

Lombard Odier 2024 Sustainability Report

Basis of Preparation

The Basis of Preparation delineates the principles and methodologies governing the collection, analysis and reporting of Environmental, Social and Governance (ESG) data at Lombard Odier, thereby establishing the groundwork for the 2024 Lombard Odier Sustainability Report. This report marks the sixth iteration of sustainability reporting for the Lombard Odier Group, serving to elucidate our sustainability approach to all our stakeholders. It showcases how we manage our commercial, social and environmental impacts while also highlighting our progress in 2024 towards our Corporate Social Responsibility Ambition and our goal of achieving net zero for our operations by 2030.

1. Reporting scope

This report encompasses all legal entities within the Lombard Odier Group (in particular Lombard Odier Darier Hentsch (LODH hereafter) and Lombard Odier Investment Managers (LOIM hereafter). The list of our locations can be found on the last page of the Report.

In total, the Lombard Odier Group operated in 29 offices in 19 countries in 2024. For the carbon footprint metrics, only data from operational sites with available information were included in the calculation. “Operational sites” are relevant sites integral to the business that have provided data for the year under review. In 2024, the scope included 25 office locations (32 addresses) representing 99.5% of our full-time equivalent (FTE) employees. It is noteworthy that all information from our offices in Geneva is included as they constitute the most significant source of our emissions, accounting for 61% of our FTE and generating 51% of Group emissions.

In 2024, the Panama office was closed and therefore removed from the carbon footprint perimeter of this report. In addition, data from the Rotterdam office was not available in time. We have extrapolated the previous year’s data to reflect its impact.

2. Reporting principles and standards

Lombard Odier reports with reference to the Global Reporting Initiative (GRI) standards, adopting the revised version of the 2021 Universal Standards and the adapted Topic Standards. The GRI Content Index is provided in the Disclosure section of the 2024 Sustainability Report. Additionally, our report constitutes our regulatory filing in accordance with the Swiss Code of Obligations, section six: “Transparency on Non-Financial Matters”, Art. 964a ff (“Swiss Art.964”) and the Swiss Ordinance on Climate Disclosures (“the Climate Ordinance”), as required by the Swiss Parliament.

Please read the important information at the end of the document.

3. Indicators

For carbon emission-related indicators, Lombard Odier follows the Greenhouse Gas (GHG) Protocol standards, and covers Scope 1, Scope 2 and some elements of Scope 3 emissions. Data from each of our sites are collected by the Lombard Odier Corporate Sustainability department from our offices globally. The data are then transmitted to UTOPIES SA, a France-based Certified B Corporation® that has assisted Lombard Odier in the calculation of its carbon footprint since 2019.

The perimeter of the carbon footprint includes data from energy consumption (heat and electricity), supplier expenses (Tier 1¹), business travel (air and rail travel), waste, refrigerant leaks from air conditioning, and employee commuting and food impact of our corporate restaurant in Geneva.

UTOPIES employs a multi-criteria approach for data treatment. They utilise the Bilan Carbone® method for physical data associated with our activities, such as employee mobility and electricity consumption, and the LOCAL FOOTPRINT® tool to assess the carbon impacts of our financial expenditures to our supplier chain. The emission factors used in for the carbon footprint are primarily sourced from the ADEME and IEA databases, which provide data for calculating greenhouse gas emissions associated with electricity consumption across various countries. Additionally, the LOCAL FOOTPRINT® NATURE monetary factor, based on Exiobase, is used to account for emissions related to purchases.

3.1. Energy

The activity data includes the kWh of electricity and heating during the reporting period. In 2024, we covered 22 offices (including two offices for which consumption was estimated based on office size in m2) representing 80.4% of our FTE employees. The remaining 10 offices (19.6% FTE) were not included for various reasons. Some were unable to provide consumption data due to rental constraints and lack of control over stationary sources of combustion, or the absence of energy breakdowns in billing contracts covering building charges (three offices); while others do not require heating due to their warm climate (seven offices). The emissions linked to the purchase of electricity were considered for 31 offices, representing 99.9% of our total FTE employees. In 2024, 83% of the kilowatt-hours of electricity consumed originated from renewable sources. We define renewable energy as energy sourced from natural processes that are continuously replenished. This includes energy generated from the sun, wind, water, and biomass, which power our offices and operations.

