

Lombard Odier Darier Hentsch & Cie and sustainable development : taking responsibility for the future

It was at the Rio Earth Summit in 1992 that the international community first adopted the term “sustainable development”. Looking at the history of Lombard Odier Darier Hentsch & Cie, however, we see that this concept has been rooted in the ethos of the Firm for generations. Since its creation in 1796, its private bankers have always sought in their actions and commitments to promote sustainable development, in terms of reconciling economic progress with social responsibility and the protection of the environment, which is how the concept was defined by experts at the 1992 Summit. This mission is written in the very DNA of the founding families of Lombard Odier Darier Hentsch & Cie.

The economic dimension

The visit to Switzerland by Al Gore, co-founder of *Generation Investment Management* (Generation) has strengthened the scope of the partnership between Lombard Odier Darier Hentsch & Cie and Generation, which began in November 2007. This exclusive partnership blends the values and financial expertise of the two firms and is grounded in Lombard Odier Darier Hentsch & Cie’s commitment to sustainability, in the objectives laid down by Generation, and in the shared belief that an understanding of economic, social, and environmental considerations leads to a better grasp of the investment world today.

As Al Gore’s documentary, *An Inconvenient Truth*, eloquently describes, the world economy has reached a point where the way in which it works may be having a negative impact on society and the environment. Lombard Odier Darier Hentsch & Cie and Generation need no convincing of this, and it is in this light that they have decided to join forces to create long-term value for their clients. Sustainable investment is the way to achieve their goal. The world is going through a period of transition, and in this context sustainable investment clearly promises to be one of the engines of change in economic activity over the next 50 years.

For businesses that take a very long-term view, applying this concept has already become a particular priority. As Stuart Hart, Professor of Management at Cornell University, explains, “capitalism is at a crossroads.” This makes it essential to pursue new strategies with a long-term approach aimed at achieving sustainability of both overheads and income.



The act of investing in research and development to improve technological efficiency is indispensable to sustainable development. Just as the invention of the railway left its mark on the 19th century, with its spread made possible by the confidence placed in it by private bankers, renewable energies are shaping up to be one of the key advances of the 21st century.

The challenges and opportunities posed are on a global scale, and the time for acting alone has past. Professional and concerted action is required, drawing on all available expertise. The partnership between Lombard Odier Darier Hentsch & Cie and Generation is just one response to this need.

Lombard Odier Darier Hentsch & Cie's commitment to socially responsible investment (SRI) predates the collaboration with Generation by several years. In particular, the Firm is involved in the *United Nations Environment Program Finance Initiative*, which actively promotes best practice and those activities most in accord with the principle of sustainable development. To this end, Lombard Odier Darier Hentsch & Cie was also one of the first institutions to create tools to take account of these issues in its analysis process.

This has historically been one of the Firm's oldest concerns. Way back in 1841, for example, *Alexandre Lombard* spoke out against investing in slave-owning US states, declaring: "At the root of their wealth lies a destructive vice, which will [...] sooner or later lead to the downfall of a society founded on an immoral principle." Lombard Odier Darier Hentsch & Cie instead believes that prosperity must be grounded in humanist principles of sustainability.

Alexandre Lombard's refusal to invest in slave-owning states is typical of the high standards by which the Firm abides. The sense of common humanity which feeds into its analysis drives it to act intelligently. Once this belief is borne out by reality, the values underlying it are fortified. It is on this basis that Lombard Odier Darier Hentsch & Cie has demonstrated its commitment to sustainable development ever since the early 1990s, and that reinforces its expertise in this field today.

Lombard Odier Darier Hentsch & Cie's recognition of the importance of values in building expertise is shared by many companies, particularly other family businesses. Because the Firm believes that a change of mentality requires joint action and collective acknowledgement of the importance of shared values, it pays tribute to companies that combine performance with responsibility. It therefore awarded the 2007 *IMD – Lombard Odier Darier Hentsch Distinguished Family Business Award* to the Yazaki Corporation, an auto parts supplier which pays particular care to its production methods. Because it is keen not to upset the world's natural balance, this Japanese family business continually strives to manufacture environmentally friendly products, which means that it is highly committed to innovation. One of the main objectives of this prize is to honor companies which are both high-performing and focused on the next generation.

The social dimension

Attached to its long history and its specific structure, Lombard Odier Darier Hentsch & Cie is particularly attentive to the next generation. This desire for inter-generational exchange lies behind the agreement reached between Lombard Odier Darier Hentsch & Cie and the *Ministry of Education of the United Arab Emirates*, under which three students of the *Higher School of Technology* are academically selected each year to come to Geneva for a paid internship with the Firm. This initiative is part of a relationship aimed at supporting the development of talented young people who one day will hold key positions in this fast-growing region and at raising their awareness of the investment world.

In addition to these academic commitments, Lombard Odier Darier Hentsch & Cie has taken the initiative in developing “*Make a Difference*” – a unique philanthropy education concept. This program is designed to enhance understanding of the principles behind donating with regard to investment policy and asset management. It starts from the belief that possession of wealth implies a social responsibility. The aim is to identify and develop the qualities that are essential in the participants’ professional lives. It also involves demonstrating to them how their skills can develop once put into practice in different contexts and offering them a way of viewing the world from someone else’s perspective, which might otherwise be hard to achieve.

The environmental dimension

Finally, Lombard Odier Darier Hentsch & Cie is greatly involved in raising awareness of environmental protection. The strong links between the Firm and the GoodPlanet association, founded by the French photographer Yann Arthus-Bertrand, led to the organization of “The Earth From Above” exhibition in Geneva, Zurich and Montreal. This was a free exhibition, the aim of which was to bring in large numbers of the general public and boost their awareness of environmental issues by adding texts to the images describing some of the most immediate dangers.

This collaboration then sparked another ambitious project – the touring exhibition “Alive” that took place in 2007. This involved taking a collection of photographs and texts on biodiversity to five of Switzerland’s biggest cities. The mission was to make visitors aware that they form part of a complex ecosystem and that the dangers threatening one species will inevitably put others in difficulty.

In tandem with these consciousness-raising efforts, Lombard Odier Darier Hentsch & Cie has for some years supported a *WWF initiative to create a marine park in Madagascar*. Biodiversity clearly needs to be protected in this unique habitat, but this protection has to be intelligently considered and planned, as the imbalance threatening this complex ecosystem is largely caused by social inequalities within local communities. Here more than ever, the sustainable development support provided by the WWF needs to incorporate local people in the management of this genuine natural treasure.

This look at some of Lombard Odier Darier Hentsch & Cie’s sustainable development commitments underscores the strong affinity that the Firm has with this subject. The Firm is acting out of true conviction, and the partnership with Generation is emblematic of this.

