



EDMOND
DE ROTHSCHILD

SUSTAINABILITY REPORT 2016

Cultivating resilience to contribute to a changing world





REPORTING SCOPE

This report is published by the Edmond de Rothschild Group, which has its headquarters in Geneva (Switzerland). It covers all the activities of the Group and the entities that belong to Edmond de Rothschild Holding S.A., as presented in the financial report of the holding company, with the exception of its three partners, in Brazil (BBM Investimentos), South Korea (Samsung Asset Management) and Japan (Nikko Cordial). In each section, we give the exact scope of the data included, depending on its availability.

G4-3 / G4-5 / G4-7 / G4-17

This third Sustainability Report for the Edmond de Rothschild Group contains the quantitative and qualitative information necessary to understand the Group's material sustainability issues for 2016. The report is published annually.

G4-28 / G4-29 / G4-30

REPORTING FRAMEWORK

The Edmond de Rothschild Group has decided to prepare this report and publish its results in accordance with the Global Reporting Initiative Guidelines, version G4 (GRI-G4) as well as its supplement for the financial sector. This decision has been taken so that data can be compared, and to improve clarity for all stakeholders when reading the results. It is also a way for the Group to ensure the reliability of its approach to sustainability reporting.

The Group selected the GRI-G4 Core reporting option. You will find all references to the GRI-G4 indicators and the corresponding pages in the GRI Content Index on pages 80-81.

G4-32a / G4-32b

For the analysis and publication of its sustainability indicators, the Group presents its results as outlined below. Each parent entity consolidates the data of the various sites associated with it, as follows:

Parent companies	Entities consolidated by the parent company
Edmond de Rothschild (Suisse) S.A.	Geneva, Lausanne, Lugano, Fribourg, United Arab Emirates, Hong Kong*, Israel, Monaco, United Kingdom, Uruguay and Zurich
Edmond de Rothschild (France)	Germany, China, Spain*, France (Paris and the provinces), Hong Kong* and Italy
Edmond de Rothschild (Europe)	Belgium, Spain*, Luxembourg, Portugal

* For countries associated with two different parent entities, environmental impact was attributed according to the square metres occupied by the entities concerned (for environmental data).

In order to better serve clients in its strategic markets, Edmond de Rothschild Group has decided to focus its efforts and investments on selected markets. In 2016, the Group ceased its operations in Chile, the Bahamas and Guernsey to focus on its priority markets. Moreover, the subsidiary Edmond de Rothschild (Israel) Limited has been transferred from Edmond de Rothschild (France) to Edmond de Rothschild (Suisse) S.A.

G4-13

In the report, when data are not available for the parent entity as a whole with its overseas subsidiaries and branches, the information is provided by country according to the availability of the data in question.

G4-6 / G4-23

AVAILABILITY AND CONTACT

This document is available in French and English, and in an electronic and paper format. The Edmond de Rothschild Group has taken the decision to only publish limited copies of the paper version of this report, and encourages you to read the electronic version, which can be found on our website:

<http://www.edmond-de-rothschild.com/site/France/en/sustainable-development/presentation>.

For more details on the information included in this report, or if you have any comments or suggestions to make, you may contact: Kate Cacciatore - Sustainability Department - Edmond de Rothschild - 18, rue de Hesse - 1204 Geneva - Switzerland

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RELEVANT ASPECTS AND INVOLVEMENT OF STAKEHOLDERS

The Group used its 2014 materiality exercise to select and prioritise the relevant issues for publication (for further details, see pages 12 to 15 of the 2014 Sustainability Report). For 2016, the content of each section was defined according to the Group's operations in 2016 but also the most important issues in our sector, both in terms of current events and the Group's exchanges with its stakeholders (see summary on page 11).

Each section of the report then outlines the context (internal and external) in which these issues are managed, giving the most objective and transparent view possible, in particular by publishing a significant number of indicators.

We consider all our sustainability indicators to apply to all of our entities and we regularly work to extend the scope covered by our business ethics and compliance, social, environmental and societal indicators. Responsible investment indicators are not country-specific, but are classified according to our business lines: Asset Management, Private Equity and Private Banking. In addition, all of the indicators identified as material (see pages 16-17) have been defined as such, for all of the locations in which the Group is present, due to their importance both for our external stakeholders and our organisation.

G4-18b / G4-20 / G4-21

DATA REVIEW

The Edmond de Rothschild Group called upon PricewaterhouseCoopers, a member of the international PwC network, to review the data published: their limited assurance report on a selection of key performance indicators can be found on page 82 of this document. These indicators are marked in the report using the following icon:

G4-32c

PwC is also acting as external auditor for Edmond de Rothschild (Suisse) S.A. and as Statutory Auditor for Edmond de Rothschild (France). The PwC auditors acted as independent auditors. They were selected based on the work done over the last four years on the report of Edmond de Rothschild (France) in line with the "Grenelle II" legislation and were mandated by the Edmond de Rothschild Group to review the Group's sustainability data for 2016.

G4-33c / 33d

Every year, the audit is performed at a different site - in addition to the three main entities - to ensure the robustness of the data collection and validation process. In 2016, the review took place at Group level, followed by the Group's three main entities in Geneva, Paris and Luxembourg, and, in addition, the Lugano site. In performing this review, the external auditors reviewed data collection protocols, reviewed documents and checked collection tools and the data entered.

G4-33a / 33b

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“For more than a century, the Rothschild family has acted as a catalyst for change by striving for excellence in business and philanthropy. Each generation developed its own approach to entrepreneurial and social accountability in an effort to solve the unique challenges of each era while always remaining rooted in innovation, community, and social and environmental responsibility.

Today the Edmond de Rothschild Group aims to embody a different way of managing investments, one guided by strong convictions. This means that rather than prioritising short-term financial gains, we give our clients the opportunity to make a difference in the world and invest in a meaningful way.”

Ariane de Rothschild

President of the Edmond de Rothschild Group's Executive Committee
G4-1

MESSAGE FROM ARIANE AND BENJAMIN DE ROTHSCHILD

2016, a year marked by the Brexit vote and the US elections, offered further proof that we are living in an environment where uncertainty and volatility have become the norm. The financial sector is the nerve centre of our globalised society. It lies at the centre of a complex system of stakeholders, supporting their efforts to create value. And it is profoundly affected by societal changes that are taking place – digitisation, transparency, the energy transition, and the United Nations Sustainable Development Goals, to name a few.

Turbulent though it may be, we believe we are living in an extraordinary age. It offers incredible opportunities and new sources of value for savvy investors.

Confronted with the sort of standardised thinking that is so prevalent in our industry, we have chosen to emphasise our unique approach, which integrates sustainability as a guiding principle for our actions, reflecting our ability to anticipate and react to changes in the outside world in innovative ways, as well as our willingness to make positive contributions to advances in society. Our investment clients expect us to be committed players, offering meaningful investment solutions. We continually strive to develop expertise in new areas and make inroads into new investment territories in an effort to enhance our range of services and convey the uniqueness of our brand.

In 2016, we significantly developed our long-term investment solutions rooted in the real economy. We have successfully launched several impact investing strategies in private equity and carried out a number of investments in green infrastructure. In the real estate sector, we bolstered our French teams and were recognised for our expertise in Switzerland. Integrating ESG (Environmental, Social and Governance) criteria is one of our priorities for these investment strategies.

In accordance with the commitments we made in 2015 when we signed the Montréal Carbon Pledge, we have expanded the scope of the carbon reporting for our listed market investment portfolios, going from seven strategies that measure their carbon footprint to 16. Meanwhile, in November 2016 we published a brochure on Edmond de Rothschild Asset Management's first contributions and solutions to combat climate change.

We believe in leading by example, so we created an innovative project in 2016 to offset part of our own carbon emissions, working with the Edmond de Rothschild Private Equity impact investing strategy in the field of agroforestry.

We recognise that committed, high-calibre employees make our Group successful. Investing in the potential, skills and leadership of our teams thus remains a top priority, and Human Resources made significant strides in all these areas in 2016.

We are proud to have recently launched Edmond de Rothschild Heritage, which brings together all non-banking activities managed by our family. This entity, dedicated to a unique art of living, and its mission align perfectly with what we do at the Edmond de Rothschild Group and at our Foundations – demonstrating every day that there is always another, better way.

Following the example set by our family in the 19th century, we once again have the opportunity to write a new chapter – by looking ahead, daring to do more, and making bold choices.

Benjamin and Ariane de Rothschild

The image shows two handwritten signatures in black ink. The signature on the left is 'Benjamin de Rothschild' and the signature on the right is 'A. de Rothschild'. Both are written in a cursive, flowing style.

G4-1

This report also outlines our progress and commitments regarding the Principles of the United Nations Global Compact, of which the Edmond de Rothschild Group has been a signatory since 2011.

G4-15



THE EDMOND DE ROTHSCHILD GROUP AT A GLANCE

EDMOND DE ROTHSCHILD: UNIQUE AMONG BANKS

The Edmond de Rothschild Group is uniquely positioned in the world of finance. We are fully in tune with the new global paradigm but, at the same time, we cultivate values that have fallen by the wayside at many other banks. The family tradition gives the Group an acute sense of what the "long term" means, as reflected in the way we manage clients' assets: creativity does not preclude cautiousness and while our business may break new ground, risk is always well managed.

We have strong positions in Private Banking and Asset Management – our two core businesses – and we also operate in Corporate Finance, Private Equity and Institutional & Fund Services.

THE EDMOND DE ROTHSCHILD GROUP TODAY

The Edmond de Rothschild Group provides a tailored service model for an international client base consisting of wealthy families, entrepreneurs and major institutions.

OUR LINES OF BUSINESS

- » Private Banking
- » Corporate Finance
- » Asset Management
- » Private Equity
- » Institutional & Fund Services

G4-4

- » The stability and solidity of an independent financial group
- » Unsurpassed attention to individual client needs combined with global expertise
- » Services tailored to the latest economic developments – the result of in-depth, proactive analysis
- » Access to a comprehensive range of financial products and services

OUR STRENGTHS

KEY FIGURES

At 31 December 2016

166 bn
CHF in assets
(155 bn euros)

19.9%
Solvency ratio¹

2,700
employees

Présence internationale

Americas

Uruguay

Europe & Mediterranean basin

Germany

Belgium

Spain

France

Italy

Israel

Luxembourg

Monaco

Portugal

United Kingdom

Switzerland

Asia & Middle East

China

Hong Kong

United Arab Emirates

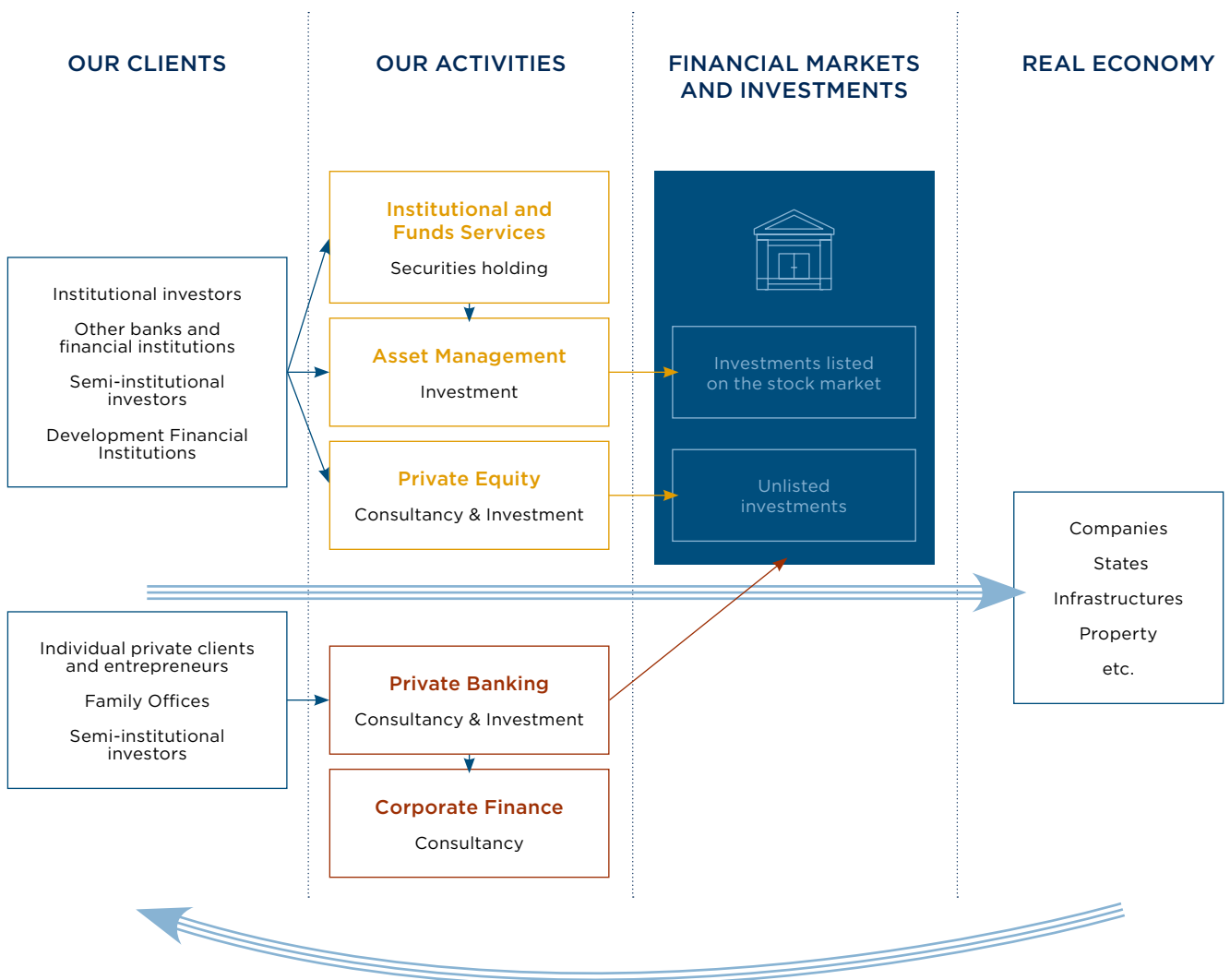
G4-6 / G4-8

1. FINMA ratio



OUR ACTIVITIES IN THE VALUE CHAIN

The synergies between our different lines of business enable us to provide global financial solutions which create value for everyone.



VALUE CREATION FOR OUR CLIENTS, THE REAL ECONOMY AND SOCIETY

- Maintaining and increasing the capital invested
- SME growth
- Job creation
- Improvement in companies' ESG* practices
- Development of life sciences
- Investment in infrastructure
- Economic development in developed and emerging countries

G4-8 / G4-12

* Environnement, Social, Gouvernance

STAKEHOLDER ENGAGEMENT

The Edmond de Rothschild Group wishes to support the transition towards a sustainable economy and society by fostering partnerships between the various players in the financial sector and its other stakeholders to help solve social and environmental problems by developing innovative financial solutions which create economic value.

In 2015, the Group's 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 AccountAbility¹, 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, and the level of impact of the Edmond de Rothschild Group on the stakeholder category identified².

G4-25

In 2016, four of the priorities captured through our stakeholder engagement have been an area of particular focus and/or specific projects to integrate the needs and perspectives of the stakeholders concerned, and at the same time help the Group meet its own objectives:

Sustainability issue	Initiative or project	Main stakeholders concerned	Importance to stakeholders	Importance to Edmond de Rothschild	Pages
Carbon risk management and contribution to the energy transition	In-depth dialogue with institutional clients and other stakeholders; dedicated brochure; preparation of a dedicated climate roadmap (scheduled for 2017)	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.	50-51
Accessibility of responsible investment (RI) products to our private banking clients	Development of a new product, the RI Mandate, and internal efforts to implement it: make our range of Responsible Investment products more accessible	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 a positive social and environmental impact.	42, 52-55, 56
Awareness-raising (and training) for investment professionals on the importance of responsible investment (RI)	Develop RI training (and transform into 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 business	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.	70-71
Management of ESG (Environment, Social, Governance) issues in our supply chain	Draw up a Responsible Purchasing Policy and a Responsible Purchasing Charter to be signed by both Edmond de Rothschild 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.	70-71

G4-2 / G4-18b / G4-24 / G4-26 / G4-27

The Edmond de Rothschild Group is focusing its stakeholder engagement efforts on responsible investment (see page 70 for more information).

Involvement by Edmond de Rothschild Group in professional and industry initiatives³ - G4-15 / G4-16

- › Signatory of the Principles for Responsible Investment (PRI) supported by the United Nations⁴
- › Signatory of the Montréal Carbon Pledge
- › Member of the United Nations Environment Programme Finance Initiative (UNEP FI)
- › "Industrial Partner" of the World Economic Forum
- › Member of Swiss Sustainable Finance
- › Member of Sustainable Finance Geneva
- › Member of the French Social Investment Forum (SIF) chaired by the Edmond de Rothschild Asset Management (France) Head of Responsible Investment
- › Member of the Association Française de la Gestion Financière (French Asset Management Association - AFG)
- › Affiliate member of the European Sustainable Investment Forum (Eurosif)
- › Member of the World International Capital Initiative (WICI) initiated by the OECD. The Edmond de Rothschild Asset Management (France) Head of Responsible Investment was appointed "Mr WICI (Europe)" for 2015-2017
- › Member of the office of the Observatoire de l'Immatériel
- › Member 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 Ecole polytechnique in Paris and the Toulouse School of Economics
- › Partner of Friends of the Countryside⁵

1. AccountAbility: Well-known international organisation which proposes innovative solutions to the most critical corporate responsibility and sustainability challenges. 2. See the matrix published in the Edmond de Rothschild Group's 2015 Sustainability Report (Page 16): <http://www.edmond-de-rothschild.com/SiteCollectionDocuments/group/sustainable-development/Edmond-de-Rothschild-sustainable-development-report-2015.pdf> 3. This table does not mention our membership and participation in banking and financial associations, with the exception of the Association Française de la Gestion Financière, with which we are working on the subject of responsible investment. Edmond de Rothschild Asset Management (France) sits on the AFG's SRI Committee. 4. Three Group entities have signed up to the PRI covering twelve investment strategies. For more information on our commitment to the PRI, see the section "Innovation in Responsible Investment". 5. Network of land owners, entrepreneurs and decision-makers from all over the European Union who defend rural private property through innovative and sustainable practices.



OUR VALUES AND OUR STRATEGIC APPROACH TO SUSTAINABILITY

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 an impact and to start working now to prepare the future for coming generations.

These shared values guide our daily actions.

BUILDING RELATIONSHIPS BASED ON TRUST	HAVING THE COURAGE OF OUR CONVICTIONS	BUILDING FOR THE FUTURE
<ul style="list-style-type: none"> » Expressing the Group’s long-term culture and entrepreneurial passion by promoting its model of independence and stability. » 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. » Sharing the values of sustainability with our clients, respecting the diversity of their profiles and expectations. 	<ul style="list-style-type: none"> » Raising employee awareness of the environmental and societal impact of our activities. » Reporting on our in-house initiatives to promote sustainability. » 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. 	<ul style="list-style-type: none"> » Reinforcing our financial expertise by integrating the evaluation of environmental, social and governance criteria. » Promoting a responsible investment product and services offering that directs investments to projects that are compatible with sustainable growth. » Demonstrating a new economic and societal value proposition.

G4-56



Cynthia Tobiano
Member of the Edmond de Rothschild Group's Executive Committee
Chief Financial Officer for the Edmond de Rothschild Group

How are the Edmond de Rothschild Group's sustainability ambitions incorporated into its business strategy?

The Edmond de Rothschild Group has always developed its activities on the basis of the Rothschild family's values and strong convictions. These beliefs have been held for over 250 years but are incredibly in tune with sustainability objectives: building the future together, thanks to a long-term outlook, with an acute awareness of our responsibilities and the boldness to constantly reinvent ourselves and innovate.

At a time when the financial sector is undergoing major changes, we considered it crucial to ensure that our organisation, product offering and teams are fully in line with these convictions. We want to offer our clients innovative investment products and solutions which meet the needs of the real economy and which drive performance. Our aim is to enable our clients to give meaning to their investments while having a tangible positive impact on society, contributing to the United Nations Sustainable Development Goals.



Pierre-Etienne Durand
 Member of the Edmond de Rothschild Group's Executive Committee
 Head of Strategy for the Edmond de Rothschild Group

“We are convinced that the changes in our industry are a source of opportunity for a house such as Edmond de Rothschild. Our vision is one of an Investment House focused on targeted market opportunities, offering proprietary investment solutions and ideas which embody all of its investment and solutions expertise in order to help our clients. Agility, focus, boldness and uniqueness are the strengths which set us apart in this new context. At a time when our industry is facing pressure on margins and a risk of standardization, this vision, which perfectly reflects our corporate identity, promotes sustainability and value creation.”

The five pillars of our sustainability strategy which feed into the Edmond de Rothschild Group business strategy



DEFINING AND IMPLEMENTING OUR SUSTAINABILITY STRATEGY

In 2014, we conducted a materiality review, supported by the independent non-profit organisation, BSR - Business for Social Responsibility¹. Fourteen issues were identified as being relevant to our sector and priorities for our Group. Together they make up the three material pillars of our sustainability strategy. Following this, six issues were added, given their importance to the culture and values of our Group. These were grouped into two additional pillars. Stakeholder engagement appears in our fifth pillar, but it is also a material issue that underpins the strategy as a whole (for more information, see pp. 11 and 69-70).

In 2015, after 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 (see pp. 50-51 and 61 for more details on our activities in this area). By continuously engaging with our stakeholders (see page 11) and thinking about changes in the global regulatory and economic environment, we are monitoring the issues which could change or be added to our strategic approach (see pages 24-25 for a description of our regulatory monitoring). This “outside in” consideration - how the outside world can have an impact on our strategy - is complemented by an “inside out” approach. The latter is intended to determine how we can contribute to sustainability using our expertise and ability to identify market opportunities which reconcile a positive social/ environmental impact with financial performance. The launch of a new impact strategy in 2016 is a good example of this (see page 56).

G4-2 / G4-26 / G4-EC2

In 2015, for each of these pillars, we set measurable strategic objectives for the Group, with a deadline of 2020. These objectives take into consideration the context in which the Group is evolving, its strategic priorities, and its current situation. Some of them will be defined in more detail as time goes by. The roadmap for operational monitoring of the strategy was aligned with these new objectives in 2016, and will be updated annually according to developments in the internal and external context.

In each section of this report, you will find the key issues for each pillar, our Group’s commitments, and the consolidated indicators for 2016 (and, whenever possible, our progress compared with 2014).

G4-18a / G4-18b



Mathilde Lemoine

Group Chief Economist for the Edmond de Rothschild Group

“The global macro-economic environment was completely shaken by the 2008 financial crisis and then by the election of Donald Trump as President of the United States in 2016. Increasing inequality and the resurgence of “bilateralism” have given the impression that environmental and social matters have become less important. This is obviously not the case. Sustainability initiatives continue to be supported by consumers, an increasing number of investors and by most governments, particularly European governments. Over and above each person’s own beliefs, the Paris Agreement gave a strong signal. The fact that 195 countries have adopted a significant climate agreement means that investment incentives have permanently changed, irrespective of any backwards movement in certain countries. The reorientation of investments will take time, but the Paris Agreement shows that this is irreversible. This new reality must be taken on board by every investor.”



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

If you have feedback on its content, please contact:

Kate Cacciatore
18 Rue de Hesse
1204 Genève
k.cacciatore@edr.com

1. To find out more about this exercise, read page 13 of our 2014 Sustainability Report.

EDMOND DE ROTHSCHILD GROUP'S INVESTMENT STRATEGIES WHICH CONTRIBUTE TO THE SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS¹









































The Edmond de Rothschild Group is strongly committed to contributing to societal issues in the world around it. The Group's offering therefore includes distinctive products on themes in line with structural economic changes (such as dematerialisation, in which our "big data" strategy plays a role) and with sustainability. See pages 38-61 for more details on the Group's investment strategies.

	SRI euro equities strategy – growth stocks	Infrastructure debt strategy	Direct investment in Swiss real estate strategy	Agroforestry impact investing strategy (private equity)	Soil remediation impact investing strategy (private equity)	Africa strategy (private equity)	Infrastructure strategy (private equity)	Health & biotechnology strategy (private equity)
								
				✓				
	✓	✓						✓
								
	✓							
	✓							
		✓	✓					
				✓		✓		
		✓	✓				✓	✓
				✓		✓		
		✓	✓		✓		✓	
	✓							
	✓			✓				
								
				✓				
								
		✓		✓	✓			

1. <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>



	The pillars of our sustainability strategy	Our ambitions for 2020	Our 2020 objectives
Nos enjeux matériels	Ethical and responsible behaviour	<ul style="list-style-type: none"> » Define a single reference framework that guides our behaviour in line with our values » Reconcile risk management with innovation" 	Train 100% of employees on the Group Code of Ethics
			Create a common library of the Group's ethics and compliance training courses to increase employees' expertise and ability to manage risk
			Facilitate employees' access to directives that are relevant to their activity and to the support required for their application
	Our commitment to our employees	<ul style="list-style-type: none"> » Be an employer of choice to attract and retain the best talent and enable all employees to give their best » Make diversity our strength by removing barriers and promoting its advantages 	Establish a formalised framework for the deployment of the Group's strategic objectives
			Develop a managerial and leadership culture based on the Group's values
			Ensure the appropriate drivers of employee engagement are in place
			Gradually increase the percentage of women in senior management (reference year 2014: 24%)
			Maintain gender diversity in the Group's headcount (reference year 2015: 47% women) and maintain cultural diversity (reference year 2015: 42 nationalities represented) in the Group's workforce**
	Innovation in responsible investment	<ul style="list-style-type: none"> » Increase responsible investment assets under management » Be recognised as one of the leaders in responsible investment 	Asset Management
			Adopt a 2017-2020 Responsible Investment Strategy for all of Edmond de Rothschild Asset Management's (EDRAM) investment expertise
Define a Responsible Investment Action Plan and an Action Plan on management of climate risk for the 2017-2020 period			
Establish an "advanced" ESG integration process for European equities management			
Extend the scope of ESG analysis to all EdRAM equity, corporate and sovereign debt funds (2014 baseline: 295 companies)			
Establish an "advanced" ESG integration processes for our strategies on infrastructure debt and direct investment in Swiss real estate			
Train 100% of internal equity and bond management teams in responsible investment/ESG			
Private Equity			
Convert a new strategy to the best ESG practices each year, with 100% of the strategies covered by 2020			
Measure the impact across all impact investing funds and mainstream funds which apply ESG integration methodologies, as of 2017			
Nos enjeux importants	Managing our environmental impact	<ul style="list-style-type: none"> » Reduce our environmental footprint in key areas: <ul style="list-style-type: none"> › CO₂ emissions › Paper › Waste management 	Reduce the carbon footprint per employee by 15% (reference year 2015: 7.8 tonnes of carbon equivalent/employee)
			Reduce the energy consumption per employee by 10% (baseline 2014: 6.8 MWh/employee)
			Compensate our GHG Protocol scope 1 and 2 CO ₂ emissions using insetting programmes
			Reduce paper consumption per employee by 25% (reference year 2014: 87kg/employee)
			Use 100% recycled or FSC/PEFC certified paper (reference year 2014: 85%)
	Our commitment for a sustainable society	<ul style="list-style-type: none"> » Deepen dialogue and synergies with our stakeholders » Participate in innovative philanthropic programmes 	Review the mapping of the Group's main stakeholders and the list of stakeholder engagement activities every year (to identify risks and opportunities)
			Identify and participate in the most relevant initiatives and events linked to responsible investment
			Implement a process of evaluation and engagement with suppliers as part of our Responsible Purchasing Policy
			Implement the Community Engagement Charter and encourage sites to implement philanthropic programmes

Our situation in 2016	Attainment level for our objectives	Page reference to find out more
In January 2016, the Code of Ethics was sent to all Group employees. In 2016, 9,930 hours of training on business ethics and compliance subjects were delivered to 1,521 employees.		26-27
At the end of 2016, online courses were available on the following business ethics and compliance topics: data protection, data security, business continuity, anti-money laundering activities, cross-border operations (one course for each country targeted), FATCA, Automatic Exchange of Information (AEI-CRS).		27
The directives are made available to employees on the intranet and classified by activity or line of business depending on their content.		26
See interviews with Emanuela Bonadiman and Robert Jenkins.		29-30
The "Managerial expertise" training programme was delivered in 2016 to 156 participants (totalling 732 training hours).		31
<ul style="list-style-type: none"> » 90 employees benefited from internal mobility (25% more than in 2014).  » 129 employees were promoted (16% fewer than in 2014).  » 97% of employees took part in a performance review process (13% more than in 2014).  » 83% of employees attended at least one training session (11% more than in 2014).  		32-33
25% of senior managers are women (5% more than in 2014). 		36-37
<ul style="list-style-type: none"> » 45% women in the workforce (4% less than in 2015).  » 49 nationalities represented (17% increase since 2015). 		36-37
15% of the assets managed by Edmond de Rothschild Asset Management (France) are managed according to responsible investment strategies (stable compared with 2015). 		
In 2016, Edmond de Rothschild Asset Management formalised and validated its 2017-2020 Responsible Investment Strategy.		42
The roadmap for the 2017-2020 Edmond de Rothschild Asset Management Responsible Investment Strategy was defined in 2016. The climate change action plan will be drawn up during 2017.		42
10 dedicated projects have been launched to progress from an "initial" ESG integration (currently covering all European equity funds) to an "advanced" ESG integration.		44
The biennial ESG analysis covers a universe of 324 companies.		46
The project group to integrate ESG integration /RI into the strategies on Swiss direct real estate and infrastructure debt was launched in 2016.		45, 48-49
The 10 ESG integration projects are an opportunity for the management teams to gain a deep understanding of the subject by practising it. Online training on responsible investment is currently being developed, in partnership with Swiss Sustainable Finance.		42, 69
93% of the assets under management at Edmond de Rothschild Private Equity are managed according to responsible investment strategies (77.7% in 2015). 		
Two new strategies were converted to best ESG practices in 2016, bringing the total to nine.		41, 60
This project is due to begin in 2017.		56-57
The assets managed in impact investing strategies increased by 77% in 2016.		41, 56
7.8 tonnes CO ₂ equivalent (identical to 2015). 		64, 67
6.9 MWh per employee (2% less than in 2014). 		64, 66
Programme launched in 2016.		67
67.8 kg per employee (22% less than in 2014). 		65-66
89% (5% more than in 2014). 		65-66
This did not formally take place in 2016.		11
See chapters on Stakeholder Engagement, Innovation in Responsible Investment (our commitments and initiatives to combat climate change) and Our commitment for a Sustainable Society (collaboration with responsible investment players).		11, 50-51, 69
A Responsible Purchasing Charter and a practical guide on implementing the Responsible Purchasing Policy were initiated in 2016. This Policy was piloted within Edmond de Rothschild (France).		70
<p>A Community Engagement Charter is pending approval. The existing philanthropic programmes, particularly in France and Spain, have all been renewed</p> <ul style="list-style-type: none"> » 53 employees involved in supporting community projects and initiatives,  » 31 people and 13 companies have benefited from these programmes.  		70-71



GOVERNANCE WITHIN THE EDMOND DE ROTHSCHILD GROUP

The Edmond de Rothschild Holding S.A. Board of Directors (“Board”) is the body responsible for the high-level management, supervision and control of the Group. In addition to its non-transferable and inalienable roles, pursuant to the law, the Board also makes all useful decisions as regards setting objectives and methods of applying the Group’s general policy.

