














LOMBARD ODIER
LOMBARD ODIER DARIER HENTSCH

Sustainability Report 2021



Sustainability Report 2021

04/05		A word from our Managing Partners
06/19		Introduction
20/25		Sustainability governance and managing risk
26/47		Investments
48/51		Technology solutions
52/61		Reducing our footprint
62/69		Our colleagues
70/77		Philanthropy and community engagement
78/79		Targets
80/81		Memberships, certifications, and signatories
82/83		Independent practitioner's limited assurance report

The Pileated Woodpecker (*Hylatomus pileatus*) is one of the largest woodpecker species in North America. It has a key place in forested ecosystems as it keeps trees healthy by eating wood-boring insects. The species became rare in the 19th century due to forest clearing, but reforestation efforts in the 20th century have restored the Pileated Woodpecker population. Today, the species is scored “Least Concern” on the International Union for Conservation of Nature (IUCN) Red List, a critical indicator of the health of the world’s biodiversity.

A word from our Managing Partners

On behalf of our fellow Managing Partners, we are delighted to introduce the 2021 Lombard Odier Group Sustainability Report. This report outlines our sustainability approach for all of our stakeholders, showing how we manage our commercial, social, and environmental impact and deliver on our sustainability strategy. We prepared this report in line with the Global Reporting Initiative (GRI).

Sustainability has always been integral to everything we do at Lombard Odier, and, in 2021, we remained focused on strengthening our commitments and actions. Covid-19 and the ongoing climate crisis have caused significant challenges over the past two years. Even so, the unstoppable forces behind the transition to a sustainable economy and the race to net zero continued to gain momentum, and we have a fiduciary duty to our clients to leverage this significant investment opportunity. To that end, last year, we launched our Target NetZero strategies for investing in companies that are transforming their business models to ensure their alignment with a decarbonising world.

Today, over 50% of our economy is moderately or highly dependent on natural capital. This unique asset represents a diverse source of investment opportunities, and the health of our economy requires that we preserve our natural capital even as we harness it. Our Natural Capital strategy focuses on investing in companies that protect and leverage the regenerative power of nature.

In 2021, in line with the Paris Agreement, many industries and governments pledged to reach net zero by 2050 to limit global warming to well under 2 °C above pre-industrial levels. This year, we will be looking at concrete plans, progress, and accountability, as companies move from pledge to practice. As an actor in the real economy and signatories of the United Nations (UN) Principles for Responsible Banking (PRB), we are fully committed to aligning our Group with the Paris Agreement by 2050.

Last year, we pledged to reach net zero in our own operations by 2030 and, in 2022, we will refine our interim carbon reduction targets for our discretionary investments in line with our Net Zero Asset Managers Initiative (NZAMI) and Glasgow Financial Alliance for Net Zero (GFANZ) commitments. Our partnership with the University of Oxford will continue enabling us to embed scientific insights more deeply into our sustainability strategy and investment decisions.

2021 also highlighted the roles of the private sector, NGOs, and governments in accelerating the change we need to create a more equal and sustainable global economy. At COP26 in Glasgow, we hosted The Zero-Hour Sessions, a series of high-profile events that saw world-renowned experts discuss topics from decarbonisation pathways and the power of nature to the importance of policy. Shortly after, Lombard Odier was a driving force behind the second edition of Building Bridges, a week-long conference in Geneva that brought together diverse international stakeholders to promote a sustainable financial system.

At the end of 2021, we acquired a stake in SYSTEMIQ, a renowned system change firm that aims to embed sustainability across global economic systems. Lombard Odier has already been working with SYSTEMIQ for two years to build sustainability transition roadmaps for industries. Now, this new partnership is enabling us to continually enhance our client offering by understanding the extent to which potential investments are aligned with the sustainability transition in more detail.

“ We will be looking at concrete plans, progress, and accountability, as companies move from pledge to practice ”

The construction of our future global headquarters in Geneva is also progressing well. This building is a testimony to our confidence in the future and our desire to create an environment that meets our clients' and colleagues' needs in the years ahead. The project incorporates many sustainable features and novel solutions that will reduce carbon emissions.

We continue to see growing interest from our clients in sustainable investing and its impact on their investment strategies. In particular, next-generation clients are keen to integrate impact and values as part of their investment decisions.

We look forward to working closely with our clients in 2022, helping them to achieve their personal goals while contributing to the wider challenge of creating a more sustainable world.



Patrick Odier
Senior Managing Partner



Hubert Keller
Senior Managing Partner



Introduction

At Lombard Odier, we believe that the most significant economic transformation in history is well underway. Our economic framework is unsustainable, because it relies heavily on exploiting the environment in ways that also damage it. While nature supports over half of all economic activity, the fact that this contribution is rarely understood means that we are inadvertently destroying the value our planet enables us to create.

Our current economic model is no longer fit to organise economic activity around 8 billion people. For instance, we currently extract nearly 100 billion tonnes of raw materials from the environment each year to produce goods that, most of the time, aren't in use. The production and disposal of those goods generates approximately 70 billion tonnes of waste annually, destroying our most productive economic asset – nature – in the process. The depletion, disruption, and destruction of nature that is inherent to our economic model has now led us to exceed many manageable limits, risking the collapse of natural systems and, in turn, economies.

Now that human impact has become the primary driving force of environmental change, many business models that worked in the past are no longer suitable for the future. Today, our economy relies extensively on extractive industries which are depleting and degrading the very natural capital upon which they depend. This has to change. We must shift towards a nature-positive economy that closes the loop on our ecological footprint, values the natural resources we rely on, and minimises our adverse impact on the natural capital that sustains our society and economy.

At Lombard Odier, we describe today's economy as **Wasteful, Idle, Lopsided, and Dirty (WILD)**. It is wasteful due to our extraction of vast amounts of resources, which we use inefficiently and often fail to recycle back into our economy. It is idle because, much of the time, we use these resources to make products that are used only infrequently; cars, for instance, are idle for over 90% of their lifespans. It is lopsided in that it is characterised by growing inequality which limits opportunities for economic participation. And it is dirty, generating negative environmental impacts through greenhouse gas emissions (GHGs) and other forms of pollution.

As such, we believe that we must transition to a **Circular, Lean, Inclusive, and Clean (CLIC®)** economy that creates value instead of destroying it. Circular business models extend the lifecycles of products and their components, adding value with every cycle. An efficient economy must also be lean, considering the way we produce, consume, and organise our lives, and leveraging the sharing economy to critically rethink the types of products we buy. Inclusivity is also crucial for enabling more equal access to services and the sharing of economic growth. And finally, as part of the transition to a net-zero, nature-positive economy, it is vital that our economy becomes clean, mitigating global warming and the destruction of ecosystems.

Realising the CLIC® economy will require collaboration between a diverse range of stakeholders. 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 2021, Lombard Odier's total client assets stood at CHF 358 billion. Consequently, we believe we can positively influence a significant 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 setting

Since 2020, Lombard Odier has been a signatory of the **United Nations (UN) Principles for Responsible Banking (PRB)**. We align our business practices and strategy with its **Six Principles**, which we aim to embed across all business areas at the strategic, portfolio, and transactional levels.



Principle 1:
ALIGNMENT

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks.



Principle 2:
IMPACT & TARGET SETTING

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and the environment resulting from our activities, products, and services. To that end, we will set and publish targets where we can have the most significant impacts.



Principle 3:
CLIENTS & CUSTOMERS

We will work responsibly with our clients and customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.



Principle 4:
STAKEHOLDERS

We will proactively and responsibly consult, engage, and partner with relevant stakeholders to help achieve society's goals.



Principle 5:
GOVERNANCE & CULTURE

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.



Principle 6:
TRANSPARENCY & ACCOUNTABILITY

We will periodically review our individual and collective implementation of these Principles, and be transparent about and accountable for our positive and negative impacts and contribution to society's goals.

Source: UN PRB website, unepfi.org/banking/bankingprinciples/more-about-the-principles/

In 2021, we joined several frameworks that further reflect Lombard Odier’s approach to sustainability. We aim to participate in the key alliances that affect our business and where we can have a significant stakeholder impact:

- › 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 mobilise USD 10 billion towards natural capital themes across asset classes.
- › Lombard Odier became a Founding Member of the **Forest Investor Club**, a network of leading public and private financial institutions launched by the US Department of State that aims to unlock and scale up investments in the restoration and conservation of sustainable agriculture, forestry, and green infrastructure.
- › We joined the **Glasgow Financial Alliance to Net Zero (GFANZ)**, which brings together owners and managers of assets worth approximately USD 130 trillion to accelerate the transition to a net-zero economy.
- › In joining the **Net Zero Asset Managers Initiative**, we committed to aligning our investments with the goals of the Paris Agreement by 2050.
- › Lombard Odier joined the **Taskforce on Nature-related Financial Disclosures (TNFD)**, which aims to develop and deliver a risk management and disclosure framework that will enable organisations to better report and act on evolving nature-related risks.

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

Our presence on the sustainability stage

Building Bridges Geneva 2021

Lombard Odier was a driving force behind the second Building Bridges event in Geneva, Switzerland. The four-day event brought together 1,450 participants from 35 countries, with another 9,000 people joining online. These stakeholders, representing the financial sector, governments, UN agencies, NGOs, and academia, came together around the shared vision of making finance a catalyst for change. Participants took part in 77 events on how to rethink conventional investment strategies, use capital to nurture sustainable finance solutions, and remove barriers to the flow of sustainable capital.

With Switzerland occupying a central role in promoting a sustainable financial system, Building Bridges helps pave the way to net zero and further strengthens the country's position as a centre for sustainable finance. The week saw a number of developments, including:

- › The announcement of a new roadmap for accelerating the Swiss financial sector's alignment with a sustainable, climate-neutral world
- › The launch of Lombard Odier and the University of Oxford's new report on the competitiveness of green economies, '**Predictors of Success in a Greening World**'
- › The launch of the **UN's Positive Finance Impact initiative** on the Sustainable Development Goals

COP26

Lombard Odier took part in the UN's 26th annual Conference of the Parties (COP26) climate change summit in Glasgow, where we hosted The Zero-Hour Sessions: a series of events exploring the power of nature, the importance of policy, and how companies and sectors need to decarbonise to reach net zero. Bringing together clients, policy- and change-makers, and key stakeholders, our expert panellists discussed topics such as phasing out coal, financing the transition to a net-zero economy, investing in reforestation, and the key drivers of green infrastructure and mobility.

Launched during COP26, Lombard Odier is a founding member of the Forest Investor Club, a network of leading public and private financial institutions and other investors that aims to unlock and scale up investments in the restoration and conservation of sustainable agriculture, forestry, and green infrastructure. Despite the land sector's potential for delivering much of the carbon mitigation we need to avoid catastrophic climate change, there is still chronic underinvestment in sustainable and climate-aligned outcomes in this area.



“ Taking advantage of Switzerland's unique ecosystem, Building Bridges successfully brought together the world of finance and connected it with international organisations, universities, civil society, the public and private sectors, and NGOs ”

Patrick Odier
Senior Managing Partner

“ The world is undergoing profound changes, and we all have a part to play in the transition to a more sustainable economy ”

Hubert Keller
Senior Managing Partner

Our B Corp journey

Lombard Odier has been a B Corp-certified company since March 2019, and we are currently undergoing our triennial recertification process.

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 4,500 certified B Corporations across 153 industries in 78 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.

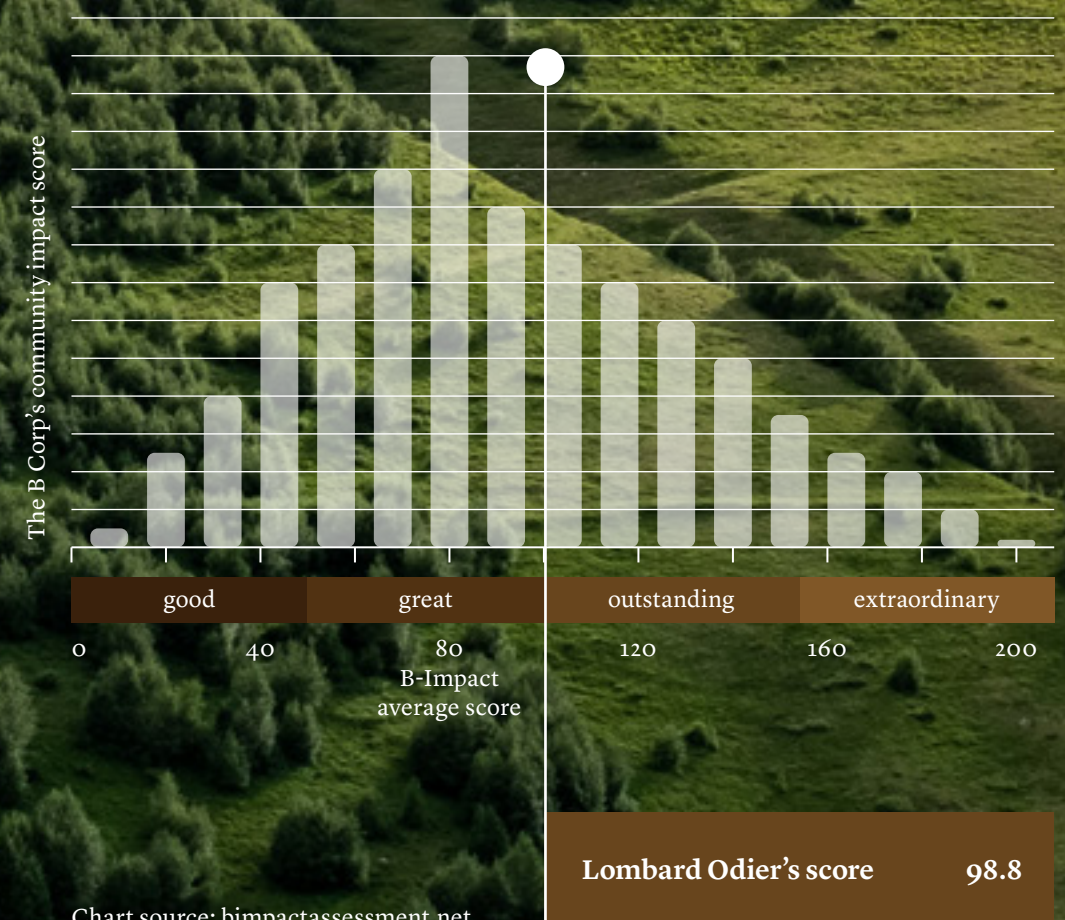
During the past three years, we have integrated our 2019 B Impact Assessment results into our sustainability roadmap. We have analysed our performance in the five areas that B Lab assesses (governance, workers, community, environment, and customers) in detail and, as a result, we have taken a number of actions and launched several initiatives. For example, we have increased our focus on gender equality, begun measuring our carbon footprint, started implementing a plan to achieve net zero throughout our operations by the end of the decade, and significantly developed our sustainable investment research. In addition, we have modified our Articles of Association to reflect our aim of accounting for the impact on all stakeholders whenever we make strategic decisions, as is required of all certified B Corps.