Carbon and Energy intensity

Energy intensity ratios encompass both direct and indirect energy consumption within the organisation. To provide comprehensive context on energy consumption, Lombard Odier discloses multiple energy intensity ratios. These include normalising energy consumption (kWh) against the total floor area of our office spaces (kWh/m2) and the number of FTE employees (kWh/FTE). Utilising intensity ratios based on floor space enables the identification of countries where offices consume the most energy per m2, while unit consumption per employee evaluates the energy consumption relative to the number of employees (FTE).

For carbon intensity, square meters (m2) are chosen as the denominator to evaluate the energy efficiency of buildings. This choice acknowledges that offices have varying carbon energy intensities due to differences in consumption and energy sources used.

¹ Tier 1 Suppliers are partners that we directly conduct business with.

Fossil Energy Emissions methodology

Fossil energy-related emissions have been calculated by distinguishing between direct (Scope 1 - Combustion) and indirect upstream (Scope 3) emissions, in line with the GHG Protocol guidelines.

- Natural gas: Emissions were calculated using DEFRA emission factors from the 2023 database.
- Other fossil energy sources (e.g. fuel oil): Emissions were estimated using the ADEME Base Carbone - 2014.

Electricity emissions – market-based vs. location-based (GHG protocol methodology)

In accordance with the GHG Protocol Scope 2 Guidance, Lombard Odier reports electricity-related emissions using both the **market-based** and **location-based** approaches.

- The **market-based method** reflects emissions based on the specific electricity contracts held by Lombard Odier, including instruments such as renewable energy certificates (RECs). This method is considered the primary basis for calculating electricity emissions, as Lombard Odier values and accounts for its renewable energy purchasing agreements whenever applicable.
- The **location-based method**, on the other hand, calculates emissions using average emission factors for the country or region where the electricity consumption occurs.

If no specific market-based emission factor can be determined, the location-based factor is used as a fallback in accordance with GHG Protocol guidance.

Electricity-related emissions in scopes 2 and 3

Electricity emissions are accounted for under two different scopes, as defined by the GHG Protocol:

- **Scope 2 – Purchased electricity:** covers emissions from the generation of purchased electricity consumed by the organization.
- **Scope 3 – Category 3: Fuel- and energy-related activities (not included in Scope 1 or 2):** includes upstream and downstream emissions related to electricity that are not captured under Scope 2. For electricity, this category is subdivided into:
 - **Upstream emissions** (production and extraction of fuels used to generate electricity),
 - **Transmission and distribution (T&D) losses**, i.e. downstream losses between electricity generation and end use.

Emission factors and data sources used in the 2024 Carbon Footprint

To ensure methodological consistency with the 2023 Carbon footprint, the same sources and assumptions have been retained for 2024. The following data sources and emission factors (EFs) have been applied:

- **Scope 2 (Purchased electricity):** IEA database (2022 edition), using 2020 emission factors, aligned with location-based methodology have been mainly used. Detailed specific cases:
 - Bahamas is not in the IEA data base, a source from Cambio Climatico Regatta (UN environment program) has been used.

- ADEME Base Carbone emissions factor have been used for renewable energy,
- When specified, we used the specific electrical mix of the reported contract, emission factor for electricity production from the ADEME Base Carbone (2018) was used.
- **Scope 3 – Category 3 (Fuel- and energy-related activities):** The IEA didn't provide Scope 3-specific emission factors back in the 2022 edition. Therefore, a composite methodology was developed to estimate these emissions:

1. Upstream emissions (fuel extraction and processing):

- a. The electricity mix per country was reconstructed using OurWorldInData (2022), providing the breakdown of electricity generation by energy source (coal, gas, hydro, wind, etc.).
- b. For each energy source, the corresponding upstream emission factor was retrieved from the ADEME Base Carbone (2018), allowing the estimation of emissions associated with the production phase of electricity generation for France.

2. Transmission and Distribution (T&D) losses:

- a. Loss rates per country were taken from the World Bank World Development Indicators (2014), expressed as a percentage of total electricity transmitted.
- b. These percentages were applied to the sum of upstream and Scope 2 emissions, to estimate the emissions related to electricity losses during delivery to end-users.

3.2. Supplier expenses

Emissions resulting from our purchased goods are modelled using the LOCALFOOTPRINT® tool, developed by UTOPIES in 2014. This spend-based methodology simulates socioeconomic impacts based on data collected at Group level corresponding to financial flows injected into the economy and local production. The model draws on statistics from the EXIOBASE Consortium input-output database. Only emissions related to spending with Tier 1 suppliers are calculated, regardless of the purchasing office.

