



EDMOND
DE ROTHSCHILD

PRIVATE EQUITY
2018

SUSTAINABILITY REPORT





MESSAGE FROM BENJAMIN AND ARIANE DE ROTHSCHILD

On all fronts – economic, geopolitical, social and environmental – the year 2018 was complex and volatile. Faced with this context of uncertainty and unprecedented risks, we rose to the challenge of focusing more strongly than ever on our clients, our objectives, our modernisation plans and our values in order to better adapt to major changes in our industry and strengthen our ability to be “bold builders of the future”.

In 2018 we continued to focus on the strategic development of our Group and confirmed our ambitious goal to become the leading conviction-driven investment house.

Several important projects were carried out during the year, some of which set out to enhance the convergence between our different business lines. All our real estate entities (Orox, Cleaveland and Cording) are now united under a single platform. We have also continued to build our Private Equity expertise around strong convictions like impact investing and research into visionary niche strategies. These two activities will also be supported by the sales expertise of our Asset Management teams, who will actively market them to all our clients. This willingness to adopt a cross-entity approach helps build bridges between our expert services and share our specialised knowledge.

Regarding asset management, we have accomplished a great deal in 2018. Two of our funds passed the one billion CHF mark of assets under management, reflecting our strong convictions on flexible bonds and subordinated financial debt. While from a regulatory standpoint, our teams implemented the measures required to bring us into compliance with the new Markets in Financial Instruments Directive.

We remain convinced that our brand plays a decisive role in helping set us apart in the finance industry. That is why we continue to emphasise the singular qualities of the Edmond de Rothschild name.

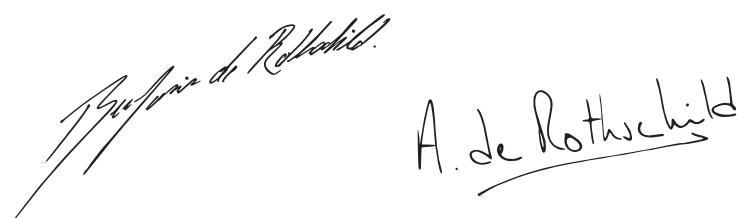
We unveiled an ambitious project to provide insight into the ecosystem in which our conviction-driven investment house exists. This ecosystem provides each of our activities with a strong sense of identity and authenticity that are the source of our values. Everyone involved in our offshore yacht racing endeavours, our lifestyle businesses, our charitable foundations and our banking activities is working toward a single vision, based on our conviction that wealth must be used to build tomorrow’s world. Each activity is driven, within its own specific context, by the ambition for excellence and know-how that is developed over time to provide a unique experience for our clients. This conviction is also embodied in visionary, pioneering investments which have a positive impact on the real economy.

The synergies that we have created between our different business lines and entities, combined with our common vision, are also bearing fruit in the domain of Sustainability.

An example of this is the new Responsible Investment Policy of our Swiss real estate entity, which ensures the full integration of ESG (environment, social, and governance) criteria. This work paves the way for a similar approach in our other real estate entities. Our infrastructure debt platform, which continued to grow at a healthy rate with over 1.6 billion CHF in assets under management, has also finalised and implemented its ESG integration process, and its most recent compartment obtained the French Greenfin / EETC label for its contribution to the energy transition (10,100 tonnes of CO₂ equivalent avoided in 2018). Our new impact investing strategy for the financing of environmental infrastructure in Europe has also obtained the Greenfin / EETC label. Finally, we have seen a significant increase (40% vs. 2017) of the assets under management in our two open funds with SRI labels, which benefited from the growing demand of our private clients for meaningful investments.

Our goal for the years to come is to create even more synergies and continue to foster collaboration between the different parts of our ecosystem to enhance our impact and deliver on our commitment to being “bold builders of the future”. By sharing the projects illustrated in this report with all of our stakeholders, we are acting on our most sincere wish to support the transition to a more just, inclusive and sustainable society.

Benjamin and Ariane de Rothschild



A handwritten signature of Benjamin de Rothschild is positioned above a larger, more stylized handwritten signature of Ariane de Rothschild. Both signatures are written in black ink on a white background.

BOLD BUILDERS OF THE FUTURE

At Edmond de Rothschild, we think that wealth is not an end in itself, but rather a point of departure. For generations, this conviction has guided our family in all its actions, finding expression in visionary, pioneering investments which have driven the world forward. Today more than ever, we boldly dare to embrace the future and are impatient to start building tomorrow's world. At Edmond de Rothschild, we have built a legendary investment house, based on the idea that wealth must be used to build the future.

The five pillars of our sustainability strategy



AN INTRODUCTION TO EDMOND DE ROTHSCHILD'S PRIVATE EQUITY EXPERTISE



The Edmond de Rothschild Group is a key capital investment player, and the family's experience enables it to support companies through partnerships with dedicated investment teams. Our teams are much more than financial investors - they are partners in our corporate clients' growth and help directors to create value.

Our flexible structure favours a proactive and responsive approach, to identify future investment themes and build teams with the best expertise to secure the success of our projects. We have extensive experience in structuring funds, defining investment processes and integrating ESG principles and good governance rules. For each of our strategies, we guarantee a perfect alignment of interests between investors, investment teams and the Group.

Since 2014, all of our Private Equity operations have been consolidated within one single platform: Edmond de Rothschild Private Equity. This consolidation has improved synergies on sustainable investment issues, enabling us to meet our target to increase the proportion of our assets managed according to ESG methodologies.

