Covid-19-related needs.
- › **Stëmm vun der Strooss:** A Luxembourg-based organisation that helps reintegrate marginalised groups into society. Stëmm vun der Strooss used Lombard Odier's donation to purchase a new refrigerated truck where marginalised persons returning to the workforce prepare food to be delivered to people in need.
- › **The Felix Project:** London's largest food redistribution charity. Following a significant increase in demand caused by the pandemic, the charity now redistributes over 40 tonnes of food—around 100,000 meals—per day.
- › **La Tuile:** A night shelter in Fribourg, Switzerland, which used Lombard Odier's donation to create an emergency dispensary for the homeless.
- › **Fundación “La Caixa”:** Lombard Odier's donation helped 100 families in Madrid and another 100 families in Barcelona whose children were unable to access free school meals during the school closures of spring 2020.
- › **Fondation de France:** Our donation supported the establishment of a medical centre for homeless people with Covid-19, the delivery of food and other aid to women who have suffered domestic abuse and the support of unaccompanied minors during confinement.
- › **Partage:** The Geneva food bank used Lombard Odier's donation to fund the reorganisation of food distribution across eight locations throughout the canton.
- › **Schweizer Tafel:** With the help of our donation, the Swiss association of food banks purchased a new refrigerated van to augment its capability to collect and deliver food.
- › **L'Ilot:** The Brussels-based organisation used our donation to renovate a building dedicated to daytime activities and other services for homeless and marginalised residents.
- › **Sayang Sayang Fund:** Established in 2008 by The Community Foundation of Singapore (CFS), the Fund used our donation to support two of its projects: Recess@Home, which provides food for children in low-income families; and SafeSleep@Home, which helps low-income Singaporeans purchase necessary amenities for accommodation provided by the government during the crisis.

To further support the response to the Covid-19 pandemic, our Philanthropy Services published a White Paper titled Effective Disaster Relief and Recovery Response: A 'How-to' Primer for Philanthropists. Available in English, French and German, the paper highlights a number of system-changing effects of the pandemic for philanthropy and civil society and offers a framework designed to help philanthropists understand and respond to these new challenges. The guide aims to support an effective response and impactful recovery from the pandemic.

In Fondation Lombard Odier's Year-End Giving campaign, which in 2020 was themed “All united against Covid-19”, our employees voted on their support for one of four selected organisations: Aldeias Infantis SOS, Apalem, Pro Senectute or Terre des Hommes. Each vote triggered a donation by the Foundation to the chosen non-profit.

Continuing our support of humanitarian efforts and science

Lombard Odier is committed to using the power of education and technology for good. Working with our strategic partner, the École Polytechnique Fédérale de Lausanne (EPFL), Fondation Lombard Odier is a founding partner of the EPFL Center for Digital Trust (C4DT). The C4DT is a partnership between researchers, industry, the public sector and civil society to define and realise a shared vision: developing mechanisms to build and maintain trust in the digital era. It develops pioneering information and communication technologies, drawing upon the deep and diverse reservoirs of skills and talents found at the EPFL and the wider Lake Geneva region.

Fondation Lombard Odier financially supports two key C4DT projects:

- › **The Missing Persons Project:** A collaboration between the C4DT and the International Committee of the Red Cross (ICRC), the Project seeks to develop tools for mining social networks and other online information sources to help meet the ICRC's strategic objectives. Such data often hide vital clues to the whereabouts and well-being of civilians who have gone missing in conflict zones.
- › **The Foundation of ICTs for Decision-Makers course:** This course in digitalisation and its opportunities and pitfalls seeks to support Swiss NGOs and foundations in increasing their digital readiness. The first course took place online in November 2020 and received enthusiastic feedback from participants, including the suggestion that a course like this is essential for leaders in any sector.



Interview with Martin Vetterli

President, Ecole Polytechnique Fédérale de Lausanne (EPFL)

Lombard Odier is a founding partner of the EPFL C4DT, a collaboration between researchers, industry, the public sector and civil society to define and realise a shared vision: re-inventing trust mechanisms that will contribute to prosperous, peaceful societies in the digital age.

Why is there a need for the C4DT?