Our wider sustainability strategy includes reducing our carbon footprint. In 2021, we committed to reaching net zero throughout our operations by 2030, maintaining wide-ranging community engagement, and continuously refining our sustainable product offering. Achieving the B Corp certification demonstrates that our products and services strategy is fully aligned with global best practices. However, we also recognise that sustainability is an ongoing process for us as well as for others, and we will continue to work towards achieving complete sustainability throughout our investment portfolios and operations.

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

In 2019, Lombard Odier achieved a B Impact Assessment score of 98.8 out of 200, well above the 80-point certification threshold. Further details, along with Lombard Odier's Disclosure Report, are available at bcorporation.net, where our updated certification score and details will also be included once the recertification process is finalised later this year.

Lombard Odier achieved a B Impact Assessment score of 98.8, well above the 80-point average



Aligned with the next generation

At Lombard Odier, we believe that a sustainable business model must include the successful transition of businesses between generations. With the largest global inter-generational wealth succession to date projected to take place over the next five years, we foresee an increased focus on environmental and social factors as the next generation engages in investment decisions.

“ New clients are younger, entrepreneurial
in spirit, and socially conscious ”

Frédéric Rochat,
Managing Partner

We are convinced that entrepreneurship and dynamic vision are essential to creating sustainable new industries and companies. In 2016, we partnered with France Digitale, the largest association of digital entrepreneurs and investors in both France and Europe. This partnership further strengthens Lombard Odier's ties with and support for the generations of entrepreneurs who combine digital technology, talent, and innovation.

To champion the next generation of family business members initiating entrepreneurial ventures, Lombard Odier partnered with the Family Business Network (FBN) in 2009 to create the FBN Next Generation (NxG) Lombard Odier Award. The award supports young innovators based on strict criteria, including contribution to family business renewal, sustainability, and impact.





Interview with Wissam El Khoury

CEO of K. Invest (Holding) SAL and founder of Le Pré SAL

Winner of the 2021 FBN NxG Lombard Odier Award at the UN Conference on Trade and Development's (UNCTAD) 7th World Investment Forum

Scan here to watch this video interview



The FBN NxG Lombard Odier Award was created in 2009 to celebrate and support outstanding intrapreneurial and entrepreneurial projects initiated by the next generation of family business owners. In 2021, the FBN NxG Lombard Odier Award partnered with Columbia Business School to offer the winner coaching sessions to help them pursue their ambitions.

The winner was Wissam El Khoury, CEO of K. Invest (Holding) SAL, a Lebanese single-family office that aims to preserve and generate assets by investing in socially conscious, impactful, sustainable projects that have direct effects on local communities. To that end, El Khoury founded Le Pré SAL, a premium fruit juice and vinegar manufacturing company based in Lebanon. The start-up aims to directly address social challenges, such as solidifying the rural economy, improving fruit supply chains, and encouraging healthy consumer habits.

Since 1837, your family has had a rich heritage of trading and farming in the village where Le Pré is based. What does it mean to you to be the next generation of your family's business?

Working in a family business means standing for a set of values and planning for the long term. My family has lived in the Matn region of Lebanon for six generations, and our ancestors played a leading social role in its development. Over the years, we have adapted to the needs of the local market, shifting from growing wheat and tobacco – both of which have been discontinued – to growing fruit in the 1950s. Representing the next generation in my family's business is all about maintaining a lasting and positive impact on our communities.

Can you tell us more about your fruit juice and vinegar company, Le Pré?

Le Pré is the result of family efforts to bring change to the local and neighbouring communities, and it addresses several needs. In ensuring a sustainable working environment for local residents, Le Pré serves a social need. We have directly created over 30 jobs in two years, while also delivering indirect benefits to the village's economy. For example, a small butcher shop and grocery store have opened since we began producing fruit juice and vinegar.

Le Pré also serves an agricultural need in an area where farmers tend to leave their land due to low returns. By securing more sales for these farmers, Le Pré gives them the opportunity to re-invest in the agricultural sector.

Finally, as the first premium juice and vinegar brand in Lebanon, Le Pré serves a market need. Our bottles are made of glass, our juices are 100% locally sourced, and they contain no added sugar, preservatives, or artificial colours.

How has the Covid-19 pandemic affected your business?

During the lockdowns, we had to rethink our market penetration strategy and adapt accordingly. This led us to change our channel distribution from hotels, restaurants, and cafés to the retail and online markets. Despite the challenges of exporting during the pandemic in 2020, we managed to increase our sales by 140% while attracting the interest of major food and beverage distributors in the country. On the downside, Lebanon is currently facing local currency hyperinflation that, in addition to pandemic-related measures, is making it difficult for companies to retain their employees. As a result, we have increased salaries by 100%.

Tell us more about the FBN NxG Lombard Odier Award experience.

This experience gave me the chance to connect with other FBN members who understand the responsibilities and challenges of inheriting a family business. It also allowed me to benefit from mentors, who helped me prepare my presentations to the jury and become familiar with this type of exercise in order to best present our business and the benefits it brings to our region.

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 Lombard Odier, including a wide range of groups involved in driving our sustainability work. The Sustainability Steering Forum meets on a bimonthly basis or more often if needed. The CSR Steering Forum meets quarterly. 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 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; dedicated sustainability teams; and 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.

“ All our employees are educated in managing risk and must complete regular training programmes ”

- › **LOIM Sustainability Forums:** Within each asset class or investment team, investment professionals act as internal Environmental, Social, and 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, and 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 developments in the field. 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 risk organisation 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 delivering 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 Anti-Money Laundering, 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 Risk unit teams consist of experienced professionals who are wholly independent of the business lines, covering financial, information security, and operational risks. In line with our global risk organisation, we have a three-layer process for sustainability risk management oversight:



SRI Restrictions on tobacco, coal and unconventional oil & gas, and level 5 controversies. In 2021, the Group extended its policy of restrictions on investments in companies whose revenues derive from tobacco, coal, or unconventional oil & gas above certain thresholds to both mandates for the private clients managed by the Group and the LOIM actively managed public funds. Therefore, we now have a consistent investment restrictions policy at the Group level for the securities selected by all the investment management teams. 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 5 controversy. We update the list of companies affected by these restrictions daily, and the Group Risk Management team discusses and reviews these holdings with the relevant business lines on a weekly basis. These holdings and the list of overrides are presented to the Group Risk Committee on a monthly basis.



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 held in the LOIM actively managed public funds. The LOIM 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. The LOIM internal benchmarks screen out names that are considered low ESG, as well as controversies up to level 4. The LOIM 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 high. At Lombard Odier, we have two Group-wide exclusions:



Controversial weapons:

At Group level, as part of the managed funds and mandates, 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, and white phosphorus) as defined by the 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 has 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 cereals that form the basis of the global human diet. They are critical to achieving the second UN Sustainable Development Goal (SDG) – Zero Hunger – and stable food prices are vital to the food security of many at-risk populations. The increasing volatility of these 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 2007-2008 global food price crisis, 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.



Integrating sustainability risk into the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP).

The main purpose of the ICAAP and ILAAP is to determine the adequate level of capital and liquidity to support all residual risks that the Group faces while implementing its business strategy, as well as demonstrate – based on a three-year capital plan – how the Group can meet its regulatory capital and liquidity requirements, taking into account adverse events. In 2021, sustainability risk was included in both ICAAP and ILAAP by measuring their potential impacts on capital and liquidity requirements. The results are factored in to the additional buffer of capital and liquidity that the Group must hold on top of the minimum regulatory requirements.



Investments









At Lombard Odier, we believe the current global economic model is unsustainable. It is ‘WILD’: Wasteful, Idle, Lopsided, and Dirty. However, we also recognise that the economy is already transitioning towards what we call a ‘CLIC®’ model: one that is Circular, Lean, Inclusive, and Clean. This transition is fundamentally re-shaping risk and return dynamics across all sectors and asset classes. As such, we understand that sustainability has now become one of the most important drivers of risk and return.

For further details on our investment approach, please visit our dedicated pages at [LombardOdier.com](https://lombardodier.com)¹.

The transition from WILD to CLIC® affects every dimension of the economy. It represents an evolution from an economy that destroys value or neglects value opportunities, to one that creates value and pursues untapped potential. The root cause of the current WILD economy is human development. The pressure to keep up with a growing, changing world increases the urgency of The Sustainability Revolution, as demographic pressures continue to increase demand for food, water, energy, and the products or services that improve our quality of life. Drivers of this change include future population growth, shifts in the main geographic population centres, urbanisation, and the evolving composition of age and income groups.



At the same time, digitalisation is revolutionising the ways in which our society operates and interacts. Digital connectivity is now a key criterion in the evaluation of economic development and social equality. Digitalisation (including artificial intelligence, cloud computing, the Internet of things, and geospatial data) is pushing the boundaries of our technological capabilities ever further and is serving to enable many of the solutions that will drive The Sustainability Revolution. To arrive at a CLIC® economy, we believe the global community will have to address eight key sustainability challenges:

	C circular.	L lean.	I inclusive.	C [®] clean.
 The root cause	Human development Keeping up with a growing, changing world			
 Sustainability challenges	Zero waste Embracing re-use, repair, and recycling Regenerative nature Living within nature's boundaries	Dematerialisation Moving to a service-based economy Resource efficiency Achieving more with less	Fair society Ensuring a just transition Secure society Navigating social and political turmoil	Zero emissions Delivering on the Paris Agreement Adaptive and resilient Adjusting to environmental change
 Enabling trends	Digitalisation Enabling smarter solutions			
 Sustainable Development Goals				

As these challenges are complex and interconnected, we must take inspiration from scientific frameworks to guide our way, helping us identify the critical issues to be addressed and the opportunities for doing so.

¹ am.lombardodier.com/home.html and lombardodier.com/home/private-clients.html

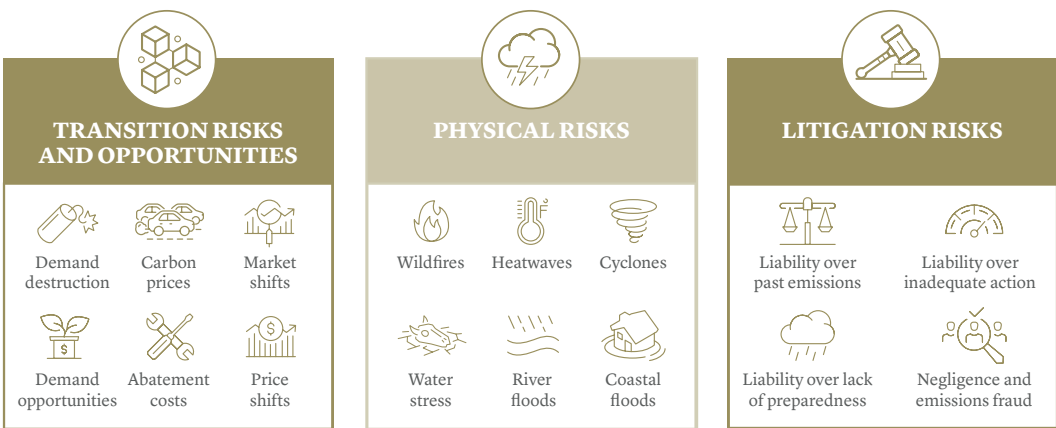
At Lombard Odier, we combine custom benchmarks with forward-looking transition pathways consistent with different warming outcomes in our **Implied Temperature Rise (ITR)** framework. This tool allows us to derive warming scores by comparing the emissions trajectories that companies and portfolios are on against the paths they must take in order to meet the goals of the Paris Agreement. To us, decarbonisation should be about investing in companies that are making the most significant contributions to reducing emissions, rather than focusing exclusively on sectors whose emissions are already low and, therefore, whose potential contribution to decarbonising the economy is relatively small.

“ Rigorous, science-based investment strategies
are central to Lombard Odier’s
approach to sustainability ”

Jean-Pascal Porcherot,
Managing Partner

Whereas ITR seeks to assess companies’ alignment with the transition, our **Climate Value Impact (CVI)** tool focuses on the transition’s financial implications for companies and portfolios by assessing the impact of transitional risks & opportunities and physical & liability risks.