EXPERTISE IN THREE AREAS

Capital Development

As an active minority investor, we support entrepreneurs and families throughout the growth of their companies. We target innovative companies with strong growth and competitive advantages. Our financial returns are based on companies' sustainable growth rather than financial engineering and leveraging. This capital development expertise has enabled Edmond de Rothschild Private Equity and the Group more generally, to position itself as one of the most renowned, established players in this field in Europe.

Emerging economies

Our Group plays an active role in helping new economies to emerge by providing finance, technical expertise and international strategic partnerships. We're investing in companies with strong growth operating in key sectors of the economy. We have a diverse portfolio with equity and debt investments to secure attractive returns. We are particularly active in sub-Saharan Africa and Latin America, all our teams having extensive experience of these different markets.

Real assets

Our Group has a historic infrastructure presence in Europe and our financing advice are among the most recognized across the continent. We finance the infrastructure of tomorrow by bringing structural and social benefits to local communities through investments in sustainable and environmentally friendly assets. These assets are secure and well operated, generating stable long-term revenues for our investors. We invest in both equity and debt, in social and transport infrastructure, but also in niche projects such as agroforestry, soil remediation, and luxury hotels.

RESPONSIBLE INVESTMENT APPROACHES IN OUR PRIVATE EQUITY ACTIVITIES

ESG
Integration Approach

Sustainable Thematic
Approach

Investment Impact
Approach

1. ESG integration approach (initial or advanced): investment strategy that may or not relate to a specific theme (eg. real estate, social and transport infrastructure, etc.) and that incorporates ESG criteria into the financial analysis, investment decisions and in some cases contractual agreements.

- › **Initial integration** corresponds to minority investment strategies with little or no influence on the governance. The responsible approach is then based on a robust analysis of the ESG risks inherent to each investment/partnership opportunity;
- › **Advanced integration** means that ESG criteria are integrated into the decision-making process and monitored over time, with active involvement in the governance of investees.

2. Sustainable thematic approach: this approach consists of making investments in companies providing solutions to the major challenges of sustainable development (e.g. the fight against poverty, education, the fight against climate change or the economic development of emerging countries, etc.) while offering real growth opportunities due to the innovative nature of their business model. These investment strategies, without being impact funds in the formal sense, have an investment thesis integrating ESG criteria at each stage of the decision-making process and monitoring them over time. These strategies are conducive to impact outcomes and contribute to the achievement of the United Nations Sustainable Development Goals.

3. Investment Impact Approach¹: strategy whose investment thesis contributes formally and directly to the fund's "Theory of change". This investment strategy gives ESG considerations exactly the same importance as financial performance with the essence of contributing to the achievement of the United Nations Sustainable Development Goals (Triple Bottom Line logic). This category attracts a growing number of investors who want to make sense of their investments.

With a pioneering spirit to meet the challenges of tomorrow, Edmond de Rothschild Private Equity is part of a long-term investment approach. Innovative and differentiating, our strategies are designed to have a social and environmental impact while applying best governance practices.

¹ Not to be confused with «Impact-first» strategies that favour impact and can thus decide to «sacrifice» a portion of the financial profitability in favour of the achievement of their impact objectives.

► HOW DO YOU CONSIDER SUSTAINABILITY IN THE DEVELOPMENT OF YOUR INVESTMENT STRATEGIES AND THEN IN THEIR DEPLOYMENT ?

“ We develop our offer through innovation and the prism of responsible investment, taking into account the trends that will guide tomorrow the economy and the needs of society, such as the energy and ecological transition for example. Recognizing that sustainability issues are at the heart of our concerns, we place them as well as the search for impact at the heart of our thinking, from the design stages and at each stage of the life cycle of an investment strategy. Thanks to our collaboration with expert partners whose strategic vision aligns with the values of the Edmond de Rothschild Group in terms of responsible investment, we have been able to develop a range of impact and ESG integration investment strategies offering solutions to contemporary challenges such as soil regeneration and biodiversity protection, the clean-up and upgrading of former industrial sites or the water management and the renewable energy production. We support our teams throughout the life of the investment strategy. Each investment project considered is studied from both a financial and extra financial point of view, in a logic of Triple Bottom Up. We define specific ESG action plans, with the aim to generating a positive impact for both our shareholdings and society at large. ”



Delphine Patritti

ESG & Impact Finance Manager
of Edmond de Rothschild Private Equity

EDMOND DE ROTHSCHILD PRIVATE EQUITY : INTERNATIONAL INVESTMENT



GROWTH CAPITAL

- Diversified Minority co-investments — International
- Technologies — Europe / USA
- Fund of fund — Europe / USA



EMERGING ECONOMIES

- Sub-saharan Growth — Africa



REAL ASSETS

- Social & Transport Infrastructures — Europe
- Environmental infrastructure — Europe
- Remediation of Polluted Sites — Europe
- Luxury Hotels — Europe
- Real Estate — Europe
- Agro-forestry — Africa / Latin America





RESPONSIBLE INVESTMENT IN OUR PRIVATE EQUITY ACTIVITIES

**Johnny El Hachem**

CEO, Edmond de Rothschild Private Equity

► HOW DOES IMPACT INVESTING FIT IN WITH THE OVERALL VISION AND STRATEGY FOR RESPONSIBLE INVESTMENT AT EDMOND DE ROTHSCHILD PRIVATE EQUITY AND HOW ARE YOU DEVELOPING THIS OFFERING?

“ Investing to generate a positive impact is a matter of principle for the Edmond de Rothschild Group. We use innovation to help us meet future challenges by identifying forward-looking sectors and using our expertise to achieve a combination of financial performance, healthy governance and a positive social and environmental impact. By providing finance to industries we help them turn constraints into opportunities and better manage their impacts. In the firm belief that financial players have a responsibility and a key role to play in a rapidly-changing world, we wish to support this

major ongoing transition by making social and environmental considerations central to everything we do. We have developed a forward-focused offering by targeting the best opportunities to create products with a wide range of positive impacts to meet the challenges of tomorrow.

