



DISCLOSURE MATERIALS

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

- 1) Be transparent about the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue.
- 3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.

DISCLOSURE QUESTIONNAIRE

Company Name: Lombard Odier
Date Submitted: June 2018

Disclosure Industries	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Any product or activity deemed illegal under host country laws or regulations or international conventions and agreements		✓
Gambling		✓
Pharmaceuticals subject to international phase-outs or bans		✓
Payday lending		✓
Pornography		✓
Wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)		✓

Disclosure Penalties	Yes	No
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Diversity and equal opportunity		✓
Employee safety or workplace conditions		✓
Environmental issues		✓
Financial reporting		✓
Geographic operations or international affairs	✓	
Investments or Loans		✓
Labor issues (internal and supply chain)		✓
Marketing		✓
Political contributions		✓
Taxes		✓
Bribery, Fraud or corruption		✓

Supplier Disclosure	Yes	No	Don't Know
Please indicate if any of the following statements are true regarding your company's significant suppliers.			
Significant Suppliers employ workers under the age of 15 (or other minimum work age covered by the International Labour Organization Convention No. 138)		✓	
Significant Suppliers use any workers who are prisoners		✓	
Significant Suppliers have had an operational or on-the-job fatality		✓	
Significant Suppliers' sites have experienced accidental discharges to air, land or water of hazardous substances		✓	
Construction or operation of Significant Suppliers' facilities resulted in physical resettlement or economic displacement involving 5,000 or more people near their facility		✓	
Construction or operation of Significant Suppliers involved large scale land acquisition		✓	
Construction or operation of Significant Suppliers involved large scale land conversion and/or degradation		✓	
Construction or operation of Significant Suppliers involved the construction or refurbishment of dams		✓	
Significant Suppliers have had material fines or sanctions in the last five years regarding the issues indicated in DQ4.1		✓	
Significant Suppliers exploitatively operate in conflict zones		✓	

Disclosure Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "True." If false, select "False."		
Company is not formally registered in accordance with domestic regulations		✓
Company has reduced or minimized taxes through the use of corporate shells or structural means		✓
Company does not transparently report corporate financials to government		✓
Company facilities are located adjacent to or in sensitive ecosystems		✓
Company does not provide clean drinking water to employees at all times		✓
A portion of workers, contractors, subcontractors or day-workers are paid below minimum wage		✓
Company does not have a signed contract of employment with each worker		✓
Company employs workers under the age of 15 (or other minimum work age covered by the International Labour Organization Convention No. 138) and/or company does not keep personnel records that include evidence of the date of birth of each		✓
Overtime work for hourly workers is compulsory		✓
Company does not provide payslips or equivalent to all workers to show how wages are calculated and any deductions made		✓
Company uses workers who are prisoners		✓
Company prohibits workers from freely associating and bargaining collectively for the terms of one's employment		✓
Company prohibits workers from freely leaving the site during non-working hours or at the end of their shift		✓
Company keeps workers' original ID cards/Passports		✓
Company exploitatively operates in conflict zones		✓
Company employs individuals on zero-hour contracts		✓

Disclosure Outcomes	True	False
Please indicate if the following statements are true regarding if the company has experienced any of the following in the past 5 years. Check all that apply. If the statement is true, select "True." If false, select "False."		
Company has had an operational or on-the-job fatality		✓
Company sites have experienced accidental discharges to air, land or water of hazardous substances		✓
Construction or operation of company facilities resulted in physical resettlement or economic displacement involving 5,000 or more people near your facility		✓
Material recalls due to quality control issues		✓
Material litigation or arbitration against company		✓
Company has filed for bankruptcy		✓
Construction or operation of company involved large scale land acquisition		✓
Construction or operation of company involved large scale land conversion and/or degradation		✓
Construction or operation of company involved the construction or refurbishment of dams		✓
Company has had material breaches of individual's confidential information		✓

B Corp Certification - Disclosure Questionnaire Documentation	
PROVIDED BY:	Lombard Odier
UPDATED AS OF:	June 2018
DISCLOSURE QUESTIONNAIRE CATEGORY	International Affairs Penalties
ISSUE DATE	2015
TOPIC	Regulatory Penalty
SUMMARY OF ISSUE	Because of its status as a private bank based in Switzerland, and the regulatory environment and public perception surrounding Swiss banking institutions, Lombard Odier underwent a review of the company's practices related to bank secrecy, a material fine the company received alongside other banks in its industry, and the company's social and environmental practices (assessed by the B Impact Assessment). B Lab's Standards Advisory Council determined that Lombard Odier was eligible for B Corp Certification with an incremental disclosure regarding how the company manages issues related to bank secrecy and transparency, which are highlighted in the following document.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	See attached document for details.
RESOLUTION	See attached document for details.
IMPLEMENTED MGT PRACTICES	See attached document for details.
REPORT	See attached document for details.
OTHER MANAGEMENT COMMENTS	N/A
RELATED INCIDENTS (Y/N)	No



Lombard Odier Industry & Practices Disclosure

About Lombard Odier

[Lombard Odier](#) is one of the oldest and largest private banks in Switzerland. Lombard Odier provides wealth and asset management services, private banking services, and technology services for banking. The company employs more than 2,400 individuals throughout its global operations spanning Europe, Asia, and the Americas.

