



# OUR STRATEGIC APPROACH TO SUSTAINABILITY

## MANAGEMENT APPROACH<sup>1</sup>

### Introduction

Our sustainability strategy is inspired by the values of our Group which stem from the Rothschild family motto: Concordia, Integritas, Industria. It is intertwined with our business strategy, which embodies our sincere, deep and shared wish to have a positive impact and to start working now to prepare the future for coming generations.

These shared values guide our daily actions. **GRI 102-25**

BUILDING RELATIONSHIPS BASED ON TRUST	HAVING THE COURAGE OF OUR CONVICTIONS	BUILDING FOR THE FUTURE
<ul style="list-style-type: none"> <li>» Expressing the Group's long-term culture and entrepreneurial passion by promoting its model of independence and stability.</li> <li>» Building a long-term relationship with staff, by encouraging their individual skills and collective intelligence and by ensuring that the talents and contributions of each individual are fairly acknowledged.</li> <li>» Sharing the values of sustainability with our clients, respecting the diversity of their profiles and expectations.</li> </ul>	<ul style="list-style-type: none"> <li>» Raising employee awareness of the environmental and societal impact of our activities.</li> <li>» Reporting on our in-house initiatives to promote sustainability.</li> <li>» Securing the long-term future of the group's activities while respecting the principles of governance, ethics, risk management, competition, responsible communication and marketing, and strategic transparency and integrity.</li> </ul>	<ul style="list-style-type: none"> <li>» Reinforcing our financial expertise by integrating the evaluation of environmental, social and governance criteria.</li> <li>» Promoting a responsible investment product and services offering that directs investments to projects that are compatible with sustainable growth.</li> <li>» Demonstrating a new economic and societal value proposition.</li> </ul>

### GRI 102-16

As signatory to the United Nations<sup>2</sup> Global Compact, the Group recognises the importance of the UN Sustainable Development Goals, and particularly, in this context, Goal 17: «Partnerships for the goals». These Goals, along with the Paris Climate Agreement<sup>3</sup>, constitute key references for the development and implementation of our sustainability strategy.

### GRI 102-12

<sup>1</sup> The information provided here is in line with the recommendations of the GRI standards (Global Reporting Initiative )

<sup>2</sup>See, UN Global Compact: <https://www.unglobalcompact.org/>

<sup>3</sup>See, The Paris Agreement: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>



## Defining and implementing our sustainability strategy

In 2014, we conducted a materiality review, supported by the independent non-profit organisation, BSR - Business for Social Responsibility<sup>4</sup>.

Our approach consisted of four main steps, which enabled us to define and fine-tune our priorities:



**GRI 102-46/102-47**

Fourteen issues were identified as being relevant for our Group. Together they make up the three material pillars of our strategy. Following this, six issues were grouped into two additional pillars. Engagement with our stakeholders is part of our fifth pillar; however, it is a material issue that underpins our entire strategy.

<sup>4</sup>See, *Business for Social Responsibility*: <https://www.bsr.org/en/>



**The five pillars of our sustainability strategy GRI 102-47**



In 2015, following the Paris Agreement on Climate Change, we added a dedicated issue for «carbon risk management and the energy transition» highlighting the critical importance of this subject.

During the same year, for each of the five pillars for which there were already general «ambitions», we set strategic objectives for the Group, to be achieved by 2020. These objectives take into consideration the context in which the Group operates, its strategic priorities, and its situation. They are likely to evolve or be further detailed over time. A roadmap ensuring the operational monitoring of the strategy is updated annually according to the progress made towards our objectives.

When we defined our strategy in 2014, we did not formally consult our stakeholders. However, through some sixty interviews, we sought the views of our employees on the expectations of the stakeholders with whom they interact throughout the year, as well as on the trends relating to the Group's activities. The members of the Group's Executive Committee have been fully involved in the formalisation of the strategy, thereby playing a key role in its success. BSR's financial sector expertise helped us in our internal discussions and enabled us to identify the issues which are strategic for us.



## Engaging with our stakeholders

In 2015, the Sustainability Department worked to formalise the way it identifies and prioritises its stakeholders, involving the departments and employees which interact with them in the course of their day-to-day work.

Based on a methodology proposed by Accountability<sup>5</sup>, we first identified the most important and relevant stakeholder categories for the Group's operations and strategy. We then prioritised these stakeholder categories according to two main criteria:

- the level of influence of the stakeholder category on the Edmond de Rothschild Group;
- the level of impact of the Edmond de Rothschild Group on the stakeholder category identified.

### GRI 102-42

After several months of internal consultation, we were able to build the following matrix:

### GRI 102-40

**Matrix of the main stakeholder categories of The Edmond de Rothschild Group**

<b>Impact of the Edmond de Rothschild Group on its stakeholders</b>	3	Individual beneficiaries of philanthropic programmes	Companies in which the Group invests The Family's non-financial activities	Employees Shareholders Business partners Private clients
	2	Suppliers of goods Company beneficiaries of philanthropic programmes	Service suppliers and subcontractors Former employees Academic community Other banks	Trade unions and employee representatives Institutional clients Financial intermediaries Consultants
	1	Market counterparties Community associations Opinion leaders	Banking / financial / industry associations Future generations United Nations/international organisations	Competitors Government and regulatory bodies Traditional media Social networks
		1	2	3

**Influence of stakeholders on the Edmond de Rothschild Group and its performance, reputation, etc.**

For each of the stakeholder categories, we now have clear knowledge of their main areas of interest, as well as the means of communication and engagement used to interact with them.