A new impact investing strategy on the theme of environmental infrastructure in Europe was added to our impact product offering in 2018. And given the success of our soil remediation strategy, we also decided to extend this model to other regions. Since 2015, the assets we manage under impact investing strategies have more than doubled. We want to keep up the momentum by continuing to offer our investors meaningful investments that provide sustainable solutions. **”**

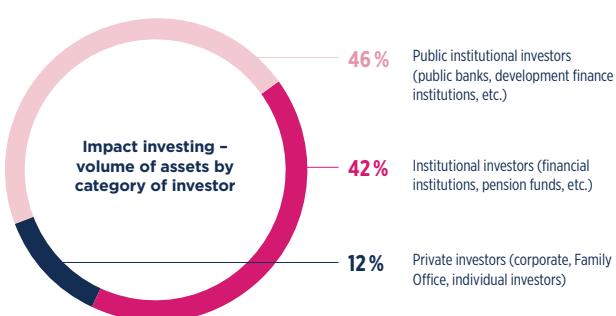
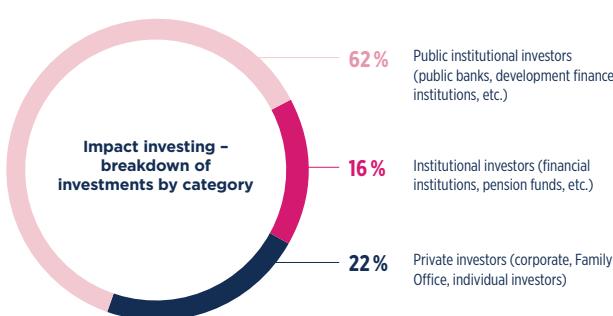
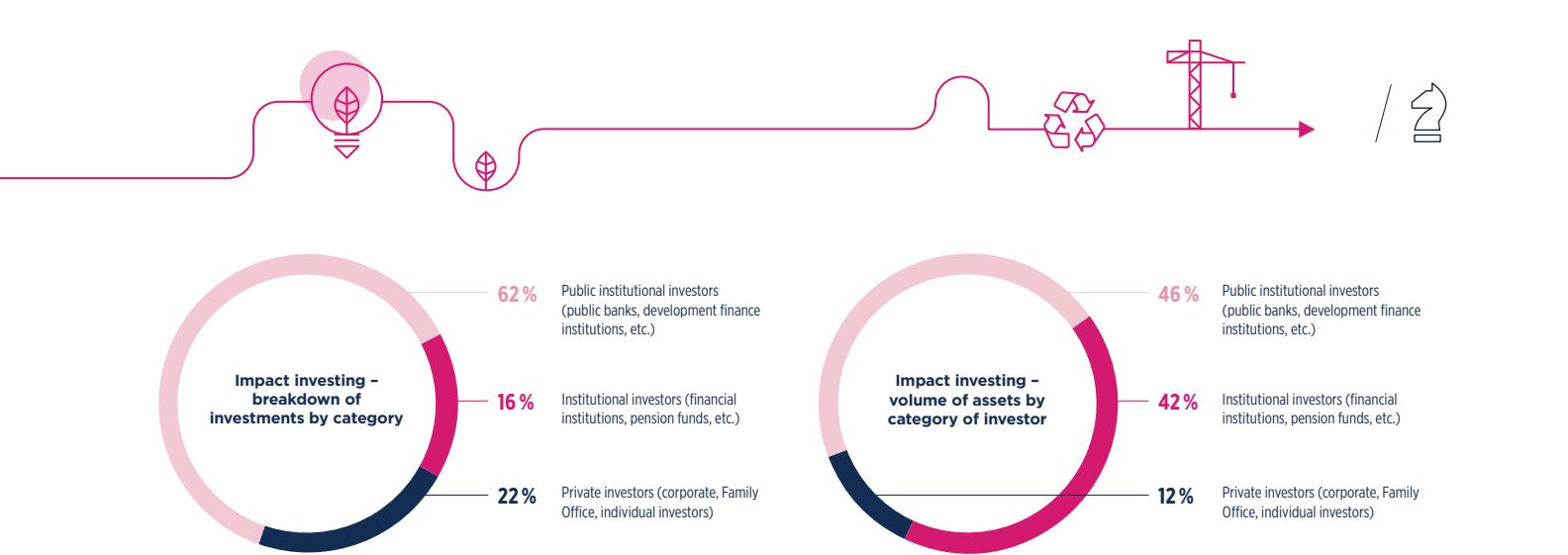


The drop in assets managed by Edmond de Rothschild Private Equity in 2018 compared to 2017, from 3,695 million CHF to 2,106 million CHF, came as a result of the Group's decision to dispose of its majority shareholding in the asset management company Edmond de Rothschild Investment Partners in April 2018.

In 2018 we raised a total of 614 million CHF, all of which were destined for our responsible investment strategies, including 163 million CHF raised from our private clients through specific investment vehicles. Our results should continue this positive momentum in 2019 through the funds raised for the new impact and ESG integration strategies that we will be marketing during the year.