The authority and tasks as well as the organisation of the Board and its committees - to which certain tasks and powers have been delegated (see hereinafter) - are set out in the “Company, Group and consolidated Group surveillance Regulations” approved by the FINMA.

The Board has set up three committees. Their main tasks and duties are:

Audit and Risk Committee

The Risk and Audit Committee assesses how well the internal control system of the company and the Group’s entities is operating, factoring in risk management as well as observation of legal, regulatory, and internal standards applicable to the Group. Its main missions are to:

- » monitor and evaluate all financial closing;
- » monitor and evaluate internal control in terms of preparing accounts and financial reports;
- » monitor and evaluate the effectiveness of the Group’s external auditors and their cooperation with the Internal Audit;
- » evaluate internal control outside the area of preparing financial reports and internal review;
- » review the Internal Audit charter and the planning of its missions.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee assists the Board of Directors in defining and implementing the Group’s policy on remuneration and appointments, drafting the principles for selecting members of Management, and the succession plan. Its main missions are to:

- » ensure that the Group is offering its employees benefits in line with market conditions to attract and retain people with the skills and qualities necessary to ensure the Group’s long-term competitiveness and success;
- » examine and submit to the Board the Group’s appointment and remuneration policy as proposed by the Executive Committee. To do this, it ensures that the different modes of appointment and remuneration in the Group companies lead to a harmonised result taking into account local factors;
- » approve the overall budget for salaries and variable remuneration for Group employees proposed by the Executive Committee.

Strategy Committee

The Committee’s mission is to monitor the Executive Committee’s implementation of strategic decisions adopted by the Board of Directors.

Executive Committee

The Board has set up an Executive Committee, which is the Group’s operational management and oversight body. The main tasks and responsibilities of the Executive Committee are outlined below:

- » manage the Group and its holdings in companies, ensuring permanent adherence on a consolidated basis to applicable laws, by-laws, enforcement orders, circulars and directives issued by the FINMA, BNS and the professional organisations, including the ASB, as well as the rules of conduct, regulations and circulars of the Group, including the decisions and directives of its bodies. To do this, it sends to the Group companies, without harming their legal independence and according to the laws and customs which govern them, the directives and recommendations necessary for the smooth running of the Group, harmonisation and rationalisation of its activities and its organisation, protecting its financial longevity, its reputation, its image and its name and, more generally, the development of a Group dynamic and spirit;
- » ensure the decisions taken by the Board are properly implemented;
- » establish, monitor and regularly validate the Group’s internal control system, and suggest all necessary measures in this regard;
- » introduce a Risk Control function and a Compliance function, the organisation, hierarchy, tasks, responsibilities and reporting obligations of which are outlined in the charters approved by the Board. These functions, each of which report to a member of the Executive Committee, are included in the Group’s overall organisation and are independent of the Group’s income-generating activities;
- » implement appropriate internal systems and processes to ensure compliance within the Group;
- » establish, prepare and submit to the Audit Committee the Group’s yearly and interim accounts, in accordance with legal and regulatory prescriptions.

The Executive Committee has also established the following three committees:

- » **the Group’s Assets and Liabilities Management Committee**, whose main responsibility is to define the rules on managing equity, and risks relating to interest rates, liquidities, and foreign exchange for the Group and to monitor their implementation;
- » **the Group’s Business Committee** (since February 2015), whose main responsibilities are to coordinate and implement the Group’s business strategy by country and by core business, in compliance with the business strategy reviewed and approved by the Group’s Executive Committee, and to track the business performance (collection, revenues, margins, etc.) of the core businesses and sales teams;
- » **the Group’s Compliance and Reputation Committee** whose main responsibility is to ensure compliance with laws and regulations generally, and to assess the compliance risk and the legal and regulatory reputational risk for the Group.

The Board put in place an Internal Audit channel independent of the activities and functions it controls. It is directly subordinate to the Board and its Audit Committee, reporting to them directly. The Head of the Internal Audit department is appointed by the Board, after notice by the Audit Committee. For its day-to-day management, the Internal Audit channel is linked to the Executive Committee. It keeps the Audit Committee and the Executive Committee notified of its relevant recommendations at Group level and the quality of their implementation, and notifies them without delay of any major malfunction. The remuneration system for Internal Audit employees does not include components that could generate conflicts of interest.

The Group’s governance also takes place via the participation of certain members of the Executive Committee and the Board in the boards of directors/supervisory boards of the Group’s main entities.

G4-34 / G4-35 / G4-36 / G4-38 / G4-42 / G4-45 / G4-46 /G4-47

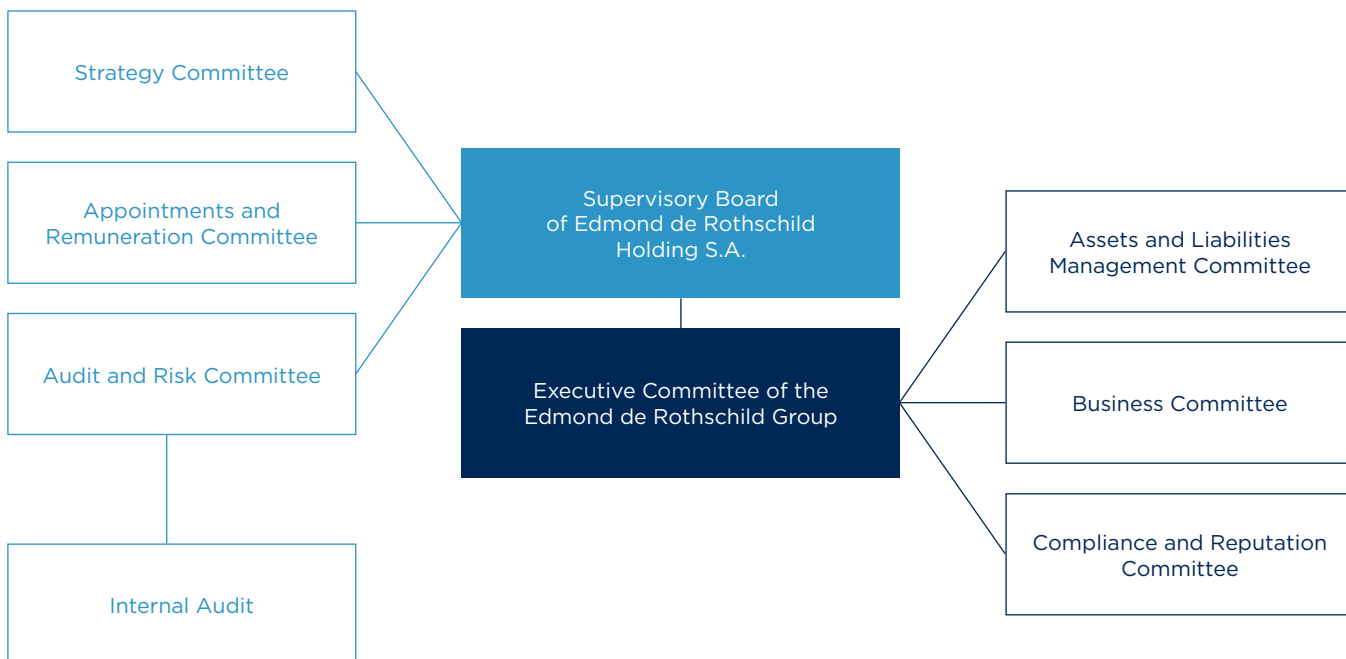
GOVERNANCE OF SUSTAINABILITY WITHIN THE GROUP

2014 was the year in which the Edmond de Rothschild Group’s sustainability strategy was formalised, having been formally approved by the Executive Committee in May of that year. The ad hoc Sustainability Committee had achieved its objectives and was thus dismantled.

Sustainability-related decisions are now taken directly at the monthly meetings of the Group’s Executive Committee, which has approved the sustainability objectives for 2020.

G4-34 / G4-35 / G4-36 / G4-42

GOVERNANCE BODIES OF THE EDMOND DE ROTHSCHILD GROUP



MATERIAL ISSUES

- » Corporate governance
 - » Compliance with regulations
 - » Ethical behaviour
 - » Risk management
 - » Transparency and reporting
-

ETHICAL AND RESPONSIBLE BEHAVIOUR

For our Group, ethics, integrity and transparency are intrinsically linked to our values and the strong sense of responsibility which has guided the Rothschild family in managing its affairs over the generations.

The banking sector is currently facing three main challenges:

- » banks have a responsibility to ensure the stability, longevity and integrity of the financial sector, in line with numerous regulatory changes;
- » banks must regain public trust;
- » banks must continue to provide the financing the world needs to develop sustainably and to find solutions to the global issues that affect us all.

This last point seems paradoxical, as innovation and the ability to take risks need to be balanced within the confines of a fast-moving and challenging regulatory environment which has a definite impact on the business models of banks and financial institutions.

We believe this can be done by adopting a long-term view which takes into account the needs of the financial and societal ecosystem, rather than a short-term approach that is potentially damaging to collective well-being.

In an extremely unstable and demanding international context, which requires constant anticipation, training and adaptation, we are continuing to make progress and to promote innovation while adhering to the most stringent ethical and governance standards.

G4-2

OUR RISK MANAGEMENT APPROACH

Risk management is at the heart of our approach and is a daily concern in the activity of our different entities.

Risk management within the Group is understood as identifying, measuring, evaluating and managing the risks to which the various activities and entities are exposed. The Group's entities and their employees, at all hierarchical levels, must perform their duties in accordance with fundamental principles.

In the first place, it is a matter of strictly complying with all applicable legal, regulatory and statutory requirements, whether these are internal, professional or ethical. Therefore, the Group's risk management policy aims to very strictly define the way the various business activities are conducted – notably market and credit transactions – in line with the Group's risk tolerance level.

Furthermore, the Group takes care to ensure a liquid financial structure with circulating assets and also maintains heightened and detailed vigilance over operational matters relating to its asset management activity, with the greatest respect for its clients, employees, rules and legislation. The Group ensures that all the monitoring systems in place have suitable human, organisational and technical resources. In addition, the increased level of collaboration between the Group entities enables better understanding and monitoring of the concentration risk of the Group's risk exposure as a whole.

The Edmond de Rothschild Group determines, limits and manages legal, compliance and reputational risks. Money laundering is a critical issue that our Group is committed to identifying and preventing. Dedicated processes have been implemented within each entity to identify, manage and disclose, if applicable, suspicions of money laundering, in accordance with the respective legislation for the Group's entities.

Risk management within the Group focuses on the following types of risk:

- » Strategic risk
- » Credit/counterparty risk
- » Market risk
- » Liquidity risk
 - › Operational risk (including information systems and third-party account management)
- » Non-compliance risk
- » Reputational risk
- » Legal risk

The Edmond de Rothschild Holding S.A. Board of Directors defines the level of risk the Group is willing to take for each of these risk types, and quantitative limits are placed on some of them at Group level, allocated to the main operational entities.

G4-2 / G4-46 / G4-57

**Jean-Christophe Pernollet**

Member of the Edmond de Rothschild Group's Executive Committee
Chief Risk Officer for the Edmond de Rothschild Group

What were the main regulatory changes in 2016 which had an impact on the Group's governance and risk management?

In September 2016, the Swiss regulator (Autorité fédérale de surveillance des marchés financiers, FINMA) published Circular 2017/1 on corporate governance for banks. This circular contains the requirements issued previously in various texts, such as the need for members of the Board of Directors to come from a variety of professional backgrounds and possess a wide range of knowledge. It also introduces new obligations, such as a framework concept for the management of all significant risks. Furthermore, Circular 2008/21 on operational risks relating to banks was amended in 2016 with a greater focus on technological infrastructure risk management, which must now cover IT and cyber risks more precisely.

These regulatory developments, applicable in July 2017 and, in some cases, in 2018, require us to be more specific in defining our risk policy, determining a risk tolerance and setting limits for each significant risk category. They are also intended to reinforce the risk control system and risk management culture. We have made progress in several areas: a mandatory training programme on "risk and reputation" has been implemented across the whole Group; in 2017 each employee will have a risk management objective; and we have created the role of Information Systems Security Manager (RSSI) at Group level, so as to better guide and develop the actions of the managers of this function (the RSSIs) at the level of the operational units. Furthermore, the Board of Directors considered it more appropriate for our Group to have a combined Risk and Audit Committee, and major efforts have been made to optimise the effectiveness and efficiency of the controls carried out by the income-generating business units ("First Line of Defence").

**Samuel Grand**

Chief Risk Officer for Edmond de Rothschild (Europe)

How does the Risk Management function within Edmond de Rothschild (Europe) support the Bank in its aim to reconcile innovation and risk management, particularly in business initiatives?

This support is part of our Group's DNA, favouring a long-term client relationship based on our responsiveness and capacity for innovation. Therefore, over and above regulatory requirements regarding risk management linked to new products and services¹, the Risk Management function listens to our clients' needs. These needs are naturally relayed by our sales forces, which we interact with regularly. This close collaboration enables risk managers to take these needs into account in their activities and enables client managers to understand complex regulatory constraints and incorporate them as far in advance as possible when creating new products and services.

Specifically, the business initiatives are supported by:

- » *dedicated documentation outlining the process for reviewing and approving new products or services and the roles and responsibilities of each person;*
- » *a dedicated and simplified form to record analyses, conclusions and the monitoring required;*
- » *a governance forum which is easy to access (dedicated committee, which reports to the Risk Committee) for speedy approval.*

This proximity between client managers and risk managers facilitates rapid and sustainable decision-making – the former is often crucial in an increasingly competitive client relationship. "Anticipating and acknowledging the risks emerging from a changing environment" is also covered in CSSF² circular 12/552 and corresponds perfectly to the agility required of a Risk Management function. It is in this way that we can respect the trust placed in us by our clients and contribute to the uniqueness of our offering, by enabling management teams to respond in an innovative way to client needs.

“ It is in this way that we can respect the trust placed in us by our clients and contribute to the uniqueness of our offering, by enabling management teams to respond in an innovative way to client needs. ”

1. The regulatory definition of "products and services" covers: markets, clients, products and services.

2. Commission de Surveillance du Secteur Financier, the Luxembourg regulator.

AN INCREASINGLY RESTRICTIVE AND COMPLEX REGULATORY ENVIRONMENT

THE FINANCIAL SECTOR ACCELERATES ITS ENTRY INTO THE ERA OF TRANSPARENCY

Banks must comply with an increasing number of regulations aimed at protecting the integrity of the financial system and encouraging public trust in banks. Since 2016, several of these texts coming into force have been converging towards an unprecedented increase in transparency, notably vis-à-vis banks' two main stakeholders, i.e.: clients (MiFID II¹, PRIIPS², DIA 2³, LEFin & LSFin⁴, EU General Data Protection Regulation⁵), and states (MiFID II, AEI - Automatic Exchange of Information).

Main obligations of financial institutions to their stakeholders

CLIENTS	FINANCIAL INTERMEDIARIES AND PARTNERS	STATES	EMPLOYEES
<ul style="list-style-type: none"> » Transparency regarding the costs and charges of products and services (according to rules which could be harmonised with PRIIPS and DIA 2). » Standardised product information (notably on funds, structured products and OTC derivatives) provided to clients in a comprehensible, comparable format. » More stringent requirements regarding the information provided to clients before and after transactions, notably regarding the suitability of products and services in light of the client profile and the provision of the products and services. » Prohibition on receiving retrocessions in the case of discretionary management or independent consultancy (or payout of retrocessions to clients). » Rules and procedures to prevent conflicts of interest (transparency and justification of choices). » Transparency regarding the purpose of and methods used for personal data processing, strengthened right of access, appointment of a person responsible for data protection. 	<ul style="list-style-type: none"> » Rules on the relationships between producers and distributors regarding the product information exchanged (product costs/target markets). » Review of the bank's business relationship with independent intermediaries and wealth managers in response to new rules on retrocessions. 	<ul style="list-style-type: none"> » Daily reporting on all transactions to increase surveillance of market players. » Information submitted annually to the national tax authority on accounts held by clients non-resident in the state where their assets are deposited (clients' personal data, account balances and funds received in the accounts). The national authority then sends this information to the tax authorities of the country in which the client is resident for tax purposes (if an AEI agreement has been signed). 	<ul style="list-style-type: none"> » Transparency regarding the purpose of and methods used for personal data processing, strengthened right of access, appointment of a person responsible for data protection.

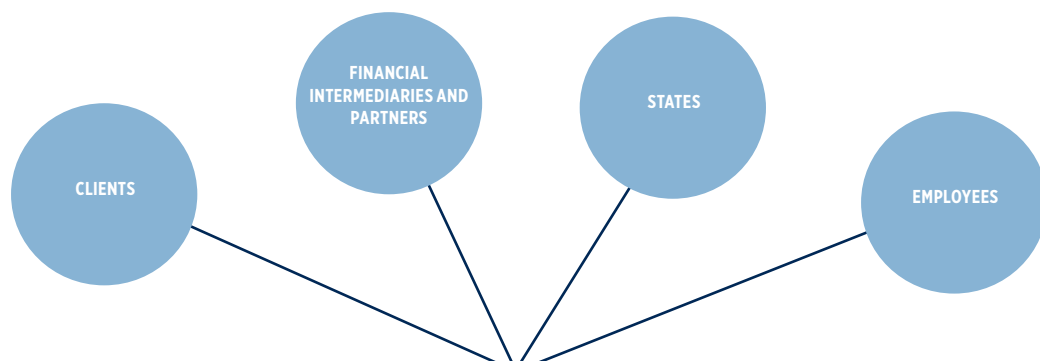
MiFID II

PRIIPS

DIA 2

AEI

EU Regulation on General Data Protection



FINANCIAL INSTITUTIONS

- » Review of business model (products and services offered, pricing, distribution).
- » Alignment of a range of internal processes to ensure compliance.
- » Improved positioning to differentiate the institution from the competition (against a backdrop of pricing transparency).
- » Better risk management regarding clients' tax compliance.
- » Increased legal risk as a result of greater transparency across all financial activities.

Implications for the financial institutions (such as asset managers and private banks)

1. The Markets in Financial Instruments Directive II, a European directive that includes a section on client protection and another on market infrastructure and transparency. 2. "Packaged Retail Investment Products" regulation, intended to provide individuals with comparable, standardised, clear information on savings products. 3. European Directive on Insurance Intermediation, which reorganises the way insurance products are sold. 4. Swiss laws on financial services and financial establishments intended to bring Swiss regulations into line with international standards and access to the EU market. 5. Applicable as of 25 May 2018 in the member states (Swiss companies processing personal data as part of the offering of goods or services to persons located in the European Union must also apply these new rules).



#FOCUS

THE AUTOMATIC EXCHANGE OF INFORMATION (AEI)

AEI is intended to boost global fiscal transparency and enable governments to reduce revenue losses through tax evasion. At the end of 2016, 100 countries had signed up to the OECD's Multilateral Competent Authority Agreement ("MCAA"). This agreement forms the basis for the AEI between states (bilateral or multilateral agreements must then be concluded between states in order to activate the AEI).

The AEI entered into force in some countries, such as France and Luxembourg, on 1 January 2016 ("Early Adopter" countries). In Switzerland, Monaco and Hong Kong, the AEI entered into force on 1 January 2017 ("Late Adopter" countries).

Edmond de Rothschild Group decided to adopt a global approach to its AEI compliance, which means that its due diligence work must be done on all non-resident clients, irrespective of whether or not they are residents of states which have signed agreements. This makes it possible to manage risks more effectively, and enables us to be more efficient in the medium-long term, given that the number of signatory countries will increase.

In order to meet its new obligations, the Group has:

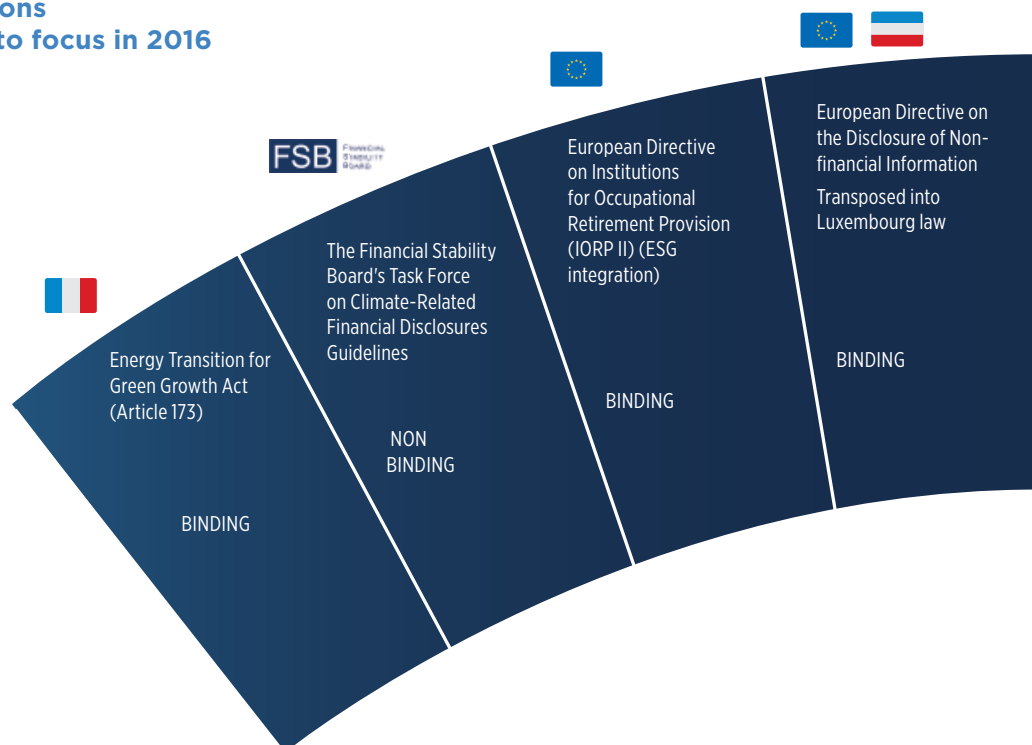
- » implemented all the necessary internal procedures and adapted its IT systems;
- » trained 1,100 employees directly concerned by the AEI;
- » launched a methodical review of all private client accounts (individuals or legal entities) to identify the ones for which the Group's declaring entities must carry out reporting;
- » kept its clients informed of upcoming changes and their implications.

To operate in this new context, the Group will rely on the quality of its products and services so as to offer its clients tailored solutions which take into account their local tax obligations and support them in making their tax declaration (for locations where this is complex).

To do this, managers have a set of tools which enable them to easily access the information they may need (country-specific tax guides, training sessions on the tax systems of the locations covered, in-house tax experts, etc.).

In 2017, the Edmond de Rothschild Group will implement new innovative solutions to facilitate this compliance while continuing to provide the best possible service to our clients.