Transition risks are comprised of shifts resulting from changes in demand, market structure, costs, and prices, and we believe that such risks are among the most complex in the market to assess. We have developed a proprietary capability to assess the impact of the environmental transition on companies’ earnings. We are also working with researchers at the University of Oxford to define exposure to liability or litigation risks.



Target NetZero

Our Target NetZero strategy, launched in 2021, has a wide range of climate objectives covering transition risks and the opportunities and physical risks associated with climate change. Portfolios can include companies already targeting net-zero CO₂ emissions by 2050, as well as those who do not have such targets but can be brought in line through regulatory action, investor engagement, and market changes.

Natural Capital

Nature is our most productive asset. However, our linear take-make-waste economic model depends on the extraction of vast amounts of natural capital, and so our relationship with nature has grown increasingly unsustainable. Natural capital includes all of Earth’s natural resources, such as our soils, forests, water reserves, ores, and minerals. Today, over 50% of our economy is moderately or highly dependent on natural capital. Harnessing and preserving this unique asset is vital to the health of our economy, and represents a diverse source of investment opportunities.

As a founding member of the Circular Bioeconomy Alliance (CBA) and the Natural Capital Investment Alliance, as well as a member of the Sustainable Markets Initiative, we believe that increasing investment in natural capital requires simpler access to clear opportunities. That is why we launched our Natural Capital strategy in November 2020, and, during 2021, we saw early validation of our philosophy and approach to investing in companies that preserve or leverage the regenerative power of nature.



Interview with Dr. Marc Palahí

Chair of the Circular Bioeconomy Alliance and
Director of the European Forest Institute

Scan here to watch this video interview



Dr. Marc Palahí is a leading expert on forests and global change, with a new vision of the transformational role forests can play in fighting climate change and developing a circular bioeconomy. Lombard Odier was a founding partner of the CBA when it was established in 2020 by His Royal Highness The Prince of Wales.

Can you tell us about the Circular Bioeconomy Alliance and how you collaborate with Lombard Odier?

A circular bioeconomy offers a conceptual framework for using renewable natural capital to transform and manage our land, food, health, and industrial systems, with the goal of achieving sustainable well-being. As such, the CBA aims to accelerate the transition from our existing linear, fossil-based economy to a circular bioeconomy that is climate-neutral and inclusive, and which prospers in harmony with nature. To do this, we've created a platform that's more than just a discussion and learning forum – it is a vehicle for showing why and how finance can be connected to natural capital restoration and the creation of sustainable value chains while empowering local communities.

Lombard Odier gives us valuable insights into how the financial sector operates, which helps us better understand how we can successfully attract capital to sustainable solutions. Meanwhile, the CBA can help Lombard Odier by providing intelligence from a network of organisations, scientists, and companies operating on the ground in different parts of the world to restore and use nature sustainably.

Our current economic system has failed to value nature and now threatens the stability of our societies. Can we reverse this situation so that we can live in harmony with nature?

If managed sustainably, biological resources like forests are renewable and circular by nature. However, we don't have unlimited amounts of forest, and their regeneration takes time. Therefore, the use and transformation of our biological resources must be intelligent, efficient, and, most importantly, sustainable. If we can do this, we can sustainably transform biological resources, such as wood, into a new range of bio-based solutions that can replace and environmentally outperform existing fossil fuel products and non-renewable materials in a number of sectors.

A good example is the fashion industry. Today, more than 60% of textile fibres, like polyester, are made from petroleum. However, we have the technology to replace these synthetic fibres with new kinds of textiles made from wood. These wood-based cellulose fibres could reduce the fashion industry's carbon footprint by five or six times, while being biodegradable and plastic-free.

How can wood be a game-changer in the transition to a sustainable economy? And can we reduce the deforestation of tropical forests while continuing to produce key commodities?

Forests are a fantastic natural technology that absorb CO₂ and convert it into biomass, releasing oxygen and water in the process. It is, therefore, crucial that we protect them from deforestation. With the right governance in place, an increased demand for wood-based solutions could attract the investment we need to restore significant areas of degraded land. Moreover, it would signal to the market that managing forests sustainably creates more value than converting their land for other uses through deforestation.

Indeed, one of the great opportunities of the circular bioeconomy is its potential to provide jobs and inclusive prosperity in a territorial context. The ways in which biological resources, such as forests and agricultural land, are managed and distributed across territories make it much easier to inclusively distribute jobs, infrastructure, and prosperity than do those of fossil resources. Nevertheless, to unlock this potential, it is vital that we collaborate with local communities and businesses to co-design, co-develop, and co-manage the land and value chains that will be established in the future. We must also combine scientific knowledge and innovation with the valuable ancestral knowledge we can gain by managing landscapes in partnership with local and indigenous communities. This is a fundamental pillar of the future circular bioeconomy.

Supporting positive community development

At Lombard Odier, we are seeing a growing appetite from clients for investments that, alongside financial returns, deliver immediate, measurable solutions to specific communities.

In 2020, we partnered with **Plastic Bank** to create an investment solution to reduce single-use plastic pollution in the oceans while creating long-term value for collector communities. In 2021, we extended our partnership to stop plastic waste before it enters the ocean by collecting and reprocessing it for reuse. In exchange, local collectors receive salaries that enable a decent standard of living. Lombard Odier will fund the collection of over 795 tonnes of ocean-bound plastic in Haiti, which is equivalent to 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 have a positive impact on Egypt and Haiti. In 2021, Lombard Odier created an additional solution which offers scholarships to children to cover their school fees. Lombard Odier plans to provide scholarships to over 3,500 children while helping to ensure that the equivalent of over 16.5 million single-use plastic bottles do not end up in the world's oceans.

Last year, in partnership with a Swiss foundation, we also launched a new impact investment solution to promote water accessibility and quality in rural Senegal. This solution aims to support the distribution of 60 million litres of clean water per year, which will meet the daily needs of over 83,500 people and deliver improved water efficiency, resource management, sustainable water practices, and sanitation to communities in Senegal that suffer from low water access and quality.

Transparency around sustainability within the financial markets

Governments, organisations, and market participants are working to implement and standardise regulations, frameworks, and disclosure requirements for financial market participants at the corporate, service, and product levels. The aim is to prevent greenwashing and ensure comparability by creating more transparency.

The European Sustainable Finance Disclosure Regulation (SFDR) came into effect in March 2021 and established harmonised transparency rules for financial advisors and other participants in the financial market. These rules define how sustainability risks and considerations around adverse sustainability impacts should be integrated into financial processes. The SFDR also imposes more stringent requirements on sustainability risk integration disclosures made by financial services institutions such as banks, insurance companies, pension funds, and investment firms, and focuses on how to account for any adverse impacts on sustainability resulting from investment decisions or financial advice. The main objective is to help investors understand and compare the sustainability profiles of funds. The SFDR is aligned with the European Green Deal, which aims to transform the EU into a modern, carbon-neutral, resource-efficient, competitive, and fair economy.

“ These rules define how sustainability risks and considerations around adverse sustainability impacts should be integrated into financial processes ”

The regulation stipulates that asset managers must communicate the extent to which they integrate sustainability into their investment strategies, and classify their funds accordingly. Under the new classification, an investment strategy will be labelled under either Article 6, 8, or 9 of the SFDR. Article 8 applies when a financial product promotes, among others, environmental or social characteristics. Article 9 covers products that have sustainable investment as their objective and an index designated as a reference benchmark. Article 6 covers funds that do not meet the criteria for Articles 8 or 9, but which are still required to describe how sustainability risks are integrated into their investment processes.



In line with regulatory templates, Lombard Odier has prepared detailed, comprehensive disclosures for its Article 8 and 9 products. These include, among other information:

- › **A clear statement of the funds' sustainability objectives**
- › **The performance of the funds against the sustainability indicators** that measure the attainment of those objectives
- › **The performance of the funds against sustainability impact metrics** (Principal Adverse Sustainability Impacts (PASI)), measured by harmonised factors developed by the EU regulator
- › **Detailed information** on the strategies, methodologies, data sources, and actions taken to achieve the sustainability objectives
- › The extent to which the investments are aligned with the **European Taxonomy for sustainable activities**

The EU taxonomy is a classification system that establishes a list of environmentally sustainable economic activities towards which capital flows can be directed to achieve the six environmental objectives established by the European Commission:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

With the classification of objectives 3 to 6 expected in 2022, Lombard Odier will integrate this information as soon as it becomes available.

Febelfin

Febelfin, the Belgian financial sector federation, sponsors the Towards Sustainability label, which is awarded to investment products that meet its quality standards for sustainability-focused analyses, exclusions, and stewardship. Five accredited LOIM funds have received the Towards Sustainability label, which aims to promote socially responsible, sustainable investments and build trust among retail and institutional investors.



Strategic partnerships

University of Oxford

In 2020, Lombard Odier partnered with the University of Oxford to support teaching and research on sustainable finance and investments. In addition to enabling pioneering research in the field, this partnership enables us to work closely with the University of Oxford to integrate the latest knowledge on the relationships between investing and sustainability into our investment strategies. Our research collaboration also allows us to gain scientific insights that support our sustainability strategy and investment decisions. We want to understand what we can achieve through capital or asset allocation, such as how we can support the development of sectors like the energy, food, and pharmaceutical industries to help meet the goals of the Paris Agreement. The academic community is helping us to develop methodologies in this area.

Another example is the integration of geospatial data and analytics into financial theory and practice. Instead of relying on companies to proactively disclose and report on sustainability, satellite imagery can provide a more objective way of assessing a company's sustainability credentials. Spatial finance could open up whole new frontiers of sustainability analysis, and Lombard Odier's partnership with the University of Oxford will help develop this exciting new field of research.

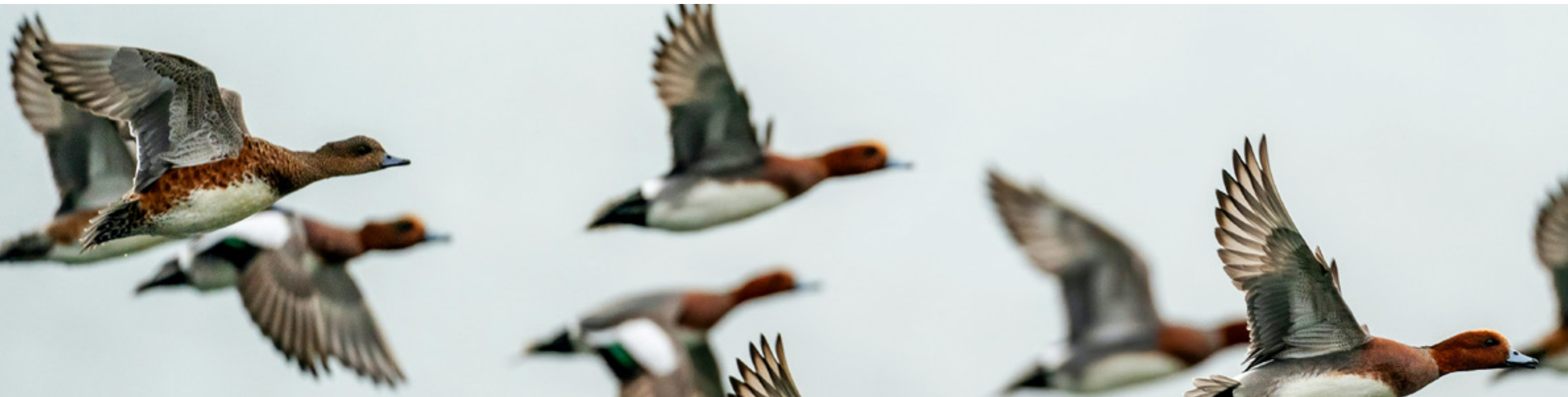
We also focus on the use of carbon offsetting. Although offsetting is undoubtedly a crucial tool in the fight against climate change and the transition to net-zero emissions, they can also act as a crutch for companies looking to quickly create the appearance of sustainability on paper instead of doing the hard work of making their business models more sustainable in reality. And with investors becoming increasingly focused on decarbonisation and reforestation, improving our understanding of how best to use carbon offsetting in theory and practice is a vital project.

In November, Lombard Odier and the University of Oxford published our first collaborative report, 'Predictors of Success in a Greening World', which includes an analysis of which countries are making the right moves in the transition to a green economy. To create this report, we studied the evolving competitiveness of countries in key industries in the context of the transition, and examined how much of their Covid-19 stimulus spend they have directed towards building back greener. This stimulus has given countries a unique opportunity to invest in low-emissions infrastructure, improve their technological capabilities, help their workforces take advantage of new green jobs, and withdraw from declining, polluting industries.

SYSTEMIQ

At the end of 2021, we acquired a stake in SYSTEMIQ, a renowned system change firm that aims to embed sustainability across global economic systems through strategic partnerships with representatives of business, finance, policy, and civil society. Lombard Odier has already worked with the firm for two years on building sustainability transition roadmaps for industries. Now, this new partnership is enabling us to use SYSTEMIQ's innovative platforms and comprehensive data to continually enhance our client offering by understanding the extent to which potential investments are aligned with the sustainability transition earlier in the process and in greater detail.

In addition, and in parallel with SYSTEMIQ's own activities, this investment will support future Lombard Odier initiatives to continue driving the sustainability transition. Our firms also share a sustainability ethos at the corporate level, with Lombard Odier and SYSTEMIQ both holding certified B Corp status.