The evolution of our Private Equity activities in the domain of responsible investment





2020 objectives - Edmond de Rothschild Private Equity	Progress follow-up
PROGRESS MADE BETWEEN 2015 AND 2018	NEXT STEPS
<p>Convert a new strategy to the best ESG practices each year, with 100% of the strategies covered by 2020</p> <ul style="list-style-type: none"> At 31.12.2018, 93% of our strategies were covered by impact investing or ESG integration Systematic integration of ESG considerations for each new investment strategy and at the level of the asset management company's risk management policy Periodic review and improvement of the ESG integration methodologies used in our existing investment strategies. Systematic ESG reporting for all funds under management (PRI and France Invest²) 	 <p>NEXT STEPS</p> <ul style="list-style-type: none"> Cultivate good reflexes in line with our brand positioning in our innovation processes Train and raise awareness of teams to ensure systematic integration of responsible investment in our business development process Select the best partners whose ESG values and profile are in line with our Group values

Measure impact across all impact and ESG investment funds, as of 2017

- Use of the United Nations Sustainable Development Goals as a reference framework for measuring and reporting the impacts of our investment strategies
 - Inclusion of specific ESG results and considerations in annual activity reporting

- Introduce risk management tools to facilitate an in-depth analysis of ESG topics
 - Include climate risk in risk analysis and the selection of investment opportunities

Increase the assets under management in our impact funds by 20% a year until 2020

- Deployment of new responsible investment strategies in 2018, including an impact investing strategy on European environmental infrastructures (water, waste and energy)
 - Easier access for private clients to responsible investment products via specific investment vehicles

- Raise funds for our existing impact investing strategies and for those launching a new vintage
 - Develop impact investing strategies on sustainability-related themes
 - Continuing to promote impact investing by presenting our case studies and results

² See <http://www.franceinvest.eu/>



Launch of our agroforestry impact investing strategy



Launch of our Small & Mid Caps mezzanine debt strategy

Signature of the PRI for the entire platform

First carbon footprint

Definition of indicators to measure the ESG performance of impact investing / ESG integration strategies

Integration of ESG best practice for all our Private Equity strategies

Integration of climate risk in risk analysis process

2012

2016

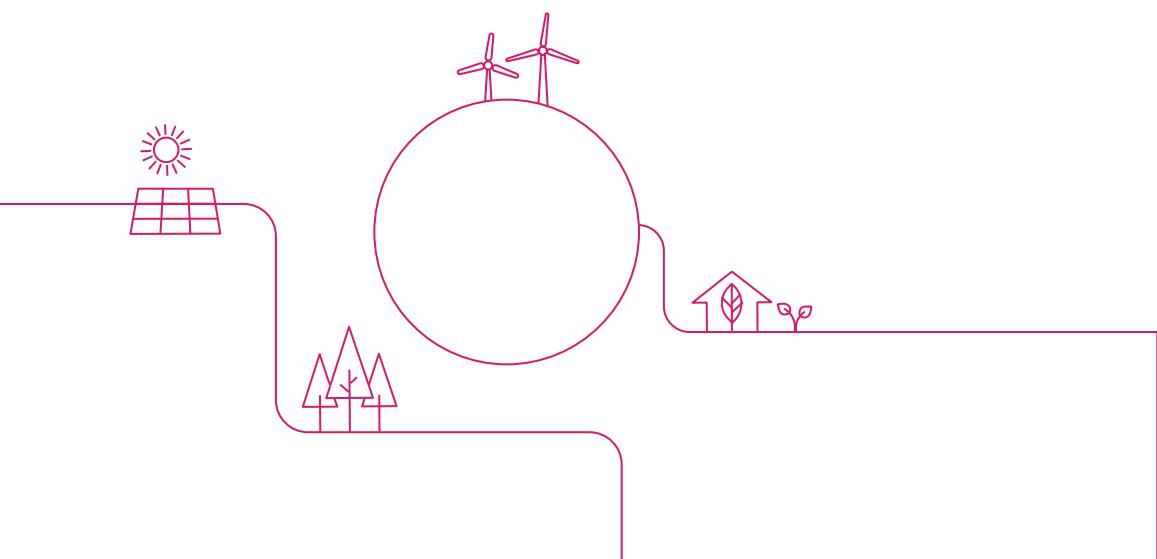
2017

2018

2020

THE EDMOND DE ROTHSCHILD INVESTMENT STRATEGIES WHICH CONTRIBUTE TO BUILDING A SUSTAINABLE FUTURE

The Edmond de Rothschild Group is strongly committed to responding to the sustainability challenges currently facing society and to making a positive contribution to the major transformations that are taking place. In the context of the “Responsible Investment” pillar of our sustainability strategy, nine of the Group’s investment strategies contribute directly to several of the 17 Sustainable Development Goals (SDGs) of the United Nations. Most of these strategies are described here and more information on their contributions can be found in the chapter on responsible investment.



SOIL REMEDIATION IMPACT STRATEGY:

Europe now has nearly three million polluted former industrial sites which have been abandoned. This strategy is based on the acquisition, clean-up and environmental and economic rehabilitation of degraded land in France and Belgium. Once remediated, fully-sustainable residential and commercial projects are developed on this land.