A range of sustainability regulations and standards that have come into focus in 2016



THE REGULATORY FRAMEWORK ON SUSTAINABILITY-RELATED SUBJECTS CONTINUES TO TIGHTEN

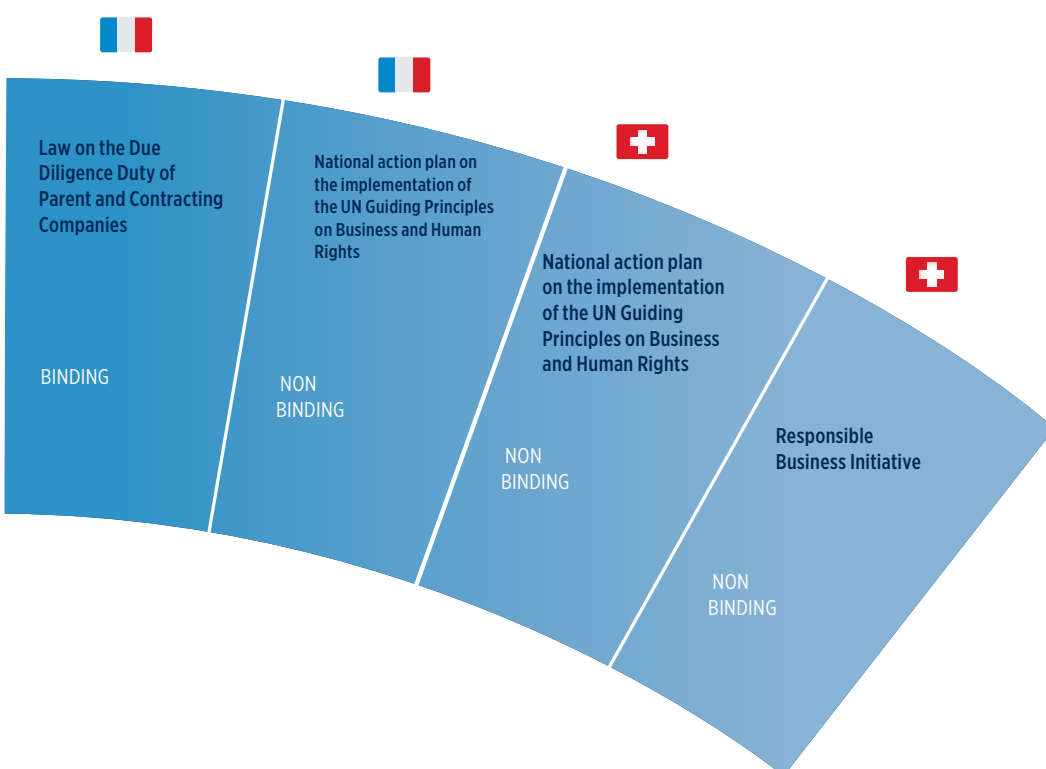
In 2016, the Group's monitoring of the evolution of sustainability regulations and standards¹ highlighted an increasingly wide range of subjects linked to social and environmental impact that are coming to bear on companies and financial institutions in Europe. Climate change and the integration of ESG (Environmental, Social and Governance) criteria in investments have come to the forefront with the entry into force of the Energy Transition for Green Growth Act (Art. 173) in France. This law raises the bar on standards in the financial sector beyond France and will in all probability have a snowball effect (a European directive is already being considered).

Non-financial reporting is also becoming the norm for companies and financial institutions:

- » Article 225 of the Grenelle law in France since 2012;
- » European directive on the disclosure of non-financial information and information on diversity² (transposed into national Luxembourg legislation in 2016³);
- » the work of the Financial Stability Board (FSB)⁴ in the form of recommendations for the reporting of material risks linked to climate change, with a view to becoming an obligation for G20 countries. (For further information on how the Group has acted in this area, see page 50-51).

In the background, we have noted an acceleration of legislative initiatives supported or initiated by civil society movements, on subjects such as the implementation of the UN Guiding Principles on Business and Human Rights in the national legislation and action plans of various countries (e.g. the Swiss⁵ and French⁶ action plans), or on ESG risk management in the supply chain. The recent promulgation of the French Law on the Due Diligence Duty of Parent and Contracting Companies⁷ shows that these initiatives are not destined to remain in the background; it is only a matter of time before they are enshrined in legislation.

G4-2 / G4-26 / G4-27 / G4-EC2



1. Edmond de Rothschild Group uses the regulatory monitoring tool "Policy Outlook Tool" supplied by ECOFACT (<https://ecofact.com/policyoutlook>), and is involved in the regulatory monitoring platform initiated and coordinated by UBS. 2. http://ec.europa.eu/finance/company-reporting/non-financial_reporting/index_fr.htm 3. <http://legilux.public.lu/etat/leg/loi/2016/07/23/n19/jo> 4. <https://www.fsb-tcfd.org/> 5. <https://www.admin.ch/gov/fr/accueil/documentation/communiqués.msg-id-64884.html> 6. <http://www.diplomatie.gouv.fr/fr/politique-etrangere-de-la-france/droits-de-l-homme/entreprises-et-droits-de-l-homme/article/adoption-du-plan-national-d-action-pour-la-mise-en-oeuvre-des-principes> 7. This law was promulgated on 27 March 2017.

OUR BUSINESS ETHICS AND COMPLIANCE CONTEXT



Emmanuel Fiévet

Member of the Edmond de Rothschild Group's Executive Committee
CEO of Edmond de Rothschild (Suisse) S.A.
Head of International Private Banking



Yves Aeschlimann

Member of the Edmond de Rothschild Group's Executive Committee
Head of Compliance & Legal for the Edmond de Rothschild Group

OUR 2020 OBJECTIVES

Constantly improve employees' access to directives that are relevant to their activity and to the support required to implement these directives

"In order to be able to take measured risks, be bold and work with a keen sense of excellence, it is crucial to be disciplined in playing by the rules. The Group Code of Ethics provides an overview of these rules, which are transposed into directives. We are working to ensure that the appropriate tools are made available to employees so that they are all able to apply these requirements to their day-to-day behaviour. Adherence to these rules is a sine qua non of our success and, as such, must form an integral part of our culture."

"A robust approach to compliance must include a set of precise internal rules and strong governance to implement them. Each individual must act with integrity by striving to meet business requirements without ever making compromises in obeying the law and industry regulations. Management has a key role to play in disseminating this culture."

THE EDMOND DE ROTHSCHILD GROUP REGULATORY FRAMEWORK

To manage the constantly increasing risks and regulatory constraints, Edmond de Rothschild has specialised teams for each activity and location, as well as a Group-wide function to ensure consolidated monitoring. To date, these teams have implemented many directives, which are specific internal rules that help the Group and its entities comply with current regulations and adhere to the most stringent ethical standards. These documents are made available to employees on the intranet and classified by activity or line of business depending on their content. These directives are regularly updated. Since the end of 2016, via the Group's new training platform, each employee also has access to all the mandatory training sessions they must complete (see interview below).

For ethics and compliance issues relevant to all employees, the Group's Compliance function sets out directives containing the minimum expected requirements; each entity is then responsible for adopting them in accordance with their locally-applicable legislation. In a context where business developments are frequently of an international nature, familiarity with regulations applicable in the target market and any associated risks and opportunities is of crucial importance and a differentiating factor. Thus, Edmond de Rothschild Group's aim is to strengthen the expertise of each employee and constantly enhance the control of its activities. In parallel, this ongoing work enables the Group to set itself apart from its competitors and optimise the way the teams are organised and the tools provided to them.

Finally, to frame this set of internal rules at Group level, a Code of Ethics sets out the guiding principles that Edmond de Rothschild Group wishes to be applied to the conduct of its operations, and forms a common base for all of its employees. Employees are able to deepen their knowledge of all of these principles via directives, procedures and/or dedicated training sessions.



Ofra Hazanov
Senior Manager Learning & Development,
Edmond de Rothschild Group

“ Each employee has direct access straight to the training courses that must be followed according to his or her line of business and location. ”

In 2016, Edmond de Rothschild Group introduced an LMS (Learning Management System). In what way is this a major step forward in managing ethics and compliance training?

Considerable work has been done to map all mandatory training courses for compliance with relevant regulations across each line of business and location. Then, these trainings have been entered into the new LMS platform to ensure that all employees have easy access to them. In some cases a single training course responds to the needs of several of the Group's entities, while in others all or some parts of the course had to be adjusted to align with local specificities. This was the case, in particular, for the courses on anti-money laundering and the automatic exchange of information.

There are many advantages of a platform of this kind for ethics and compliance training. Each employee has direct access straight to the training courses that must be followed according to his or her line of business and location. Employees are also alerted when their certificates are due to expire. Managers have access to an online dashboard to be able to monitor their team's training status. Finally, the content of some training courses, now developed internally, can be regularly updated through the joint efforts of human resources teams and business and compliance experts.

Detailed mapping has also been carried out for training on business expertise; this will continue in 2017. Finally, employees have access to innovative training media via the LMS and are encouraged to be proactive in strengthening their expertise (for further information, see page 34).

OUR 2020 OBJECTIVES

Create a common library of the Group's ethics and compliance training courses to strengthen employees' expertise and ability to manage risk



At the end of 2016, training courses were accessible online on the following subjects: data protection, information security, business continuity, anti-money laundering, cross-border activities (one course per targeted country), FATCA, Automatic Exchange of Information (EAI-CRS).

Train 100% of employees on the Group Code of Ethics

TRAINING, A KEY PART OF BUSINESS ETHICS AND COMPLIANCE

In 2016, the training delivered in the four entities¹ shown in the table below reflected the requirements of our different activities, applicable national legislation and our internal rules. An increase of 88% in the number of training hours and of 44% in the number of participants reflect the tightening of external regulatory constraints and of the Group's own internal compliance requirements.

In 2016, the training sessions covered the following topics:

- » Anti-money laundering and the fight against financing of terrorist activities
- » Cross-border activities
 - › Commercial prospecting and promoting financial products
 - › Swiss Cross Border Wealth Management
- » Market abuse
- » Fiscal compliance (applicable to Private Banking)
 - › Automatic Exchange of Information
 - › FATCA
 - › Code of conduct on tax matters
- » Data confidentiality and security
- » Business continuity

G4-S04

ETHICS AND COMPLIANCE TRAINING

	Geneva			Luxembourg			France ²			United Kingdom		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Total training hours on business ethics and compliance	6,352	3,092	5,456	1,014	796	2,404	956	1,256	1,947	388	148	124
Total number of participants ³	1,518	2,326	3,668	664	715	1,272	717	725	614	372	144	94
Number of employees having attended at least one training session on business ethics and compliance	NA	545	604	446	383	479	555	466	378	117	108	60

1. These are our three main entities in Switzerland, France and Luxembourg, as well as our site in London, which together represent 79% of our total workforce.

2. In the annual report of Edmond de Rothschild (France), the "ethics and compliance training" data are available for France and its subsidiaries and branches abroad (see page 65): <http://www.edmond-de-rothschild.com/site/France/en/private-banking/annual-reports>.

3. An employee may have taken part in several training sessions, which is why the number of participants is higher than the number of "employees having attended at least one training session".

MATERIAL ISSUES

- » Talent management
 - » Diversity and equal opportunities
 - » Employee engagement
-

OUR COMMITMENT TO OUR EMPLOYEES

The Edmond de Rothschild Group is evolving in a highly competitive environment, which is becoming more complex and changing constantly, notably as a result of increasing regulation in the financial sector. The quality and commitment of our employees as well as the support of all for our values are key factors for success, and are crucial in this context.

As an employer, we have a dual responsibility: to create a stimulating working environment that ensures the well-being and fulfilment of our employees and to create the conditions which will enable them to contribute to the Company's performance and the attainment of its objectives.

The three material issues selected for this pillar of our sustainability strategy (to find out more, see pp. 12-17), are closely linked to these responsibilities:

- » attracting, developing and retaining the best talent is the essential condition for fulfilling our ambition of excellence in our various lines of business;
- » employees who are committed, rewarded and empowered are even more innovative and perform better collectively;
- » diversity, which is respected and encouraged, makes a major contribution to the well-being of our employees and the success of our Group.



Emanuela Bonadiman

Member of the Edmond de Rothschild Group's Executive Committee
Director of Human Resources for the Edmond de Rothschild Group

To ensure that each employee makes a meaningful contribution to the Group's success, it is indispensable that the Group's vision, ambitions and performance are communicated transparently and regularly.

STRATEGY AND OBJECTIVES

In 2016, new strategic reflections have been carried out within Edmond de Rothschild Group in order to better seize the opportunities presented by a challenging and complex market. How does the HR function support the Group and its employees in responding to these conditions and attaining the Group's strategic objectives?

The many changes made to the Human Resources (HR) function in the last few years are specifically intended to help the Group attain its strategic objectives in this increasingly challenging context.

To ensure that each employee makes a meaningful contribution to the Group's success, it is indispensable that the Group's vision, ambitions and performance are communicated transparently and regularly. This clear view of the big picture enables employees to take the best decisions on a daily basis, in an inspirational, engaging environment.

Clear, ambitious and aligned objectives are set every year so that each employee can be part of the Group's strategy. The HR Business Partners support the managers and their teams in this process, which also enables us to identify opportunities for professional and personal development. That is why the HR function then has a key role to play in terms of training and development. Edmond de Rothschild has decided to invest significantly in this area to create tailored programmes which precisely meet the needs of the business, and to strengthen skills and expected behaviour, in line with the Group's values and culture. Having an in-house training system also gives us greater flexibility in updating programmes to follow market developments and regulatory constraints, and to develop the skills necessary to respond to the challenges of the future.

To what extent must the HR function itself innovate to support the Group in responding to challenging market conditions?

Increased market pressure requires strict discipline in talent management, which means that we have to set higher standards and more specific targets than in the past.

For example, in 2016, we set up an Internal Mobility Committee, the objective of which is to identify employees whose potential and abilities meet the profiles of vacant positions. This enables us to better position certain employees, limit external hiring and reinforce the retention and engagement of employees.

It is important that the HR function also makes use of digital opportunities. For example, we have reinforced the "Learning & Development" structure, with dedicated experts on the subject, who are responsible for creating e-learning content, as well as innovative applications and solutions¹.

The HR function must bring added value to our ability to create a dynamic of exchange and sharing between the Group's different entities and locations using innovative formats, which combine communication and training. These spaces for open dialogue make it possible to express the collective intelligence which boosts value creation and reinforces feelings of trust and commitment.

OUR 2020 OBJECTIVES

Establish a formalised framework for the deployment of the Group's strategic objectives

1. For more information, see page 35



Robert Jenkins

Member of the Edmond de Rothschild Group's Executive Committee
Chief Brand and Marketing Officer for the Edmond de Rothschild Group

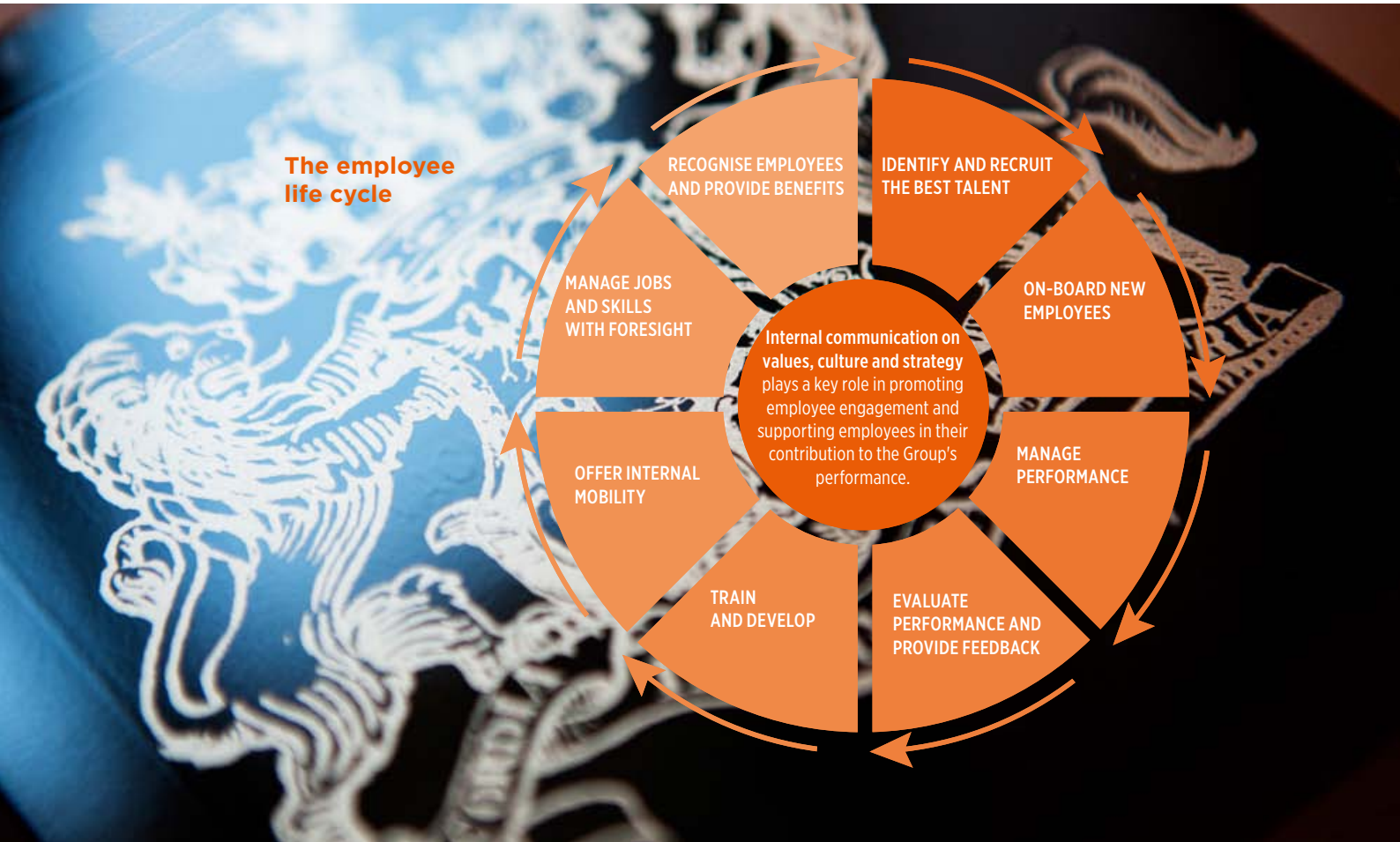
“ We know that open and transparent communications are at the heart of a successful business and people are engaged if they get a sense of where we are heading and what role they play in the process. ”

Emanuela Bonadiman emphasised the importance of transparent communication to engage employees and involve them effectively in the achievement of the Group's strategic objectives. What is the Communication department doing to make this possible?

We are working on a number of fronts in this context. The first is indeed communication on the Group's strategy. In 2016 we increased the number of strategic communication meetings, in our Luxembourg entity in particular, but also in France and Switzerland. These meetings, often in an informal setting, give employees the opportunity to hear directly from top management and other colleagues in detail on key strategic programs. They complement the existing 'town hall' meetings during which all employees receive an overview of the results at year end and at the mid-year point.

In September 2016, we went further and held a Group Strategic Seminar attended by 80 managers, during which we laid out the Group's strategy very clearly. A video of the event was distributed to all employees along with a letter from Ariane de Rothschild. This was a key event and it was a game-changer in terms of how we articulated and communicated the strategy. Other similar events will be held in 2017 focusing on our key business lines and, at Group level, showing how we are delivering on the strategy. We are putting such a strong emphasis on this approach because we know that open and transparent communications are at the heart of a successful business and people are engaged if they get a sense of where we are heading and what role they play in the process.

Another front we are working on in this context is the co-creation of our brand identity. We have worked in 2016 to define our brand and communicate on it across the Group, including in workshops where a cross-section of employees have the opportunity to test it out and contribute ideas on what we can do that is new or different in all aspects of our activities, including products and processes. There will be a wider deployment of the brand identity in 2017 to all employees. We really want our people to have a sense of ownership of the brand identity and to share in real-time the process we are going through to create it together. The brand belongs to all of us and depends on all of us. It also makes a key contribution to the way in which we perceive and live the values and culture of the Group on a daily basis.





Davide Paganoni
Head of Learning & Development,
Edmond de Rothschild Group

“It is when managers have understood the purpose and benefit of these decisions, and have chosen to embody them, that their leadership is expressed.”

MANAGERIAL LEADERSHIP AND CULTURE

You joined the Edmond de Rothschild Group in 2016 to head up the Learning & Development team. What is your vision for this activity and what were your priorities in 2016?

The name “Learning & Development” was a deliberate choice. Our role is not limited to creating training programmes - it is part of a continuous learning and personal and professional development approach, based on the proactive involvement of each employee. As for the managers, they are responsible for ensuring the appropriate development of their teams so that everyone can make the best possible contribution to the Group’s performance.

Furthermore, training sessions do not only aim to develop employees; they are also intended to support the Group in its transformation and in its pursuit of excellence. That is why the programmes are now mostly created internally, to provide unique, tailored responses and solutions. Our work in 2016 largely consisted of identifying these needs across all locations and lines of business to build a harmonised, coherent offering for the whole Group, and make it accessible to all, using our new LMS (Learning Management System)¹.

At the same time, we have been working in close partnership with the managers, including at top management level to define different training programmes, in order to create content which most closely meets their needs, taking account of their day-to-day reality.

How does your work contribute to creating a managerial leadership culture?

A leadership culture is something that develops over time. Work needs to be done on three areas in order to introduce new behaviours:

- » *“what”: what changes do we want to see and what choices have been made?*
- » *“how”: how do we incorporate these changes into the management of our teams and their activities?*
- » *“why”: it is when managers have understood the purpose and benefit of these decisions, and have chosen to embody them, that their leadership is expressed.*

In 2016, the focus was on defining a new Leadership Model, and on creating a “Managerial Expertise” training programme, which includes a range of modules such as: managing performance, developing talent and employee engagement.

We have also launched individual and team coaching programmes, to disseminate the principles of the Leadership Model. Moreover, we have been marketing the “Managerial expertise” programme, with the communication department, to spread the word on its added value and stimulate take-up by the target populations. This is why the theme of navigation, one close to the Rothschild family’s heart, has been chosen for the symbolism of the associated words: voyage (quest for knowledge), route (development plan), destination (objective), boarding (team commitment), etc. To continue the theme, the LMS is named “Latitude” and the various modules of our programme, adapted to each target population, bear the names of famous navigators:

- » *Jean Cabot: all employees;*
- » *Vespucci: talents with potential;*
- » *Colombus: all managers;*
- » *Magellan: top management.*

OUR 2020 OBJECTIVES

Develop a managerial and leadership culture based on the Group’s values

In 2016, 156 employees participated in the “Managerial Expertise” training programme (732 training hours)*.



*This programme was launched in September 2016 and will continue in 2017.

1. See “Focus on the use of digital technologies for training and development” on page 35.

OUR 2020 OBJECTIVES

Ensure the appropriate drivers of employee engagement are in place

90
employees benefited from internal mobility (25% more than in 2014)

129
employees were promoted (16% fewer than in 2014)

97 %
of employees took part in a performance review process (13% more than in 2014)

83 %
of employees attended at least one training session (11% more than in 2014)

PROFILE AND SOCIAL PERFORMANCE OF OUR GROUP IN 2016

Employee data for 2016 covers the whole Edmond de Rothschild Group, apart from the indicators on internal mobility, promotion, training, absenteeism and employee health and safety, which remain consolidated at main entity level. The scope is shown in the indicator tables, and is to be understood as follows:

Parent company	“Group” scope	“Main Entities” scope
Edmond de Rothschild (Switzerland) S.A.	Geneva, Lausanne, Lugano ¹ , Fribourg, Zurich, Bahamas ² , United Arab Emirates, Guernsey ² , Hong Kong, Israel, Monaco, United Kingdom and Uruguay	Geneva ³ , Lausanne, Fribourg, Zurich
Edmond de Rothschild (France)	Germany, Chile ² , China, Spain, France (Paris and the provinces), Hong Kong and Italy	Paris and offices in the provinces
Edmond de Rothschild (Europe)	Belgium, Spain, Israel, Luxembourg, Portugal	Luxembourg

It should be noted that the indicators that are only available for the “Main Entities” scope cover 76% of the Group’s workforce.

In 2016, the Group’s workforce stood at 2,703 employees, a 3% decrease versus 2015, with 98% of employees on permanent contracts. These numbers illustrate the Group’s aim of stabilising its workforce while retaining the option to seize opportunities offered by the market, and demonstrate its desire to offer employees’ long-term prospects.

G4-20

ATTRACTION, RECRUITMENT AND RETENTION

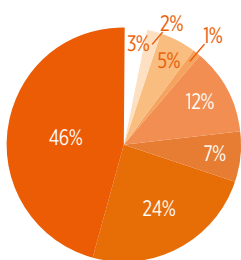
In 2016, 306 people joined the Group (80% of them on permanent contracts), and 370 people left the Group. Turnover, available for the first year at Group level, was 13% and the average period of service remained stable at 8.9 years.

These figures reflect the context in which the Group is currently operating (see page 29). The Group has returned its focus to Europe and has transferred some of its operations (Bahamas, Guernsey).

Above all, the success of the Edmond de Rothschild Group resides in the quality of its employees, their skills, their professionalism, and their commitment.

It is therefore crucial to attract and retain the people with the best profiles and who share the Group’s vision and values. Since effective talent management begins with targeted recruitment, the HR departments worked on strengthening this process in 2016. In order to fully manage this key activity, we are working to internalise talent acquisition skills and tools, the main objective being to have direct access to a pool of internal and external talent. The first phase involved defining and rolling out a recruitment process which incorporates the best practices observed in the various Group entities. This will enable us to launch an e-recruitment module in 2017, within our HR-Online system. At the same time, modules on recruitment, retention and talent management have been included in the “Managerial Expertise” training programmes. Our aim is to ensure that managers have the best possible tools and skills. Employees can also contribute to this talent acquisition through our referral process, which is intended to ensure the Group benefits from their networks of contacts.

TERMINATION OF EMPLOYMENT CONTRACTS BY TYPE IN 2016 (SCOPE: GROUP) ✓



- Resignation
- Dismissals
- Retirement
- Transfer of activity
- Death
- Termination by mutual agreement
- Unsatisfactory trial period
- Other

1. Since 1 January 2016, the activities of Edmond de Rothschild (Lugano) S.A. have been integrated with those of the parent company, Edmond de Rothschild (Switzerland) S.A., as a subsidiary.

2. These entities closed prior to the end of 2016.

3. With the exception of Edmond de Rothschild Asset Management in Switzerland (44 people) and Edmond de Rothschild Private Equity in Switzerland (18 people).

Another recruitment channel is internal mobility, which increased by 25% in 2016 (i.e. almost a quarter of positions filled), reflecting the importance that the Edmond de Rothschild Group places on this driver of employee development. Internal mobility enables us to be responsive and agile in responding to the needs generated by a fast-changing, complex operating environment. Crucially, it is also a way of boosting employee loyalty and commitment; employees see their careers progress and their skills improve. The HR function has therefore adopted a proactive approach to internal mobility via a committee responsible for identifying potential candidates for vacancies. Employees can also access all open vacancies within the Group using an intranet portal.

Promotion is another driver of talent retention which was reviewed in 2016 and will be piloted in Switzerland in early 2017. The allocation criteria have been strengthened, in particular for managerial positions. Members of the

top management are closely involved in the selection of employees for promotion at every level in order to have a detailed view on the quality of our human capital and to be able to contribute more effectively to internal mobility.

In 2016, the Group also continued to improve succession planning for key and/or sensitive positions. This process is combined with tailored training programmes and coaching.

The Group's remuneration strategy is aligned with its business strategy in order to reward and retain our talented employees and encourage long-term performance. An annual review ensures alignment with the various regulations in this area, which are mainly intended to limit inappropriate risk-taking and unethical behaviour.

Fair pay - equal pay for equal work - remains one of our guiding principles.

G4-LA1

Indicators	Perimeter	EdR (Suisse)	EdR (Europe)	EdR (France)	EdR Group		
		2016	2016	2016	2014	2015	2016
HEADCOUNT AND TYPE OF EMPLOYEE CONTRACT							
Headcount - G4-9 / G4-10	Group	1,202	640	861	2,673	2,793	2,703
Headcount - G4-10	Main entities	706	550	787	-	-	-
Type of contract - G4-10 							
Percentage of employees on permanent contracts	Group	97.3%	97.2%	98.3%	-	98.0%	97.6%
Percentage of employees on short-term contracts	Group	2.7%	2.8%	1.7%	-	2.0%	2.4%
Working time							
Percentage of employees on full-time contracts	Group	88.7%	82.7%	95.3%	-	89.6%	89.3%
Percentage of employees on part-time contracts	Group	11.3%	17.3%	4.7%	-	10.4%	10.7%
ATTRACTION AND RETENTION							
Recruitments* - G4-LA1 							
Total	Group	167	71	68	298	322	306
Percentage of women	Group	41%	51%	43%	47%	44%	43%
Percentage of permanent contracts		81%	76%	81%	-	-	80%
Departures* G4-LA1 							
Total	Group	221	58	91	328	167	370
Percentage of women	Group	41%	38%	48%	44%	40%	42%
Turnover* - G4-LA1							
Turnover Men	Group	18%	10%	10%	-	-	14%
Turnover Women	Group	17%	8%	11%	-	-	13%
Total Turnover	Group	18%	9%	10%	-	-	13%
Average years of service							
Average years of service	Group	8	10	10	-	8.6	8.9

* For these indicators, 2014 and 2015 covered main entities only. Starting from 2016, results cover the entire hubs.