Stewardship

This section refers to Lombard Odier Investment Managers (LOIM), our asset management business. LOIM uses investment stewardship to make a positive contribution to the CLIC® economy – our fundamental investment conviction – by delivering on three overarching objectives: 1) encourage companies to align themselves with appropriate transition pathways, 2) promote best-in-class business practices, and 3) manage controversies. In so doing, we seek to protect and enhance the long-term sustainable value of assets entrusted to us by our clients.

LOIM takes an integrated approach to stewardship through engagement and proxy voting, which form a continuum. In 2021, we focused particularly on the climate transition, using stewardship at scale and in depth to help drive the task of guiding the economy to a 1.5°C path.

LOIM's stewardship approach incorporates The Oxford Martin Principles for Climate-Conscious Investment, the recommendations of the Financial Stability Board's (FSB) Taskforce on Climate-related Financial Disclosures (TCFD), and emerging best practice on natural capital, as well as more traditional core ESG considerations. As such, LOIM's sustainability stewardship enables us to encourage companies to secure an orderly transition to a sustainable business model while increasing their resilience to the impacts of climate change. The UK Financial Reporting Council recognised LOIM's stewardship approach by including us in the initial cohort of organisations to be awarded signatory status of the UK's flagship Stewardship Code. To find out more about LOIM's stewardship approach, visit [LOIM_StewardshipReport_2020.pdf](#).

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. 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 vote and hold investee companies accountable.

The outcomes of our engagements influence our investment decisions, ensuring 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.

Our private client business continues to work to adopt best practices adapted to the private banking business model. Building on the robust compliance work we developed in 2020, we focused on strengthening our stewardship role through live engagements throughout 2021.

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 (GHG) emissions to zero. The principles are:

1. Commitment to net-zero emissions
2. Profitable net-zero business model
3. Quantitative medium-term targets².

² Oxford Martin Principles for Climate-Conscious Investment, Briefing February 2018



Interview with Rebeca Coriat

Executive Vice President, Head of Stewardship
Bank Lombard Odier & Co Ltd

Scan here to watch this video interview



Rebeca Coriat is Head of Stewardship at Lombard Odier Investment Managers (LOIM). Coriat is responsible for LOIM's stewardship infrastructure and function, and for leading the delivery of LOIM's stewardship activities with a focus on sustainability, corporate governance, and ESG analysis. Her work concentrates on integrated stewardship strategies across asset classes, with a specific emphasis on engagement and voting.

What is stewardship?

Stewardship is how we protect and enhance the long-term sustainable value of the assets entrusted to us by our clients, and it entails applying an extra layer of analysis, research, and information around each investment decision. It deals with anything we wouldn't cover within a purely financial analysis, and such factors fall into two categories. The first is forward-looking, and relates to sustainability data and alignment with the Paris Agreement. The second is backward-looking, and relates to ESG-related data that a company has reported in previous years.

The understanding that investors have both rights and responsibilities became particularly salient following the 2008-2009 financial crisis, due to what was perceived as poor oversight by investors in areas such as executive pay. From the 1992 Cadbury report to the 2018 Corporate Governance Code, public companies in the UK have long had their rights and responsibilities codified. However, the first Stewardship Code only appeared in 2010. This led to the exponential growth of stewardship that, in 2020, culminated in the UK's Stewardship Code, the most ambitious of its kind in the world and of which LOIM is a proud signatory.

Why has investment stewardship become an important part of Lombard Odier's sustainability strategy?

The Stewardship team is one of the three key pillars of the Sustainable Investment Research, Strategy, and Stewardship (SIRSS) team. We are integrated within sustainability research and strategy and, in a way, you might say that we work like both a sword and a shield. We work like a sword because we hold a mirror up to companies, let them know where we see weaknesses, and suggest where we think they need to change. And we work like a shield because, through stewardship, we protect our investments.

Stewardship has always formed part of LOIM's strategy. However, along with our belief that sustainability will drive performance and returns, we have now placed stewardship at the centre of Lombard Odier's sustainability strategy, because it enables us to extract information from companies, integrate it into the investment process, and ask companies to do more on sustainability over the long term.

How do you decide which companies to engage with?

We are realistic, honest, and laser-sharp in our approach to selecting engagement candidates, which entails focusing on our three stewardship priorities and their sub-themes. For each sub-theme, we typically apply a materiality and size filter. Feedback from our investment and risk colleagues is also key to driving our engagement mapping. Our engagements are naturally tilted towards our first priority – encouraging the adoption of sustainable transition paths – whose sub-themes focus on the transition to net zero, natural capital, and biodiversity. Our second priority – promoting best-in-class business practices – provides us with a framework to engage with backward-looking data. Our third priority – managing controversies – allows us to mitigate the risks associated with controversies. In 2021, LOIM engaged with over 200 companies.

Can we really influence a company?

I'm convinced that we can, although we must acknowledge that we don't have full control over the changes a company might make. We can influence companies by showing them what their peers are doing and making suggestions around what we think they should do. We can also escalate our stewardship if we think a company is taking too long to act. Ultimately, though, the final decision always rests with the company's board of directors. Looking at our past engagements, I do think that we have influenced many companies. At the very least, we've brought topics to their attention and served as a catalyst for action, whether by facilitating board-level discussions or hiring experts to gather data. The need to move the economy, at scale and in depth, towards business models that are aligned with limiting the increase in global temperatures to 1.5 °C is a monumental task. Nevertheless, because every company is unique, each requires a tailored engagement strategy that highlights what they must do to get there.



UN Principles for Responsible Investment

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

1 Incorporation of ESG issues into investment analyses 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 25 years and have developed our own proprietary models to ensure that 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 the 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 of their 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 that are likely to affect the long-term viability of companies' business activities and models. The team is a Group function that spans all our business divisions. Working closely with sector analysts, investment teams, and the ESG Solutions team, the SIRSS team maps the exposure of sectors and individual companies to sustainability challenges. The 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 carries 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, this growing team of 25 includes four PhDs and brings together sustainability specialists with a range of skillsets, such as investment banking, macroeconomics, lifecycle analysis, data science, stewardship, and communications. We plan to add additional capabilities in the areas of portfolio decarbonisation, thematic research, and geospatial analysis.

- 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. We filter the ESG issues that are most relevant to specific business contexts – commonly referred to as a ‘materiality-based’ approach. To achieve this, we have created a proprietary framework encompassing 14 dimensions that reflect the principal features 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)³ 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 it operates 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 financially outperform their peers, we overweigh 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 most relevant to their long-term sustainability and to 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 milestones 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.

³ 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. As such, 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 companies throughout the investment lifecycle. We use the intelligence and analysis that the SIRSS 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.

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 global economy. Through our engagements, we regularly encourage the companies in which we invest 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 UN that encourages stock exchanges to adopt guidelines requiring listed companies to report non-financial data in a transparent, standardised way. LOIM is a member of the Finance for Biodiversity Pledge, 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 of, and active participant in, many initiatives and associations that promote the adoption of socially responsible investing throughout the financial industry:

- › Signatory of the Net Zero Asset Managers Initiative
- › Signatory of the Glasgow Financial Alliance to Net Zero
- › Founding Partner of the Sustainable Markets Initiative's Natural Capital Investment Alliance
- › Founding member of the Circular Bioeconomy Alliance
- › Founding member of the Forest Investor Club
- › Founding member of the Natural Capital Investment 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)
- › Signatory of the United Nations Principles for Responsible Banking (UN PRB)

5 Work together for better implementation

Lombard Odier supports UN PRI collaborative initiatives, and we are 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 enables 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 UN PRI transparency reporting and assessment. These transparency reports are publicly available on the [UN PRI 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.

Technology has always been an enabler of sustainability. At Lombard Odier, it plays an important role in helping us meet our sustainability objectives as our global economy transitions to a CLIC® model.

The T&O unit has three types of clients: **our internal clients, external asset managers, and Business Process Outsourcing (BPO) clients**. Our BPO clients are a range of carefully selected, independent European financial institutions⁴, including other private banks, institutional investors, and family offices. As a technology service provider for other institutions, the pandemic 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.

As more people switched to remote working and digital banking, the pandemic also created new opportunities for cyber fraud. As a result, in 2021, we continued to strengthen our solutions for tackling cyber fraud, such as by integrating a software

⁴ These 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.

“ Technology plays a significant role in enabling us to meet our sustainability objectives by helping us to track the sustainability of portfolios across a range of high- and low-level indicators and, ultimately, improve our client offering ”

Alexandre Zeller
Managing Partner

solution from the award-winning Swiss fintech, NetGuardians. This software complements our infrastructure solutions to reinforce advanced fraud mitigation.

As the Covid-19 pandemic persisted throughout 2021, we continued to implement our global Business Continuity Plan that we activated at the onset of the crisis. This Plan is the result of many years of crisis scenario simulations undertaken to prepare for emergencies, and it enabled us to offer our clients uninterrupted service even as our employees globally periodically worked from home.

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. **Having full ownership of our technology gives us the agility and flexibility we need to quickly provide new functionalities that meet our clients' needs as they evolve.**

Our **in-house technology platform** powers our sustainable investment framework. It enables our analysts, investment strategists, portfolio managers, and bankers to share and analyse our proprietary investment views, as well as sustainable investment scores on both clients' portfolios and individual investment positions within portfolios.

Our proprietary banking platform, G2, is used to manage billions in assets and thousands of accounts, and includes development, infrastructure management, and cybersecurity. G2 is independent and fully integrated with our front office, banking operations, and accounting services. Other private banks, institutional investors, and family offices use G2 for their operations, just as we use it for our own.

The G2 banking platform includes:

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

Meanwhile, **our Global Assets+ tool** offers asset servicing, consolidation, and reporting, with first-class global custody and state-of-the-art technological tools.

Two years ago, we launched the strategic evolution of our G2 wealth management platform: **the GX transformation project**, a seven-year programme that will take G2 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.

From desktop computers to data centres, technology enables much of our work. But with many devices consuming a lot of energy, digitalisation comes with some significant sustainability challenges. We aim to minimise the environmental impact of our technology solutions by maximising their efficiency and delivering emissions reductions through state-of-the-art innovations.

We are leveraging two core areas:

- › Where possible, we use cutting-edge technologies that require less energy to perform the same function. For example, we have virtualised 98% of our servers, which we maintain with advanced cooling systems that reduce our electricity consumption while also using the same energy to heat our buildings. We aim to virtualise 100% of our servers as soon as possible.
- › We implement policies designed to optimise the energy consumption of electronic devices that require continual power. For instance, we have implemented a low-power mode on all desktops and laptops, as well as automatic evening shutdowns where possible.

We aim to drastically reduce the use of paper within the office, and we primarily use digital documentation. Through our paperless initiative, we have already significantly reduced the number of documents we print and, as a result, we now use fewer printers in our daily work. Even though the Covid-19 pandemic led us to partially switch to home working, this is a significant step forward in our digitalisation efforts that allows us to share more interactive information.

The technological revolution has also created the growing problem of electronic waste. At Lombard Odier, we are committed to reducing e-waste and maximising the circularity of our devices. Whenever we buy new devices, we either sell the old ones back to their manufacturers or donate them to one of our partner organisations, which include the Association d'Appui et de Formation aux Initiatives de Développement (ASSAFI) mission in the Democratic Republic of the Congo, Uganda Connect, Actions et Travail Social Hors Murs (BUPP), and humanitarian projects organised by local schools.

As we prepare to move into our new global headquarters, we have been rethinking our ways of working, particularly when it comes to collaborative spaces. We will switch from desktops to laptops, which will reduce the number of devices we need. As part of our efforts to ensure that 100% of our electronics responsibly recycled or reused, we started giving used screens to employees, with over 800 screens already donated. And we will harness the power of technology to enhance our sustainability efforts across our headquarters through smart technologies and automation solutions.

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 (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.

Since 2006, Lombard Odier has participated in the EPFL Forum, the largest recruitment fair in Europe, and we were again present for the 39th edition in 2021. Recruiting high-calibre technology graduates is crucial to Lombard Odier's ongoing development of technology solutions.

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.