- ▶ 16 investments
- ▶ 671,254 m² of remediated land

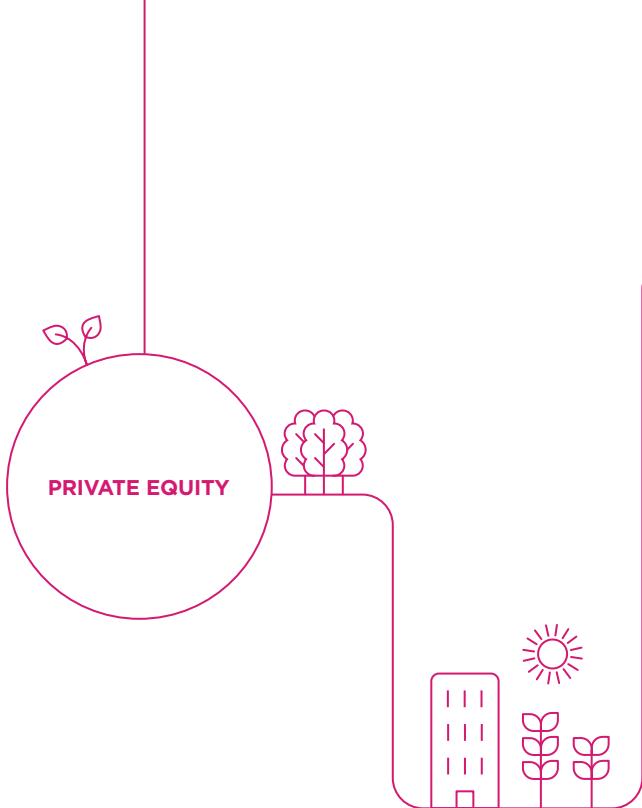


IMPACT INVESTING STRATEGY FOR EUROPEAN ENVIRONMENTAL INFRASTRUCTURES:

Against a backdrop where resource management has become a priority affecting every aspect of our economy, this new impact investing strategy offers European companies and local authorities turnkey solutions in terms of managing water resources, producing renewable energy, energy efficiency, recycling or waste recovery. In 2018, the strategy was awarded the French EETC / Greenfin label³.



³ See: <https://www.ecologique-solaire.gouv.fr/label-transition-energetique-et-ecologique-climat>.



AGROFORESTRY IMPACT STRATEGY:

Realising the issues arising from the deterioration of agricultural land, we introduced this impact investing strategy in 2012 in partnership with ONF International (the international branch of the French Office National des Forêts). It promotes an agricultural/agroforestry model of crops grown under shade of trees planted in Latin America and Sub-Saharan Africa.

- ▶ **8** investments
- ▶ **8 million** trees planted
- ▶ **2,485** jobs created or maintained in rural areas
- ▶ **10,525** farmers impacted positively in poor and vulnerable regions



AFRICA-THEMED STRATEGY:

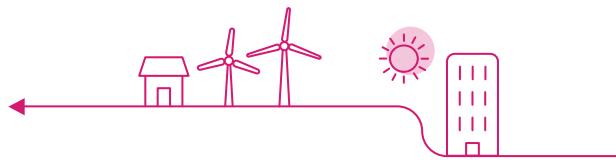
This Africa investment strategy was born of the desire to support these emerging countries in their economic development whilst fully integrating social and environmental considerations. Its 21 investments across nine countries have made it possible to improve access to decent jobs, to support gender equality and to strengthen good governance practices.



EUROPEAN REAL ESTATE INVESTMENT STRATEGY:

Based on the realisation that demographic, societal, technological and environmental trends are increasingly having an impact on our cities and their buildings, this new investment strategy targets assets which can be built or repositioned to accommodate lifestyle changes, with a particular focus on environmental and social considerations.





SOIL REMEDIATION AND RENOVATION OF POLLUTED FORMER INDUSTRIAL SITES IN EUROPE

In the current context of challenges relating to urban sprawl and the lack of available land in Europe, heavily polluted former industrial sites become attractive opportunities. This is the vision of Edmond de Rothschild Private Equity which launched its soil remediation and rehabilitation investment strategy in 2009. Once the site has been restored, mixed real estate developments offer space for offices, shops and residential housing, all complying with the highest environmental standards. By seeking long-term recycling solutions for existing materials, constructing buildings from recycled materials or incorporating urban farms into redevelopment projects, we are helping to create a circular economy and develop an extremely efficient real estate portfolio with the relevant sustainability labels.

THE MONT-SAINT-GUIBERT PROJECT IN FIGURES:

- ▶ **9.3 hectares** of remediated land
- ▶ **30,439 m²** made available for residential housing



An investment example: remediation and rehabilitation of the old Mont-Saint-Guibert paper mills (Belgium). It is the only Belgian neighbourhood with an "Excellent" BREEAM⁴ rating obtained as a result of the integration of all the sustainability dimensions. The Belgian Ministry for the Environment confirmed the compliance of the rehabilitation work.

Examples of contributions to the United Nations Sustainable Development Goals (SDGs)



Good health and well-being

Soil remediation impact investing strategy: Consolidated results for the 16 investments in the portfolio (Investment vintages I & II)

Sustainable cities and communities

- **671,354 m²** of remediated land⁵

Responsible consumption and production

- **296,748 m²** earmarked for residential use

Life on land

- **53,200 m²** earmarked for social housing⁶

- **146,429 m²** earmarked for office space

⁴ See site <https://www.breeam.com/> – ⁵ Generally speaking, we talk about the volume of soil remediation rather than the surface area of remediated land.

⁶ Surface area of social housing is also included in surface area earmarked for residential use.



A NEW IMPACT INVESTING STRATEGY FOCUSING ON EUROPEAN ENVIRONMENTAL INFRASTRUCTURES

Today in Europe there are over 50,000 classified industrial sites with ageing environmental infrastructures that are facing modernisation and funding issues. Resource management (water, waste, energy) has become a key issue. With this in mind, in 2018 Edmond de Rothschild Private Equity, in partnership with a team of experts, launched a new impact strategy specialising in European environmental infrastructures on the themes of energy efficiency, the production of renewable energy, water cycle management and waste recovery.