When you're on the Internet, you don't know whether there's a person, robot or hacker on the other end of your connection. Increasingly, the news is filled with stories about data leaks, big tech companies' lack of transparency and the selling of our private data. This has raised many valid questions around security and privacy on the Internet. Today, the challenge for civil society is to regain control of the basic rights of human beings amidst such technological problems.

C4DT addresses the question of trust in the digital age. In addition to Lombard Odier, our partners include NGOs, technology companies, university hospitals and universities. Together, we address legal, ethical and sociological questions, including cybersecurity, patient data privacy and implicit bias in machine-learning algorithms.

What key areas must be addressed so we can trust that our data is secure and being used ethically?

When it comes to digital data, especially those related to human beings, the first item is privacy. The second item is data security: you have to be in control; there must be no information leaks. The third item is discrimination, or implicit bias. Many machine-learning algorithms use a lot of collected data, which may be biased. If they are, and you train a machine on those data, it will inherit exactly those biases. We often reproduce very bad habits from the past, and we have to be aware of that. The question of regulation in the digital world is fundamental. In some sense, it's for the public to decide what level of regulation is good for society.

How do digital solutions contribute to sustainable development?

Digital solutions can be used to monitor whether companies or activities are sustainable. Such solutions include artificial intelligence that can analyse satellite pictures to check on deforestation and methane emissions, product certifications, devices that monitor aspects of a building's sustainability, and digital data measuring that enables detailed monitoring of key performance indicators.

However, using digital tools drives surprisingly large CO₂ emissions. Digital technologies need to use energy, as well the natural resources required to produce our devices (such as rare minerals), more sustainably.

What is Tech4Good?

Tech4Good is a series of EPFL initiatives that aim to adapt technologies for environments in which people do not have access to state-of-the-art infrastructure. One example is a project that's modifying X-ray machines for use in the developing world by making them more resilient, independent of a continuous power supply and easy to maintain. We have also worked with NGOs to develop digital learning tools for people who do not have access to our universities.

We are very sensitive to equal access to knowledge. For example, our research results are open-access, and we make most of our computer code available to anyone who wants to use it. This improves access to state-of-the-art knowledge for people without the opportunity to gain direct access to a school like EPFL.

In partnership with the International Committee of the Red Cross (ICRC), we continued the work we began in 2017 when we launched the world's first humanitarian impact bond, the Programme for Humanitarian Impact Investment (PHII). The PHII mobilised CHF 26 million of public and private money to build physical rehabilitation centres in the Democratic Republic of the Congo, Mali and Nigeria, demonstrating the scope of what is possible when social investors collaborate strategically. As per the project plan, the three new physical rehabilitation centres have now been built and handed over for the initiation of patient services.

We are convinced that knowledge and education are critical to effective philanthropic action. Fondation Lombard Odier is a founding partner of the University of Geneva's Centre for Philanthropy, where we promote research, knowledge dissemination, awareness and dialogue between professionals and stakeholders who are taking philanthropy into the future. We are also actively involved in collaborative platforms for foundations, such as SwissFoundations, the European Foundation Centre and the European Venture Philanthropy Association.

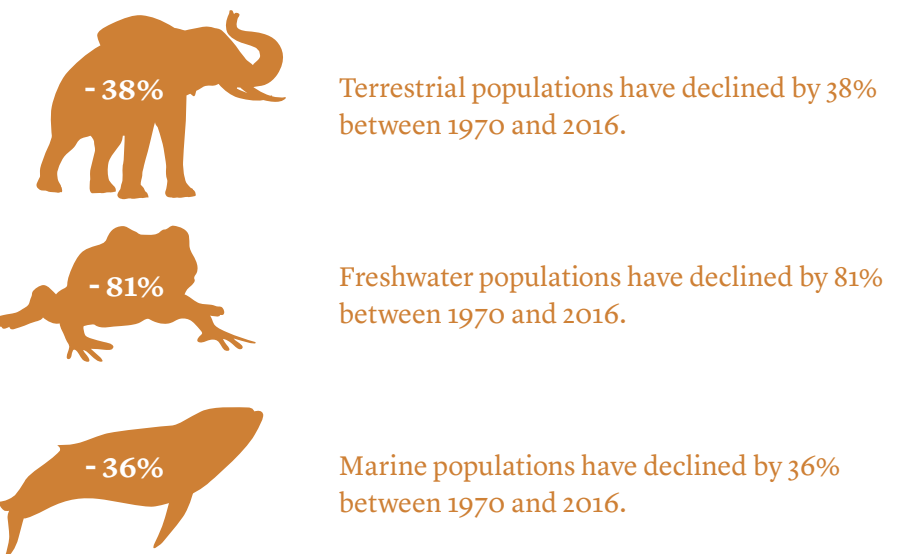
WWF and Lombard Odier's Donor's Guide to the Environment