Based on its industry, Lombard Odier completed the “Investment Advising” addendum of the BIA that specifically measures the performance of a company’s investment activities from a social and environmental perspective. A few practices pertaining to their assets under management include approximations that:

- 100% have gone through a negative screen based on specific prohibitive industries
- 50-74% have received additional ESG screens
- 1-9% are invested in positive impact investments

Interested parties may view more B Impact Assessment metrics on the company’s B Corp Profile.

Outside of the BIA, the company has also received [awards](#) from within the private banking industry regarding its socially responsible and impact investing, as well as its philanthropy services, and is a [UN PRI Signatory](#).

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Lombard Odier Participation in US Department of Justice Swiss Banking Program

In 2015, Lombard Odier executed an initial [non-prosecution agreement](#) with the U.S. Department of Justice through the [Swiss Bank Program](#). The terms of the agreement require participating banks to cooperate in any related criminal or civil proceedings, demonstrate its implementation of controls to stop misconduct involving undeclared U.S. accounts, and pay a

penalty in return for the department's agreement not to prosecute these banks for tax-related criminal offenses.

Beginning in 2013, the US Department of Justice initiated the program to allow Swiss Banks who were not currently under criminal investigation to voluntarily disclose their potential involvement in activities (regarding tax evasion) that might qualify as criminal offenses under U.S. law. This voluntary reporting program permitted eligible Swiss banking institutions to enter into a non-prosecution agreement (NPA) with the US government in order to remedy those cases that otherwise might be prosecutable offenses. Under the program, participating companies were required to:

- Make a complete disclosure of their cross-border activities;
- Provide detailed information on an account-by-account basis for accounts in which U.S. taxpayers have a direct or indirect interest;
- Cooperate in treaty requests for account information;
- Provide detailed information as to other banks that transferred funds into secret accounts or that accepted funds when secret accounts were closed;
- Agree to close accounts of account-holders who fail to come into compliance with U.S. reporting obligations; and
- Pay appropriate penalties

Under the program, 80 companies executed non-prosecution agreements, with total fines of \$1.4B and the largest penalty being \$211m.

Lombard Odier's fine was assessed through the program at \$99m. In July 2018, Lombard Odier [self-disclosed additional accounts](#) that should have been disclosed previously, resulting in an additional penalty of \$5m. Subsequent to that time, no additional penalties have been imposed and Lombard Odier is fully compliant with the terms of the Non-Prosecution Agreement (NPA), which expires on December 31, 2019.

Company Practices to Prevent Criminal Activities from the Use of Its Services

Lombard Odier has adopted policies, implemented controls and internal procedures, conducted training programs, and instituted compliance audits to ensure that the Bank remains in full compliance with the non-prosecution agreement.

Additionally, Lombard Odier complies with the [automatic exchange of information \(AEOI\)](#) and the [Foreign Account Tax Compliance Act \(FATCA\)](#), uses collaborative platforms to share information, and provides annual reports to relevant tax authorities (and have processes in place to provide amended reports if errors are identified). These information technology platforms set out strict rules by which information must be communicated to tax authorities (information on clients and financial data) and on what format, and Lombard Odier has in place

their procedures / policies in order to prepare the lists of reportable clients and to communicate these data outside of the bank.

Lombard Odier implements policies and procedures for screening clients related to corruption, money laundering, and terrorist finance. Lombard Odier also implements assessment procedures in order to prevent tax evasion. As a result, in its experience, Lombard Odier has put in place all policies and procedures necessary to prevent or mitigate the risk that its clients might use their services to engage in tax evasion and corruption, money laundering, terrorist finance, or other criminal activities.

A summary of these processes include:

- Risk-based approach to assess and classify relationships and transactions (including reviews of negative news about the party, assessment of political exposure, assessment of link to state-owned money, assessment of tax compliance, etc.). Risk classification drives depth of due diligence and monitoring.
- Investigation procedures could involve requests for information from the contracting partner and/or beneficial owner of the account, onsite visits to contracting partner or beneficial owner, reviewing information of databases in the public domain, or consulting with trusted third parties (while maintaining privacy)
- Assessment and documentation of the source of wealth and origin of the assets to ensure compliance with anti-money laundering (AML), combating the financing of terrorism (CFT) and sanctions policies
- Reporting of potential suspicious transactions to the relevant authorities
- Documentation and record keeping of client relationships and transactions as per applicable regulations in order to cooperate, as the case may be, with administrative, criminal or other authorized authorities
- Internal policies and procedures prohibit the entry into a relationship if assets are derived from a crime or corruption activities, client is part of a criminal or terrorist organization, the client is a shell bank, assets are derived from a qualified tax offence or tax fraud, the client is looking for assistance with tax evasion or capital flight, the client has not been identified prior to the business relationship, the client is an unregulated financial institution or carrying out unregulated or non-compliant financial activities, or if insufficient or misrepresenting information has been presented.
- Automated transaction monitoring and screening tools for multiple surveillance scenarios and to detect market abuse or manipulation, staff operations and insider dealing.
- Training of personnel regarding AML, CFT, and sanctions policies