3.3. Business travel

Business travel emissions are calculated using a distance-based methodology in passenger-kilometres, and considered at the Group level. Our business travel agency is managed by American Express Global Business Travel, which provides us with annual travel reports. Emissions are calculated using the UK DEFRA database for air transport (without radiative forcing) and ADEME's Base Empreinte® for rail transport. It should be noted that rail transport mainly occurs in Europe. In terms of methodology, class distinctions have been taken into account for air transport, but not fugitive emissions. Emissions are recorded for the period in which tickets are booked.

3.4. Waste

Emissions related to waste are calculated using the ecoinvent 3.7.1 (2020) database, following a Waste-type-specific method. Data reporting on waste may vary due to differing sorting systems and capacities at each office. In cases where waste data are unavailable or unreliable, figures may be extrapolated or estimated based on the number of employees and/or office floor space. In 2024, 8 out of the 32 office addresses were unable to provide detailed waste information.

3.5. Employee commuting in Geneva

Emissions from commuting by our Geneva-based employees are based on results from a dedicated survey and modelled using the Swiss mobitool platform. The survey, conducted between 30 January and 17 February, 2023, provided a detailed analysis of our employees' travel patterns, enabling us to calculate the commuting impact for all Geneva-based employees. mobitool, a platform offering mobility management tools and environmental data, is utilised for this calculation. It incorporates emissions factors based on KBOB DQRv2:2018 ecobalance data and over 250 additional data points on means of transport and mobility systems. In 2024, we did not conduct a new survey on the commuting patterns of our Geneva-based employees. Instead, we relied on the data collected in the 2023 survey, assuming that these commuting patterns remained applicable for 2024. When our Geneva employees are moved into our new global headquarters we intend to conduct a new survey to capture the changes in commuting.

3.6. Food impacts of our corporate restaurant in Geneva

Emissions resulting from the environmental impact of our food purchases are included following an analysis of our catering service by Beelong SA, an independent Swiss company specialising in sustainable development for the food and catering sector. Beelong's assessment, utilising the ECO-SCORE® indicator, begins with a lifecycle assessment (LCA) of each product, considering factors from production to shelf. This assessment incorporates data from the World Food Database, ecoinvent and Agribalyse, along with actual data collected on food products. In addition to this environmental assessment, the methodology integrates parameters not usually considered in LCAs, such as biodiversity enhancement and animal welfare.

3.7. Refrigerant leaks from air conditioning

The impact of refrigerant leaks from air conditioning is covered for all 32 office addresses, either through real data (11 offices) or extrapolation (21 offices). We are able to assess emissions due to refrigerant leaks thanks to gas filling data from our air conditioners. Emission factors are sourced from ADEME's Base Carbone® V23 database dating from 2023, with variations based on the type of gas used in the air conditioners. Extrapolation factors are derived from the Plan Carbone Général (PCG), an open-source resource aggregating general and sectoral carbon accounting methodologies for businesses. The reference gas chosen is R410A, with an average leakage rate estimated at 10% for air conditioners in the tertiary sector.

4. Materiality Assessment

In 2023, Lombard Odier conducted a preliminary materiality assessment to identify the most relevant sustainability topics for the firm. In 2024, we enhanced this process by conducting a comprehensive materiality assessment through a structured methodology. The assessment was based on the principles of double materiality, incorporating both:

- **Financial Materiality:** The financial effects of sustainability matters on the company.
- **Impact Materiality:** The company's effects on sustainability matters.

To support this process, we engaged Impaakt SA, a Swiss-based fintech company specializing in ESG reporting. Utilizing their dedicated Double Materiality Assessment (DMA) platform, we identified the most material sustainability topics for Lombard Odier.

4.1. Results

The assessment identified the following priority sustainability topics:

1. Business conduct
2. Sustainable investments
3. Equal treatment
4. Privacy
5. Information
6. Working conditions
7. Resource use
8. Climate change

Our DMA is closely aligned with the European Sustainability Reporting Standards (ESRS).

4.2. Materiality Assessment Process

Topic Selection: The identification of material topics followed a rigorous process, incorporating:

- **Peer Analysis:** Reviewing prevalent impacts, risks, and opportunities within the industry, including those identified in Lombard Odier's 2023 preliminary DMA.
- **Value Chain Mapping:** Identifying the most relevant upstream and downstream impacts, risks, and opportunities.
- **Regulatory Alignment:** Mapping ESG topics to the European Sustainability Reporting Standards (ESRS), ensuring compliance with reporting frameworks.