Lombard Odier and the World Wildlife Fund (WWF) have collaborated to publish a guide for individuals and private foundations who want to make a meaningful contribution to reversing biodiversity loss and addressing threats to nature. The Donor's Guide to the Environment is intended to be a useful resource for philanthropists in their work to help protect the environment and fight climate change.

Written and published in partnership with the WWF, the Guide aims to raise awareness and facilitate engagement and funding in this field. It provides information and analysis to help philanthropists understand the scope of the nature and climate emergency we are facing and identify different types of solutions. Drawing on the combined experiences of the Lombard Odier Group and the WWF, the Guide outlines concrete projects, expected outcomes and donor opportunities for helping to preserve oceans, forests and freshwater habitats across the globe. The Guide also highlights case studies in the field of impact investment.

The loss of biodiversity is measured using the Living Planet Index (LPI), which is based on scientific data from 14,152 monitored populations of 3,706 vertebrate species (mammals, birds, fish, amphibians and reptiles) from around the world.

The estimated funds needed to protect our climate and halt the loss of biodiversity are enormous. While the majority of the funding will come from governments, there are tremendous opportunities for philanthropic donors to make a difference.



The Donor's Guide to the Environment demonstrates that every donation makes a difference as we respond to the crisis. For example, an amount as low as USD 35,000 can kick-start the development of a local sustainable fishing industry in the Mediterranean, whereas getting a developing country climate change-ready requires funding in the hundreds of millions or even billions of dollars.

Besides highlighting grants, the Guide showcases some new financing tools that will be crucial to addressing the environmental challenge.

Supporting our communities beyond Covid-19 relief

Lombard Odier is committed to making a positive and lasting difference in our communities. Alongside our significant focus on Covid-19-related philanthropy, Lombard Odier also made a number of other community-focused engagements during 2020, including:

- › Supporting the ICRC and Médecins Sans Frontières in their response to the Beirut explosion
- › Participating in the annual Geneva Samedi du Partage, where volunteers helped collect food and hygiene items purchased by supermarket customers for distribution to people in need
- › Organising fundraising activities in London for the benefit of Save the Children
- › Organising blood donations.

Empowering our colleagues to make a positive and lasting difference to their communities is embedded in Lombard Odier's culture. Our partnership with Alaya, a social engagement platform that links companies with volunteering opportunities in their cities or regions, enables Lombard Odier employees in Switzerland to support charities that contribute to the well-being of their local communities by donating and volunteering.



Targets

In 2020, we intend to undertake several measurable initiatives to further our commitment to sustainability. We will track these initiatives, and add new ones, annually.

Target timing 2020

Action

Formulate and publish the following policies:

- Group CSR policy
- Voting policy
- Supplier Code of Conduct

Comment

- ✓ CSR Ambition published
- ✓ Voting policy published
- … Supplier Code of Conduct moved to 2021 to align with our Rethink Procurement project

Action

Formalise our stewardship frameworks and alignment with industry best practice as it evolves. Enhance transparency and reporting on stewardship activity, including publishing our voting record on our website.

Comment

- ✓ Engagement policy for LOIM published. Engagement framework developed for LOIM. Engagement framework for our private clients business is being developed.

Target timing 2020-2021

Action

Develop a framework for assessing the temperature alignment of sectors, industries, companies and portfolios. We will integrate this framework into our investment platforms.

Comment

- ✓ The Lombard Odier Portfolio Temperature Alignment (LOPTA) framework has been developed and implemented. It allows us to strategically analyse temperature trajectories of companies and portfolios across asset classes.

Action

Further reduce our carbon footprint. Target setting.

Comment

A precise measurement of a structural vs Covid-19-related reduction is not possible for 2020. We continue our emission reductions initiatives. Target setting in 2021 with 2019 as the base year (see Target “establishment of a net zero pathway”).