Reducing our footprint

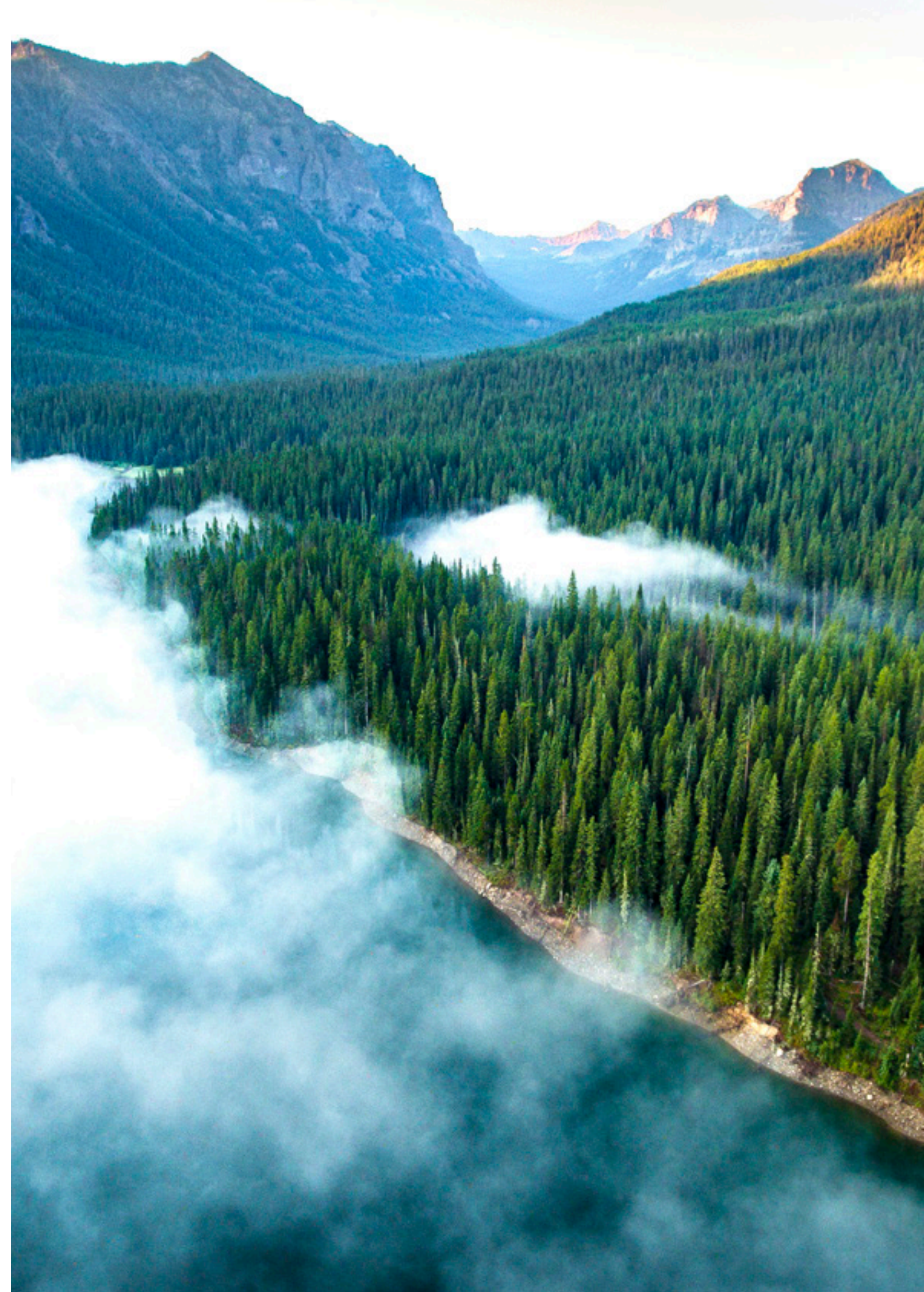
Lombard Odier is committed to achieving net zero throughout our operations by 2030. In 2015, the Paris Agreement saw world governments commit to limiting the average global temperature increase to well below 2 °C above pre-industrial levels and to pursuing efforts to limit warming to 1.5 °C. To achieve this, we must halve global greenhouse gas (GHG) emissions by 2030 and achieve net-zero emissions by 2050.

“ Our actions must always reflect
Lombard Odier’s strong sustainability conviction.
We will implement a plan that is well aligned
with our responsibilities towards all
our stakeholders ”

Annika Falkengren
Managing Partner

In 2021, Lombard Odier’s global carbon footprint was 4,268 tonnes CO₂e, an increase from 2020 but down from 7,547 tonnes CO₂e in 2019. Since the Covid-19 pandemic’s effects on travel and work significantly affected our 2020 footprint, we use 2019’s figures as a baseline for our emissions reduction comparisons and plans.

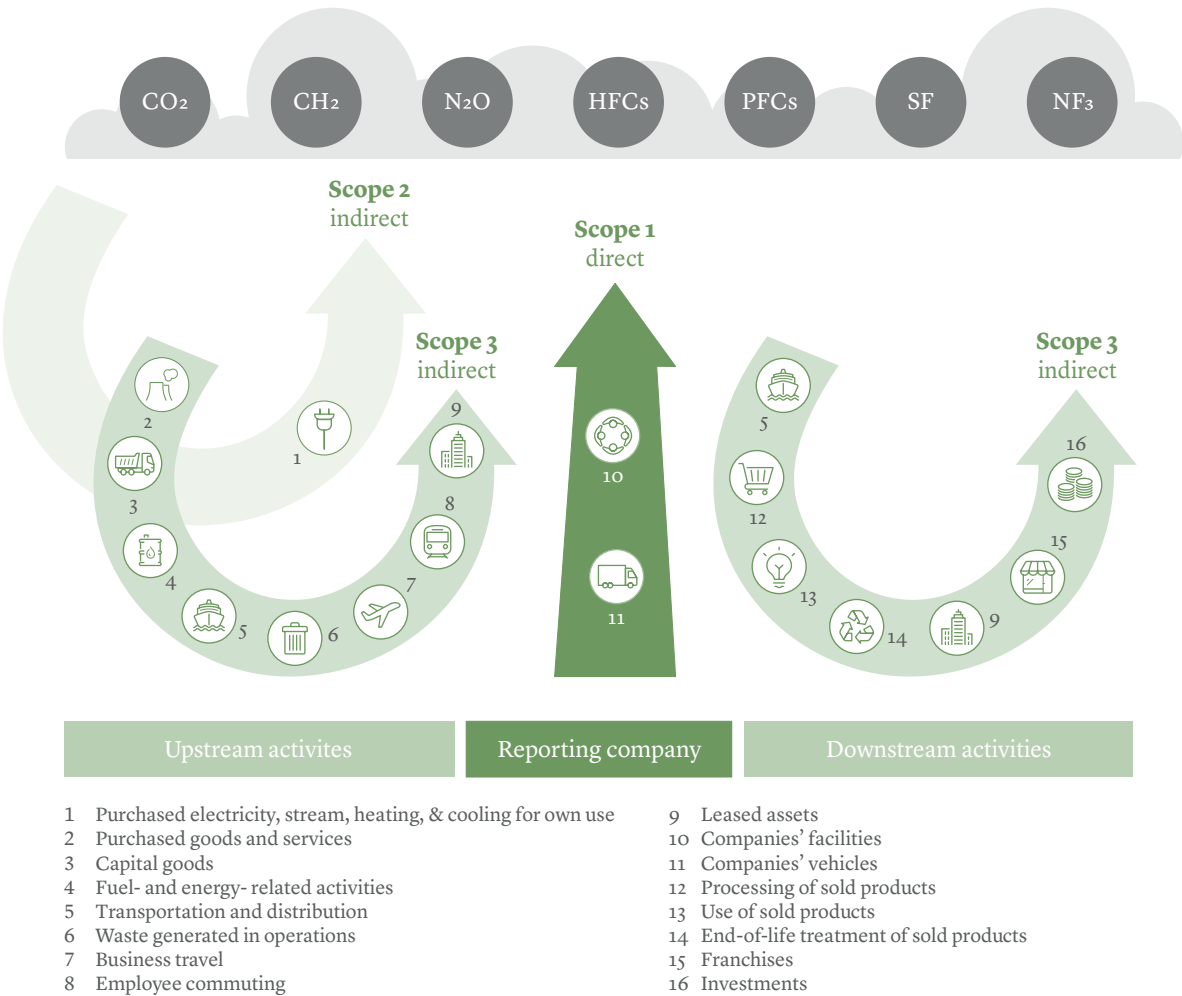
We internally align our efforts to reduce our footprint and aim to make our operations Circular, Lean, Inclusive, and Clean (CLIC®). In addition to having a positive impact on the environment and our stakeholders, reducing our carbon footprint also produces economic benefits in the form of increased operational efficiency and reduced costs.



We calculate our carbon footprint using the GHG Protocol standards. Our 2021 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.

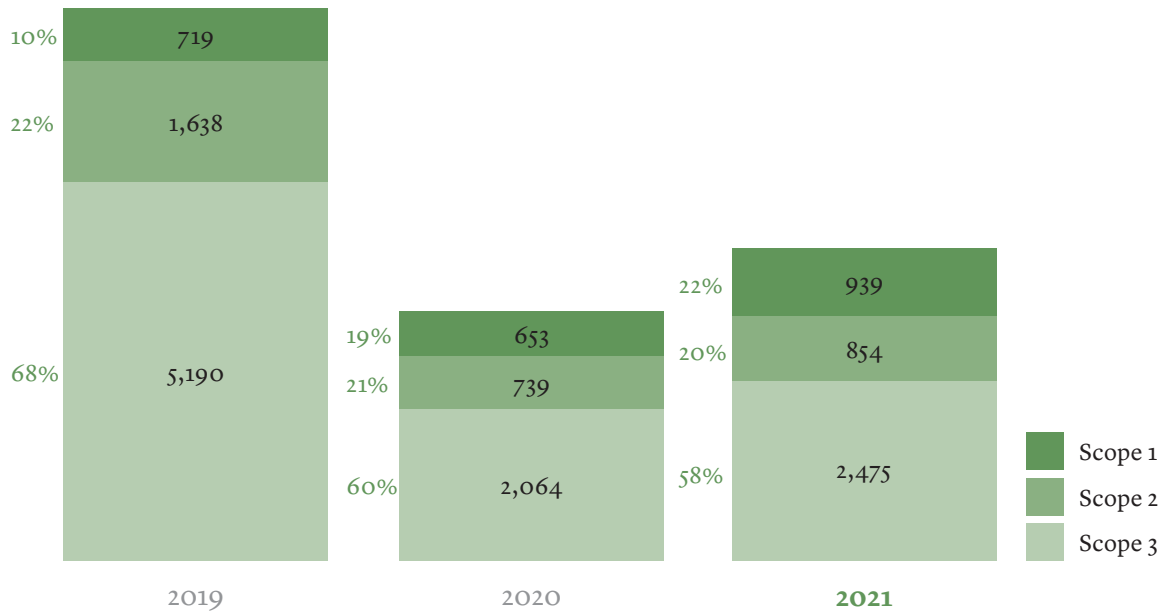
GHG Protocol Scope Guidance



Our carbon footprint analysis

7,547 tCO ₂ e 2019	3,456 tCO ₂ e 2020	4,268 tCO ₂ e 2021	 of our activity
3.01 tCO ₂ e 2019	1.38 tCO ₂ e 2020	1.65 tCO ₂ e 2021	 per collaborator*

Our emissions per scope (tonnes CO₂e):

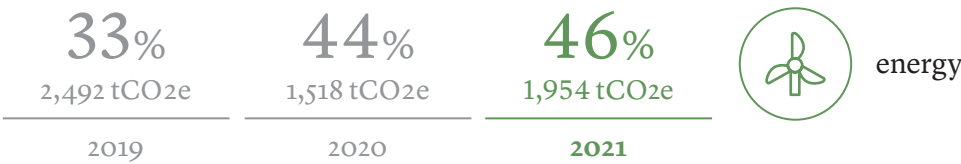


* 2,596 Lombard Odier employees globally in 2021

Sources of our emissions



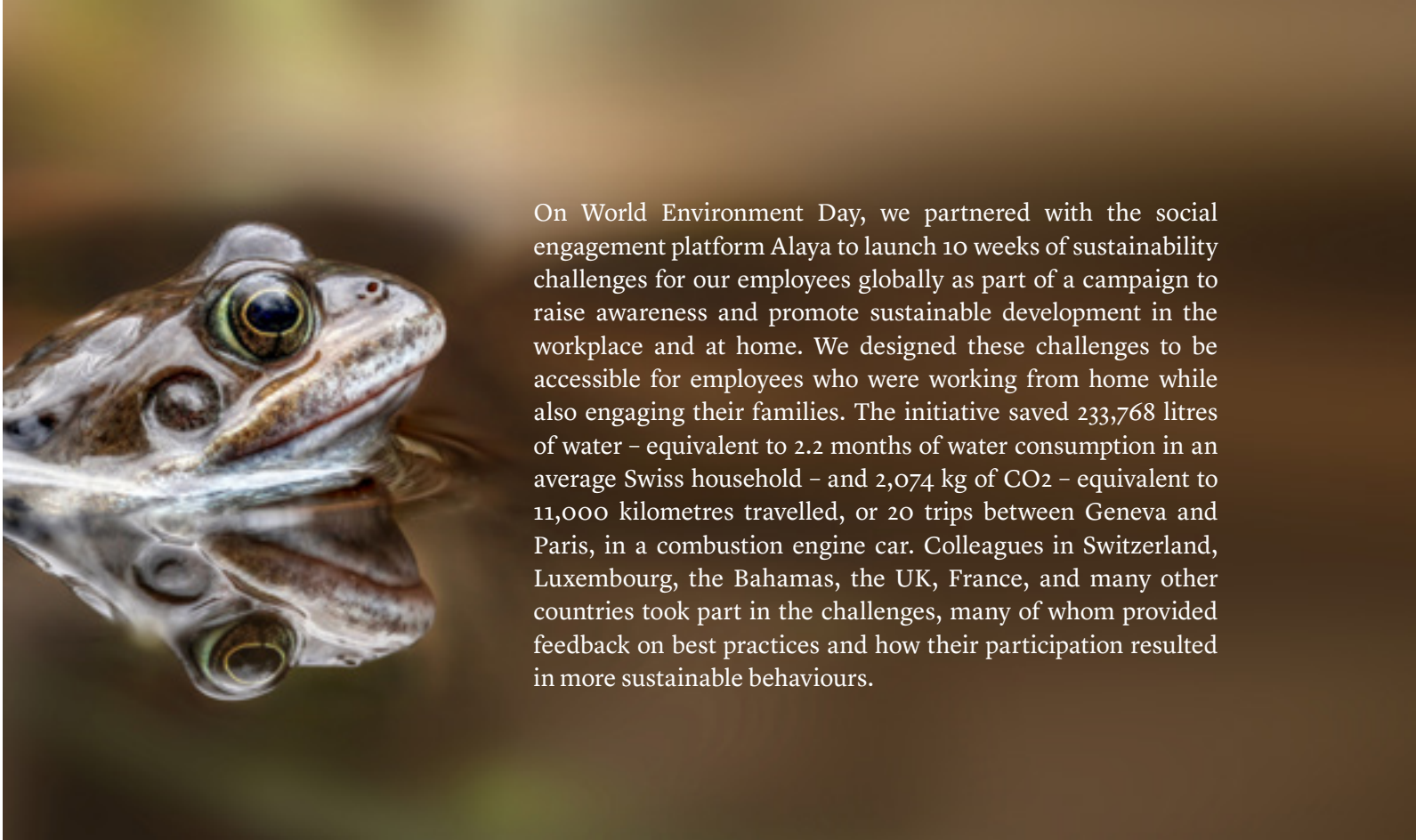
Despite the lifting of travel restrictions implemented during the Covid-19 pandemic, emissions from business trips declined by 83% in 2021 compared with 2019 – our baseline year – and by 11% compared to 2020. This reduction is partly attributable to an increase in train travel (+39% in 2021 vs 2020), which produces significantly fewer emissions than air travel. Another factor is the new norm of remote meetings, which we encourage whenever possible. Travel habits have changed, and these results encourage us to redouble our efforts around promoting an effective balance between travel and remote meetings, as well as finding ways to reduce the impact of our travel. Since our business relies on maintaining close relationships with our clients, we encourage ‘smart travel’ practices, such as minimising back-and-forth trips by grouping meetings into fewer, longer trips with overnight stays.