### GRI 102-43 / 102-44

<sup>5</sup>See, AccountAbility: Global organisation recognised for its expertise in Sustainability: <http://www.accountability.org/>



CATEGORY	AREAS OF INTEREST	MEANS OF COMMUNICATION / ENGAGEMENT
Shareholders	Vision, strategy, Group performance, values, corporate culture, <b>talent management, diversity &amp; equal opportunities, employee engagement</b> , business continuity, responsibility	Board of Directors, Executive Committee, annual financial reports, sustainability reports, strategic meetings, press releases, public events
Employees	Remuneration, career development and training, <b>engagement, diversity &amp; equal opportunities</b> , fair treatment, health and safety	Annual performance review, Intranet, internal messaging, internal review, memos, meetings, presentations, training sessions, surveys
Trade unions and employee representatives	Collective bargaining, remuneration, working conditions, hygiene, health and safety in the workplace	Mandatory committees and meetings, presentations, financial reports, sustainability reports, social report
Institutional clients/consultants/semi-institutional clients	Financial performance, risk management, responsible investment ( <b>integration of ESG criteria; positive selection; shareholder voting and engagement; impact/theme-based investment; management of carbon risk and energy transition</b> ), ethics.	Dialogue and meetings with sales/investment teams, investment reporting, financial and sustainability reports, publications, events, e-mail, product communications
Private clients	Financial performance, risk management, responsible investment (alignment of investments with their values), wealth management, personal data protection	Dialogue and meetings with private bankers/ other departments, reports including financial reports and sustainability reports, publications, events, e-mail, product communications
Companies in which the Group invests	Business models, strategy, economic performance, sustainability performance	Meetings and ongoing dialogue with the management, implementation of the voting policy at general meetings, letters, e-mails, collective engagement, due diligence processes (Private Equity)
Suppliers of goods and services/subcontractors	Quality, delivery time, prices, compliance with terms of payment, partnership/alliance relationships, attestations	Selection process, requests for proposals, meetings, daily collaboration, e-mails, letters, deployment of the Responsible Purchasing Charter
Business partners / financial intermediaries	Ethics, transparency, fair compensation, shared responsibility, performance, target markets, changes in products & services, client expectations	Meetings, occasional or daily collaboration, e-mails, events, due diligence processes
Competitors	Benchmarking, joint promotion of responsible investment, complementary products and services, new regulatory/ social trends	Events, meetings, e-mails, working groups
Governmental and regulatory bodies	<b>Corporate governance, compliance with regulations, ethical behaviour, risk management, transparency and reporting</b> , laws and regulations under study, consultations, financial and fiscal contributions, relations with the authorities, information sharing, economic development and PPP	Meetings, letters, financial and sustainability reports, audits, e-mails, events, collaborative initiatives, responses to consultations
Banking and financial organisations (focusing on responsible investment)	Sharing of good practices, exchanges of information, lobbying	Events, meetings, working groups, studies, presentations
Media (mainstream)	Questions linked to the Group's performance, image, reputation, vision, strategy, activities and lines of expertise, prospects for shareholders	Press releases, interviews, financial and sustainability reports, other publications, events
Community: Local community, NGOs, partner Organisations/Foundations, United Nations and other international Organisations, Environment	Local engagement, engagement with stakeholders, partnerships, impact of the Group on relevant issues, responsible investment/sustainability strategy, business ethics, controversies; compliance with standards, transparency of information, <b>CO2 emissions generated by our energy consumption and business travel, paper consumption, waste management</b>	Financial and sustainability reports, meetings, events, collaborative initiatives, occasional or daily collaboration, press articles, public reports, working groups, meetings
Academic community	Financing of chairs, responsible investment, economic trends, financial and theme-based expertise, teaching, recruitment	Events, working groups, partnerships, occasional or continuous collaboration, training sessions, academic reports, publications

GRI 102-40 / 102-42 / 102-43



This work has enabled us to create a detailed list of stakeholders, by category, and conduct a more precise analysis of the management of the risks and opportunities arising from our engagement with them. This tool can be used to support our engagement with stakeholders on sustainability issues. On a broader level, it gives us visibility on the creation of value from our interactions with the main players in the economic ecosystem in which the Group operates.

In 2016, four priorities identified through our stakeholder engagement were particularly focused on and/or gave rise to specific projects to integrate the needs and perspectives of the stakeholders. These issues are still at the heart of our actions and are present in all our Sustainability reports.