PERFORMANCE REVIEW, EMPLOYEE TRAINING AND DEVELOPMENT

Strengthening the link between performance (individual and collective) and reward, irrespective of its components (remuneration, promotion, mobility), enables greater transparency and fairness, which in turn boost employee motivation and engagement. These conditions are key to attaining our shared objectives.

Employee performance reviews are therefore a key indicator and are essential to supporting employees' professional development and their contribution to the Group's performance.

In 2016, the training programmes developed for managers and employees reflect, among other things, the importance attributed to this exercise, both for the teams and for the Group:

- » recognising employee performance;
- » highlighting development/training needs;
- » encouraging and contributing to internal mobility.

In 2016, 94% of Edmond de Rothschild Group employees took part in all stages of the evaluation process (compared with 83% in 2015).

This process ensures a structured and factual dialogue between managers and employees on their performances. The evaluation covers quantitative as well as qualitative components, i.e. a series of behaviours which reflect the Group's values and ambitions. These criteria were reviewed in 2016 to align them with the Group's new leadership model and are grouped into five main areas:

- » attitude and state of mind;
- » client relationship;
- » focus on results;
- » team management;
- » strategy.

G4-56 / G4-LA11

The benefit and added value of this exercise depend on the objective-setting process being properly carried out; targets must be ambitious and dovetail with the Group's priorities and values. This ensures that the contributions of all employees are effective and aligned with the Group's success. To do this, international private banking defined a score card in 2016 which requires, in addition to quantitative targets, qualitative targets to be set, particularly as regards:

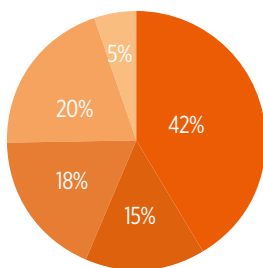
- » "management and leadership", for the populations concerned (measured through indicators such as turnover and team satisfaction);
- » "compliance and risk management".

As of 2017, employees and managers will be able to complete this exercise with the definition of a training plan for the coming year. All the work done in 2016 on the "Learning & Development" activities (see pages 31 and 35) also resulted in a learning process being defined in which employees and managers are fully involved:

- » activation: prior to the course, the employee is encouraged to gather material about and reflect on the course objectives;
- » experience: course attendance;
- » extraction: after the training, the employee is responsible for putting into practice what he or she has learned; the manager must ensure the suitable conditions for this;
- » application: at the end of the year, the manager evaluates the "return on investment" of the training sessions attended by his or her team members. *Have they incorporated their new skills well? What was the impact on the quality of work and the achievement of objectives?*

The slight drop in our training indicators in 2016 (a 9% decrease in the number of training sessions; an 8% decrease in the average number of training hours), is due to the mobilisation of the Learning & Development team to ensure greater synergies in the tools, programmes and culture around training and development in order to meet the Group's exacting standards.

**2016 TRAINING BY CATEGORY
(SCOPE: MAIN ENTITIES)**



- Technical / job-specific (including compliance*)
- Interpersonal / managerial skills
- Beginners and advanced language training
- IT and administrative skills
- Security and quality assurance

* The number of training hours for Edmond de Rothschild (France) does not include all Ethic and Compliance training because there is, as yet, no common reporting system. For more information, see page 35.

#FOCUS

THE USE OF DIGITAL TECHNOLOGIES FOR TRAINING AND DEVELOPMENT

In 2016, training at Edmond de Rothschild resolutely entered the digital age with the creation of Latitude, the Group's new LMS (Learning Management System). Previously each entity managed its training programmes in an isolated fashion, so a real revolution of working practices was required. Now the focus is on:







- » effectiveness, through increased intra-group synergies on matters of mutual interest;
- » tailored training, with content that most closely meets the specific local requirements and needs (notably regulatory).

Most of the courses are now developed in-house, based on the expertise and needs of the various teams. In 2016, many programmes were launched: automatic exchange of information, cross-border activities, fight against money laundering and managerial expertise. Latitude has also enabled the launch and delivery of 65 online courses (over 2,800 attendees registered) as part of the planned migration to a new IT management platform, within international private banking. All management now has visibility on the level of knowledge and preparedness of the teams concerned by this major strategic programme.

Several other digital projects are being developed as part of a "blended learning" approach. It will give employees easier access to useful information, enabling them to develop and learn more independently. At the end of 2016, there were two new launches:

- » an online library containing hundreds of summaries of reference books and articles on management, which all employees can access from their workstations and smartphones;
- » a mobile app which enables new employees to access important information about the Group and its operations even before they start in their new roles, in order to accelerate their integration.

In 2017, an HR team dedicated to digital matters will work on implementing other projects to prepare the ground for many transformations, not only in training formats, but also in the way we communicate and work together within the Group.

Indicators	Perimeter	EdR (Suisse)	EdR (Europe)	EdR (France)	EdR Group		
		2016	2016	2016	2014	2015	2016
CAREER DEVELOPMENT							
Annual performance review - G4-LA11 							
Percentage of employees having received an annual performance review	Group	94%	98%	99%	86%	86%	97%
Percentage of employees having completed their review	Group	90%	96%	98%	73%	82%	94%
Promotion - G4-LA11 							
Number of employees promoted during the year	Main entities	51	24	54	153	157	129
Percentage of women	Main entities	39%	46%	50%	48%	41%	45%
Internal Mobility 							
Number of employees promoted to internal vacant positions during the year	Main entities	24	28	38	72	72	90
Percentage of women	Main entities	42%	54%	50%	36%	42%	49%
Training - - G4-LA9							
Number of training hours* 	Main entities	15,549	9,746	9,956	40,059	38,529	35,251
Percentage of employees who attended at least one training course 	Main entities	92%	97%	64%	75%	91%	83%
Women as a percentage of employees trained 	Main entities	41%	47%	51%	46%	46%	46%
Average number of training hours per employee	Main entities	22	18	13	21	19	18
Training budget (in thousands of CHF)	Main entities	-	-	-	4 021	2 247	2 535

* The number of training hours for Edmond de Rothschild (France) does not include all Ethics and Compliance training. These data are progressively included in data collected by Human Resources (they covered 16% of HR data in 2016). At the end of 2016 in France, four training courses were still managed by the Compliance Department, independently of the HR, totaling 299 hours, thus bringing the total number of training for France in 2016 to 10,255.

OUR 2020 OBJECTIVES

Gradually increase the percentage of women in senior management



Maintain gender diversity in the Group's headcount



Maintain our cultural diversity



DIVERSITY AND EQUAL OPPORTUNITIES

With 49 nationalities represented in the Group, our operations in 15 countries benefit from a cultural richness which complements the diversity of our activities. Women now account for 25% of the Group's senior management (equivalent to 2015). Women also make up 24% of the Executive Committees and Boards of Directors at local and Group level (an increase of 39% since 2014).

At Group level, women account for 45% of the workforce, and 48% in the main entities. This percentage is relatively consistent across the different processes²:

- » 43% of employees recruited are women;
- » 46% of employees trained are women;
- » 45% of employees promoted are women;
- » 49% of employees who have benefited from internal mobility are women.

G4-LA12

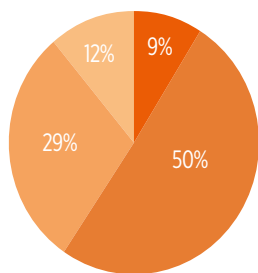
Although the Group has good results in terms of cultural diversity and representation of women, including in senior management, it is committed to maintaining this situation or indeed improving it further.

This year as in previous years, the Group is developing partnerships with schools and training sessions in order to form a pool of young talent and play an active role in providing vocational training to students. In 2016, the Group took part in 12 forums within the following grandes écoles: HEC Paris, ESSEC, EDHEC, ESCP Europe, EPFL, University of Geneva, University of Luxembourg, Grenoble Management School, IESEG, Neoma Business School, Paris School of Business and Université Paris-Dauphine.

The Edmond de Rothschild Group is involved in helping young people become integrated in the workplace. In this context, it had 153 placement students and 33 students on work/study contracts³ (apprenticeship contracts and/or professional experience contracts) throughout 2016, i.e. around 81 employees on a full-time basis⁴, some of whom were offered a job after their apprenticeship period.

Finally, in June 2015, in France, an agreement on people with disabilities was signed for the companies in the UES⁴ (a legally recognised group of integrated companies in France), for a three-year period. One of this agreement's commitments is to bring the employment rate of disabled employees up to 1.3% of the UES's workforce by end 2017. For further information on this agreement and the measures rolled out, see page 50 of the 2016 Edmond de Rothschild (France) annual financial report.

BREAKDOWN BY AGE - G4-LA12 (SCOPE: GROUP)



- <30 years
- 30 to 44
- 45 to 54
- 55 and over

#FOCUS

EDMOND DE ROTHSCHILD (FRANCE) OBTAINS THE "HAPPY TRAINEES® 2016-2017" LABEL



In 2016 in France, Edmond de Rothschild (France) and its subsidiaries received recognition for their commitment to placement students and those on work/study contracts. It was awarded the "HappyTrainees® 2016-2017" label, which is awarded for excellence in welcoming, integrating and supporting this young talent. Edmond de Rothschild (France) and its subsidiaries were ranked 4th out of 500 based on feedback from placement students and those on work/study contracts. 9 out of 10 young people would recommend a placement or work/study contract at Edmond de Rothschild (France) and its subsidiaries, and 9 out of 10 would also like to work there after their studies.

1. 2015 is now the reference year for these objectives because data at Group level was not available before. G4-22

2. Apart from the percentage of women in new recruits, all of the indicators below correspond to the "Main Entities" scope.

3. This data applies to the main entities of the Edmond de Rothschild Group.

4. The Employee Representative Institutions cover the scope of the following companies: Edmond de Rothschild (France), Edmond de Rothschild Asset Management (France), Edmond de Rothschild Corporate Finance, Edmond de Rothschild Investment Partners, Edmond de Rothschild Private Equity (France), and Edmond de Rothschild Assurances et Conseils (France).

Indicators	Perimeter	EdR	EdR	EdR	EdR Group		
		(Suisse)	(Europe)	(France)	2014	2015	2016
DIVERSITY							
Gender breakdown - G4-10 							
Women	Group	42%	46%	47%	-	47%	45%
Men	Group	58%	54%	53%	-	53%	55%
Women in senior management - G4-10 / LA12 							
Percentage of women in senior management	Main entities	18%	30%	26%	24%	25%	25%
Female senior managers as a percentage of total workforce	Main entities	5%	9%	7%	6%	6%	7%
Nationalities - G4-LA12							
Number of nationalities*	Group	44	19	26	-	42	49
Average age - G4-LA12							
Average age of employees	Group	44	41	43	-	42	43
HEALTH, SAFETY AND WELL-BEING AT WORK							
Labour relations** - G4-11							
Percentage of employees covered by collective bargaining and/or employee representatives	Main entities	0%	100%	100%	68%	66%	65%
Number of collective bargaining agreements signed over the year (also including employee health and safety)	Main entities	-	-	-	4	7	2
Absenteeism***							
Absenteeism	Main entities	2.97%	3.73%	2.70%	-	-	-
Frequency rate of work-related accidents****- G4-LA6							
Frequency rate	Main entities	-	-	2.4	-	-	-
Severity rate of work-related accidents***** - G4-LA6							
Severity rate	Main entities	-	-	0.03	-	-	-

* For these indicators, 2014 and 2015 covered main entities only. Starting from 2016, results cover the entire hubs.

** Reminder: The scope of these indicators is France, Luxembourg and Switzerland, excluding Lugano (84 employees) and excluding the activities of Edmond de Rothschild Asset Management in Geneva (44 people). The two agreements signed concern France; for further information, read the Edmond de Rothschild (France) annual report (page 50).

*** Absenteeism for our three main entities means: "Number of days of unplanned absence, or lost working days (illnesses, workplace accidents, non-justified absences) (excluding annual leave, maternity leave, sabbatical leave or leave to set up a business), divided by the number of days theoretically worked for the entire workforce over the reporting year".

In the Edmond de Rothschild France annual report, the rates differ for France, as they correspond to the definition of the Social Report, a legal report that the Bank must publish every year: number of days of absence due to sickness divided by the theoretical days worked of the headcount published in the Social Report at 31/12.

**** The frequency of work-related accidents is calculated as follows: number of accidents resulting in lost working time x 1,000,000 / number of hours worked

***** The severity rate of work-related accidents is calculated as follows: days compensated x 1,000 / number of hours worked.

DIVERSITY IN THE GOVERNING BODIES OF OUR MAIN LEGAL ENTITIES - G4-38 / G4-LA12

Indicators	EdR (Suisse)		EdR (Europe)		EdR (France)		EdR Group		
	2015	2016	2015	2016	2015	2016	2014	2015	2016
DIVERSITY									
Diversity in the Supervisory Board									
Number of members	10	10	11	6	9	9	10	10	10
Percentage of women	10%	10%	27%	29%	22%	22%	20%	10%	9%
Number of nationalities represented	3	2	3	3	3	3	5	5	4
Diversity in the Executive Committee									
Number of members	7	7	7	9	23	23	13	11	10
Percentage of women	43%	43%	29%	33%	22%	22%	15%	45%	36%
Number of nationalities represented	4	4	2	3	2	2	3	4	5

MATERIAL ISSUES

- » Carbon risk management and energy transition
 - » Integration of ESG criteria into financial analysis
 - » Company engagement and proxy voting
 - » Positive selection investment strategies
 - » Thematic investing integrating ESG criteria
 - » Impact investing
-

INNOVATION IN RESPONSIBLE INVESTMENT

Responsible investment is at the heart of the Edmond de Rothschild Group strategy. For many years, we have considered it a major material issue, given its impact on the economy as a whole and on the Group's performance. We are convinced that the solutions contributed by the private sector to sustainability challenges are a source of economic growth and return on investment.

Since 2015, the international community has been taking decisive action to clearly express its intention to move towards the new economic paradigm based on sustainability, particularly through the signature of the 2030 Sustainable Development Goals¹ (SDGs), adopted unanimously by the 193 member states of the United Nations in September 2015, and the beginning of the implementation of the Paris Agreement through its ratification by 125 countries in 2016².

In this context, the various entities of the Edmond de Rothschild Group – particularly Edmond de Rothschild Asset Management³ and Edmond de Rothschild Private Equity – have been proactively focusing their efforts on contributing to this structural economic change. They have therefore set their 2020 targets and are implementing their roadmaps to integrate ESG (Environment, Social, Governance) criteria into their investments and thus accentuate the positive contribution that they can make to the SDGs. At the same time, they are working in close collaboration with the Group's Private Banking entities to make these investment opportunities increasingly accessible and attractive to their institutional, private and external distribution clients, so as to most closely meet their needs for investment solutions which perform well in both financial terms and as regards ESG.

We use the term "Responsible Investment" (RI) to refer to our long-term investment approaches which integrate ESG factors in the process of research, analysis, active dialogue with issuers and selection of securities within a portfolio. These approaches that we are developing may also be referred to as "Socially Responsible Investments (SRIs)" or "sustainable" depending on the terminology preferred by different organisations (PRI, Eurosif), and have the following specific features:

SRI	Impact investing	<p>Principle: Investment strategy which sets out to respond to sustainability challenges with the explicit objective to create positive economic/financial, social and environmental value for society and investors, while remaining competitive with the market. Evaluation of the impacts and the pursuit of ESG opportunities are especially intense and are the subject of dedicated reporting.</p> <p>Impact at portfolio level: a systematic impact on all investment decisions.</p>
	Sustainability-themed investing	<p>Principle : Investment strategy which involves investing in companies or categories of securities that provide solutions to major sustainability issues, such as health, climate change and economic development in emerging countries, while generating growth opportunities linked to the innovative nature of their business models.</p> <p>Impact at portfolio level: a systematic impact on all investment decisions.</p>
	Positive selection and engagement strategies	<p>Principle : Investment strategy with advanced ESG integration but which goes further, by using ESG criteria to either change the portfolio composition (e.g. positive selection: best in class/best in universe), or to practice "engagement" (direct or collaborative in-depth ESG dialogue with the companies, which is formal and traceable).</p> <p>Impact at portfolio level: a systematic impact on investment decisions and/or ESG engagement actions that may affect portfolio composition (i.e. decisions to add to, reduce or sell positions).</p>
ESG integration	Advanced ESG integration	<p>Principle : This involves integrating ESG criteria into an issuer's valuation, rating or financial recommendation. Investment teams work with the Responsible Investment (RI) team to incorporate the ESG risks and opportunities of the portfolios in their investment strategy, based on internal analyses and ratings. Direct ESG dialogue with companies can be envisaged, based on material ESG factors, and carried out jointly and formally by the RI investment team and fund managers, in order to supplement this internal analysis. Advanced ESG integration may be adapted as necessary to apply it to other types of asset management activities carried out by the Edmond de Rothschild Group, such as multi-asset, private equity and direct investment in real estate management.</p> <p>Impact at portfolio level: The most material ESG issues are identified and may have an impact on investment decisions.</p>
	Initial ESG integration	<p>Principle : ESG analysis data and SRI scores carried out by the internal RI investment team are made available to the investment teams, so that they can be taken into account by the fund managers in their financial analysis and/or their investment decision.</p> <p>Impact at portfolio level: The ESG impacts on the portfolio composition are not necessarily systematically traceable.</p>

Please note that all of our investments integrate a normative exclusion of companies linked to the production of cluster bombs and anti-personnel mines, as defined by the Edmond de Rothschild Asset Management RI investment team.

1. <http://www.un.org/sustainabledevelopment/> 2. http://unfccc.int/paris_agreement/items/9485.php (data correct at the end of 2016). 3. "Edmond de Rothschild Asset Management" or "EdRAM" is the commercial name of the asset management entities (including branches and subsidiaries) of the Edmond de Rothschild Group. It also refers to the Asset Management division of the Edmond de Rothschild Group.



EDMOND DE ROTHSCHILD GROUP RESPONSIBLE INVESTMENT STRATEGIES

OUR AMBITIONS

- » Be recognised as a leader in responsible investment
- » Increase our assets in responsible investment

OUR STRATEGY

- » Enable our clients to align their investments with their values and investment objectives
- » Engage with companies on sustainability issues
- » Collaborate with stakeholders on responsible investment

Overview of the Edmond de Rothschild Group responsible investment product offering

	ESG integration		SRI	Philanthropy	
	<ul style="list-style-type: none"> » First level of ESG integration (initial) » Simplified shareholder engagement » Proxy-voting 	<ul style="list-style-type: none"> » Advanced ESG integration 	<ul style="list-style-type: none"> » Advanced ESG integration with a responsible investment strategy: <ul style="list-style-type: none"> » Positive selection (best-in-universe, best-in-class) » On sustainability themes (social and/or environmental) » In-depth ESG dialogue/ shareholder engagement 	Impact investing which creates positive social and/or environmental value for society and investors (competitive with the market)	"Impact first" investment/ philanthropy with a focus on environmental and social impact (reduced return on investment)
	Competitive returns				
	ESG risk management				
		ESG opportunities			
		High-impact solutions			
	The new paradigm				
Asset Management strategies	European and US-listed equities strategies	Open architecture for funds of funds and dedicated responsible investment mandates			
		<ul style="list-style-type: none"> » 1 positive-selection equities strategy with a "sustainable growth" themed focus » 1 ESG engagement equities strategy » 1 positive-selection best-in-universe ESG credit strategy » Positive-selection best-in-class ESG equities mandates » Positive-selection quantitative multi-asset ESG mandate 		Edmond de Rothschild Foundations* <ul style="list-style-type: none"> » 1 'Impact First' investment strategy in Africa » 1 Social Impact Bond in Israel on education Philanthropic activities of the Edmond de Rothschild Foundations*	
Private Equity strategies	<ul style="list-style-type: none"> » 2 small/mid caps strategies** » 1 social infrastructure and transport strategy » 1 minority strategy in Europe » 1 mezzanine debt small/mid caps strategy*** 	<ul style="list-style-type: none"> » 1 life-science-themed strategy » 1 African economic development-themed strategy 	<ul style="list-style-type: none"> » 1 agroforestry-themed strategy » 1 soil remediation-themed strategy 		
	Tailored solutions: SRI mandates, proxy-voting, dedicated reporting.				

Source : Edmond de Rothschild

The red dotted lines in this diagram indicate the threshold that defines which assets under management we count in our "Responsible Investment" category. We only consider assets under management using strategies to which an advanced ESG integration or SRI/impact methodology is applied (see definitions on page 39).

* The Edmond de Rothschild Foundations are a network of ten private Rothschild family foundations. They are entirely separate and independent from the Edmond de Rothschild Group.

** "Small and mid caps" refers to companies of small and medium capitalisation.

*** "Mezzanine debt" means the debt with the highest risk, the repayment of which is subordinate to the repayment of senior debt.

OVERVIEW OF RESPONSIBLE INVESTMENT FOR THE EDMOND DE ROTHSCHILD GROUP – G4-FS7 / G4-FS8 / G4-FS11

		2014	2015	2016
Asset Management	Number of strategies for all listed asset classes which apply a responsible investment methodology ✓	3	4	3
Asset Management	Assets under management at Edmond de Rothschild Asset Management covered by responsible investment strategies (excluding mandates) (in millions of CHF) ✓	1,804	1,787	1,702
Asset Management	Assets under management in institutional mandates covered by responsible investment strategies (in millions of CHF) ✓	1,690	1,926	1,954
Asset Management	Percentage of assets under management at Edmond de Rothschild Asset Management (France) covered by a responsible investment strategy ✓	12.7%	15%*	15%*
Asset Management	Percentage of assets under management at Edmond de Rothschild Asset Management covered by a responsible investment strategy ✓	-	8%*	8%*
Asset Management	Percentage of assets under management at Edmond de Rothschild Asset Management (France) covered by a carbon footprint New ✓	-	16%	24%
Private Equity	Number of Private Equity strategies which apply a responsible investment approach ✓	6	7	9
Private Equity	Assets under management at Edmond de Rothschild Private Equity covered by a responsible investment strategy ✓	1,628	1,812	2,677
Private Equity	Of which assets under management at Edmond de Rothschild Private Equity covered by an impact investing strategy (in millions of CHF)	165	178	315
Private Equity	Percentage of assets under management at Edmond de Rothschild Private Equity covered by a responsible investment/impact investing strategy ✓	59%	77.7%	92.8%
Group	Number of responsible investment strategies managed by entities of the Edmond de Rothschild Group which are signatories of the PRI	6	11	12
Group	Total Group assets under management covered by responsible investment strategies (in millions of CHF) ✓	5,122	5,526	6,332
Group	Percentage of assets managed by the Group covered by a responsible investment strategy ✓	3.1%	3.4%	3.8%
Group	Percentage of requests for proposals to which Edmond de Rothschild Asset Management responded, including ESG/responsible investment criteria	31%	14%	12%
Group	Percentage of due diligence processes in which Edmond de Rothschild Asset Management has taken part, including ESG/RI or sustainability issues New	-	15.4%	25%

In 2016 our assets covered by responsible investment strategies amounted to 6.3 billion CHF compared with 5.5 billion CHF in 2015. This increase is mainly due to major fund-raising (over 1 billion CHF) by our private equity strategies which are in the responsible investment category, notably by our soil remediation impact investing strategy. Beyond this increase in real assets, the scope of the assets included in the responsible investment category was extended thanks to formal advanced ESG integration processes being applied to two additional strategies following signature of the PRI by the entire Private Equity platform at the end of 2015.

As regards asset management, our assets covered by responsible investment strategies remain stable at 3.65 billion CHF.

15%

of the assets managed by Edmond de Rothschild Asset Management (France) are covered by responsible investment strategies ✓

93%

of the assets managed by Edmond de Rothschild Private Equity are covered by responsible investment strategies ✓

6.3 billion CHF

of the Edmond de Rothschild Group are managed according to responsible investment strategies ✓

* This scope excludes the activities of Asset Servicing, Overlay, EMTN and FSP, to which it is not possible to apply responsible investment strategies..

RESPONSIBLE INVESTMENT IN OUR ASSET MANAGEMENT ACTIVITIES



Philippe Uzan
Chief Investment Officer,
Edmond de Rothschild Asset Management

OUR 2020 OBJECTIVES

Adopt a 2017-2020 Responsible Investment strategy for all types of investment expertise at Edmond de Rothschild Asset Management



Jean-Philippe Desmartin
Responsible Investment Director,
Edmond de Rothschild Asset Management (France)

OUR 2020 OBJECTIVES

Define a RI action plan and an action plan to manage climate risk for the 2017-2020 period

(also see pages 50-51)

Train 100% of internal equity and bond investment teams in RI/ESG.

(also see page 69)

In 2016, Edmond de Rothschild Asset Management renewed its 2017-2020 Responsible Investment strategy. Can you give us an overview of the strategy, and what are your ambitions for the coming years?

The Responsible Investment (RI) strategy is at the heart of our company's growth strategy. It is a natural part of our DNA, that of independent, long term, active, fundamental and convictions-based management. It is also intended as a distinguishing feature that reinforces the unique nature of our Group. It is monitored and supported by the Executive Committee and our family shareholder.

Therefore, capitalising on the 2013-2016 results and on the basis of an internal SRI expertise (which celebrates its tenth anniversary this year), Edmond de Rothschild Asset Management has formalised and validated its 2017-2020 Responsible Investment strategy. We have also been working closely within the context of the overall policy of the Edmond de Rothschild Group.

This strategy is based on a dedicated steering committee that I lead and on 12 strategic focus areas identified across all front-end and support functions. The measurement of and research on social and environmental impact, ESG integration, continuous improvement of methodologies and databases, product innovation for our clients, the pursuit of shareholder engagement and dialogue with companies, improved control and reporting, consistent internal and external communication, all of that is part of our programme, with priorities which must be adhered to, such as climate change.

We are aiming not only to meet client needs in the short term, (institutional, private banking, distribution networks) and new regulations (such as Article L.173 of the Energy Transition for Green Growth Act in France) but also to structure and improve our responsible investor approach over the long term. Stakeholders often underestimate the change management challenge linked to the responsible investment approach which must align with the rules of the game in our industry: performance and risk management. As part of a long term approach and with the benefit of managerial and shareholder leadership, we implement these strategies with pragmatism, efficiency and earnestness.

The roadmap for the 2017-2020 Edmond de Rothschild Asset Management Responsible Investment Strategy was drawn up in 2016. What are your priority projects for the coming year?

Unsurprisingly, 2017 will see the deepening of our Climate roadmap. As a signatory of the Montréal Pledge¹ we have been disclosing our carbon footprint since the end of 2015. Article L.173 encourages us, along with our clients, to move forward, and quickly. The projects are vast, many and complicated: identify and reduce risks, identify and move towards opportunities, set priorities by sector, methodologies for scope 3 data² and CO₂ emissions avoided, strict application of our institutional clients' climate policies, taking a stance on complex debates such as "stranded assets"³ or the carbon price signal⁴, individual and collective engagement and dialogue with the most affected companies, involvement in public debates... Our team certainly has plenty to do!