“By definition, our new impact investing strategy only invests in projects which generate a positive environmental impact, measured by specific indicators, and make a direct contribution to the United Nations Sustainable Development Goals. The strategy, which has obtained the French government's Greenfin/EETC label⁷, therefore exceeds the label requirements that 75% of investments are made in companies/projects of which more than 50% of revenues contribute to the energy and ecological transition. **”**



Jean-Christophe Guimard

Co-founder and Director of
PEARL Advisory

Examples of contributions to the United Nations Sustainable Development Goals (SDGs)



Climate action

Clean, affordable energy

Clean water and sanitation

Responsible consumption and production

Decent work and economic growth

Good health

Industry, innovation and infrastructure

Sustainable cities and communities

Impact investing strategy for European environmental infrastructures: Impact measurement indicators

- Greenhouse gas emissions avoided (tonnes CO₂ equivalent)
- Production of renewable energy (thermal and electric) (MWh)
- Population served (residents/home equivalent)

- Volume of water treated or recycled (m³)
- Volume of waste transformed into recycled material (tonnes) and energy produced (MWhe and MWht)
- Landfill waste avoided (tonnes)

- Job creation and protection (number of full-time equivalent jobs)
- Accident frequency rate (%)
- Net internal rate of return (%)
- Capital invested in greenfield projects (% of portfolio)
- Growth in counterparty revenue (EUR million)

⁷ See <https://www.ecologique-solidaire.gouv.fr/label-transition-energetique-et-ecologique-climat>



OUR IMPACT INVESTING STRATEGY ON AGROFORESTRY

Demographic pressure, climate change and access to land or water are all issues forcing us to rethink our agriculture models, which are all too often based on intensive farming practices seeking short-term returns at the expense of soil quality and ecosystem preservation. Our agroforestry investment strategy, launched by Edmond de Rothschild Private Equity and the ONFI⁸ in 2012, promotes an agro-ecological model integrating trees and agricultural crops in Sub-Saharan Africa and Latin America. Agroforestry improves production, restores soil fertility, guarantees the quality and quantity of water and preserves the biodiversity of ecosystems. Our model also helps address rural poverty by ensuring that small producers receive a decent and diversified income.

8

Investments



► WHAT IS YOUR VISION OF IMPACT INVESTING AND WHAT RESULTS HAVE YOU SEEN FROM YOUR DIFFERENT INVESTMENTS?

**Clément Chenost**Co-founder and Director of
Moringa Partnerships

“ Impact investing offers new responses to today's challenges because it reinstates impact as a criterion for investment decision-making. We are supporting companies with promising futures whose activities are meaningful both in terms of promoting local development and accelerating the agro-ecological transition, while at the same time balancing production with preservation of the environment. We prioritise the local processing of organic products, be they cashew nuts, lime juice, coconut water, palm hearts or coffee, thereby supporting local employment. Today, through our investments, we support more than 10,000 producers in rural areas and help disseminate the best agro-ecological practices over almost 11,000 hectares. Our investors contribute to this positive impact and enjoy a return on their investment at a market-competitive rate. **”**

Examples of contributions to the United Nations Sustainable Development Goals (SDGs)

Agroforestry impact investing strategy; Consolidated results of the 8 investments in the portfolio

	No poverty	<ul style="list-style-type: none"> • 67 million USD injected into the local economy since 2015
	Reduced inequalities	
	Gender equality	<ul style="list-style-type: none"> • 19% of employees of investee companies and 14% of farmers are women. On average they represent 25% of senior management positions
	Decent work and economic growth	<ul style="list-style-type: none"> • 8 companies provide decent working conditions by following good hygiene, safety and salary practices
	Responsible consumption and production	
	Industry, innovation and infrastructure	<ul style="list-style-type: none"> • Construction of 4 processing facilities • Helping to run 3 additional processing facilities
	Clean, affordable energy	<ul style="list-style-type: none"> • 3 projects for the production of clean energy from agricultural waste

⁸ The international branch of the Office national des forêts français.



Investing in biodiversity protection and preservation

In 2017 our agroforestry impact investing strategy invested in Floresta Viva, a Brazilian company which produces and sells own brand palm hearts, mainly on the domestic market, which are certified organic, sustainable and superior quality.

With the aim of reviving the Mata Atlantica biome, the São Pedro farm - the company's largest covering 1,030 hectares - is today partially planted according to an organic agroforestry model combining different crops such as palm and banana trees together with different types of plants and trees providing shade (including 110 hectares of indigenous species). The farm also conserves 800 hectares of indigenous Atlantic forests.

This production system, based on synoptic farming principles and ecosystem regeneration, imitates nature in order to regenerate soil, regulate the micro climate and preserve the water cycle. A significant improvement has been seen after only six months with improved soil texture and the reappearance of life such as earthworms.

This model is very worthwhile because Brazilian palm heart production is rarely sustainable.

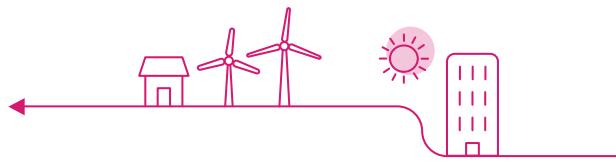


FLORESTA VIVA BECAME THE FIRST GLOBAL PRODUCER OF THE PUPUNHA VARIETY OF CERTIFIED ORGANIC PALM HEARTS WHEN IT OBTAINED ORGANIC CERTIFICATION IN SEPTEMBER 2018.