Sustainability issue	Initiative or project	Main stakeholders concerned	Importance to stakeholders	Importance to Edmond de Rothschild
Carbon risk management and contribution to the energy transition	In-depth dialogue with institutional clients and other stakeholders; dedicated brochure; 2°C climate roadmap for 2017-2020	Institutional investors, NGOs, government and regulatory bodies, investee companies	Manage climate risk, achieve regulatory compliance, make a positive contribution to the energy transition	Idem + meet institutional client expectations, improve the Group's competitiveness and performance, meet our 2020 sustainability objectives.
Accessibility of responsible investment products to our Private Banking clients	RI Mandate launched, and internal efforts to implement it. Greater accessibility of our range of Responsible Investment products	Private and semi-institutional clients, NGOs	Give meaning to their investments/make investments aligned with their values, enable more investors to make a positive contribution to sustainability	Reinforce the unique nature of our products & services, and expand them in line with our values, by reconciling financial performance with positive social and environmental impact.
Awareness-raising and training for investment professionals on the importance of responsible investment (RI)	Develop RI e-learning in partnership with Swiss Sustainable Finance	All parties involved in the value chain in the finance sector (and their employees), academic community, NGOs	Make RI the norm, enable people to understand it, convince parties of its relevance to our prime business activities	Idem + contribute to increasing the RI market, for the benefit of all economic players; train more employees to manage, sell and extend our range of RI products; act as a leader on RI.
Management of ESG (Environment, Social, Governance) issues in our supply chain	Publication of a Responsible Purchasing Policy and a Responsible Purchasing Charter to be signed by both the Group and its suppliers	Suppliers	Foster long-term client/supplier relationships, work with their stakeholders for shared value creation	Improve management of the risks linked to ESG priorities, identify responsible and sustainable products and services and build relationships of trust with our suppliers.

**GRI 102-15/102-40/102-43/102-44**

Find out all detailed information in our [2018 Sustainability Report](#).



## COLLABORATION WITH STAKEHOLDERS ON RESPONSIBLE INVESTMENT AND SUSTAINABILITY

The Edmond de Rothschild Group is focusing its stakeholder engagement efforts on responsible investment. The Group is involved in different organisations of which it is a member or participant. Its engagements are set out below.

### **INVOLVEMENT OF THE EDMOND DE ROTHSCHILD GROUP IN INITIATIVES LINKED TO RESPONSIBLE INVESTMENT AND SUSTAINABILITY GRI 102-12/102-13**

- Signatory of the Principles for Responsible Investment (PRI) supported by the United Nations
- Signatory of the PRI Montreal Carbon Pledge
- Signatory of the United Nations Global Compact and Board Director of the Swiss network
- Member of the United Nations Environment Programme Finance Initiative (UNEP FI)
- Member of Swiss Sustainable Finance
- Member of Sustainable Finance Geneva
- Member and Board Director of the French Social Investment Forum (SIF)
- Supports the European academic research Award SIF-PRI
- Member of the SRI Committee of the Association Française de la Gestion Financière (French Asset Management Association - AFG)
- Affiliate member of the European Sustainable Investment Forum (Eurosif)
- “Industrial Partner” of the World Economic Forum
- Member of the World International Capital Initiative (WICI) initiated by the OECD of which the Edmond de Rothschild Asset Management (France) RI Director has been Chairman (Europe) since 2015
- Member of the office of the Observatoire de l’Immatériel
- Member of the Reporting and Audit Committee of the International Corporate Governance Network (ICGN)
- Involvement in the European Federation of Financial Analysts Societies (EFFAS)
- Support for the Chair of Responsible Finance and Sustainable Investment at the École Polytechnique (Paris-Saclay University) and the Toulouse School of Economics

The Responsible Investment team at Edmond de Rothschild Asset Management (France) is deeply involved in ongoing dialogue with numerous stakeholders on developments in this area, both in-house and through its involvement in these initiatives and attendance at external events. This team also publishes its «SRI Chronicles» since 2013 to highlight responsible investment issues. Each edition puts forward the academic perspective on RI, featuring an expert’s point of view on current topics<sup>6</sup>.

### **GRI 102-13 / 102-43 / 102-44**

Edmond de Rothschild Asset Management (France) supports the research conducted by the Chair of Responsible Finance and Sustainable Investment of École polytechnique-Université Paris-Saclay and the Toulouse School of Economics. It is among the first investors to have signed the Investor Statement of the Integrated Reporting Initiative.

<sup>6</sup>For more information on activities mentioned in this paragraph, see Edmond de Rothschild Asset Management (France)’s website: <https://www.edmond-de-rothschild.com/site/France/en/asset-management/our-expertise/socially-responsible-investment>



The teams at Edmond de Rothschild Private Equity also play a key role in this area and establish close collaboration with numerous stakeholders as part of their investment strategies in the Responsible Investment category. For more information on their engagement activities, (see the chapter «[Innovation for Responsible Investment](#)» starting on page 42 of the 2018 Sustainability Report).

Throughout the year, the Sustainability Department interacts on a regular basis with different categories of internal and external stakeholders on sustainability issues. Examples include the following: the involvement of the Sustainability Department in Swiss Sustainable Finance's Education working group; the role of Director of the Swiss network of the United Nations Global Compact; occasional lectures at the ESSEC business school and University of Geneva to share the experience of the Edmond de Rothschild Group in the field of sustainability and responsible investment.

**GRI 103-1**