Another priority, ESG integration is at the heart of our strategy and aims to gradually cover the 85% of our assets which are outside our specialised SRI range. It is based on two approaches: top down and bottom up. The top down approach is based on our signature of the PRI (Principles for Responsible Investment supported by the United Nations)⁵ in 2010. Raising awareness among the various teams, formalisation of policies, monitoring of external suppliers, improvement of information and reporting tools, and the involvement of compliance, legal, internal audit and external audit teams are some of our 2017 priorities.

G4-DMA FS4

At the same time, the investment teams for equities, bonds and asset allocation are working on ten innovative ESG integration projects for the 2017-2020 period. This cooperation gives concrete, traceable results, and focuses on subjects identified as material, such as the impact on financial valuation and the energy transition. These projects are also jointly designed and shared externally in initiatives and working groups in France, Switzerland, across Europe or on a global scale within the framework of the PRI. The results of these projects will be shared with all teams and will ultimately benefit the entire Edmond de Rothschild Group.

1. See : <http://montrealpledge.org/signatories/> 2. All the other CO₂ emissions not directly linked to the manufacture of the product, but to other stages of the product life cycle (e.g. supply chain, transport, use, end of life). For further details on scopes 1, 2 and 3 of the Greenhouse Gas Protocol, see: <http://www.ghgprotocol.org/calculation-tools-faq> 3. It is an expression used in finance to refer to investments or assets which lose their value as a result of market changes. See: <http://www.novethic.fr/lexique/detail/stranded-asset.html> 4. The "carbon price signal" is the potential price attributed to one tonne of CO₂ equivalent. This signal is key to changing the decisions made by economic actors so that they take their CO₂ emissions into account and act to reduce them. It is often presented in a dynamic context (e.g. predicting the price of 20€ per tonne in 2017 and 70€ in 2030). 5. See: <https://www.unpri.org/>

Shared perspectives from the French- and German-speaking Swiss markets



Hendrik Steenbergen
Sales Director, Edmond de Rothschild Asset Management (Suisse) S.A.

and Pascal Buschor
Sales Director, Edmond de Rothschild Asset Management (Suisse) S.A.

The entry into force of the law on the Energy Transition for Green Growth Act in France in 2016 (Art. 173) has resulted in intensified efforts by institutional investors and asset management companies in different countries to tackle climate change. How is this matter progressing in Switzerland?

The Swiss institutional market, and in particular pension funds, are becoming increasingly sensitive to sustainable finance. How could this not be the case? Sustainable finance goes beyond the environmental impact, by also evaluating governance and social responsibility. Almost every day, the media report the consequences of underestimating these issues, pushing investors to tackle these priorities. Although this does not mean that these players are now investing only in sustainable products, they are at least aware that sustainability will shape the investment landscape in the coming years. We are taking this into account as we further develop our responsible investment expertise, to be able to offer investors the appropriate solutions, when they have chosen to adopt a sustainable profile in their allocation of assets, or if they are forced to do so by regulatory directives.

G4-2 / G4-27

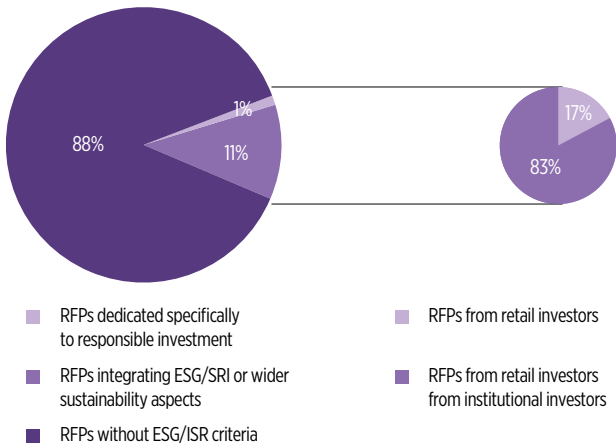
Requests for Proposals (RFPs) showing investor interest in responsible investment

A key indicator for understanding changes in the responsible investment market, relevant for asset management activities, is the number of requests for proposals from institutional investors or clients from the "distribution network" which incorporate questions on ESG integration/responsible investment and/or sustainability. These investors are the pioneers in this market, and they play a vital role in its evolution.

The chart below shows that 12% of the RFPs to which Edmond de Rothschild Asset Management responded in 2016 (13% in 2015) included criteria relating to ESG/RI and/or sustainability in general. Simultaneously, we have seen a significant rise in the percentage of due diligence processes conducted by investors on Edmond de Rothschild Asset Management which include questions on governance and ESG/RI management practices and on sustainability in general. In 2016, this percentage was 25% compared with 15% in 2015.

Therefore, institutional investors' appetite for responsible investment strategies remains stable and the habits of market players are changing, demonstrating the trend for ESG integration to be treated as 'business as usual'.

REQUESTS FOR PROPOSALS TO WHICH EDMOND DE ROTHSCHILD ASSET MANAGEMENT RESPONDED IN 2016



Source : Edmond de Rothschild Asset Management

DUE DILIGENCE PROCESSES IN WHICH EDMOND DE ROTHSCHILD ASSET MANAGEMENT HAS TAKEN PART

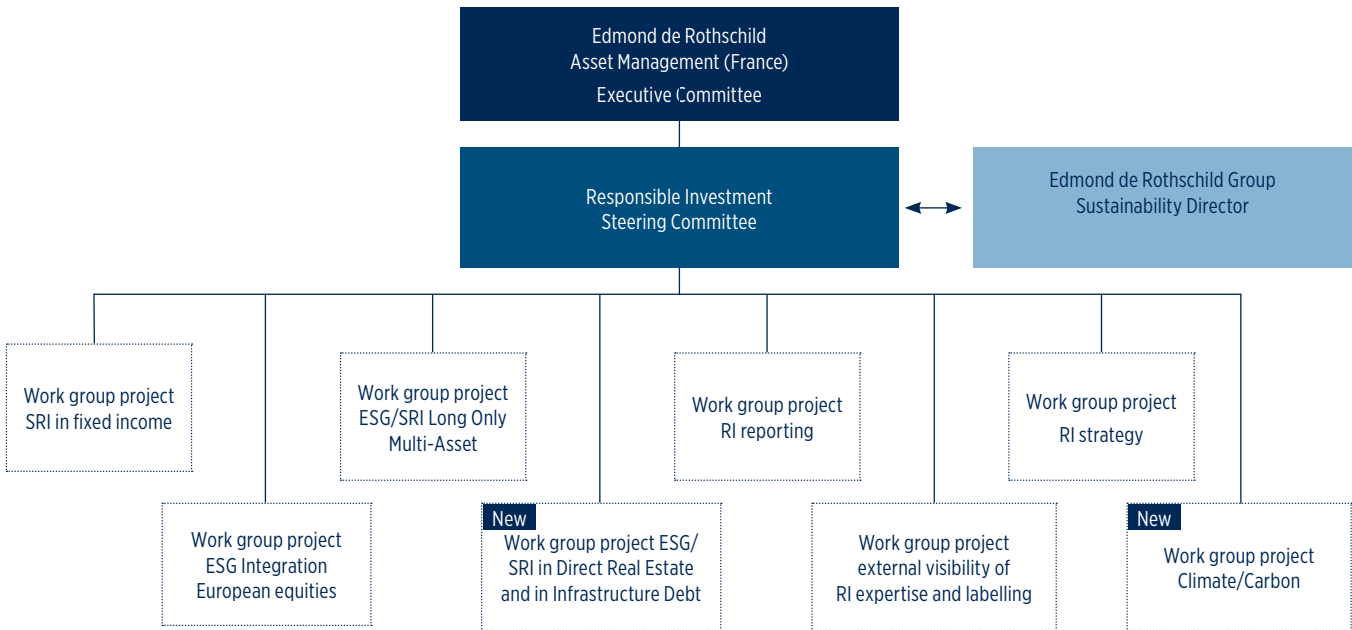
	2015	2016
Percentage of due diligence processes in which Edmond de Rothschild Asset Management has taken part, including ESG/RI or sustainability issues	15 %	25 %

Source : Edmond de Rothschild Asset Management

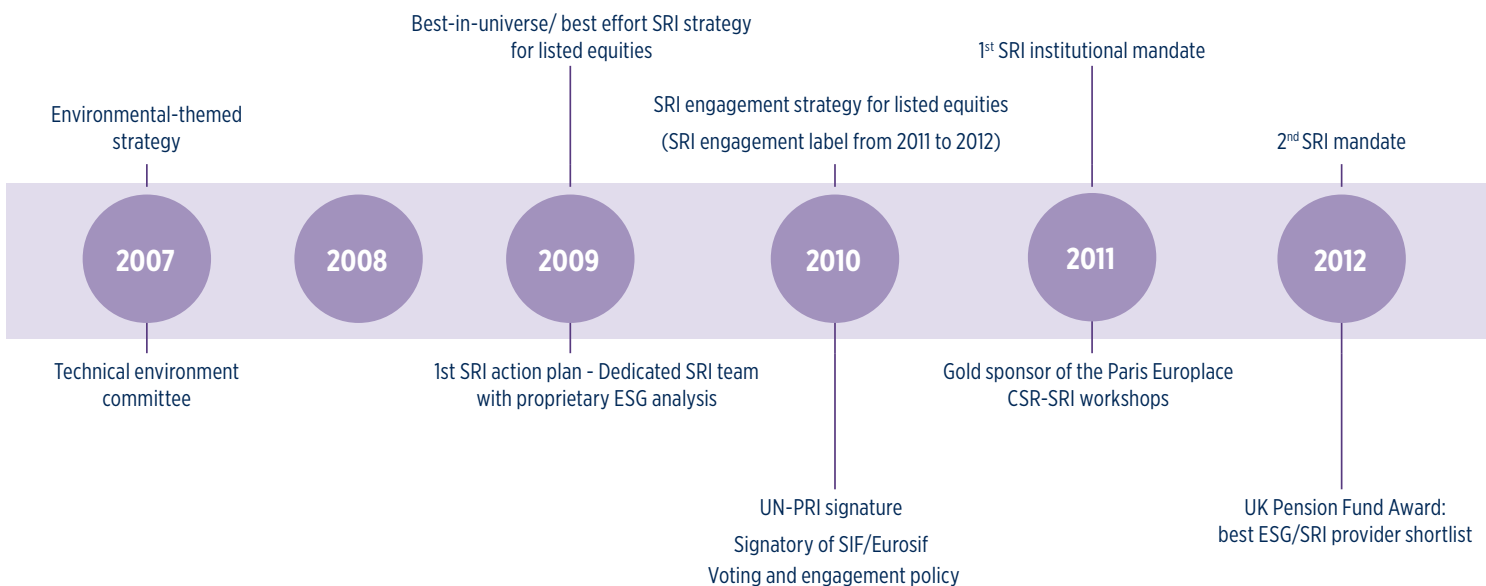


CONCRETE IMPLEMENTATION OF THE EDMOND DE ROTHSCHILD ASSET MANAGEMENT RESPONSIBLE INVESTMENT STRATEGY¹

Governance and management of the responsible investment strategy



The evolution of Edmond de Rothschild Asset Management's commitment to responsible investment since 2007



SRI strategy received best-in-universe label from Novethic

Finance for the Chair of Responsible Finance and Sustainable Investment at the Ecole Polytechnique in Paris and the Toulouse School of Economics.

1. The implementation of the 2013 – 2016 Responsible Investment strategy concerned EdRAM (France). As of 2017, the RI strategy will be extended to include all of Asset Management for the 2017-2020 period.

The Responsible Investment Steering Committee, chaired by the Edmond de Rothschild Asset Management CIO, is responsible for formally monitoring the definition and development of the Responsible Investment strategy, as well as its implementation through several dedicated work group projects. In 2016, Edmond de Rothschild Asset Management updated its Responsible Investment Policy¹ on its website and worked on the renewal of this strategy for the 2017-2020 period. This policy now applies to Edmond de Rothschild Asset Management as a whole and the updated version covering the new scope will be posted online in 2017. In 2016, the strategy, which contributes directly to the Group's sustainability objectives for 2020, saw the realisation of projects launched in 2015, namely:

OBJECTIFS 2020

Establish an "advanced" ESG integration process for European equities.

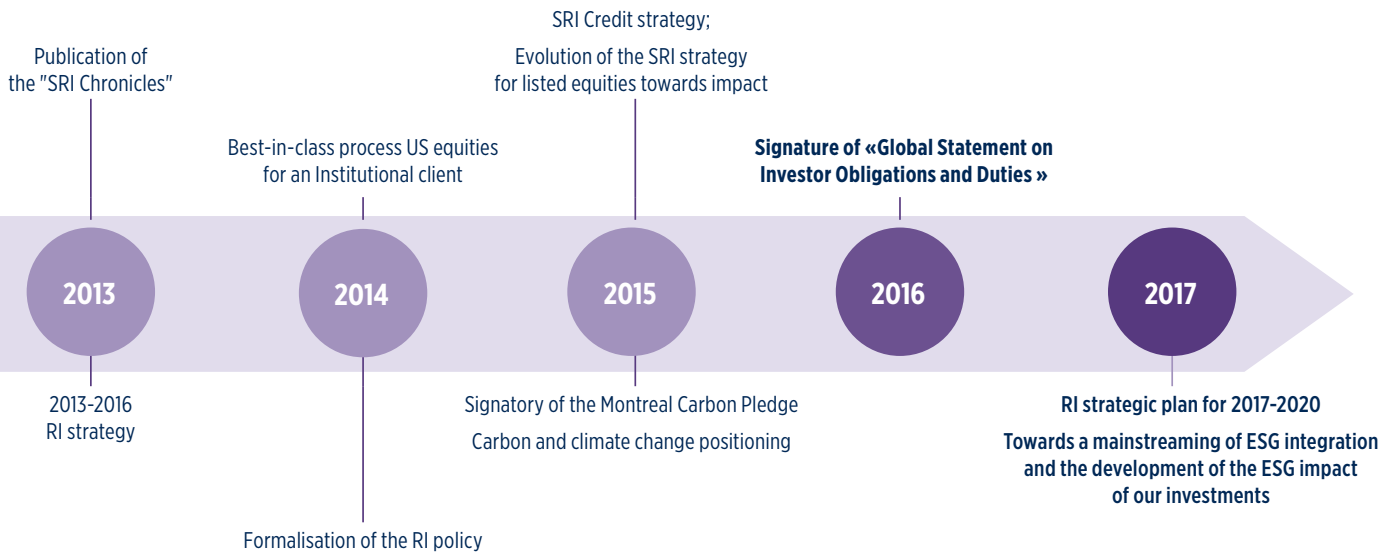
Establish "advanced" ESG integration processes for our strategies on infrastructure debt and on direct investment in Swiss real estate.

- » the European Equities project, which defined a structured process of advanced ESG integration that is in the experimentation phase and will be gradually extended to strategies from other equities investment areas and other classes of listed assets through ten dedicated projects. This process is based on analysing the ESG and carbon risks of European equity portfolios, combined with dialogue with companies on material ESG factors, which is carried out jointly by the RI investment team and European equity managers. Currently, ESG criteria are already integrated into the analysis process for 100% of European equities funds, but since this is only the first level of ESG integration ("initial"), these criteria do not necessarily have an impact on the portfolio composition and are not systematically traceable².
- » the SRI fixed income project which finalised an advanced ESG integration process in 2016 for the sovereign debt strategy (see page 48) and which in 2015 had already formalised our first SRI corporate credit strategy for the open market;
- » the Multi-asset Long Only project, within the Asset Management activity in Switzerland, which resulted in the formalization of an advanced ESG integration process as part of its research process. For further information, see page 54;

Furthermore, in accordance with the Group's 2020 objectives, two new dedicated project groups were launched in 2016:

- » one on ESG/RI integration in the Swiss direct real estate investment strategy and the infrastructure debt strategy (see pages 48-49);
- » the other on the response to the Climate/Carbon issue which will result in the definition of a dedicated policy and roadmap for 2017-2020 (see page 50-51).

G4-DMA FS1



Among the leaders of its PRI peer group

Involvement in the SRI work of the Association Française de la Gestion Financière (AFG), SIF and Eurosif

Source: Edmond de Rothschild Asset Management

1. See <http://www.edmond-de-rothschild.com/SiteCollectionDocuments/asset-management/istr/EDRAM-responsible-investment-policy.pdf>

2. These assets under management are not counted in the "Responsible Investment" category. See table on page 39 for the definitions of "initial" and "advanced" ESG integration.



A proprietary SRI analysis at the heart of the Edmond de Rothschild Asset Management (France) Responsible Investment approach

Management of Edmond de Rothschild Asset Management (France) open SRI funds and support for investment teams in integrating ESG criteria is carried out internally through a proprietary ESG analysis which takes place throughout the year. In 2016, the RI investment team analysed the ESG performance of 111 companies (versus 138 in 2015) and met with 81 companies (versus 39 in 2015) to discuss ESG topics. In 2017, this team will extend the geographical scope of its ESG scores beyond Europe using a generalist external ratings agency.

G4-DMA FS2 / G4-FS10 / G4-FS11

OBJECTIFS 2020
Extend the scope of ESG analysis to all equity, corporate and sovereign debt strategies of Edmond de Rothschild Asset Management (2014: 295 businesses)

324
companies in the universe covered by the biennial ESG analysis

APPLICATION OF THE EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE) PROPRIETARY SRI ANALYSIS METHODOLOGY TO EUROPEAN COMPANIES - G4-FS11

	2014	2015	2016
Universe of companies analysed every two years	295	295	324
Number of companies analysed over the year	128	138	111
Number of meetings with companies over the year	43	39	81

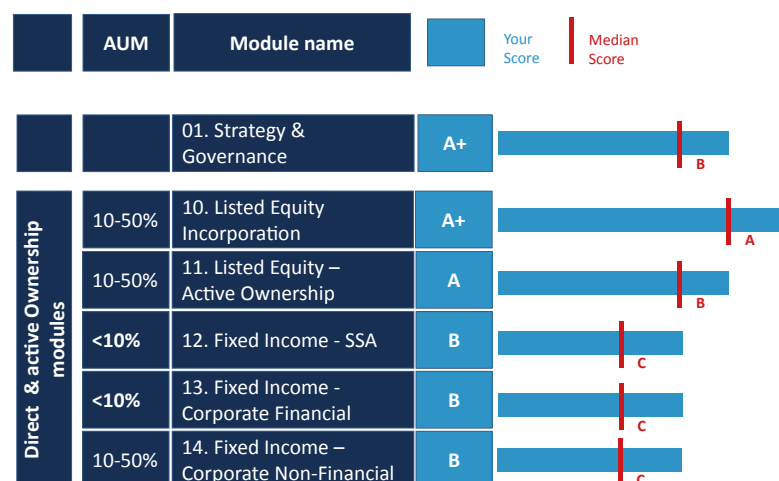
A responsible investment approach recognised by the international PRI organisation

As a PRI signatory, Edmond de Rothschild Asset Management (France) is committed to reporting on its progress efforts through annual reporting¹, which it has done since 2011, giving rise to a PRI rating that has put it among the leaders in its peer group (reference group) in the last two years. The excerpt from this rating report presented here is partial and must be considered in the context of PRI methodology².



Edmond de Rothschild Asset Management (France)

Summary Scorecard



Source : PRI Assessment Report 2016
Edmond de Rothschild Asset Management (France)

1. More information about Edmond de Rothschild Asset Management (France)'s responses in the latest annual PRI questionnaire can be found at <http://www.edmond-de-rothschild.com/SiteCollectionDocuments/asset-management/isr/EDRAM-EN-Public-Transparency-Report.pdf>. 2. See: https://www.unpri.org/download_report/19044.

Shareholder activism at Edmond De Rothschild Asset Management (France)

Edmond de Rothschild Asset Management (France) has a voting policy applicable in France and abroad for all managed equity portfolios. As long as the information provided by the issuer and custodians is sufficient, this entity commits to exercise all voting rights associated with the shares held by the portfolios that it manages and to encourage open and constructive dialogue with issuers. Since April 2016, Edmond de Rothschild Asset Management (France) has set itself the rule of voting whenever it owns at least 0.01% of a company's capital.

Like every year, Edmond de Rothschild Asset Management (France) updated its voting policy for the 2017 voting season¹. In 2016, the voting was once again intense, with participation at 698 General Shareholder's Meetings compared to 717 in 2015. With "against" votes (including abstentions) reaching 24%, its highest level for five years, and exceeding the average "against" vote of asset management companies (18% against and 1% abstention)², Edmond de Rothschild Asset Management (France) has shown firm positions and stances on issues such as: the anti-takeover provision³ (100% against); the Say on Pay⁴ (48% against) of which the votes at Alstom and Renault led to it being rejected; and the appointment or renewal of auditors (42% against) for which Edmond de Rothschild Asset Management (France) has set a limit of 12 years for an auditor⁵.

G4-DMA FS1/FS12 / G4-FS10

VOTING STATISTICS, EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE) – G4-DMA FS12 / G4-FS10

	2012	2013	2014	2015	2016
Number of General Meetings in which EdRAM (France) has participated	754	759	679	717	698
Voting rate for the equity investment universe	92%	85%	75%	84%	76%
Number of resolutions voted on	7 873	9 071	8 559	9 135	6 352
Percentage of "against" votes (including abstentions)	18%	21%	20%	20%	24%

ENGAGEMENT ACTIONS, EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE) – G4-FS10

	2015	ESG THEMES	2016	ESG THEMES
Simplified individual dialogue-engagement actions	67	Mix of ESG themes	81	Mix of ESG themes
Comprehensive individual dialogue-engagement actions	3	Governance	2	Mix of ESG themes
Collaborative dialogue-engagement actions	1	Environment	1	Environment

In 2016 we conducted 81 "simplified" engagements, 12 of them prior to the General Meetings (with Intesa San Paolo, Accor twice, Coface, Vivendi, Nexans, Total, CGG, Carrefour, Atos, Publicis and Fnac) and 69 via one-on-one Responsible Investment meetings held with the management of companies in our investment portfolio. In addition, the fund managers of our SRI Engagement strategy initiated two in-depth dialogue-engagement actions, with Saint-Gobain (on governance issues), and CGG (completion of the engagement on social and governance issues). Finally, Edmond de Rothschild Asset Management (France) supported a collaborative dialogue-engagement action on climate change and carbon emissions caused by methane by signing the "Investor Statement in Support of the Joint U.S. and Canadian March 10, 2016 announcement on Limiting Methane Emissions from the Oil and Gas Industry".

G4-DMA FS5

1. See: <http://www.edmond-de-rothschild.com/SiteCollectionDocuments/asset-management/isr/EDRAM-voting-policy.pdf> 2. See: "Exercise of voting rights by asset management companies in 2016", published by AFG, April 2017 (page 8) 3. Public purchase offer. 4. Practice that aims to make the remuneration of corporate executives more transparent. 5. For further information on the 2016 voting rights exercise, see: <http://www.edmond-de-rothschild.com/SiteCollectionDocuments/asset-management/isr/EDRAM-EN-annual-report-on-exercising-voting-rights.pdf>

DEVELOPMENT AND EXPANSION OF RESPONSIBLE INVESTMENT EXPERTISE AT EDMOND DE ROTHSCHILD ASSET MANAGEMENT

Under the impetus of the Responsible Investment Steering Committee, Edmond de Rothschild Asset Management continues each year to honour its commitment to PRI in terms of ESG integration and to show its leadership in this area by enhancing its responsible investment offering.

In 2016, our equities SRI strategy developed further in its pursuit of economic models with an environmental and social impact and our sovereign debt strategy completed its advanced ESG integration approach. At the same time, the Steering Committee launched a new project group on the formal integration of ESG (Environment, Social, Governance) criteria in its strategies on infrastructure debt and direct investment in Swiss real estate. These two strategies anchored in real assets already make a significant contribution to sustainable development through their investments but wish to formalize their ESG integration processes to continue to improve in this area and to show their strong commitment to their clients.

G4-DMA FS2



François Raynaud

Fund Manager, Asset Allocation and Sovereign Debt,
Edmond de Rothschild Asset Management (France)

In 2016 you worked on an advanced ESG integration process for the sovereign debt investment strategy. What specific approach did you follow and what is the impact on the portfolio?

Our aim from the beginning was to create an analysis model which would enable us to see more clearly which ESG factors have a material impact on the economic performance of issuer countries in Europe. Our in-depth review of all possible indicators resulted in around 30 being selected which we consider the most relevant across the 3 pillars. We prefer to use raw data for the countries' ESG criteria and minimise the use of indices aggregating several data/indicators, so that we can interpret more precisely the strengths and weaknesses of each country.

The Environmental pillar includes waste recycling systems, the surface area of organic farming and of course CO₂ emissions and renewable energy generation. For financial reasons, we favoured issuers of green bonds¹, which accounted for 14% of our portfolio at the end of 2016 (the largest position is the French state). In the Social pillar, the use of multi-dimensional indicators proved very revealing. For example, the merging of the rate of employment of men and women with the birth rate per family has shown that, despite its economic strength and its very good Governance score, Germany lost some points, notably due to the absence of policies to balance work and family. On the contrary, the strength of France's score on the Social and Environmental pillars supports it in continuing to receive an AA rating from the main agencies (compared with Germany's AAA).

This holistic view of each country's approach has helped us to identify, for example, Ireland's ability to resist and bounce back after the financial crisis (it has one of the highest ESG scores) and to identify Portugal as a country where a good ESG score points to a strong sustainable growth potential. By contrast, Greece and Italy's low score on the Governance and Social pillars partially explained why their overall rating was lower than that of other countries.

FORMALISING THE ESG INTEGRATION AND RESPONSIBLE INVESTMENT PROCESS IN OUR DIRECT INVESTMENTS IN SWISS REAL ESTATE MANAGED BY OROX ASSET MANAGEMENT, A SUBSIDIARY OF EDMOND DE ROTHSCHILD (SUISSE) S.A.²

In 2016, we continued our strategy to integrate ESG criteria when acquiring or developing real estate assets and when managing existing real estate assets. From an environmental point of view, we continued to put improvement of the buildings' energy efficiency at the heart of our strategy, both as regards ongoing construction projects (Promenade des Artisans building in Meyrin (Canton of Geneva) and the Neuhalde building in Malters (Canton of Lucerne) and in the deployment of significant CAPEX³ to secure the Minergie³ label (Adrien Lachenal building in Versoix (Canton of Geneva)). Our societal approach is also visible at several levels, for example the construction of a controlled rent building for the elderly, general renovations to apartments in our Mouille Galand and Meyrinoise buildings in Meyrin (Canton of Geneva) and the proposal of apartments to tenants in the social sphere (e.g.: General hospice of Geneva). Furthermore, we now have over five years of data and experience on the energy improvements of our buildings, enabling us to quantitatively monitor consumption and implement corrective measures when some measures do not provide the expected results.

In future we will work to continue implementing this environmental performance measurement system based on objective criteria.



1. A bond issued by a company, international organisation or local authority onto the financial market to finance a project or initiative which benefits the environment. 2. Assets in this investment strategy are not yet considered under the responsible investment category, as the advanced ESG integration has yet to be formalised. 3. Capital expenditure means fixed assets, i.e. expenses which have a positive long-term value. 4. "Minergie" is the Swiss label for the highest environmental standards in building construction

Identifying listed companies whose growth strategies have a positive impact on society

In our equities SRI strategy, in 2016, we increased our focus on European companies whose growth models contribute to the sustainability solutions of today and tomorrow.

Examples of investment in companies whose products and services have a positive impact include Air Liquide, specialist in industrial gases, Carl Zeiss Meditec AG, a medical equipment company, Naturex, a "pure player" in plant-based additives and Wessanen, a European leader in organic food.

At the same time, we remained attentive, systematic and selective across our entire ESG proprietary methodology by reviewing other issues such as the Environmental Management System, Human Resources Management, client satisfaction, supply chains, corporate governance and business ethics.