Floresta Viva in figures:



51
farmers
benefiting from the positive
impact in poor and vulnerable
regions



ESG INTEGRATION IN OUR INVESTMENT STRATEGY FOCUSING ON AFRICA

Because of its remarkable human, cultural and economic potential, the African continent has the opportunity to accelerate its industrial development by turning directly towards more sustainable models. With a historical track record of supporting emerging countries, in 2012 the Edmond de Rothschild Group launched its private equity investment strategy for Africa. Seven years on, this strategy has made over 20 investments across the continent, helping companies and populations move towards growth models which fully embrace sustainable development considerations.



Access to energy in Africa

Around 650 million people living in Sub-Saharan Africa struggle to access energy⁹. Access to energy and securing more sustainable energy supplies are key issues the continent faces as it undergoes an energy and environmental transition.

This is why our Africa investment strategy opted to invest in Sodigaz S.A., the leading distributor of bottled gas in Burkina Faso (with a market share of over 60%). With a network of 2,200 points covering all the country's provinces, Sodigaz S.A. makes it easier for people to access gas for use instead of burning wood or coal. Thus, converting households to gas helps:

- ▶ combat deforestation and reduce greenhouse gas emissions by preserving the CO₂ absorption sinks
- ▶ reduce the atmospheric pollution from wood burning
- ▶ improve health conditions in households

⁹ According to the International Energy Agency.



ESG INTEGRATION IN OUR EUROPEAN REAL ESTATE INVESTMENT STRATEGY

Our decision to launch a new European real estate investment strategy was inspired by the observation that demographic, societal, technological and environmental trends are increasingly affecting our cities and their buildings. We seek to invest in the most dynamic eurozone cities, targeting assets to be constructed or repositioned to accommodate the evolution of lifestyles, work, leisure and consumption, with a strong focus on environmental and social considerations.

- IN 2018, YOU LAUNCHED YOUR INVESTMENT STRATEGY FOR THE REAL ESTATE OF THE FUTURE IN EUROPE. HOW HAVE YOU INTEGRATED ESG CRITERIA INTO THIS STRATEGY AND WHAT IMPACT ARE THEY HAVING ON YOUR FIRST INVESTMENT DECISIONS?

“To meet sustainability challenges and create shared value, each asset is selected and rated in terms of four Smart Factors which assess the repositioning potential of each investment. These Smart Factors are key to our strategy and our ESG commitment. They enable us to evaluate how closely we are meeting our objectives to make cities more dynamic while reducing their environmental footprint, improving the well-being of their occupants and protecting our investors' capital. The Smart Factors are used from the project selection stage and then throughout the investment process. By constantly monitoring to ensure our strategy is on track we can anticipate and avoid any misalignments.”



Caroline Demol

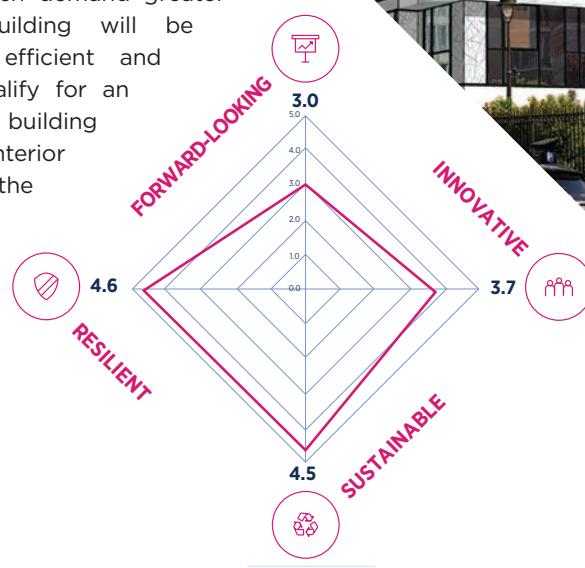
Investment advisor
at Orox Asset Management S.A.

A first transaction signed in 2018

In 2018, we made our first purchase, which was a vacant 2,500 m² antiquated building in Levallois Perret, close to Paris. Its repositioning will involve:

- increasing the surface area by 10%
- installing a new façade
- reconstructing vertical circulation
- creating a double-height lobby and
- renovating the internal fixtures and fittings

Once restructured, the building will be appropriate for new working habits, which demand greater flexibility. Because the building will be significantly more energy efficient and high-performance, it will qualify for an energy label. With smart building connections and comfortable interior spaces, it will respond to the needs of the most demanding tenants, making an ideal company headquarters.



MANAGEMENT OF OUR ENVIRONMENTAL IMPACT

The 2018 results of Edmond de Rothschild Private Equity's Carbon Report, along with two of its high-impact investment strategies:

CO ₂ emissions (in tonnes of CO ₂ equivalent)			
	Soil remediation strategy	Agroforestry strategy	EdR Private Equity Platform
SCOPE 1 & 2 - purchasing of fuel (especially natural gas) - purchasing of non-renewable electricity	-4.74*	0.57	9.38
SCOPE 3 - IT equipment - paper consumption - professional travel	80.13	267.13	293.63
Total emissions	75.39	267.70	303.02
Footprint per employee	8.38	29.74	9.40

*100% of electricity used is from renewable sources - no natural gas used.

OFFSETTING OUR CO₂ EMISSIONS IN OUR VALUE CHAIN¹⁰

The Insetting program¹¹ of the Edmond de Rothschild Group was launched in 2016 to offset the CO2 emissions for Scopes 1 and 2¹² from its carbon footprint. This initiative is part of the reforestation programs financed in Nicaragua by the Edmond de Rothschild Private Equity agroforestry impact investment strategy. Insetting is a joint program of the MATRICE program. The latter, financed by the Agroforestry Technical Assistance Facility (ATAF) of the aforementioned investment strategy aims to extend to the small farms (less than 5 ha) located in areas near the Outgrowers the same agroforestry system developed by our impact investment strategy in agroforestry, thus spreading positive impacts to small-scale coffee producers in the region.