Emissions from our energy consumption had a small rebound in 2021, with a 29% increase compared to 2020 due, in part, to our employees returning to the office after pandemic lockdowns. However, this also represents a 22% decrease from 2019’s energy consumption emissions. Our Geneva offices, which produce approximately 60% of our global emissions related to energy, show relatively consistent consumption as Lombard Odier runs its own server halls. Where available, our offices globally use renewable energy. Last year, we continued our efforts to reduce energy consumption through everyday actions such as shutting down computers instead of leaving them in standby mode.



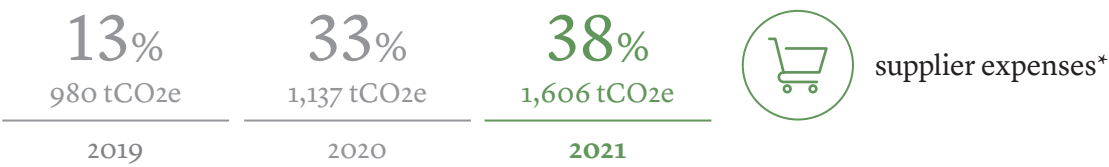
Although they represent less than 1% of Lombard Odier’s total emissions, our waste and processing emissions declined by 13% in 2021 compared to 2020. This reduction reflects our ongoing efforts to eliminate waste, especially plastic. Last year, our Zero Plastic initiative resulted in a 33% decrease in plastic waste compared to 2020 and a 66% reduction compared to 2019. 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. As waste is an area in which all of our employees can make a significant difference through small changes in their behaviour, this will continue to be an area of focus going forward.



On World Environment Day, we partnered with the social engagement platform Alaya to launch 10 weeks of sustainability challenges for our employees globally as part of a campaign to raise awareness and promote sustainable development in the workplace and at home. We designed these challenges to be accessible for employees who were working from home while also engaging their families. The initiative saved 233,768 litres of water – equivalent to 2.2 months of water consumption in an average Swiss household – and 2,074 kg of CO₂ – equivalent to 11,000 kilometres travelled, or 20 trips between Geneva and Paris, in a combustion engine car. Colleagues in Switzerland, Luxembourg, the Bahamas, the UK, France, and many other countries took part in the challenges, many of whom provided feedback on best practices and how their participation resulted in more sustainable behaviours.

Imprim’Vert Label

Our printing plant in Geneva, which handles 10 million impressions a year, holds the Imprim’Vert eco-label. The label is awarded 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 increased by 41% between 2020 and 2021. This is largely due to an increased use of consulting services as our business expands and our strategy develops. We also saw an increase in supplier expenses with more important CO₂e coefficients relative to other expenses. In 2021, we published our Supplier Code of Conduct, in which we reaffirmed our commitment to requiring all our suppliers to align their business practices with the Ten Principles of the UN Global Compact. We have a preference for suppliers who have a plan to transition their business to a sustainable model, whether in terms of their product offering or operations. Our commitment to reducing Scope 3 carbon emissions across our value chain automatically puts pressure on our partners and suppliers to help us achieve our emissions reduction goal.

* Excluding emissions from tier 2 and subsequent supplier expenses

Selected sustainability achievements



* For Geneva offices

Sustainable construction and development: our new headquarters

As the construction of Lombard Odier’s new global headquarters in Bellevue, Geneva, steadily progresses, we recognise the importance of sustainable construction. Construction and the wider built environment accounts for around 40% of worldwide GHG emissions, and the 850 million tonnes of waste materials generated by construction and demolition amounts to 60% of the global total. As such, we aim to ensure that our new headquarters embody the highest sustainability standards, both during construction and in the future.

Throughout the process, we have encountered many sustainable construction challenges, along with their often-surprising solutions. We aim to achieve three sustainable construction certifications: Standard Nachhaltiges Bauen Schweiz (SNBS), Minergie-P, and BREEAM®. These certifications measure the environmental, social, and economic sustainability performance of buildings, including climate resilience.

To achieve these certifications, we are developing solutions in a number of areas, including:



- Efficient water use and re-use, including a 200m³ rainwater collection container in the basement.
- A green roof that covers 85% of the roof surface.
- Solutions for optimising the amount of natural light entering the building while reducing glare. Our building will be largely covered in windows to create a workplace filled with natural light, which studies have shown to improve employee satisfaction and productivity by helping to regulate the body’s natural circadian rhythm and reducing eye-strain and headaches. Natural light also reduces the need for artificial lighting during daytime hours and, in turn, energy costs. However, the building must ensure that it prevents any glare that would disturb those inside.
- Improved recycling solutions.



- Strictly controlled material sourcing to ensure an interior air quality with minimal pollutants. To achieve this, we must assess the components of all materials, such as paint, glue, and textiles, to ensure that no harmful ingredients affect the air we breathe.
- Building automation and smart solutions.
- Plans to reuse some existing furniture from our current Geneva offices and maximise the circularity of any furniture that we do not need.



- 700 m² solar roof panels.
- Renewable 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.



- Green mobility solutions, including e-bikes and charging stations for electric cars and bikes, as well as a bike repair and maintenance workshop.
- Access for persons with reduced mobility.



- Employee well-being, including a fitness centre to help employees maintain an active lifestyle.
- In-house restaurants serving locally sourced products where possible.

We emphasise the importance of preserving biodiversity, and we will replant a significant number of trees and install insect hotels in the gardens of our new headquarters. In 2021, we installed six beehives on our new site, with another to follow in 2022. There is a great deal of plant diversity and low pesticide use in urban parks and gardens that makes such areas attractive to bees, and urban beehives are an effective way to help preserve these pollinating insects.

Several of our global offices are located in buildings with a sustainable construction certificate.

- › **Brussels:** BREEAM® in progress
- › **Zurich:** BREEAM®
- › **Bahamas:** LEED certification
- › **Bermuda:** Silver LEED certification
- › **Madrid:** Platinum LEED certification
- › **London:** Global Real Estate Sustainability Benchmarks (GRESB certification)
- › **Hong Kong:** BEAM Plus for Existing Buildings – Platinum. Certification is awarded by the Hong Kong Green Building Council
- › **Tokyo:** DBJ Green Building certification (national certification)





Our colleagues

We rely on the strength of our colleagues to drive success, which is why we place our people at the centre of our considerations. Lombard Odier strives to provide an ethical and inclusive workplace for all our employees, as outlined in our Code of Conduct and Shared Values and other internal policies.

Our annual employee satisfaction survey gives us detailed feedback on colleague engagement levels and highlights areas for improvement. After replacing the 2020 edition with several pandemic-related surveys, our 2021 global colleague survey returned with a deep focus on the overall employee experience and strong participation rate of 83%. We received particularly positive feedback in the areas of Strategy & Leadership and Client-Focused Communications, both of which scored favourably against the benchmark of our private banking sector peers. Overall, the results showed that our colleagues across the Group are highly engaged, enabled, and energised, with a good level of satisfaction around how we navigated the Covid-19 crisis. Personal and career development also remain key focal points for our employees.



Career development

At Lombard Odier, we ensure performance, coherence, and compliance through learning. We help business units meet their key targets by helping our colleagues become more effective through the development of their critical skills and capabilities. We do this by offering high-quality personal development and training for teams and individuals.

Job skills training:

- › Certified Wealth Management Advisor (CWMA) certification, which is recommended by the Swiss Bankers Association and internationally recognised under ISO 17024. 277 employees have been certified at the time of writing, including 93 in 2021.
- › Banking skills: these courses include in-house training on Lombard Odier's banking activities, instruments, and products; wealth management programmes through international access platforms like AZEK; and a variety of other financial courses designed to maintain up-to-date job skills and delivered by external providers.
- › Technical skills: to ensure a high level of expertise across units and functions.
- › Higher education: certifications include Certified Financial Advisor (CFA), Certified International Wealth Manager (CIWM), Chartered Institute of International Auditors (CIIA), Financial Management Oversight (FMO), and IT.

Leadership training:

- › Our offering for middle and senior management includes a ‘Feedback for managers’ course and a leadership programme delivered by the International Institute for Management Development (IMD).
- › Soft skills and self-development training.
- › Language courses, delivered via Speexx’s mobile app or external training centres.
- › Mandatory and regulatory training, delivered primarily through e-learning.
- › Our two bespoke talent management training courses for business units:
 1. **Associate Programme Training**, which aims to train a new generation of bankers and investment experts.
 2. **The new Graduate Programme**: designed for recent graduates, this programme aims to develop our next generation of leaders by enabling them to gain a working knowledge of the bank’s key activities, including the Front Office and Support functions.
- › We have two online training platforms: Coopacademy for soft skills and digital culture, and Pluralsight for IT skills.

Our colleagues in Switzerland and around the world can access personal development courses and training through our Learning Management System, LO University. We continually add new training programmes to our offering, which represents a sustainable choice to invest in our human capital’s professional and technical expertise, soft skills, and managerial competencies.



Gender diversity

Lombard Odier recognises diversity as an area of continuous improvement and we include diversity training in our ongoing staff training programme. This training includes Workplace Diversity and Inclusion, Preventing Discrimination and Harassment, and manager training on Unconscious Bias. A committee also guarantees gender transparency and monitors developments on a regular basis.

Since we created our Gender Initiative in 2016, we have seen a positive evolution in the role of women within the Group. This has led to the gradual emergence of new trends, evidenced by a high retention rate after maternity leave and an increase in part-time work among male employees.

The commercial benefits of gender diversity are well known, and more balanced gender distributions in corporate leadership are positively correlated with better financial performance. This year, our annual Women’s Leadership Programme enabled 19 talented women to work across all the Group’s different units and offices. This programme aims to help women of high potential develop their management skills and support them in their careers within the Group.

Lombard Odier is committed to maintaining and accelerating our progress towards better gender balance. In 2020, our Luxembourg office obtained the Positive Actions certification, developed by the country’s Ministry of Equality to support measures to improve gender equality in its private sector. This certification recognises 27 positive actions to which Lombard Odier has committed. In 2021, the certification was renewed with a focus on training.



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; access to an in-house restaurant; e-vehicle charging stations; and concierge services.

Our pension scheme offers a significant level of coverage and services. We also 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. That is why each dedicated working group is inclusive by nature, leading to an open dialogue and enabling a strong, trusting relationship between the bank and its employees. This continues Lombard Odier’s long tradition of providing a robust pension solution for our employees which began in 1910, when we became one of the first private Swiss companies to establish an employee pension fund.



Work-life balance

We believe it is important for all our employees to be able to 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 in ways that both promote the well-being of our employees and empower them to manage their professional and personal responsibilities effectively. The majority of our staff have secure remote access to all the systems and applications they need to perform their daily activities, either via a company-issued laptop or remote 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, which makes this kind of digital connectivity central to our ways of working. This has the added benefit of ensuring we can support and promote flexible working for our employees.

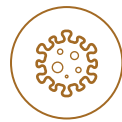
We provide a range of ongoing sports and wellness programmes to support the physical and mental well-being of our people.

Through our partnership with the Resilience Institute⁵, we offer a series of webinars on the theme of resilience. These webinars aim to provide advice and access to practical tools for boosting morale and restoring energy. Our colleagues' enthusiastic feedback has led us to extend the experience and offer the Resilience App, which enables employees to assess their own resilience.



Volunteering policy

Lombard Odier supports employees who want to do volunteer work within their community or for charitable institutions, and we offer all our colleagues one paid day off for volunteering per year. Volunteering helps us build relationships with local communities, increases our positive impact, and provides our people with opportunities to develop their skills and leadership qualities in a non-work setting. These opportunities also improve colleagues' morale, physical health, and work-life balance by enabling them to give back to their communities.