Jean-Marc de Royere

Senior Vice President,
International and Sustainability, Air Liquide

Air Liquide puts a lot of emphasis on Sustainability in its business strategy. Can you give us specific examples of initiatives or projects to illustrate how your strategy is adapting in response to these issues?

Our point of departure, for our 2020 targets, was to think about our environmental and social impact, particularly with regard to public health. We came to the conclusion that we had to work on air quality, given the nature of our operations and "because the air that we breathe is essential" and because poor air quality, whether constant or occasional, is a major challenge facing the world today.

Our solutions contribute to clean mobility - examples include our sulphur-free petrol and "zero emissions" hydrogen vehicles. Through our production of oxygen for industry and our medical activities, we are also working to improve air quality (nitrogen oxide reduction) and protect it from atmospheric pollutants. To do this, we have a programme which covers all areas of the company, from investments to purchasing, from research to the development of new product offerings.

Today we are mostly developing hydrogen to remove sulphur from oil at the refining stage, avoiding serious damage to health and the environment caused by, for example, acid rain. We are also working on the technologies for producing this hydrogen, as it may ultimately be fully renewable, produced using water and solar or wind energy, or using bio methane. Therefore, we made a commitment that by 2020, 50% of the hydrogen stored on fuel cell vehicles will be emissions-free.

FORMALISING THE ESG INTEGRATION AND RESPONSIBLE INVESTMENT PROCESS IN OUR INFRASTRUCTURE DEBT INVESTMENTS AT EDMOND DE ROTHSCHILD ASSET MANAGEMENT (UK)²

Infrastructure financing is an integral part of sustainable development, in both its social and environmental components, which are key drivers of our investment strategy. Regarding our overall portfolio construction and management, we are working on formalising the ESG processes already practised in our infrastructure debt platform. Through the ESG implementation road map currently being defined, we aim to improve reporting and monitoring of environmental and social risks at the project and portfolio level and to ensure our investors are properly informed about our investments' compliance with environmental rules.

Alongside this work, we continue to pursue major transactions that contribute to sustainable development and have a positive impact on the community. For example, Project Assam, the construction and operation of a biomass plant in the renewable energy sector, for which the infrastructure debt platform of Edmond de Rothschild Asset Management (UK) has won several Deal of the Year awards³. This project contributes to the direct creation of 1,500 jobs in a region of England affected by the post-Brexit closure of foreign factories and it is part of the European Energy transition programme.

At the end of 2016, 58% of our strategy's total investments were in projects that contributed to sustainable development, with 31% of the portfolio invested in social infrastructure, such as the development of senior care homes in Belgium and 27% invested in renewable energy projects such as biomass, wind and solar installations in UK, Spain, Germany or Italy. The assets under management in the infrastructure debt platform stand at 1.2 billion euros, of which 800 million have already been invested in 6 different sectors within 7 EU countries.



1. A "pure player" is a company which does not diversify and remains in its industry or sector of operations. 2. Assets in this investment strategy are not yet considered under the responsible investment category, as the advanced ESG integration has yet to be formalised. 3. See : <https://ijglobal.com/articles/105670/ijglobal-awards-2016-europe-and-africa-and-global-winners> (European Biomass: Tees Biomass), and <http://www.pfie.com/Uploads/2016/12/15/c/h/j/PFI-RoH.pdf> (Power Deal of the Year: MGT Power), which refer to Project Assam, for which our debt infrastructure platform was lender and Mandated Lead Arranger.

OUR COMMITMENTS AND INITIATIVES TO TACKLE CLIMATE CHANGE

G4-2 / G4-EC2



Signature of the PRI Montréal Carbon Pledge: a dynamic approach to tackling climate change by Edmond de Rothschild Asset Management (France)

After 2015, when an unprecedented number of companies and investors around the world committed to tackling climate change, in 2016 the Paris Agreement started to be applied, after being ratified by 125 countries¹. In this context of rapid acceleration of the initiatives necessary to limit global warming to below 2 degrees, Edmond de Rothschild Asset Management (France) is making its Climate roadmap an important part of its 2017-2020 Responsible Investment strategy (see page 42).

Following its signature of the Montréal Carbon Pledge in 2015 and in line with the requirements of Article 173 of the Energy Transition for Green Growth Act in France, after its first carbon footprint in 2015 on seven investment strategies covering around 60% of the equity assets under management, Edmond de Rothschild Asset Management (France) repeated the exercise in 2016 on 16 strategies covering around 80% of the open equities strategies (European, US and international).

This measure does not immediately bring about an automatic reduction in the CO₂ footprint of the relevant portfolios, but it is the first step in integrating the carbon risk into portfolio management. It also provides an opportunity to make all stakeholders aware of the carbon challenge and highlight the transparent approach taken by Edmond de Rothschild Asset Management.

G4-15 / G4-23

CARBON FOOTPRINT IN TONNES CO₂ EQ./€M INVESTED IN EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE) INVESTMENT STRATEGIES AT 31.12.2016²

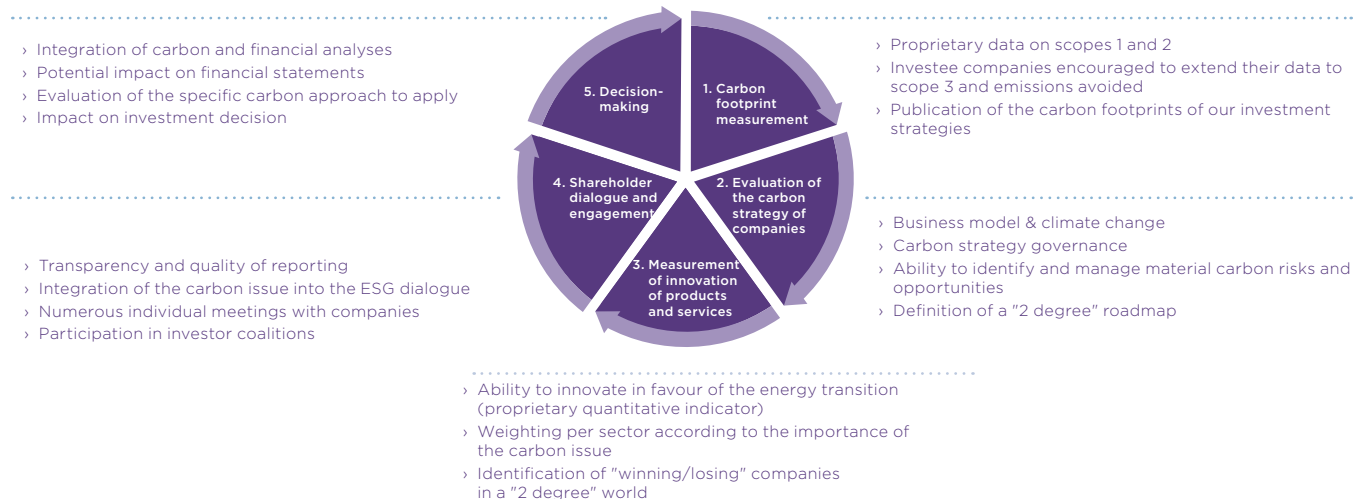
Investment strategy	Carbon footprint	Benchmark	Investment strategy	Carbon footprint	Benchmark
Euro Equities SRI Strategy - ESG Best-in-Universe Selection and Growth Stocks	137	300	US Equities Strategy - Value and Yield Stocks	324	161
Euro Equities Strategy - Growth Stocks	56	300	US Equities Strategy - Growth Stocks	5	161
France Equities Strategy - Opportunistic Approach	74	427	International Equities Strategy - Value Stocks	546	176
SRI Strategy France and Eurozone Equities - ESG Engagement Value and Yield Stocks	208	427	Global Equities Strategy - Big Data Theme	21	176
Europe Equities Strategy - Value and Yield Stocks	114	217	Global Equities Strategy - Healthcare Theme	5	15
Europe Equities Strategy - Mergers & Acquisitions and Restructuring Stocks	74	217	Global Equities Strategy - Premium Brands Theme	35	176
Europe Equities Strategy - Stocks Exposed to Growth Zones	110	217	Global Equities Strategy - Raw Materials Theme	483	556
UK Equities Strategy - Mergers & Acquisitions and Restructuring Stocks	112	160	Global Equities Strategy - Infrastructure Theme	812	The compartment has no reference index

In 2016 Edmond de Rothschild Asset Management worked to articulate its holistic approach in more detail in a brochure outlining the initial contributions and solutions it has made to the climate change challenge³. This brochure addresses the financial impacts of climate change which must be taken into account as part of our fiduciary duty and our obligations to comply with regulations and standards, since they relate to our efforts to secure the long-term returns of our investment strategies and to take into account the long-term interests of our investors as effectively as possible. The brochure clearly shows that the profound changes underway also create investment opportunities linked to the energy transition for green growth. It also underlines the importance of a 360-degree approach, preceded and/or complemented by dialogue and engagement with companies on Climate risk.

G4-DMA FS2

1. End-2016 data. 2. For a detailed explanation of the methodology used: <http://www.edmond-de-rothschild.com/SiteCollectionDocuments/asset-management/isr/EDRAM-FR-EN-empainte-carbone-carbon-footprint.pdf>. 3. See "Climate Brochure": <http://www.edmond-de-rothschild.com/SiteCollectionDocuments/Asset Management/isr/EDRAM-EN-Climate-Brochure.pdf>

Climate change - our holistic approach to portfolio management



Supporting our clients in their alignment with article 173 of France’s Energy Transition for Green Growth Act, and deepening our engagement activities on climate change - G4-26 / G4-27

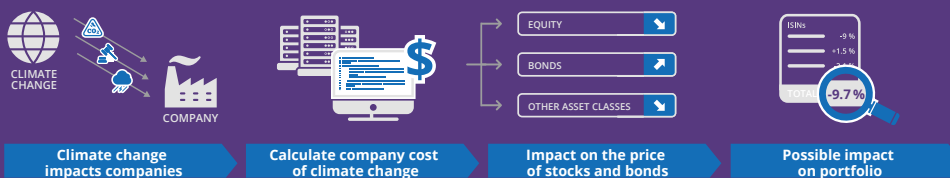
The Asset Management teams are aware that many institutional investors are seeking assistance from their asset management partners specialising in Responsible Investment in response to the new regulatory landscape¹. In 2016, they proactively worked with stakeholders, and institutional investors in particular, focusing on education, solutions and joint consideration of the new issues. Initiatives included:

- an event for institutional investors jointly organised by SpainSIF and Edmond de Rothschild (Espagne) in Madrid in March 2016, in which the CEO of ERAFP (French pension plan for civil servants) spoke alongside Edmond de Rothschild Asset Management (France)’s teams on the subject of responsible investment;
- sponsorship and joint hosting of the “Decarbonise workshop 2016” for institutional investors, organised by Responsible Investor, which took place in Frankfurt on 17 November²;
- a work session with our institutional sales team, facilitated by the Head of Responsible Investment in November 2016, to prepare for a series of individual meetings with our clients between December 2016 and March 2017 in order to answer their questions on regulatory changes relating to their ESG and climate reporting, and inform them about our RI solutions and their climate dimension.

GOING BEYOND THE CARBON FOOTPRINT TOWARDS AN IN-DEPTH EVALUATION OF RISKS TO COMPANIES - G4-15

In 2016, Edmond de Rothschild Asset Management decided to take part in an innovative project linked to financial evaluation of the impact of climate change on companies: Climate Risk for Asset Managers (CRAMs) which was launched by the Swiss start-up Carbon Delta³, and financed by Climate KIC, the main initiative by the European Union dedicated to climate innovation⁴. Carbon Delta set up this project in close partnership with the Potsdam Institute for Climate Impact Research (PIK), which provides data on the physical impacts of climate change. The advisory group of institutional investors and asset management companies of which we are part, will be tasked with fine-tuning Carbon Delta’s methodology through its specific application to a selection of companies monitored by the participants in their analyses and investments.

This methodology involves collecting and integrating multiple data sources (“big data”) to assess the value at risk (VaR) and the opportunities offered to companies in the context of the “2 degrees” scenario put forward by the Paris Agreement. Aware that companies’ carbon footprints give a very limited view of their impact on climate change, and particularly of how they themselves are impacted by climate change, Carbon Delta and PIK set themselves the challenge of evaluating the financial impact of the risks and opportunities across five areas: regulations, technology, extreme weather events, climate trends and the 2 degrees test. Thanks to the work of the advisory group, this methodology will be applied to a first set of 20,000 listed companies in 2017.



1. Resulting from article 173 of France’s Energy Transition for Green Growth Act but also from the autumn 2016 review of the European IORP directive establishing similar obligations for pension funds, which will have to assess environmental and social risks, particularly those related to climate change. 2. <https://www.responsible-investor.com/dr2016> 3. <http://www.carbon-delta.com/> 4. <http://www.climate-kic.org/best-climate-venture-2016/>

RESPONSIBLE INVESTMENT IN OUR PRIVATE BANKING ACTIVITIES

In 2016, the project to expand our Responsible Investment offering for private clients of the Edmond de Rothschild Group moved into a more advanced phase in which the various entities concerned, from Asset Management and Private Banking in France and Switzerland, worked together to create synergies and find ways of taking the project forward. It was necessary to ensure consistency between and the implementation of all components of the new product, the Responsible Investment Mandate, and to coordinate all the internal processes and contributions in order to formalise the product and roll it out effectively across the organisation – this work is still ongoing.

G4-27



Vincent Taupin

Member of the Edmond de Rothschild Group's Executive Committee, CEO of Edmond de Rothschild (France), CEO of Edmond de Rothschild Asset Management

“ In light of the transformations in our industry, the Edmond de Rothschild Group's resilience depends on the quality and complementary nature of its skills, but also and especially on the sharing of a common vision and conviction. The Responsible Investment Mandate demonstrates our ability to articulate these strengths. The fruitful partnership between Asset Management and Private Banking, and between different teams based in different locations has enabled us to respond to new expectations expressed by clients, who are increasingly seeking to bring meaning to their investments without sacrificing performance. ”

OUR RESPONSIBLE INVESTMENT PHILOSOPHY APPLIED TO THE RESPONSIBLE INVESTMENT MANDATE

Supporting the transition to a sustainable economy by engaging with and investing in three categories of companies according to the type of impact the client seeks to achieve.





Muriel Tailhades
Chief Investment Officer,
Edmond de Rothschild (France)

“An offering of this kind enables clients to align their portfolios more closely with their personal values, to have a positive impact on the environment and on society, and to improve the risk/return ratio of their investments.”

The concept of a responsible investment offering within Private Banking is consistent on two levels: with the values championed by the bank, and with growing interest from clients. An offering of this kind enables clients to align their portfolios more closely with their personal values, to have a positive impact on the environment and on society, and to improve the risk/return ratio of their investments.

Several private bankers based in Paris were involved in creating a new dedicated mandate and reporting solution, in close partnership with their Swiss counterparts and the Asset Management teams. In France, strong support from the Bank's top management has facilitated the organisation of the project and enabled high-priority communication on the subject, which has been received very enthusiastically by all private banking teams. These teams particularly appreciated the dedicated presentation by the Edmond de Rothschild Asset Management Responsible Investment team.

We continue to support bankers in understanding this exciting subject which can nevertheless seem complex at first glance, so that they feel at ease proposing this new mandate to their clients. Our ambition is to make Responsible Investment an integral part of the expertise of Edmond de Rothschild private wealth management.



Martin Liebi
Deputy CEO of Edmond de Rothschild (Suisse) S.A.

“Creating a dedicated Responsible Investment mandate is the logical development of the strong expertise that already exists in the Group and which reflects the uniqueness of our offering and the values of the Rothschild family.”

Creating a dedicated Responsible Investment mandate is the logical development of the strong expertise that already exists in the Group and which reflects the uniqueness of our offering and the values of the Rothschild family. The aim is to make it easier for our clients to access this expertise, which covers our investment strategies for the listed market, and Private Equity, as well as our ability to select the best external funds. I am particularly proud of the intra-Group collaboration which made this new product possible.

These synergies can also be found between this mandate and the wider wealth management services offered by our Wealth Solutions teams, who work to advise families on the governance of their companies, their philanthropy projects, and preparing the future generations who will inherit the family wealth. Our teams work together so that each point of entry into our organisation can enable our clients to be supported in this fundamental reflection about what is important for them and what will bring meaning to their investments and wealth management.

From a very practical point of view, the formalisation and implementation stage which we are currently working on in Switzerland involves strengthening our bankers' knowledge about responsible investment and familiarising them with the details of our offering through training, roadshows and targeted communications.



#FOCUS

WORK BY THE EDMOND DE ROTHSCHILD ASSET MANAGEMENT MULTI-ASSET TEAM TO STRENGTHEN ESG INTEGRATION TO SERVE THE NEEDS OF THE GROUP'S PRIVATE CLIENTS

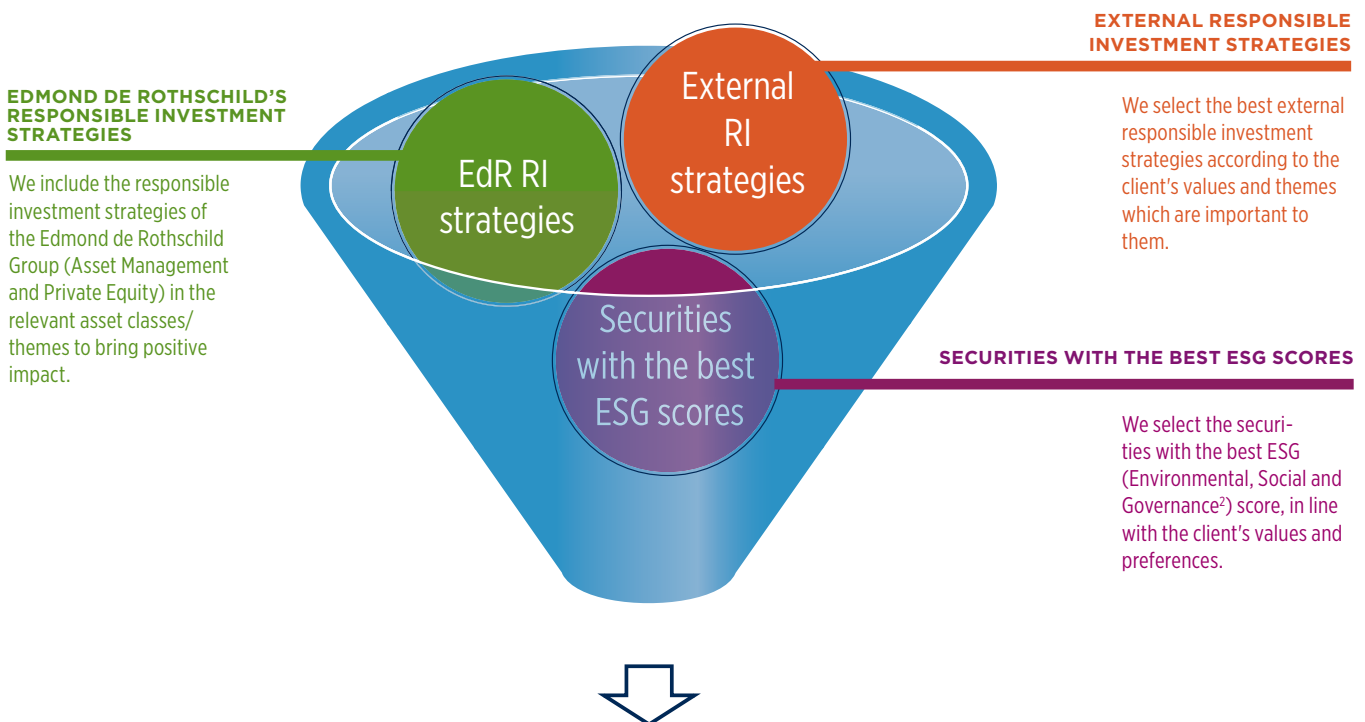
In 2016, the Long Only Multi-asset team strengthened the integration of sustainability factors in its research and management procedures. The aim is to develop dedicated responsible investment mandates and funds, but also to encourage all external managers to integrate these factors.

To support the Group's Private Banking entities, the Multi-asset team has expanded the recommended list of responsible investment strategies on themes which have a positive environmental, social and governance impact. Its role in this context is to identify the most relevant strategies to respond to private and institutional clients' needs, and to select the ones which emerge successfully from a rigorous due diligence process.

Furthermore, in line with the signature of the PRIs and the commitment of its parent entity, the Multi-asset team launched an advanced ESG integration process within its existing research activities by sending a responsible investment questionnaire to 117 asset managers. Completing this questionnaire is now mandatory in order to be included on the list of referenced funds used by Private Banking and Asset Management. We currently have responses for 257¹ funds. These responses enable us to better identify the external management teams and their respective investment strategies which have achieved superior integration of ESG criteria alongside financial performance.

G4-DMA FS2 / G4-FS11

The three components of the Edmond de Rothschild Group's Responsible Investment Mandate



A portfolio built in line with the client's values and preferences combining financial performance with social and environmental impact

1. Between 1 January 2016 and 10 February 2017. 2 Based on our proprietary ESG methodology.

#FOCUS

A TOOLBOX TO FACILITATE UNDERSTANDING AND COMMUNICATION REGARDING RESPONSIBLE INVESTMENT

In 2016, the Sustainability team developed a set of tools to enable private bankers to better understand responsible investment and support them in communicating with their clients on this matter. Each of the Group's Private Banking entities has the option to use these different tools according to its priorities and specific local needs:

- » a presentation for clients summarising the Group's expertise;
- » the Group's annual sustainability report;
- » a training course on responsible investment designed in partnership with Swiss Sustainable Finance, which will be transformed into an e-learning in 2017;
- » "The 10 arguments"¹ to help private bankers start a conversation with clients on this topic;
- » a responsible investment guide which gives a general explanation and outlines the market context;

In collaboration with an external partner, tools have been defined to map the client's values (to enable a precise alignment of their investments), and report on the sustainability content of the portfolio (% of renewable energy, presence or exclusion of sensitive sectors, quality of the ESG content, etc.).

G4-DMA FS4/FS5



1. This document has been adapted from the "Sustainable Investing: A Unique Opportunity for Swiss Private Wealth Management - Ten Arguments for Client Advisors" presentation created by Swiss Sustainable Finance.

RESPONSIBLE INVESTMENT IN OUR PRIVATE EQUITY ACTIVITIES



Johnny El Hachem
CEO of Edmond de Rothschild Private Equity

“We have also shown, through impact investing products such as our soil remediation strategy for industrial wasteland, that it is possible to combine economic, social and environmental performance.”

How does investing in non-listed companies make an effective contribution to sustainability?

The “private equity” asset class puts investors in direct contact with the real economy. Through their involvement in the governance of these companies, our investment strategies can effectively influence their environmental and social orientations. They play an active role in using these considerations to boost corporate performance. Obviously this requires strong convictions, which the family and the Group have held for a long time now and which are anchored in our overall business.

What progress have you made on your roadmap in 2016 and what are your challenges for 2017?

Edmond de Rothschild Private Equity had an excellent year in 2016, with over €1 billion raised to spread best ESG practice. Over 90% of our assets under management integrate ESG criteria. We have also shown, through impact investing products such as our soil remediation strategy for industrial wasteland, that it is possible to combine economic, social and environmental performance. As a result, investors followed us for the second investment round, which was oversubscribed. The expertise and flexibility of our platform’s teams have enabled us to invest on all continents and to actively contribute to economic growth and higher employment.

In an industry where the inflow of liquidity provokes an increase in the price of transactions and where the liquidity premium is high, we remain convinced that the uniqueness of our strategies and the quality of the investment teams are a guarantee of performance. We will continue to strengthen the integration of ESG criteria and to develop new impact strategies. But in particular we will focus on making it easier for private investors to access this asset class.

Convert a new strategy to the best ESG practices each year, with 100% of the strategies covered by 2020



2 new strategies converted in 2016, reaching a total of 9 strategies

OUR 2020 OBJECTIVES

Measure the impact across all impact investment strategies and mainstream strategies which apply ESG integration methodologies, by 2017

Increase the assets under management in our impact investing strategies by 20% per year until 2020.

+77% in 2016

The evolution of our private equity activities in the domain of responsible investment

Launch of Private Equity activities within the Group

Launch of our health and biotechnology strategy

Launch of our Mid Caps strategy

Creation of an environmental finance unit

Launch of our infrastructure strategy

Launch of our soil remediation impact investing strategy

1989

2000

2005

2006

2008

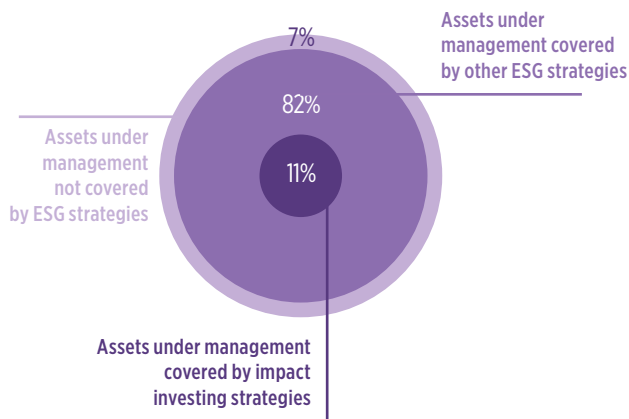
2009



At 31 December 2016, 93% of our Private Equity assets under management were covered by impact investing or ESG integration strategies, compared with 78% in 2015, an increase of 15 points compared with the previous year. This clear progression, in line with our objectives, demonstrates the platform's strong commitment to these subjects. More specifically, our aim is to increase the proportion of assets held in our impact investing strategies by 20% per year until 2020. Our aim is to offer our investor clients, both private and institutional, the opportunity to contribute, through their investments, to the implementation of more sustainable investment models in response to a changing world.

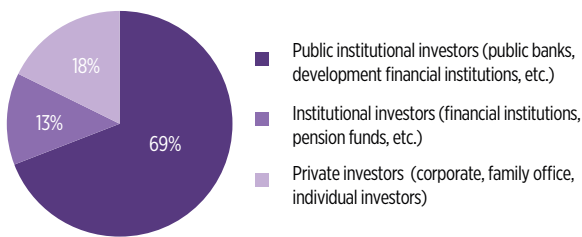
93% OF THE ASSETS MANAGED BY EDMOND DE ROTHSCHILD PRIVATE EQUITY ARE COVERED BY RESPONSIBLE INVESTMENT STRATEGIES IN 2016 – G4-FS7 / G4-FS11

2,885 millions CHF

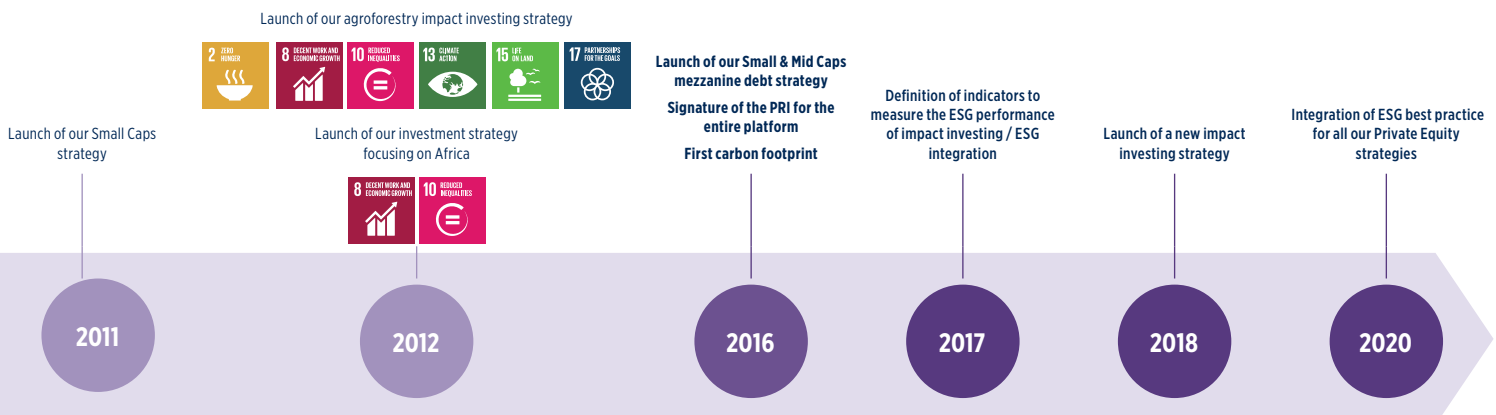
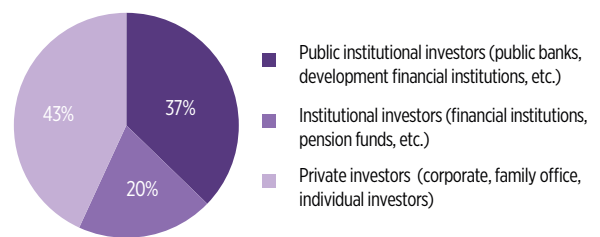


- » **Impact investing strategies:** 11% of our private equity assets are managed according to impact investing strategies. This type of strategy is different, because it seeks a constant positive synergy between financial, social and environmental performance. In this category, evaluation of the impacts and the pursuit of ESG-related opportunities are a strong focus of our attention at each stage of the investments ;
- » **ESG integration strategies:** 82% of our private equity assets integrate environmental, social and governance (ESG) considerations at each stage of their investment process, from selection until final implementation. Analysis of ESG risks is fully embedded in the investment process and these risks are monitored over time ;
- » **Traditional strategies:** these assets are usually held in private equity strategies at the end of their lifespan, and are not subject to ESG integration. They make up barely 7% of our private equity assets under management and will decrease automatically as these older products are liquidated.