Ongoing actions 2021

Action

Identify the key links between Lombard Odier’s sustainability strategy and the UN’s Sustainable Development Goals.

Action

Integration of sustainability in all our asset classes.

Action

TCFD reporting.

Action

Establishment of a net zero pathway, with interim targets, to align our investments and operations with the temperature trajectory required to achieve the Paris Agreement.

Action

Impact analysis, UN Principles for Responsible Banking.



Memberships, certifications and signatories

	member since
› B Corp	2019
› Business for Nature	2021
› CDP (formerly Carbon Disclosure Project)	2004
› Climate Action 100+	2019
› EDGE (Economic Dividends for Gender Equality)	2014
› Energy Transitions Commission (ETC)	2019
› Finance for Biodiversity	2020
› Global Impact Investing Network (GIIN)	2007
› Green Bond Principles	2019
› Institutional Investors Group for Climate Change (IIGCC)	2018
› Sustainable Finance Geneva	2008
› Sustainable Markets Initiative	2020
› Swiss Sustainable Finance -	2014
› Task Force on Climate-Related Financial Disclosures (TCFD)	2019
› The Circular Bioeconomy Alliance	2021
› UN Global Compact	2018
› UN Environment Programme Finance Initiative (UNEP FI)	2020
› UN Principles for Responsible Banking (UN PRB)	2020
› UN Principles for Responsible Investing (UN PRI)	2007

Lombard Odier is a signatory of the United Nations Global Compact. We aim to make an active contribution to achieving the seventeen Sustainable Development Goals established by the UN Member States in the 2030 Agenda adopted by the UN in 2015.



COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Independent Limited Assurance Report

on the selected data and information of Lombard Odier Group Sustainability Report 2020 to the Board of Directors of Banque Lombard Odier & Cie SA, Geneva

We have been engaged to perform assurance procedures to provide limited assurance on the selected data and information of the 2020 Sustainability Reporting of Banque Lombard Odier & Cie SA, Geneva and its consolidated subsidiaries ("Lombard Odier Group") included in the Sustainability Report 2020.

Scope and subject matter

Our limited assurance engagement focused on the selected data and information disclosed in the Sustainability Report of Lombard Odier Group for the year ended on 31 December 2020:

- Selected sustainability information and indicators: Total tons of CO_{2e} emitted in 2020 on page 47, tons of CO_{2e} emitted in 2020 per collaborator on page 47, CO_{2e} emissions of scope 1, scope 2 and scope 3 on page 47, the figures in the section 'Sources of our emissions' on pages 48-49, selected figures in the section 'Selected sustainability achievements' on pages 50-51, namely '% renewable electricity sources in Geneva in 2020', 'GWh electricity use in Geneva in 2020', 'tons of glass and metal recycled globally in 2020', 'kg of coffee capsules recycled globally in 2020', 'tons of paper recycled globally in 2020', 'tons of plastics recycled globally in 2020', 'change in train travel in 2020', 'reduction in global flights in 2020', 'increase in videoconferences'; and '% men', '% women', 'number of nationalities', '% women in senior management', '% participation in global employee survey', '% participation in at least one training session', 'number of employees promoted' published in the box '2020 snapshot of our employees' on page 59.
- The management and reporting processes to collect and aggregate the data as well as the control environment in relation to the data aggregation of these sustainability indicators.

We have not carried out any work on data reported for prior reporting periods, nor have we performed work in respect of projections and targets.

Criteria

The management reporting processes with respect to the sustainability reporting process and sustainability indicators were prepared by Lombard Odier Group based on the Lombard Odier Group sustainability reporting guidelines with reference to the 'GRI Standards' published in October 2016 by the Global Reporting Initiative and based on the Greenhouse Gas Protocol Initiative of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) (hereafter referred to as the 'suitable Criteria').

Inherent limitations

The accuracy and completeness of sustainability indicators are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. In addition, the quantification of the GHG emissions is subject to inherent uncertainty because of incomplete scientific knowledge used to determine GHG emission factors and the values needed to combine e.g. emissions of different gases. Our assurance report should therefore be read in connection with Lombard Odier Group's guidelines, definitions and procedures on the sustainability reporting and the suitable Criteria.