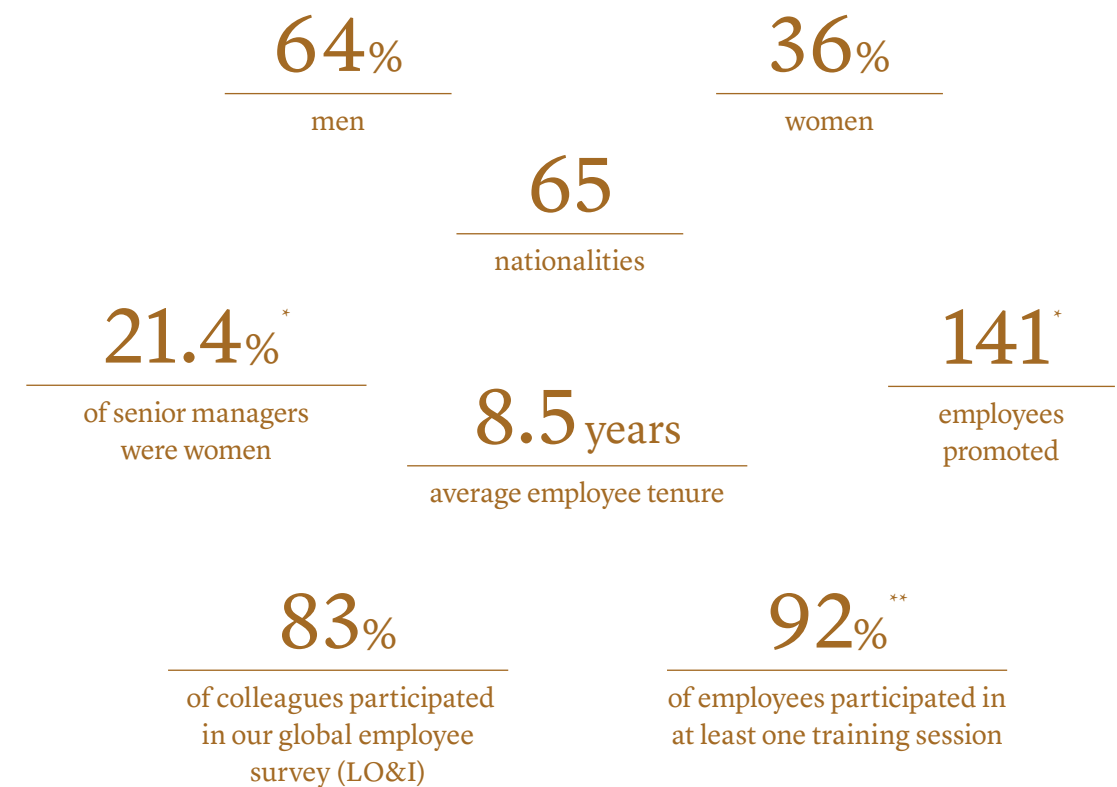
Covid-19 impact

As the Covid-19 pandemic entered its second year, we stayed close to our clients while ensuring the health and well-being of our colleagues and their families, and we are proud of the resilience that our people have shown during this period. In 2021, we continued to provide face masks, hand sanitiser, and daily disinfection of all work surfaces. We also organised weekly Covid-19 testing in all our Swiss offices, and collaborated with an external medical services company to offer Covid-19 vaccinations to our colleagues in Geneva in addition to our seasonal flu vaccination initiative, which took place once again last year.

We are conscious of the impact that the pandemic has had on many people's mental health, and several of our business units organised a day dedicated to the well-being of our colleagues. A conference, round table, and workshop enabled managers and employees to better understand how sleep works, why it is so important, and how they can use it to reduce the risk of burnout. Additionally, our Managing Partners continued to organise regular calls – which included Q&As – to keep colleagues informed around current restrictions and measures taken by the bank.

⁵ Founded in 2002, the Resilience Institute aims to deliver impactful, practical, evidence-based, integrated resilience training. resiliencei.com

2021 snapshot of our employees



^{*} Not including Lombard Odier Investment Managers (LOIM)

^{**} Includes external consultants who are obliged to take various trainings, such as Code of Conduct and Information Security & Data Protection





Interview with Jean-François Manzoni

President of the International Institute for Management Development

Scan here to watch this video interview



The International Institute for Management Development (IMD), based in Lausanne, is a world-leading business school and a pioneering force in developing leaders who transform organisations and contribute to society. Jean-François Manzoni has been its President since 2017.

IMD's research and teaching is focused on leadership. In these times of uncertainty (e.g. climate crisis, pandemic, geopolitical conflict), how do you prepare leaders for unexpected situations?

Former U.S. President Dwight Eisenhower once said, "Plans are nothing; planning is everything." If you want leaders to be prepared for uncertain times, you must teach them the ability to anticipate and be ready for all possible scenarios. In other words, prepare them to be 'strategically savvy'. In addition, good leaders are resilient. To that end, you need to help them develop the ability to bounce back, even when things don't go as they hoped. A final aspect is the ability to reflect and keep learning and unlearning throughout one's career, because what works today in some contexts will not necessarily work tomorrow in other contexts.

IMD recently collaborated with seven other leading business schools to create a tool kit for climate leadership. Do you observe a 'Sustainability Revolution' in leadership education?

I think it is increasingly clear to many of us that we are on the verge of an environmental catastrophe. What's more, trust in leaders and governments is falling. Therefore, leaders need to behave in ways that will reenergise confidence in society, in themselves, and in organisations. If they don't, society and regulators, as well as communities and consumers, will increasingly force organisations to internalise the cost of their actions. This call for change can be perceived as a threat or as an extraordinary opportunity. Because if you can generate financial value in a way that also makes the world a better place, your success will be a lot more resilient for years to come.

As academics, we believe we have an important role to play in raising awareness of the need for change among companies and business communities, coupled with understanding the direction of that change. In this context, we have joined forces with seven other leading European business schools to create an initiative called 'Business Schools for Climate Leadership', collaborating on research projects and jointly defining the toolkit.

Lombard Odier and the International Committee of the Red Cross (ICRC) have collaborated with IMD to develop a new curriculum: 'Driving Innovative Finance for Impact'. Can you tell us what Innovative Finance is and why social impact is becoming more important today?

The idea behind impact investing is to connect people who want to invest with those who have business ideas that have the potential to be both profitable and good for society.

Social impact finance has become an essential instrument for addressing social injustice and challenges. Economic growth at the expense of the environment and society is no longer acceptable. At IMD, we are convinced that, in the future, it will not only be possible to be successful by doing good, but also that doing good will be the only path to success. This transformation is being driven by a powerful new force: a society that is demanding change. Our joint programme helps senior managers and sector specialists develop their capacity to promote innovative finance transactions in the humanitarian space.

How would you describe the current stage of climate adaptation in business strategies?

Companies are increasingly examining Environmental, Social, and Governance (ESG)-related questions when they define their strategies. The first step is for organisations to reduce their own carbon footprint. This isn't always easy, but it's already making a big difference. The second step is for organisations to become part of the solution by developing and offering products and services that help their customers (and their customers' customers) generate economic activity in ways that have less negative – and sometimes even positive – environmental impacts.

On this front, large companies sometimes have a legacy mindset that prevents them from changing their core strategy. On the positive side, they usually have significant financial resources and the ability to scale up. At the other end of the spectrum, we have start-ups that can be much more innovative but do not necessarily have the ability to scale easily. All forms of business have their advantages and disadvantages. Start-ups are particularly good at creating new ideas, products, and services. Large companies often find it more challenging to come up with new ideas, but when they do, they have more of the skills and resources they need to replicate and scale up their solutions and deliver more significant impacts.



Philanthropy and community engagement

Long-term engagement and social impact have always been two of Lombard Odier's core values, and they define our approach to philanthropy. Our corporate foundation, **Fondation Lombard Odier**, carries out the philanthropic activities of our Group and its Managing Partners by funding forward-looking solutions to pressing challenges with a focus on humanitarian affairs and education. Our goal is to work with grantees where we can have an impact and offer more than just financial support. Since 2008, we also offer an umbrella foundation solution through **Fondation Philanthropia**, which is managed by our dedicated in-house Philanthropy Services team and helps its donors carry out their philanthropic initiatives. The Foundation offers a legal, financial, and philanthropic framework for philanthropists who want to create their own sheltered fund, which then operates much like an independent foundation within our umbrella structure. Additionally, multiple donors can pool their funds to support projects that they would have been unable to support as individuals. Since its creation, Fondation Philanthropia has opened more than 30 donor-advised funds.



Supporting vulnerable communities

At the onset of the Covid-19 pandemic in 2020, Fondation Lombard Odier rapidly launched the Covid-19 Relief Initiative to support those most affected by the crisis. It donated to a series of institutions and projects in Switzerland and elsewhere, including the Geneva University Hospitals (HUG).

In 2021, the Covid-19 Relief Initiative continued its work to help people through the ongoing crisis, with a particular focus on supporting cultural institutions in Switzerland. Temporary closures and restrictions resulting from the Covid-19 pandemic have severely impacted the Swiss cultural sector, causing significant income losses for cultural enterprises, actors, and associations.

To support the cultural sector through these ongoing challenges, the Covid-19 Relief Initiative donated to the following cultural organisations in 2021:

- › **Festival Le Champ des Possibles:** a collaborative, intergenerational three-week festival in Geneva featuring workshops, concerts, shows, and conferences.
- › **Comédie de Genève:** a Geneva theatre institution dating back to 1913.
- › **Halle Nord:** a contemporary art exhibition space based in Geneva.
- › **The Geneva International Film Festival (GIFF):** showcases films, series, digital installations, and virtual reality works.
- › **Fondation Leenaards:** active in the fields of culture, age and society, and science, this Lausanne-based and Geneva-based foundation also supports the development of creative and innovative projects focused on promoting the common good and social cohesion in the cantons of Vaud and Geneva.
- › **Sinfonietta of Lausanne:** founded in 1981, the orchestra provides professional training and employment for music graduates. It also integrates social actions by proposing discovery concerts for disabled people, as well as classical music discovery courses in schools.
- › **Casa Azul:** a film production structure linked to l'Ecole d'Art de Lausanne.
- › **Cinema CityClub Pully:** one of the last independent cinemas in the Lausanne area.
- › **Fri-Son:** a music club in Fribourg that has been an essential part of the Swiss musical and cultural scene for almost 40 years.
- › **Fête de la Musique de Fribourg:** the Fribourg Music Festival takes place each year throughout the city, offering around 100 concerts in 20 different spaces.
- › **Maison du Futur:** a national innovation centre for the arts founded in 2020, where all forms of audiovisual and performative storytelling are developed and presented in combination with new technologies such as artificial intelligence, augmented reality, and big data.



Employee volunteering and donations

All Group employees can take one paid day off per year to volunteer in their communities. Swiss employees also benefit from our partnership with Alaya, a social engagement platform that links companies with volunteering opportunities in their cities or regions.

With the support of our colleagues, Fondation Lombard Odier runs an annual donation campaign during the holiday season. In 2021, more than 50% of our employees participated in the campaign by voting for one of four selected organisations: Handicap International, Fondation Theodora, Solidarités Jeunes, or Don Bosco Jugendhilfe Weltweit. Each vote triggered a donation by the Foundation to the chosen non-profit, which also matched any donations made by our colleagues to these organisations during the donation campaign.



Our support for humanitarian efforts, science, and education

At Lombard Odier, we believe in using the power of education and technology for good. Working with our strategic partner, the Ecole Polytechnique Fédérale de Lausanne (EPFL), Fondation Lombard Odier is a founding partner of the Center for Digital Trust (C4DT). 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. In 2021, the Foundation partnered with C4DT to develop and offer an executive training course in information technology for decision-makers in the non-profit sector, exploring topics such as cybersecurity, artificial intelligence, and blockchain.

In 2005, Lombard Odier became a founding member of the Corporate Support Group of the International Committee of the Red Cross (ICRC), which led to our providing expertise and seed funding to incubate the Programme for Humanitarian Impact Investment (PHII, also known as the Humanitarian Impact Bond), among other projects. In 2021, Fondation Lombard Odier continued to support ICRC's efforts to create new financing models for humanitarian action.

We are convinced that knowledge and education are critical to effective philanthropic action. In partnership with the ICRC and the International Institute for Management Development (IMD), Fondation Lombard Odier spent much of 2021 creating Driving Innovative Finance for Impact, a new three-week course that aims to develop participants' organisational capacity to conduct innovative finance transactions in the humanitarian and development fields.

In 2017, Lombard Odier became 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 taking philanthropy into the future. We are also actively involved in collaborative platforms such as SwissFoundations, the European Foundation Centre, and the European Venture Philanthropy Association.

Prix de l'Engagement Civique

In 2021, Fondation Lombard Odier launched the Prix de l'Engagement Civique (Civic Engagement Prize), a new award for young students in the French-speaking part of Switzerland. This award was offered in place of the longstanding Prix des Voyages Extraordinaires (Extraordinary Journey Prize), which was postponed in 2021 due to Covid-19. The Prix de l'Engagement Civique aims to encourage and reward young adults who want to invest their time in a civic or charitable cause. Laureates receive a stipend for an internship at an NGO, charity, public service, or social enterprise.

“ Fondation Philanthropia is pleased to be part of a new chapter in the history of this World Heritage Site that is so dear to people everywhere ”

Denis Pittet
Managing Partner



Lombard Odier and UNICEF publish the *Donor's Guide to Children and Youth*

Lombard Odier and UNICEF pooled their expertise to strengthen and focus aid for children globally through the 2021 publication of their *Donor's Guide to Children and Youth*. The Guide is aimed at individuals and private foundations looking to provide tangible assistance to disadvantaged young people in three key areas: education, health, and child protection. It seeks to raise awareness and encourage commitment by providing donors with the information and analyses they need to understand and help address the challenges many young people face in the world today. Whether these challenges relate to Covid-19, climate change, or conflict, disadvantaged young people need new international philanthropic partnerships now more than ever.