IMPACT INVESTING – VOLUME OF ASSETS UNDER MANAGEMENT BY CATEGORY OF INVESTOR IN 2016



IMPACT INVESTING – BREAKDOWN OF INVESTMENTS BY CATEGORY IN 2016



OUR CONVICTIONS AND EXPERTISE IN SEIZING RESPONSIBLE INVESTMENT OPPORTUNITIES

G4-2 / G4-FS7

Supporting emerging markets to adopt sustainable growth models: African focus

Thanks to a long-term vision and the commitment of the Rothschild family in this area, our ambition is to identify and grasp opportunities in emerging markets by supporting companies in their transition towards sustainable growth models, which fully incorporate environmental and social aspects.

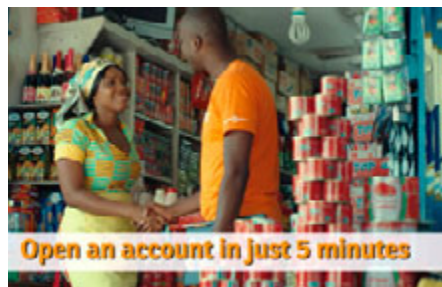


Luc Rigouzzo et Laurent Demey

Partners and managers at Amethis Finance – Edmond de Rothschild Private Equity

How does your Africa investment strategy contribute to sustainable economic growth in this continent, and what results have you achieved in terms of impact?

We believe that environmental and social concerns have a major influence on the risks, challenges and opportunities in Africa. Major factors are employment and demographic growth, the over-exploitation of natural resources, and health risks. Our investment strategy takes responsibility for evaluating and managing these risks and optimising the opportunities. We are convinced that these responsible investment practices help foster long-term value for our clients, employees and society in general. We work to ensure these considerations are taken into account at all stages of the investment process, notably by implementing action plans to facilitate beneficial action in these areas for the companies in our portfolio, which is the first stage of risk management. Employment contracts, health and safety, energy management, waste treatment and relations with communities are just some of the areas in which we can intervene. Our investments in the industrial sector have been supported by energy efficiency programmes which generate savings while limiting greenhouse gas emissions. In the financial sector, the companies in our portfolio offer microfinance tools, solutions adapted to SME financing and products which facilitate education and



improved housing conditions. Thanks to our 15 investments across six countries, 3,049 jobs have already been created on the continent.



A third investment in 2016 by our agroforestry strategy

Tolaro Global SARL is a cashew nut collection and processing company created in Benin in 2008, and is already considered to be one of the market's best cashew nut companies in terms of quality and sustainability.

With the help of over 7,000 farmers, Tolaro has led several project development programmes with local NGOs to extend its supply network, implement agroforestry and generate an impact. The last of these programmes generates returns that are five times superior. These programmes also aim to secure Fairtrade and Organic certifications.

Our investment is expected to generate massive social impacts with an increase of 30,000 growers, 2,500 jobs for local people with a high retention rate of 80%, a focus on the independence of women and income diversification thanks to agroforestry practices, social programmes in partnership with the NGOs, including access to water, education etc. Efforts to reduce carbon footprints and water use will be undertaken by the company. Cashew nut trees are widely used in reforestation programmes to prevent soil erosion. Therefore, a cashew nut orchard can also generate significant carbon sequestration.



Agroforestry system combining plantation of cashew nut trees and other crops.



INVESTING IN REAL ASSETS BY INCORPORATING ESG CRITERIA

Towards an enlargement of our infrastructure investment strategies

The Edmond de Rothschild Private Equity infrastructure strategy announced the first closing of the second round of its strategy on 30 December 2016, totalling €135 million in commitments. This strategy combines a diverse range of high quality limited partners, among which we are proud to count the European Investment Bank (“EIB”). This first closing took place after a year of intense due diligence analysis, led by the EIB and its specialist legal, risk management, and commercial and environmental teams. The conclusions of this review ultimately validated the work done by our teams to strengthen the management of the environmental and social aspects of our strategy.

The importance attributed to these matters bolsters the relevance of the second round of our strategy, which now goes beyond the initial subject of transport infrastructure to include social infrastructure such as hospitals and schools. This is an example of how Edmond de Rothschild Private Equity puts into practice its constant pursuit of financial performance alongside social and environmental benefits.



Clean-up and renovation of polluted former industrial sites



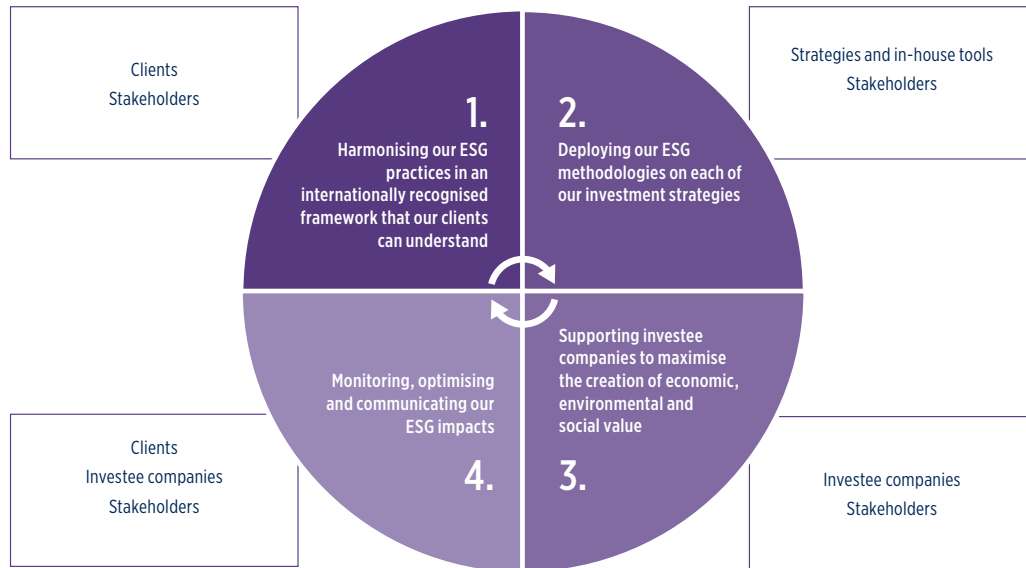
Europe’s rich industrial past has left behind many polluted sites which were abandoned following the cessation of operations. Edmond de Rothschild Private Equity aims, through its investment strategy based on the environmental and economic rehabilitation of these former industrial sites, to renovate these abandoned areas with a view to reallocating the spaces for sustainable urban development.

In 2016, we made a new investment in the company Proudhon, located in Saint Denis near Paris, which owns a 1.2 hectare former industrial site. After 80 years of heavy industrial activity, heavy metals and hydrocarbons will have to be removed from soil across almost all of the area. This project aims to develop 31,000 m² of useful surface area for a mixed-use development programme. 15,000 m² will be used for residential development, 6,000 m² for social housing, and 10,000 m² will be reserved for office buildings.



IMPLEMENTATION OF OUR THEMATIC AND IMPACT INVESTING STRATEGIES

The life-cycle of Private Equity investments



1. Harmonising our practices: UN PRI¹ - reporting across 100% of the platform

The commitment of our Private Equity operations to responsible investment was further strengthened in March 2016 with the signature of the PRI for the entire Private Equity platform, which formalised and harmonised a commitment which had been in existence, but had hitherto been illustrated in different ways by our management companies and our investment strategies. In 2016 we raised awareness among our teams on these matters and reflected on how to implement an integration strategy. This work resulted in these considerations being integrated into the legal documents of both the investment strategies and the management companies. A detailed action plan has also been developed to align our processes with responsible investment issues. In 2016, the Private Equity platform carried out its first voluntary ESG and PRI reporting exercise. These various activities clearly demonstrate our commitment and our convictions to stakeholders.

G4-DMA FS4

2. Our methodology for integrating ESG considerations in our investment activities

For any new strategy or any new fund-raising, we guarantee that a methodology will be applied which includes ESG considerations. This includes a responsible investment policy adapted to each business sector, with a list of exclusion criteria appropriate to each type of investment. There is an ESG officer on our investment team to ensure adherence to our ESG integration procedures at each stage of the transaction. We also communicate and report to stakeholders and investors, to ensure our methodology is transparent. In 2016, two new teams within our strategies received support in implementing this management system. Finally, we drew up a Sustainability Charter specific to the Private Equity platform defining our ESG policy.

G4-DMA FS1 / G4-FS11

3. Supporting and maximising the economic, environmental and social results of our investments

Thanks to our ESG integration methodology and by supporting our strategies towards these integration models, we are seeking to develop efficient, sustainable growth models. The investment made by our agroforestry strategy in 2016 in the farming company TexBel provides a good example of our results. Located in Belize, this company manages a total cultivable area of 1,214 hectares and is a leader in the production of oranges. Thanks to our investment, TexBel has been able to continue the renovations of its orchards according to agroforestry principles and build a processing plant to export its fresh added value products to the United States. This investment has made TexBel the first large-scale coconut water processing installation in Belize, enabling it to access the market from coconuts collected by the growers. Our impact measurement tools enabled us to identify that 76 local jobs were created in 2016, over a surface area of 167 hectares cultivated using the agroforestry model.

G4-DMA FS5

4. Performance monitoring and measurement tool

Edmond de Rothschild Investment Partners now uses the Reporting 21 tool to better monitor the performance of and the environmental and social risks affecting the companies in its portfolio. Each of these companies has its own interface enabling it to easily provide non-financial data using criteria and indicators defined according to each strategy.

G4-DMA FS2

1. Voir www.unpri.org.

IMPLEMENTATION OF OUR APPROACH TO TACKLE CLIMATE CHANGE

The regulatory context, specifically Article 173 of the French Energy Transition for Green Growth Act, introduces new transparency requirements for financial players on the way they deal with climate risks. In line with the Edmond de Rothschild Group's Environmental Policy, Edmond de Rothschild Private Equity decided to carry out its first carbon footprint in 2016 to report on the environmental impact of its activities. For this first assessment, considering the ambitious environmental targets linked to their investments, we chose to include our impact investing strategies in the scope of this exercise.

G4-2 / G4-EC2

The results enabled us to identify our professional travel as the main source of our emissions: 74% of the total emissions of Edmond de Rothschild Private Equity in 2016, 75% for our soil remediation strategy (operations in Europe) and 96.5% for our agroforestry strategy (operations in Africa and Latin America). These results are due to the nature of our operations and the sector in which they take place. Our employees are required to travel regularly to meet our clients but also and more crucially, to study the various opportunities for developing our strategies.

2016 CARBON FOOTPRINT CARRIED OUT BY EDMOND DE ROTHSCHILD PRIVATE EQUITY

	CO ₂ EMISSIONS (IN TONNES OF CO ₂ EQUIVALENT)		
	Soil remediation strategy	Agroforestry strategy	EdR PE Platform
SCOPE 1 AND 2			
» Purchasing of fuel (especially natural gas)	0.00*	0.95	80.38
» Purchasing of non-renewable electricity			
SCOPE 3			
» IT equipment			
» Paper consumption	29.26	164.86	484.46
» Professional travel			
Total emissions	29.26	165.80	564.84
Footprint per employee	3.25	22.87	7.43

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

As a result of this observation and in line with the Group's Environmental Policy, the Private Equity platform wishes to reduce its carbon footprint per employee by acting directly on the way it organises its operations. Therefore, to gradually limit emissions from our professional travel, we want to increase the internal use of interaction and communication methods such as telephone and video conferencing.



Delphine Patrissi
ESG Project Manager,
Edmond de Rothschild Private Equity

In 2016, Edmond de Rothschild Private Equity conducted the first carbon footprint on its platform and on some of its investment strategies. How did you proceed, and what were the main challenges?

We reflected on this subject in detail with our teams to identify the most relevant indicators so that we could perform a meaningful analysis of our carbon footprint. The aim was to be able to subsequently develop a plan of corrective actions to improve our environmental performance.

We decided to include in this project two of our impact investing strategies, which, by their nature, seek to constantly optimise their environmental performance. This is for them a real strategic tool which benefits their investment activities.

The main difficulty encountered was in collecting and consolidating the data, which we wanted to do with as much precision as possible to avoid errors which would have distorted the results. The support and experience of the Sustainability team on this kind of exercise, as well as our investment teams' awareness of environmental issues and the priority placed on ESG considerations by our Private Equity platform enabled us to successfully complete this first assessment.

“ We reflected on this subject in detail with our teams to identify the most relevant indicators so that we could perform a meaningful analysis of our carbon footprint. ”



IMPORTANT ISSUES

- » CO₂ emissions from our energy consumption
 - » CO₂ emissions from employee travel
 - » Paper consumption
 - » Waste management
-

MANAGEMENT OF OUR ENVIRONMENTAL IMPACT

The Edmond de Rothschild Group is dedicated to implementing a coherent and relevant environmental strategy to gradually improve its performance. Although the Group's direct environmental impact is not comparable to that of industrial companies, the Management wishes to set an example and show that a company's performance is perfectly compatible with a responsible environmental approach.

The Edmond de Rothschild Group's environmental strategy focuses on the one hand on implementing an Environmental Policy which aims to reduce its direct impact on the environment and on the other on its Responsible Investment Policy, which reflects its desire to evaluate and support the environmental initiatives of the companies in which the Group invests, and to make a specific contribution to a positive environmental impact through specialised strategies (see details in the responsible investment section on p. 38-61).

G4-2

OUR APPROACH IN PRACTICE

The Environmental Policy of the Edmond de Rothschild Group applies to all its entities, and focuses on the following commitments:

- » compliance with the environmental legal framework in each country in which the Group is active;
- » monitoring performance via annual reporting;
- » periodical review of results and validation of objectives set by Group management and its legal entities;
- » transparent communication on performance and actions implemented, both internally and externally;
- » monitoring of trends, good practices (internal/external) and new regulations.

Our results are consolidated either at Group level or at the level of our three parent companies, including all the entities affiliated to them:

Parent companies	Group sites for which results are consolidated by the parent entity
Edmond de Rothschild (Suisse) S.A.	Bahamas ¹ , United Arab Emirates, Guernsey ¹ , Hong Kong ² , Israel, Monaco, United Kingdom, Switzerland (Geneva, Lausanne, Lugano, Fribourg and Zurich) and Uruguay
Edmond de Rothschild (France)	Germany, Chile ¹ , China, Spain ² , France (Paris and the provinces), Hong Kong ² and Italy
Edmond de Rothschild (Europe)	Belgium, Spain ² , Luxembourg and Portugal

N.B. In 2016, the Edmond de Rothschild (Israel) Limited subsidiary was transferred from Edmond de Rothschild (France) to Edmond de Rothschild (Suisse) S.A.

OUR GROUP'S ENVIRONMENTAL PERFORMANCE IN 2016

At the end of 2016, our environmental results were in line with our 2020³ targets and all down on 2015, with the exception of our carbon footprint per employee, which remained stable. This good performance is largely thanks to the employees and teams (notably General Services and Communication) which have been made aware of sustainability issues and want to help improve the Group's environmental footprint.

Our aim is therefore to continue to gradually reduce our environmental footprint in our main entities in France, Luxembourg and Switzerland, and to raise awareness in and provide support to the rest of the Group. An insetting⁴ project was also launched in 2016 to offset part of our Scope 1 and 2⁵ carbon emissions published in our 2015 report. This project was defined in partnership with key players in the Edmond de Rothschild Private Equity agroforestry impact investment strategy. It aims to generate many positive social and economic impacts for local communities in Nicaragua, and a positive environmental impact for ecosystems where some of our strategy's assets are invested.

Finally, in 2016, we continued to improve the quality of our reporting, notably as regards train travel, which now reflects the kilometres actually travelled. Professional travel and work-home travel cover a scope representing 86% of employees. For the other indicators, 100% of employees are covered⁶.

G4-22 /G4-23


1. These entities have been closed before the end of 2016. An estimate of their environmental data for the year has been made on a pro-rata basis. 2. For countries associated with two different parent entities, environmental impact was attributed according to the square metres occupied by the entities concerned. 3. 2014 is our reference year for our 2020 objectives. 4. 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. 5. 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: <http://www.ghgprotocol.org/calculation-tools/faq#directindirect> 6. For water, 7% of the data was estimated.

OUR 2020 OBJECTIVES

Reduce the carbon footprint per employee by 15%

 **7.8 tonnes**
CO₂ equivalent
(identical to 2015).

Reduce the energy consumption per employee by 10%

 **6.9 MWh**
per employee
(1% less than in 2014)

Compensate our CO₂ emissions for scopes 1 & 2 of the Greenhouse Gas Protocol¹

 Programme launched in 2016

Reduce paper consumption per employee by 25%

 **67.8 kg**
per employee
(22% less than in 2014)

Use 100% recycled or FSC/PEFC certified paper

 **89%**
(5% more than in 2014)

GREENHOUSE GAS EMISSIONS

Since 2010, Edmond de Rothschild (France) has had the obligation to perform an annual Bilan Carbone® to assess and limit its impact in terms of CO₂ emissions. In 2016, this Group entity again reduced its carbon footprint by 13%².

At Group level, there has been a 3%³ drop in the overall footprint and the impact per employee has remained stable at 7.8 tonnes of CO₂ equivalent.

Our main sources of emissions are still the purchase of goods and services (25%), professional travel by plane (23%), work-home travel (17%) and IT equipment (17%).

The fall in our emissions is mostly due to the two largest contributors to our carbon footprint:

- » -10% for the purchase of goods and services, as France has aligned with the rest of the Group by recording these amounts as "excluding tax";
- » -7% for air travel, due to the fall in the number of kilometres travelled in 2016, notably for long haul flights.

Our emissions from non-air professional travel rose by 7%, because we included all journeys by taxi for the entities which had reported this data⁴.

We have chosen to be exhaustive in the items included in our scope 3 and to use the most exacting standards. Therefore, scope 3 emissions represent 88% of our emissions, in areas which are difficult to tackle from an environmental point of view.

G4-EN19

ENERGY

Our energy use fell by 3% as an absolute value in 2016 compared to 2015. Average consumption per employee fell 1% compared with 2014, the reference year for our objective to reduce this indicator by 10% by 2020. This progress is in line with our roadmap.

There were major decreases in Paris, where renovation work continued in 2016 (boiler change, installation of double glazing and traditional light bulbs exchanged for LED bulbs); as well as in Luxembourg where a building has been vacated and the employees transferred to other Luxembourg premises.

Electricity consumption still accounts for 62% of our energy consumption. In 2016, there were reductions in 46% of our buildings (representing 62% of total electricity consumption).

Furthermore, 54% of our electricity comes from renewable sources (compared with 56% in 2015, as the portion of renewable energy in the EDF energy mix in France fell from 13.5 to 6.9%). This high percentage is achieved thanks to the activities of two of our main entities, Geneva and Luxembourg, using only energy from renewable sources. 31% of our gas consumption is CO₂ neutral thanks to the carbon offsetting programmes conducted by our supplier in Geneva.

G4-EN3

EMPLOYEE TRAVEL

The total number of kilometres travelled for business reasons fell 10% in 2016. Although falling by 15%, plane journeys remain the most common form of transport for our employees' business trips (66% of the kilometres travelled were by plane). This is mainly due to the nature of our operations, because the teams in our different lines of business have to travel a lot to meet their clients. However, plane journeys as a proportion of all travel have decreased (66% compared to 71% in 2015), and train travel is increasing (16% compared to 14% in 2015).

The Group's travel policy encourages employees, before making a request for professional travel, to take into account the costs, the environmental impact and work-life balance. Travel to internal meetings is also monitored, as is the use of video-conferencing rooms (at the end of 2016, our equipped entities covered 98% of our employees). The 49% rise in the number of meetings held by video-conference in 2016 is a positive signal and shows a change in habits, which we will continue to encourage. A collaborative solution to attend meetings by video conference from the office is also being considered.

Concerning work-home travel, there has been a fall of 15% in the kilometres travelled⁵. This indicator is calculated using the address of each employee, and percentages for each mode of transport estimated using national or regional statistics.

G4-EN30

1. The Greenhouse Gas Protocol is the most widely-recognised international standard used to measure, manage and report greenhouse gas emissions. 2. On a like-for-like basis, i.e. excluding Edmond de Rothschild (Israel) Limited from the 2015 data. 3. The 2015 carbon footprint was smaller than the one published last year, due to an error in calculating carbon emissions from work-home travel by bus being corrected. The variation between 2015 and 2016 was calculated using the corrected data. G4-22 4. In the past, we calculated the kilometres travelled by taxi only when employees had taken a taxi in cities for which we knew the price per kilometre. This year we estimated other travel by taxi using the highest price. 5. The 2015 data for this indicator has been reviewed for the entities in France to exclude external providers and temporary staff from the scope, as is already the case for the Group's other entities.

PAPER CONSUMPTION

There was a 10% decrease across all office use. 74% of the paper used by the Group is FSC (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification schemes) certified (compared to 78% in 2015), and 15% is recycled paper (compared to 16% in 2015). The decrease in these percentages compared to 2015 is due to the reduced use of paper by our main entities, which only use recycled or certified paper (a 7% decrease in 2016) and represent 75% of the Group's total consumption. Furthermore, paper consumption per year and per employee fell from 73 to 68 kg, a 22% drop compared to 2014, which brings us very close to our target of a 25% decrease.

The Group's Communications department continues to set an example by publishing all brochures and external communications documents on FSC- or PEFC-certified paper. In 2016, it also continued to reduce its paper consumption by 26.

G4-EN1 / G4-EN2

WASTE MANAGEMENT

In the services sector, waste management and reporting are complex, as they are often included in the charges of the various buildings or local councils in which the different entities are located. That is why we have decided to monitor the percentage of employees in an entity with a waste sorting system. We continue to monitor the weight of our waste paper¹, which is our primary source of waste, and for which our 2016 data were the same as the 2015 data.

As our electronic waste has the heaviest environmental impact, we also work to ensure responsible processing of our computers at the end of their useful life. 94% of our electronic waste is recycled by specialised companies which certify the deletion of our data. The other 6% is donated to charitable associations or schools.

G4-EN23

OUR ACTIONS TO PROMOTE BIODIVERSITY

The Group is committed to contribute to the protection of bees, which have an essential role to play in maintaining balanced ecosystems. There is a strong symbolic value associated with this commitment, which embodies our desire to preserve biodiversity.

Since 2012, four beehives have been installed in the immediate vicinity of one of the Edmond de Rothschild (France) buildings in Paris. Some 125,000 bees thus benefit from the floral diversity in Paris.

In 2015, the Israel branch also signed up to this commitment by working with a local beekeeper who collects honey for the Group. In 2016, 500 kg of honey has been gathered and almost 2,000 pots were sold to finance gifts for children from the OPEJ association². The Group's intention in doing this is to raise awareness about the importance of this subject.

In 2016, Edmond de Rothschild (France) wanted to continue its commitment to biodiversity by installing two insect hotels, in the midst of the hives and in the gardens of the club restaurant. The insect hotels will attract insects and arachnids, which play useful roles as pollinators and predators of parasites and pests. They will help them to survive the winter and in summer, they will be a place for species like mason bees to lay eggs.

As part of the same project, a number of nesting boxes and feeders have been installed to provide food for birds and adjust available food sources in line with the sites' biodiversity needs.

G4-EN13

#FOCUS

COMMITTED TEAMS IN MONACO

Our Edmond de Rothschild (Monaco) entity, which has 149 employees, has established an environmental dashboard. All of its indicators were green in 2016: 9% reduction in electricity consumption, 3% reduction in water consumption and 2% reduction in paper consumption.

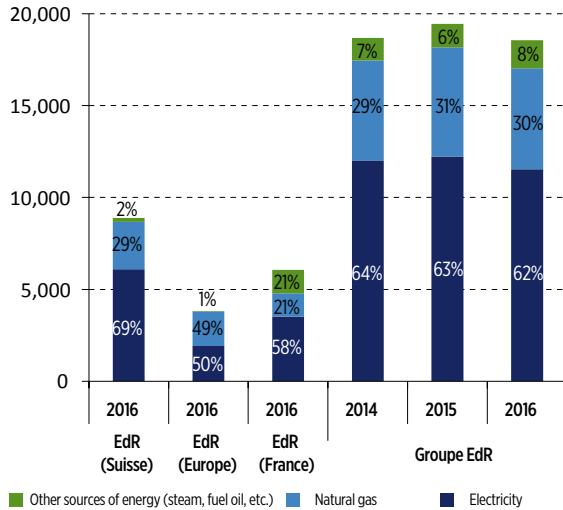
For several years, General Services have been committed to making the offices more energy efficient. After insulation work in 2015, all switches were replaced with movement detectors in 2016, so that lights are turned off automatically 10 minutes after employees have left. Moreover, solar films are affixed to all windows to limit the use of air conditioning in summer and heating in winter. Finally, LED bulbs are gradually being installed in offices to combine improved visual comfort and decreased electricity use (around 75% of offices fitted at the end of 2016).

As regards paper consumption, the IT Systems teams have disposed of almost all individual printers in favour of multi-function devices which require a personal badge in order for printouts to be collected. 100% of the paper used is FSC-certified.

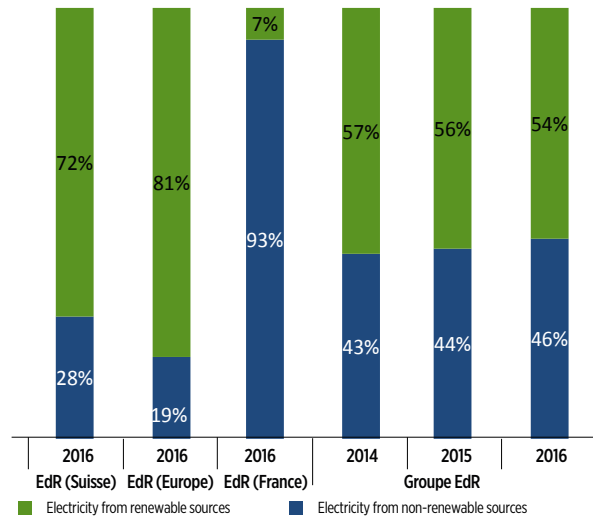
In addition, the entity recycles 100% of its ink cartridges and coffee capsules. In 2016, this initiative enabled us to save 144kg of CO₂ by transforming the coffee grounds (into compost or biogas) and through aluminium recycling.

