



LOMBARD ODIER
INVESTMENT MANAGERS

MEDIA RELEASE

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Investment returns inextricably linked to sustainable global economy - Lombard Odier Investment Managers

‘Sustainability revolution’ is underway

At its ‘Rethink Responsible Capital’ symposium held in Zurich on 12th March, Lombard Odier Investment Managers (Lombard Odier IM) gathered political, business and investment leaders to discuss how the world is changing in the face of significant social and environmental challenges, and how investors can gear portfolios for this new paradigm.

Keynote speeches were given by the Honourable **Al Gore**, former US Vice President and Co-Founder of Generation Investment Management, and **Christiana Figueres**, key protagonist of the 2015 Paris Agreement.

Hubert Keller, Managing Partner and CEO of Lombard Odier IM, assessed the long-term economic and investment risks and opportunities affecting asset owners.

Mr Keller says: “Sustainability is central to economic and investment outcomes. The global economy faces huge challenges that will have a transformative effect on our economies and the businesses that drive them; demographic changes, climate change, scarcity of natural resources, inequality, and digitalization. We are seeing a shift in consumer behaviour and a more sustainable policy agenda. Regulatory change is accelerating. Government decision-making now will fundamentally alter the nature of our economies over the coming decades. This creates opportunity and risk.

“Investors need to know how to protect portfolios from sustainability risks and how to gear portfolios towards the return drivers of tomorrow. The investment industry must work with clients to integrate sustainability across portfolios. This goes way beyond small allocations to single products.

“There is increasing pressure on companies to ensure they remain sustainable in the long term. Companies that adapt in the face of sustainability challenges will thrive. Those that are slow to act will struggle.

“As stewards of the world’s capital, the investment industry must work more closely with the corporate sector to address short termism and move towards more sustainable business models and practices.”

The symposium looked at the United Nations’ 17 Sustainable Development Goals (SDGs) as a framework for setting expectations around sustainable business practices. A panel debate

emphasized the need for better ways to define and measure social and environmental risks and returns.

In his keynote speech, **Al Gore, former US Vice President and Co-Founder of Generation Investment Management** spoke of the scale of climate change and its threat to the global economy. Mr Gore pointed to the rapid pace at which entire sectors and countries are already transitioning in response to sustainability challenges, presenting risks and opportunities to investors:

“The profound changes that accompany the climate crisis pose specific financial risks to the holders of potentially stranded assets such as fossil fuels. France for example, has said it is going to outlaw any further exploration. India has said that within 12 years 100 per cent of their new cars will need to be electric vehicles by law,” said Mr Gore.

Citing the advance of wind and solar energy, Mr Gore highlighted some of the solutions that had developed in the face of sustainability challenges.

“Products and services that enhance the quality of life today without borrowing resources from the future have the highest growth potential,” said Mr Gore.

Mr Gore spoke of the transition towards a more sustainable economic model as “the sustainability revolution is the single largest investment opportunity in history.”

Christiana Figueres, the former Executive Secretary for the UN Framework Convention on Climate Change who was instrumental in securing global support for the 2015 Paris Agreement, addressed the growing sense of urgency and likely acceleration of regulatory action to address sustainability challenges. She outlined how measures to tackle climate change, particularly around fossil fuels, are affecting business models in a range of industries and sectors.

“We are seeing the pull of technology and the push of policy at the international and national level, and we are benefitting from the use of digitalization to force the pace of change,” said Ms. Figueres.

While ambitious targets for renewable energy have been surpassed in many countries, Ms. Figueres warned that much more needs to be done to achieve the objectives set out in the Paris Agreement.

“Investors should expect sustainability challenges to have a disruptive impact on investment portfolios. Companies must elevate their focus on social, environmental and governance issues to C-suite level,” said Ms. Figueres.

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About Lombard Odier IM

Lombard Odier Investment Managers is the asset management business of the Lombard Odier Group, which has been wholly owned and funded by its partners since its establishment in 1796.

Our independent structure and our partners' involvement in the day-to-day management of the firm allows us to focus entirely on our clients' needs, fostering trust and alignment of interest. Throughout our history, we have been rethinking the old and embracing the new in our efforts to help our clients achieve their objectives in a changing world.

We provide a range of investment solutions to a group of clients that are all long-term oriented in their many and diverse ways. Our heritage, and our combination of the best of conservatism and innovation, keeps us well positioned to create lasting value for our clients. Our investment capabilities span Fixed Income, Convertible Bonds, Equities, Multi-Asset, Alternatives and Responsible Investing.

With more than 130 investment professionals, we are a global business with a network of 13 offices across Europe, Asia and North America and have assets under management of 46 billion CHF (as at 30 June 2017).

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