Lombard Odier Group's responsibility

The Board of Directors of Lombard Odier Group is responsible for both the subject matter and the suitable Criteria as well as for the selection, preparation and presentation of the selected data and information in accordance with the suitable Criteria. This responsibility includes the design, implementation and maintenance of related internal control relevant to this reporting process that is free from material misstatement, whether due to fraud or error.

Our independence and quality controls

We are independent of Lombard Odier Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) that are relevant to our audit of the financial statements and other assurance engagements in Switzerland. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PricewaterhouseCoopers AG applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to perform a limited assurance engagement to express a conclusion on the selected sustainability indicators.

We planned and performed our procedures in accordance with the International Standard on Assurance Engagements (ISAE 3000) (Revised) 'Assurance engagements other than audits or reviews of historical financial information', and, in respect of greenhouse gas emissions, with the International Standard on Assurance Engagements (ISAE 3410) 'Assurance Engagements on Greenhouse Gas Statements'. These standards require that we plan and perform the assurance engagement to obtain limited assurance on the identified sustainability information prepared, in all material aspects, in accordance with Lombard Odier Group's internal policies and procedures.

A limited assurance engagement under ISAE 3000 (Revised) and ISAE 3410 is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement. The procedures selected depend on the assurance practitioner's judgement.

Summary of the work performed

Our assurance procedures included, amongst others, the following work:

- Evaluation of the application of Group guidelines*
Reviewing the application of the Lombard Odier Group internal sustainability reporting guidelines;
- Management inquiry*
Interviewing personnel responsible for internal reporting and data collection at Lombard Odier Corporate level;
- Assessment of the key figures*
Performing tests on a sample basis of the evidence supporting selected sustainability indicators regarding their completeness, accuracy, adequacy and consistency.

We have not conducted any work on data other than outlined in the subject matter as defined above. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusions.

Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the sustainability data and information outlined in the scope and subject matter section has not been prepared, in all material aspects, in accordance with the suitable Criteria.

PricewaterhouseCoopers AG


Stephan Hirschi


Konstantin Meier

Zurich, 30 April, 2021

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.



Banque Lombard Odier & Cie SA | Independent Assurance Report

Get in touch

Ebba Lepage
Executive Vice President
Head of Corporate Sustainability
Bank Lombard Odier & Co Ltd
e.lepage@lombardodier.com

More on Corporate Sustainability at Lombard Odier and our full report here:
[LombardOdier.com/corporate-sustainability](https://lombardodier.com/corporate-sustainability)

Geneva · Abu Dhabi · Bermuda · Brussels · Dubai · Fribourg · Frankfurt* · Hong Kong
Johannesburg · Lausanne · London · Luxembourg · Madrid · Milan · Montevideo · Moscow
Nassau · New York** · Panama · Paris · Rotterdam* · São Paulo · Singapore · Tel Aviv · Tokyo
Vevey · Zurich

*Investment management business only

**Institutional and Investment Funds – Investment Advisory only

IMPORTANT INFORMATION

This report concerns all entities of the Lombard Odier Group. It is not intended for distribution, publication, or use in any jurisdiction where such distribution, publication, or use would be unlawful, nor is it aimed at any person or entity to whom it would be unlawful to address such a report.

United States: Neither this document nor any copy thereof may be sent to, taken into, or distributed in the United States or given to any US person.

This document may not be reproduced (in whole or in part), transmitted, modified, or used for any public or commercial purpose without the prior written permission of Lombard Odier.

Data protection: You may be receiving this communication you have provided us with your contact details. If this is the case, note that we may process your personal data for direct marketing purposes. If you wish to object to this processing, please address your objection to the Group's Data Protection Officer: Bank Lombard Odier & Co Ltd, Group Data Protection Officer, 11, Rue de la Corraterie, 1204 Geneva, Switzerland. E-Mail: group-dataprotection@lombardodier.com. For more information on Lombard Odier's data protection policy, please refer to www.lombardodier.com/privacy-policy.

Published in 2021.

© 2021 Lombard Odier – all rights reserved. Ref. LOG-FI-en-062019.

Certified



Corporation

“ We aim to drive transformational change
to a climate and nature positive economy
by connecting investors
to sustainable investment solutions ”

Patrick Odier
Senior Managing Partner