Through the planting of trees that provide shade for the coffee trees and produce valuable fruits and timber, and through access to best practices and training to build the capacity of agroforestry systems, producers increase their resilience, improve their livelihoods and preserve the biodiversity of the region.

Offsetting of the CO₂ emissions (Scope 1 & 2¹²) of the Edmond de Rothschild Group

	In 2016-2017	In 2018	Total since the start of the Insetting programme
Trees planted	14,218	13,892	28,110
Ha reforested	50	63	113
Tonnes eq. of CO₂ offset	3,554	3,473	7,027

¹⁰ For more information, see the Sustainability Report 2018 : <https://www.edmond-de-rothschild.com/site/International/en/Sustainable-development/reports>

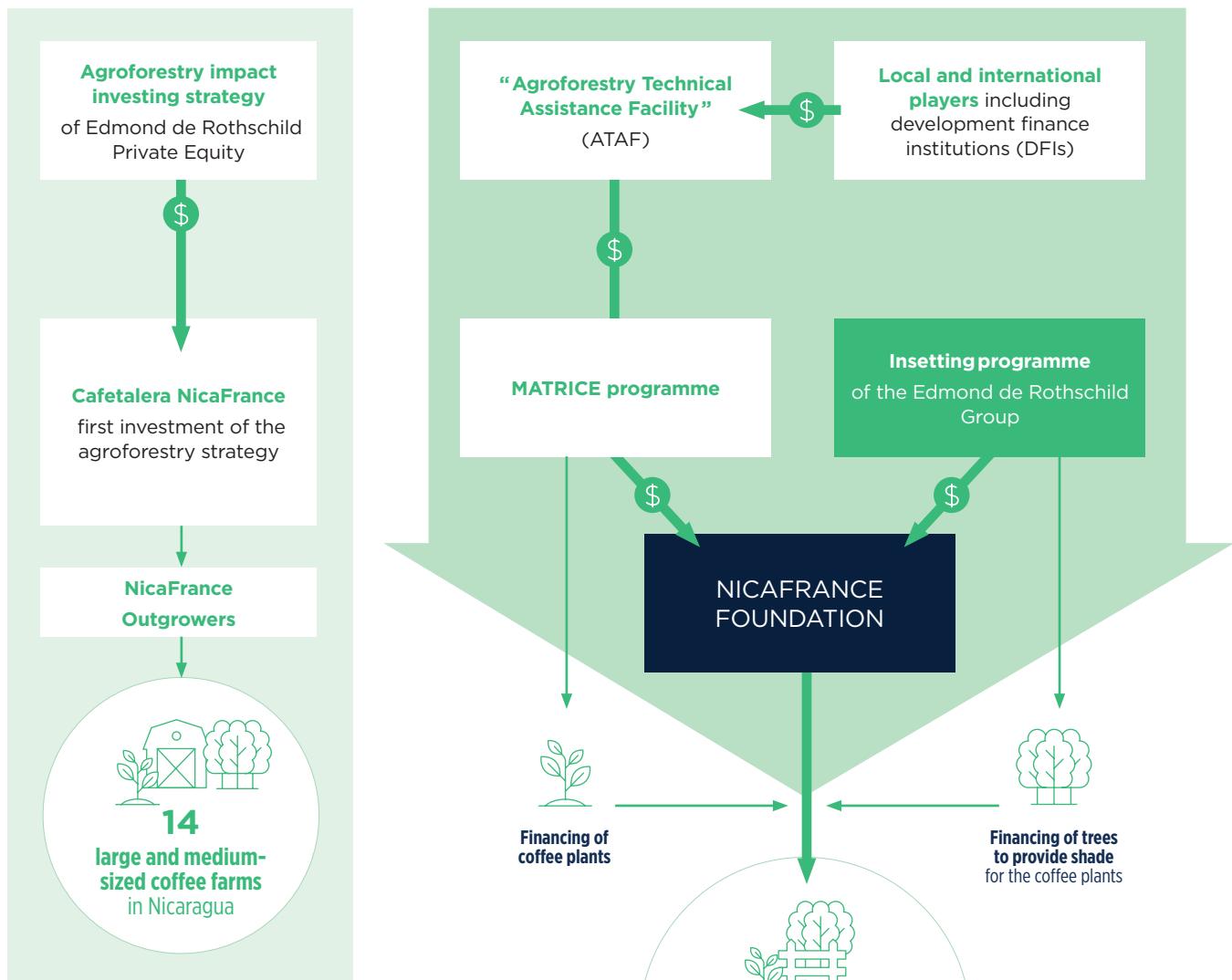
¹¹ The term "insetting" refers to a company's carbon emissions reduction programmes in place within its own supply chain, as opposed to offsetting programmes, which are decoupled from the company's operations.

¹² Scopes 1 and 2 correspond to the different energy consumptions (direct and indirect). For a definition of scopes 1, 2 and 3 of the **Greenhouse Gas Protocol**, see: *Greenhouse Gas Protocol*, see https://ghgprotocol.org/sites/default/files/standards_supporting/FAQ.pdf





THE CONTRIBUTION AND IMPACT OF THE EDMOND DE ROTHSCHILD GROUP'S INSETTING PROGRAMME



The insetting project represents, since 2016:

For every **4 trees** planted
1 tonne of CO₂ is offset



28,110 trees planted	7,027 tonnes eq. CO ₂ offset	94 families benefited from positive impact	27 % of producers are women	113 hectares reforested
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Sustainability reporting tool: FigBytes
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Traduction: Labrador Translations

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