Topics were categorized based on:

- **Impact Boundaries:** Differentiating between direct impacts and those generated indirectly via our value chain.
- **Temporal Relevance:** Evaluating current and potential future impacts over the short, medium or long term.

A total of 17 topics were selected and validated. Sustainability experts at Lombard Odier prepared, together with Impaakt, summaries for each topic, providing context on industry trends, the company's performance, and the relevance to our business activities. These summaries enabled stakeholders to make informed assessments, regardless of their sustainability expertise.

Stakeholder Selection: Two distinct stakeholder groups were established:

- **Impact Materiality Assessors:** Comprising management teams, sustainability representatives, and employee representatives.
- **Financial Materiality Assessors:** Comprising department leads including the Chief Financial Officer (CFO), and Chief Risk Officer (CRO), and the Head of Corporate Sustainability, and their teams, who also evaluated financial risks and opportunities.

Assessment Methodology: The assessment was conducted via Impaakt's DMA platform, where selected stakeholders provided their evaluations. The platform facilitated stakeholder engagement, allowing them to assess predefined ESRS topics and contribute additional insights.

Scoring Methodology:

Impact Materiality Assessment: Stakeholder assessments of the company's impact materiality were based on a structured framework:

- **Value Dimension:** Stakeholders rated impacts on a scale from -5 (strongly negative) to +5 (strongly positive).
- **Severity Dimensions:** The severity of each impact was evaluated based on:
 - **Scale:** The gravity of the impact.
 - **Scope:** The extent of the impact.
 - **Irremediability/Persistence:** The difficulty of mitigating the impact.

For potential impacts, two additional dimensions were considered:

- **Likelihood:** The probability of the impact materializing.
- **Time Horizon:** The expected timeframe for the impact to occur.

Each sub-dimension was scored from 1 to 5, contributing to the overall impact materiality assessment.

Financial Materiality Assessment: Financial risks and opportunities were evaluated using similar sub-dimensions:

- **Magnitude:** The potential financial impact.
- **Likelihood:** The probability of occurrence.
- **Time Horizon:** The anticipated timeframe for financial effects.

Magnitude assessments were translated into scale, scope, and irremediability scores, enabling a consistent evaluation process. The final materiality scores were derived through a weighted average calculation, incorporating individual and stakeholder group weightings where applicable.

Analysis: The assessment process yielded a robust and statistically valid basis for evaluating impact materiality. The participation rate, diversity of stakeholder perspectives, and level of engagement ensured a comprehensive and representative outcome, strengthening the credibility of the results for regulatory and strategic decision-making.

5. Human Resources

Our Human Resources (HR) data is managed using the Workday software, a cloud-based platform specialising in human capital management (HCM), enterprise resource management (ERP) and financial management applications. Workday facilitates the delivery of core data related to our colleagues and their development, including employee personal data, contract details, performance management and time & attendance records.

Internal and external training requests are overseen by the HR Learning and Development department through the cloud-based learning and talent management software Cornerstone (LO University). This platform offers a range of job skills, soft skills, leadership and IT courses to support the growth and success of our workforce. It also provides completion records and data insights for monitoring employees' ongoing learning and performance progress. Unlike the data presented for the carbon footprint, human resources data are quantified not by FTE employees, but by total headcount.

Additionally, organizational structures vary between Lombard Odier Investment Managers (LOIM) and Lombard Odier Darier Hentsch (LODH). LOIM has seven hierarchy levels, with ranks five to seven defined as managerial positions. LODH also has seven levels, but delineated as follows:

1. Employee
2. Assistant Manager
3. Assistant Vice President
4. Vice President
5. Senior Vice President
6. Executive Vice President
7. Managing Partner

Management positions refer to hierarchical titles from Senior Vice President to Managing Partner.

6. Restatements

Historical data in this report may differ from previous reports due to the availability of more accurate data, improvements in data reporting or changes in methodology. Restatements of historical data, including adjustments to base years, may be necessary for meaningful comparisons and to evaluate target achievements. Additionally, past data may be restated due to reporting inaccuracies, such as human error, data unavailability or system developments. In such cases, appropriate evidence is reviewed internally.

Reporting period

This report covers the period between 1 January, 2024, and 31 December, 2024.

Independent practitioner's limited assurance report provided by PricewaterhouseCoopers AG.

Please refer to PricewaterhouseCoopers AG's limited assurance report included in the Lombard Odier 2024 Sustainability Report for details on the limited assurance provided.

IMPORTANT INFORMATION

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