Teamwork in the name of solidarity

In 2021, the NGO Terre des Hommes Switzerland hosted the 30th edition of the annual Marche de l'Espoir (Walk of Hope), which unites thousands of children and young people to walk with their families in support of their rights. To mark the event's 30th anniversary, and with the help of seed financing from Fondation Lombard Odier, Terre des Hommes created a new Corporate Walk of Hope that enables companies and their employees to join young people in solidarity with the cause.

The Marche de l'Espoir has taken place every year since 1992 and, with over 12,000 participants, it is one of the largest solidarity events in Switzerland. For each kilometre walked, Terre des Hommes makes a donation to programmes supporting underprivileged children and their families. This year, the funds raised were allocated to three programmes in Haiti, Mali, and Peru.



Fondation Philanthropia's support of the Royal Chapel renovation at the Chateau de Versailles

After three years of work, the exterior of the Royal Chapel of the Chateau de Versailles has been restored to its former glory. The result of a partnership formed in 2013 between the Château and Fondation Philanthropia, this is the third such project in Versailles to be funded by a Swiss donor through the Foundation, following the restorations of Latone Parterre Basin and the Trianon-sous-Bois. These projects also contributed to conserving the traditional expertise of artisans – including stonemasons, carpenters, gilders, roofers, and ironworkers – by enabling them to transfer their skills to the next generation through the training of apprentices throughout the renovations. Over 150 craftspeople were involved in this major heritage project.



Interview with Frédéric Didier and Denis Pittet

Frédéric Didier, Chief Architect for Historic Monuments, Château of Versailles
Denis Pittet, Managing Partner of Lombard Odier, Chairman of Fondation Philanthropia

Scan here to watch this video interview



Since 2012, Fondation Philanthropia has been working with the Palace of Versailles on several restoration projects. It was also the principal sponsor of the restoration works on the Royal Chapel, which were completed in 2021 and primarily involved restoring the roof timbers, façades, stained glass, and sculptures.

Could you please describe the ‘Great Versailles’ project and the restoration of the Royal Chapel?

Frédéric Didier: It’s been almost 20 years since the Great Versailles project was launched. Although the palace has stood the test of time, it has suffered from flooding and wear and tear. As such, we needed to restore the most damaged parts of the Château and improve both site security and the public welcome areas. This is an ambitious project that we expect to take another 20 years to complete.

Renovations began in the south wing where, two years ago, we completed the restoration of the Dauphin and Dauphine’s apartments. Work then began on one of our most spectacular projects: the restoration of the Royal Chapel. Completed in 2021, the Chapel was in dire need of renovation due to its exposure to the elements. The Chapel had not been touched since 1878, and the work was so complex that it had to be done in one go as opposed to being broken down into stages. The restoration of the Royal Chapel was funded through Fondation Philanthropia.

Over the past few years, we have been focusing on the central part of the palace, which contains treasures including the Hall of Mirrors and the Royal Apartments. Once complete, restoration work will move to the north wing, which we hope to complete over the next seven years.

How do you combine tradition and innovation in a project like the restoration of the Royal Chapel?

Frédéric Didier: This unique project is about protecting our heritage and conserving traditional, artisanal skills and techniques. Everyone who worked on the Royal Chapel is passionate about both their work and the heritage they help to preserve. They live and breathe the materials and become, in a way, a part of the building itself. Of course, technology also plays a central role in such restoration projects by, for instance, making it possible for us to create digital moulds of all the statues in the Royal Chapel. If they were to vanish tomorrow, these moulds would enable us to make identical replicas. We also took moulds of 28 statues on the balustrade, which we turned into scalable 3D models. Even the timber work was modelled in 3D using scatter graphs.

We use science and advanced technology in the service of our heritage. And people are very interested in this intersection because it shows that, when used intelligently, science and technology can serve our culture and society as a whole.

Could you tell us about the apprentices’ charter that Fondation Philanthropia developed with the Château?

Denis Pittet: The apprentices’ charter was inspired by our Swiss roots. In Switzerland, apprenticeships are recognised and valued. At the Château of Versailles, we wanted to emphasise craftsmanship and the trades that need to be transmitted from generation to generation. As such, it was important that we engaged with apprentices, who were able to learn from artisans and craftsmen in trades such as gilding, sculpting, and carpentry. Between 10 and 15 different apprentices worked on the Royal Chapel, and we are very grateful to the Château of Versailles for their support in enabling these skills to be taught to the next generation. Passing on expertise is essential for the longevity of these professions, which enables us to maintain and respect the traditions of our ancestors.

Why does preserving historic buildings matter?

Denis Pittet: It is very important to renovate historical buildings, not just to remember the past, but also in terms of local impact. Alongside preserving architecture of exceptional aesthetic and historical value and maintaining craftsmanship by training apprentices, there is also a direct economic impact. It is often said that EUR 1 spent on renovating a historic building – especially in Paris – has a knock-on economic effect of about EUR 70. I would also argue that architectural heritage is more analogous to a film than to a photograph. If you look at Versailles, of course you see the Sun King and the monarchy, but you also have the theatre, the outstanding playwright Molière, and, today, the regular meetings that it hosts between heads of European states and governments. Versailles is more than just a window on the past. It is also a dynamic, living space that has a place both today and tomorrow.

Targets

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.

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

- ✓ Net zero by 2030 for our own operations announced in November 2021.
- ✓ Engagement framework for our private clients business developed.
- ✓ Supplier Code of Conduct published in December 2021.

Target timing

2022

Action
Interim target for LOIM’s Net Zero Asset Managers Initiative (NZAM) commitment.

Action
Detailed plan for net zero by 2030 for Lombard Odier’s own operations.

Action
Publish our first UN Principles for Responsible Banking report.

Action
Achieve preliminary labels for three sustainable construction labels for our new global headquarters in Geneva: BREEAM®, SNBS, Minergie-P.

Action
B Corp recertification.

Ongoing actions
Integration of sustainability in all our asset classes.

TCFD reporting.



Memberships, certifications, and signatories

	since
› B Corp	2019
› Business for Nature	2021
› CDP (formerly Carbon Disclosure Project)	2004
› Circular Bioeconomy Alliance	2020
› Climate Action 100+	2019
› EDGE (Economic Dividends for Gender Equality)	2014
› Energy Transitions Commission (ETC)	2019
› Finance for Biodiversity	2020
› Forest Investor Club	2021
› Glasgow Financial Alliance for Net Zero	2021
› Global Impact Investing Network (GIIN)	2007
› Green Bond Principles	2019
› Institutional Investors Group for Climate Change (IIGCC)	2018
› Natural Capital Investment Alliance	2021
› Net Zero Asset Managers Initiative	2021
› Sustainable Finance Geneva	2008
› Sustainable Markets Initiative	2020
› Swiss Sustainable Finance	2014
› Taskforce on Climate-related Financial Disclosures (TCFD)	2019
› Taskforce on Nature-related Financial Disclosures (TNFD)	2021
› UK Stewardship Code	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.



UN GLOBAL COMPACT

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.

COMMUNICATION ON PROGRESS



Independent practitioner's limited assurance report

on Selected Indicators in the Sustainability Report 2021 to the Board of Directors of Banque Lombard Odier & Cie SA

Geneva

We have been engaged by Board of Directors to perform assurance procedures to provide limited assurance on Selected Indicators in the Sustainability Report 2021 (including the GHG statement) of Banque Lombard Odier & Cie SA and related entities that fall under supervision of the consolidated Lombard Odier Banking Group (together hereafter referred to as “Lombard Odier Group”) for the year ended 31 December 2021.

Scope and subject matter

The 2021 indicators in Lombard Odier Group’s Sustainability Report 2021 (including the GHG statement) were subject to our engagement (“Selected Indicators”). The Sustainability Report 2021 of the Lombard Odier Group includes as well indicators from previous reporting periods for comparison to the intended reader which were also subject to limited assurance engagements. The following Selected Indicators for 2021 were in focus of this year’s limited assurance procedures:

- “Total tons of CO2e emitted of our activity and per collaborator by Lombard Odier Group”, “Total Scope 1, Scope 2 and Scope 3 emissions per scope in tons of CO2e” on page 55;
- “Sources of Lombard Odier Group’s emissions in tons of CO2e for business travel, energy, waste and treatment and supplier expenses” on pages 56 and 57;
- “Selected sustainability achievements for renewable electricity sources, electricity use, glass and metal recycled, coffee capsules recycled, paper recycled, plastics used, train travel in km and flights in km” on pages 58 and 59; and
- “2021 snapshot of our employees” on page 67.

The “Selected sustainability achievements for renewable electricity sources” on page 58 were not in scope of our prior years limited assurance engagements.

Criteria

The Selected Indicators in the Sustainability Report 2021 (including the GHG statement) were prepared by the Board of Directors of Banque Lombard Odier & Cie SA and are based on the Lombard Odier Group sustainability reporting guidelines with reference to the ‘GRI Standards’ published in October 2016 by the Global Reporting Initiative as well as on the Greenhouse Gas Protocol Initiative, A Corporate Accounting and Reporting Standard 2004 co-published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) (hereafter referred to as the ‘suitable Criteria’). The suitable Criteria, together with assumptions and estimates made are available in the “Basis of Preparation document” on the Lombard Odier Group website for the intended reader of the Sustainability Report 2021.

Inherent limitations

The accuracy and completeness of the Selected Indicators in the Sustainability Report 2021 (including the GHG statement) are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data and non-exhaustive related definitions. Further, the greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. Our assurance report should therefore be read in connection with the suitable Criteria and the “Basis of Preparation document”, including definitions and procedures relevant for the intended reader of the Lombard Odier Group’s Sustainability Report 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.

Board of Directors’ responsibility

The Board of Directors of Banque Lombard Odier & Cie SA is responsible for the suitable Criteria and its selection as well as for the preparation and presentation of the Indicators (including the GHG statement) in the Sustainability Report 2021 in accordance with the suitable Criteria. This responsibility includes the design, implementation and maintenance of such internal control as determined necessary to enable the preparation of the Indicators in the Sustainability Report 2021 that are free from material misstatement, whether due to fraud or error as well as adequate record keeping and overall responsibility for the Sustainability Report 2021.

Independence and quality control

We are independent of the Banque Lombard Odier & Cie SA 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). 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 behaviour.

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.

Practitioner’s responsibility

Our responsibility is to perform an assurance limited engagement and to express a conclusion on the abovementioned Selected Indicators in the Sustainability Report 2021 (including the GHG statement). We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) ‘*Assurance engagements other than audits or reviews of historical financial information*’ and with the ISAE 3410, ‘*Assurance Engagements on Greenhouse Gas Statements*’, issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform our procedures to obtain limited assurance whether anything has come to our attention that causes us to believe that the Selected Indicators in the Sustainability Report 2021 (including the GHG statement) were prepared, in all material aspects, in accordance with the suitable Criteria.

Based on risk and materiality considerations, we performed our procedures to obtain sufficient and appropriate assurance evidence. The procedures selected depend on the assurance practitioner’s judgement. 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.

Summary of the work performed

Our limited assurance procedures included, but were not limited to the following work:

- Inquiries of the relevant stakeholders for the abovementioned Selected Indicators in the Sustainability Report 2021 (including the GHG statement)
- Inspection of relevant documents
- Sample based testing of underlying data
- Reconciliation of data sources with financial reporting data and other underlying records
- Reperformance of relevant calculations
- Analytical procedures

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures we performed, and evidence obtained, nothing has come to our attention that causes us to believe that the abovementioned Selected Indicators in the Sustainability Report 2021 (including the GHG statement) of Lombard Odier Group are not prepared, in all material respects, in accordance with the suitable Criteria.

Intended users and purpose of the report

This report is prepared for, and only for, the Board of Directors of Banque Lombard Odier & Cie SA, and solely for the purpose of reporting to them on the Selected Indicators in the Sustainability Report 2021 (including the GHG statement) and no other purpose. We do not, in giving our conclusion, accept or assume responsibility (legal or otherwise) or accept liability for, or in connection with, any other purpose for which our report including the conclusion may be used, or to any other person to whom our report is shown or into whose hands it may come, and no other persons shall be entitled to rely on our conclusion.

We permit the disclosure of our report, in full only and in combination with the “Basis of Preparation document”, to enable the Board of Directors to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report over the Selected Indicators in the Sustainability Report 2021, without assuming or accepting any responsibility or liability to any third parties on our part. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Banque Lombard Odier & Cie SA for our work or this report.

PricewaterhouseCoopers AG

Stephan Hirschi

Christine Blass

Zürich, 12 May 2022

“The maintenance and integrity of Banque Lombard Odier & Cie SA’s website and its content is the responsibility of the Board of Directors; the work carried out by the assurance provider does not involve consideration of the maintenance and integrity of the Banque Lombard Odier & Cie SA’s website, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported Selected Indicators in the Sustainability Report 2021 or the suitable Criteria or the «Basis of Preparation document» since they were initially presented on Lombard Odier Group’s website.

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

Geneva · Abu Dhabi · Bermuda · Brussels · Dubai · Fribourg · Frankfurt* · Hong Kong
Johannesburg · Lausanne · London · Luxembourg · Madrid · Milan · 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 because 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 2022.

© 2022 Lombard Odier – all rights reserved. Ref. LOG-FI-en-092021.

Certified



Corporation