1. This waste covers office paper purchased by the Group, as well as newspapers or prospectuses and documents external to Edmond de Rothschild. It is therefore difficult to analyse changes in this indicator. 2. For further information on the OPEJ association, see page 70.

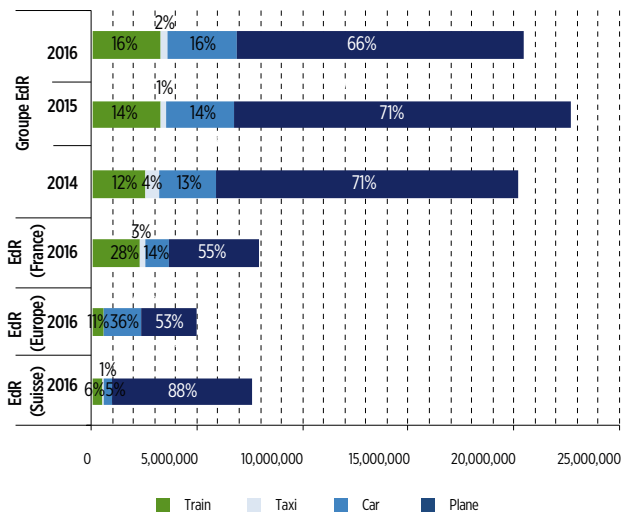
EDMOND DE ROTHSCHILD GROUP ENERGY CONSUMPTION (IN MWH AND % BY ENERGY TYPE) - G4-EN3



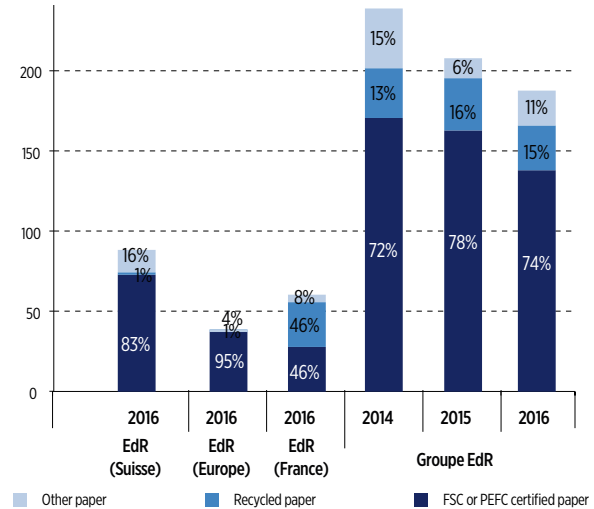
PERCENTAGE OF ELECTRICITY CONSUMPTION FROM RENEWABLE ENERGY IN 2016 - G4-EN3



EDMOND DE ROTHSCHILD GROUP BUSINESS TRAVEL (IN KM AND % BY MODE OF TRANSPORT) - G4-EN30



EDMOND DE ROTHSCHILD GROUP PAPER CONSUMPTION PER PAPER CATEGORY (IN TONNES AND % PER CATEGORY) - G4-EN1 / G4-EN2



ADDITIONAL ENVIRONMENTAL INDICATORS

	2015	2016
Waste recycling systems		
% of employees with access to a paper recycling system	77%	93%
% of employees with access to a plastic recycling system	61%	59%
% of employees with access to an aluminium recycling system	58%	58%
% of employees with access to a glass recycling system	37%	57%
% of employees with access to a cardboard recycling system	34% ¹	34%
% of employees with access to an organic waste recycling system	26%	25%
Paper recycling		
Paper waste recycled (in tonnes) - G4-EN23	236	236
Water consumption		
Water consumption (in m ³) ²	119,268	105,975

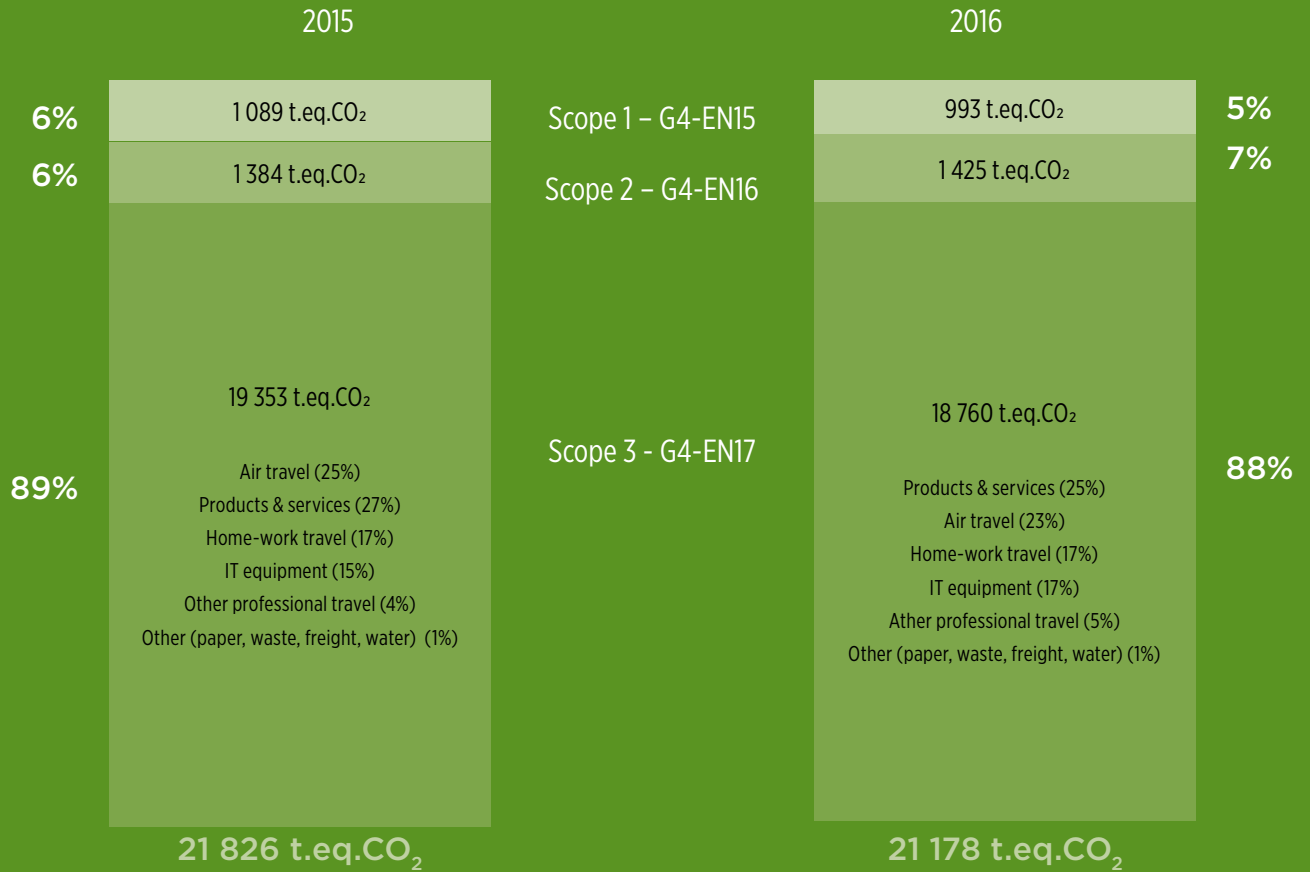
OUR EMPLOYEES' ENVIRONMENTAL IMPACT

	2014	2015	2016
CO ₂ emissions per employee and year (t.eq.CO ₂)	7.1	7.8	7.8
Energy consumption per employee and year (MWh)- G4-EN5	7.0	7.0	6.9
Paper consumption per employee and year (kg)	87.2	73.1	67.8
Water consumption per employee and year (m ³)	-	40	39
Number of km per employee and year (professional travels)	7,287	7,838	7,297

See page 63 for the list of entities affiliated to the parent companies of the Group and pages 66-67 for the comments associated with the data published on pages 60-61.

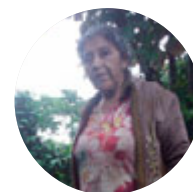
1. This percentage has been corrected due to a typing error during the 2015 reporting campaign. G4-22. 2. Water consumption in 2014 was 263 m³.

CARBON FOOTPRINT OF EDMOND DE ROTHSCHILD GROUP (IN TONNES OF CO₂ EQUIVALENT)¹



OUR INSETTING PROGRAMME

As part of our 2020 objectives, the Edmond de Rothschild Group has committed to offsetting 2,700 tonnes² of CO₂ per year for four years. The Private Equity teams at Edmond de Rothschild made the proposal to implement an inseting programme with Fondation Nicafrance, to complement the programme in Nicaragua via the technical assistance facility for agroforestry (ATAF³), their agroforestry investment strategy partner. By remaining within the Group’s value chain, not only can we offset some of our carbon footprint, we can also generate positive social, economic and environmental impacts for both local communities and for the Group’s impact investment strategy³ (notably thanks to the regeneration of ecosystems in the coffee-growing area on which we depend). Around the areas in which the Group has invested, 42,816 trees will be planted over the next four years, both in deforested areas and on land worked by small-scale coffee growers. The ATAF will supply the growers with the most climate-change-resistant coffee plants, which are also less susceptible to disease and which give a high yield⁴. This will enable them to sell their crop at a good price. Growers will also receive training on agroforestry and good agricultural practice, and support from Fondation Nicafrance. At the end of 2016, the Foundation introduced an awareness-raising initiative at six schools in the target area. One hundred children, whose parents may soon be beneficiaries of the programme, sponsored a tree that they had planted.



Doña Lucía Aguirre Zamora has lived in the El Tepeyac community for 31 years. She has 4.2 ha of land of which 2.5 ha is used for coffee growing.

“I received [through the inseting project] 60 trees: 30 caoba, and 30 coyote. They are good trees. The caoba plant is good, as it’s a fine wood, which adds value to my land.

The people who have done studies know how useful trees are. I tell my children that they are useful, that they must continue to plant, and that we have to stop chopping trees down all the time.”

1. These 2,700 tonnes correspond to scope 1 and 2 emissions published in the 2015 report for 2015. 2. The ATAF is a subsidy fund parallel to the Edmond de Rothschild Private Equity agroforestry strategy investments. It is managed by the Common Fund for Commodities (CFC). 3. For further information on the Edmond de Rothschild Private Equity impact strategies, see pages 56 to 61. 4. Rust fungus and climate change are responsible for the 40% fall in coffee production in Nicaragua. This variety, Marsellesa, has been developed in partnership with the CIRAD (Centre for international cooperation in agronomic research for development).

IMPORTANT ISSUES

- » Stakeholder engagement
 - » Local community engagement
 - » Philanthropic activities
-

OUR COMMITMENT FOR A SUSTAINABLE SOCIETY

In an interconnected world faced with major societal and environmental challenges, effective solutions require individual and collective efforts. The Rothschild family has always been driven by the passion for entrepreneurial activity and innovation in the service of economic and social progress.

This passion is reflected in the way it conducts its activities, as well as in its commitment to society as a whole. In both the financial sector and in the area of philanthropy, the Rothschild family and the Group have the strong intention to be changemakers.

The Edmond de Rothschild Group is involved in several initiatives to promote sustainable development and responsible investment. It also wishes to perpetuate the philanthropic legacy and the humanist values of the Rothschild family by offering its employees the possibility to contribute to projects supported by the Edmond de Rothschild Foundations.

ENGAGING WITH OUR STAKEHOLDERS

Engaging with our stakeholders was identified as one of our material issues as a result of the materiality exercise undertaken in 2014. We have touched on this transversal theme throughout our report because we are convinced that consideration of the expectations and interests of our stakeholders is an essential condition for reaching our targets. As Ariane de Rothschild regularly points out, it is through partnerships between stakeholders whose activities are complementary that we will be able to rise to the current challenges facing our society (climate change, dialogue between peoples, etc.). As an example of our commitment in this area, Edmond de Rothschild Group accepted to be represented on the board of directors of the UN Global Compact Swiss Network¹. The Group's Sustainability Director took on this role in May 2016.

In this section we will focus on our commitment in the field of responsible investment, one of our priority issues, as well as our commitment to our suppliers, for whom we have formalised a Responsible Purchasing Policy.

OUR 2020 OBJECTIVES

Identify and participate in the most relevant initiatives and events linked to responsible investment

COLLABORATION WITH RESPONSIBLE INVESTMENT STAKEHOLDERS

In Switzerland and France, the Edmond de Rothschild Group is involved, to varying degrees, in financial sector initiatives on responsible investment issues and is involved in promoting this subject. The Group is involved in different organisations of which it is a member (see page 11). Since its creation in 2014, we have been one of the founding members of Swiss Sustainable Finance² (SSF), which was set up to integrate the principles of sustainability into the products and services of the Swiss financial sector and strengthen the country's position in the field of sustainable finance. SSF brings together all the major players from the financial sector and also from the academic world, the public sector and other organisations active in this domain. The Group's Sustainability Director co-leads a working group within SSF

to develop training material for investment professionals. The purpose of this training is to introduce investment professionals to the vast subject of responsible investment and raise awareness of the main trends and the role these key actors can play in their daily work. Four e-learning modules will be completed in 2017 and made available on SSF's website. A fifth module will also be prepared for Edmond de Rothschild teams on the Group's responsible investment product offering.

G4-DMA FS4

The Group's Sustainability Director also speaks occasionally at the ESSEC business school and the University of Geneva to share the Edmond de Rothschild Group's experience in sustainability and responsible investment.

Edmond de Rothschild Asset Management (France) supports research conducted by the Chair of Sustainable Finance and Responsible Investment of the Ecole Polytechnique - Université Paris-Saclay and the Toulouse School of Economics. Since 2013, it has also published the "SRI Chronicles", a magazine which reports on what's going on in the world in terms of Responsible Investment. Each edition puts forward the academic perspective on SRI, featuring a researcher's point of view on current topics. In 2016, the subjects covered included our analyses of major environmental challenges such as access to water, the environmental risk posed by methane and carbon price-setting.

G4-16 / G4-26 / G4-27

COLLABORATION AVEC NOS FOURNISSEURS



Sabine Rabald

Member of the Edmond de Rothschild Group's Executive Committee
Chief Operating Officer for the Edmond de Rothschild Group

"In order to have a positive impact in terms of sustainability, the Group wants to act beyond its own operations and think about the influence it can have on its stakeholders in order to all be part of a positive dynamic. The implementation of our new Responsible Purchasing Policy illustrates this approach and reflects our business outlook, which seeks to reconcile economic performance with social and environmental concerns."

OUR 2020 OBJECTIVES

Implement a process of evaluation and engagement with suppliers as part of our Responsible Purchasing Policy

Suppliers are an important category of stakeholders for all companies. Maintaining good relations with them has repercussions on the quality of products and services provided to clients. The way in which suppliers are treated can also have an impact on the reputation of the company.

For all these reasons, a working group was set up in 2016 to roll out the Group's Responsible Purchasing Policy at Edmond de Rothschild (France), as a pilot entity. The policy was turned into a "Responsible purchasing charter" signed by Ariane de Rothschild. The intention is that the charter will be co-signed by the Group's suppliers to demonstrate their commitment to issues relating to human rights, the environment and ethics. The Group started sending the charter to its suppliers in January 2017. A practical guide has also been drawn up to help those involved in the purchasing process to implement the Responsible Purchasing Policy.

The staff restaurants in Geneva, Luxembourg and Paris have also adopted a dedicated responsible purchasing policy which not only aims to promote healthy, seasonal produce, grown in an environmentally-sustainable way, but also to support a local community economy.

G4-26

OUR EMPLOYEES' COMMITMENT TO PHILANTHROPIC PROGRAMMES

OUR 2020 OBJECTIVES

Implement the Community Engagement Charter and encourage sites to implement philanthropic programmes

The Edmond de Rothschild Foundations are family foundations, and are managed completely independently from the Edmond de Rothschild Group; however, synergies are sometimes developed between the two so that their respective skills and experience can benefit specific projects and programmes. For more information on the Foundations, see pages 72-77.

G4-S01

For the Group, giving our employees the opportunity to contribute to a more inclusive and collaborative world reinforces the importance of citizenship and well-being at work. At the same time, sharing our employees' skills and knowledge with social entrepreneurs or people facing difficulties in accessing employment is another way of using our know-how for the benefit of society.

In 2016, the Group worked to define a Community Engagement Charter, while continuing its involvement in several of the Edmond de Rothschild Foundations' programmes.

MOZAIK RH PASSERELLES PROGRAMME

For the sixth consecutive year, Edmond de Rothschild (France) has supported the professional integration programme PasserElles, set up by the non-profit recruitment agency, Mozaïk RH, and initially funded by the Edmond de Rothschild Foundations.

This programme, aimed at young female graduates from diverse backgrounds looking for employment, combines collective workshops, individual coaching by recruitment professionals and one-to-one mentoring by an employee from one of Mozaïk RH's partner companies¹.

In 2016, the Edmond de Rothschild Foundations renewed their support for Mozaïk RH by supporting its Foundation's "Trophée TOP 10". This initiative showcases and rewards best practice in recruitment and diversity².

G4-S01

OPEJ

The OPEJ-Baron Edmond de Rothschild Foundation (Œuvre de Protection de l'Enfance et de la Jeunesse) was set up in 1945 to help orphans of the Second World War. OPEJ carries on its good work to this day, receiving children and teenagers from 27 different cultures. It is community-driven, and aims to develop social cohesion through the acknowledgement and mutual respect of identities. Since 2015, Edmond de Rothschild (France) employees have been invited to mentor a young person for one year. This sponsorship is a way of complementing the work of educators by giving the sponsored young person an outside contact who is concerned for their future, outside the educational sphere of the OPEJ¹.

G4-S01

1. For further information on the implementation of these programmes within Edmond de Rothschild (France) in 2016, see pages 62-63 of the Edmond de Rothschild (France) annual report. This report is available online: <http://www.edmond-de-rothschild.com/site/France/en/private-banking/annual-reports>. 2. To find out more, see: <http://top10-recruteurs-diversite.com/>

UNLTD SPAIN

The Edmond de Rothschild Foundations and UnLtd Spain support the CRECE programme, which promotes the growth of Spanish start-ups with a strong social impact. CRECE is intended as a response to Spain's high unemployment levels and as a contribution to socially-responsible, sustainable growth in Spain.

This programme offers professional support based on a rigorous methodology, which was first developed in the UK and has since been successfully replicated in a dozen countries. In Spain, it is aimed at social entrepreneurs with excellent performance who will benefit from:

- » specialised training;
- » support from industry consultants, lawyers and experts;
- » financial and strategic support from Edmond de Rothschild (Europe) bankers;
- » €10,000 capital donation.

In 2016, six companies selected (Koiki, Auara, Nostoc, CerQana, Huertos de Soria, Escuelab) benefited from the skills and knowledge of 11 employees from Edmond de Rothschild branches in Spain.

G4-SO1

SCALE UP

The Edmond de Rothschild Group also continued its participation in the Scale Up programme, created by the Edmond de Rothschild Foundations and the ESSEC Business School to support the development of businesses that have a positive impact on society or the environment.

Selected companies are sponsored for one year by certain Group employees, who share their expertise on strategy, finance, fundraising and communication. This professional mentoring complements the educational content of the programme and pro bono legal assistance, giving the company's leadership the tools necessary to define, implement and finance their growth.

In the six years since its inception, the programme, with its combined economic and social impact, has been recognised as unique in France. To further reinforce its status, since 2015 the programme has only been open to companies (SA, SAS, SARL) with financing requirements of over €200,000. The seven companies who completed the programme in 2016 – ApiNapi, Kialatok, Minos, oOlution, la Recyclerie, Tripapyrus and VERTuose – were supported by experts from the Group's corporate finance, private equity and wealth management divisions¹.

For further information on this programme, visit our website: http://stories.edmond-de-rothschild.com/Pages/en/scale_up.html.

G4-SO1

#FOCUS

REVISITING THE COMPANIES SELECTED BY SCALE UP FROM 2011 TO 2015

In September 2016, a study of 14 former participating companies was carried out. Since the programme's support ended, those companies have seen an average revenue growth rate of 100%, created 135 jobs and raised almost €10 million of funding.

From 2017, systematic monitoring of the selected companies is expected to take place as part of the programme:

- » two months after the end of the programme for an overall evaluation of the support received;
- » annually, to measure the programme's impact on the companies with a "before and after" focus.

To carry out this annual monitoring, indicators for the social and environmental impacts, adapted to each company, will be added to the revenue growth rate, number of full-time equivalent jobs created and funds raised.

OUR INVOLVEMENT IN THE VARIOUS COMMUNITY ENGAGEMENT PROGRAMMES - G4-SO1

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	Total since the start of the programme
PasserElles programme							
Number of mentors	-	11	22	30	24	15	102
Number of mentees	-	11	22	36	30	15	114
Number of young women employed	-	6	15	24	24	14	83
Scale Up programme							
Number of companies selected for the programme	3	5	5	8	6	7	34
Number of employees involved in supporting these companies	4	5	7	14	10	11	51
UnLtd Spain programme*							
Number of companies selected for the programme	-	-	-	5	5*	6	11
Number of employees involved in supporting these companies	-	-	-	8	8*	11	19
OPEJ							
Number of mentors	-	-	-	-	20	16	36
Number of mentees	-	-	-	-	20	16	36

* The UnLtd Spain programme used to be held over an academic year (September to September), but is now held over a calendar year. So in 2015, we had the same participants as in 2014.

1. For further information on the implementation of these programmes within Edmond de Rothschild (France) in 2016, see pages 62-63 of the Edmond de Rothschild (France) annual report. This report is available online: <http://www.edmond-de-rothschild.com/site/France/en/private-banking/annual-reports>.



THE EDMOND DE ROTHSCHILD FOUNDATIONS

PRESENTATION

Philanthropy is at the heart of the Rothschild family tradition. Faithful to this exceptional heritage, Ariane and Benjamin de Rothschild are continuing to support and transform a unique network of entirely private foundations. The Edmond de Rothschild Foundations follow a strategic approach to philanthropy combining generosity, exacting standards and impact. With passion and conviction, they develop a fantastic laboratory of ideas, experimentation and incubation. They contribute to the identification of solutions to today's social challenges. They embody a daring form of philanthropy which innovates and builds.

Through close collaboration with their partners, the Edmond de Rothschild Foundations coordinate an unprecedented ecosystem focusing on four poles of excellence:

- » Arts
- » Entrepreneurship
- » Health
- » Philanthropic best practices

In 2016, some fifty projects were supported, a few of which are presented here.



“The Edmond de Rothschild Foundations are investing in women and men who consider the significant changes in the world as a call to change along with it. They assert their commitment to a diverse society, based on inclusion, collaboration and social innovation. They combine diversity with cultural plurality, respect for differences and the recognition of multiple identities.”

Firoz Ladak

CEO of the Edmond de Rothschild Foundations

PRESENTATION

INSPIRING TOMORROW'S BUSINESS MODELS

Building Networks, ensuring sustainability, fostering innovation

Economic tensions and social needs are growing constantly: job insecurity, excessive debt, poverty, exclusion, unemployment. At the same time, economic performance and societal impact are increasingly converging. On the one hand, social innovation players agree on the importance of using private sector methods to boost the efficiency and impact of their projects. On the other, a growing number of companies include practices relating to social and environmental responsibility in their business strategies, in response to the expectations of consumers, legislators and the market.

The Edmond de Rothschild Foundations develop an Entrepreneurship approach which responds to these historic challenges.

VISION

With the benefit of over two hundred years of entrepreneurial experience, Ariane and Benjamin de Rothschild have entrusted their family foundations with the mission of passing on financial and strategic expertise to a network of entrepreneurs with a strong societal impact. Through their actions and projects, the Edmond de Rothschild Foundations assert that value creation must place economic efficiency at the service of the general interest, and consider entrepreneurship as a powerful driver of economic growth and social and environmental progress.

Alongside renowned educational institutions and business schools, such as the ESSEC Business School in Paris, they develop strategic target-specific tools and approaches enabling a growing number of entrepreneurs to boost their impact and ensure the financial sustainability of their undertakings. They thus detect high-potential entrepreneurial projects, support them, and enable them to grow. The common characteristics of these projects: proposing new business models focused on inclusive growth which combines economic performance, societal impact and technological innovation.

Through their financial, educational and human assistance, the Foundations support these high-impact entrepreneurs from the idea phase through to the drafting of a business plan, from strategic thinking to the launch of a pilot project, and from the development of the structure to its change of scale. This expertise is also characterised by the development of an ecosystem around these initiatives, where different players and professional environments converge:

- CSR¹ Directors of big companies;
- traditional and responsible investors;
- academic research and chairs of excellence;
- incubators and entrepreneurs.

By bringing together these different stakeholders in the world of entrepreneurship, the Edmond de Rothschild Foundations assert their fundamental mission, that of building a more inclusive and collaborative society.


PROJECTS THROUGHOUT THE WORLD

Over the past 10 years, the Foundations have assisted hundreds of entrepreneurs and have fostered the emergence of sustainable organisations with a strong societal impact. These entrepreneurs are supported in close collaboration with a worldwide network of professional partners.

Between 2011 and 2014, the Foundations provided support to UnLtd India² for the creation and capitalisation of a debt vehicle to finance the development of high-potential small businesses through the "Growth Challenge" programme. Thanks to a high reimbursement rate, this debt vehicle is now self-financed.

In Europe, the Foundations' two flagship programmes – Scale Up in France (developed with the ESSEC Business School), and CRECE in Spain (in collaboration with UnLtd Spain) – are now benchmarks in their respective countries. Changes are planned for 2017 to switch to a model of "shared value" with the market economy. Entrepreneurs also benefit from a network of complementary partners who share their expertise and their networks. Moreover, they will now be selected in specific sectoral categories: "Agrobusiness" and "Smart Cities" in Spain, and "Silver Economy" in France.

1. CSR : Corporate Social Responsibility. 2. UnLtd India supports entrepreneurs from the creation of their company (both profit and non-profit making organisations) through to change of scale. It has a triple mission: identify the best entrepreneurs with social impact, offer them support and expertise, advise them in the growth and fund-raising phase.

In Côte d'Ivoire in 2016 a new programme was deployed in partnership with ESPartner. Given the convincing results achieved in this pilot phase, the Foundations will continue their support so that French-speaking Africa is better able to benefit from a global movement of convergence between economic sustainability and societal impact.

Since 2015, in collaboration with Ecole Polytechnique de Lausanne (EPFL) and the Swiss Department of Development and Cooperation (DDC), the Foundations have been developing an innovative programme called MOOC4Africa¹, aimed at bringing African university campuses up to speed

with the digital revolution. Along with this ambitious goal, the programme creates vital links and synergies between academic education and the business world, particularly in Senegal and Côte d'Ivoire.

In Israel, the Rothschild Caesarea Foundation, which is part of the international network of Edmond de Rothschild Foundations, develops training programmes, not only for high-impact entrepreneurs, but also for Druze and Arab minorities. Moreover, in 2016, it designed and launched the first "social impact bond" in the field of education. This novel instrument in Israel particularly aims to reduce the dropout rate in colleges and universities.

FOCUS

THE ARIANE DE ROTHSCHILD FELLOWSHIP PROGRAMME



The Ariane de Rothschild Fellowship (AdRF) programme is a unique model of conflict resolution and support to minorities through entrepreneurship, in Europe and North America. AdRF was born in 2009 out of a three-fold observation:

- there is an urgent need for innovation in the field of intercultural dialogue;
- the spirit of enterprise can be an important vector of social peace;
- introducing entrepreneurs to social science knowledge and analysis promotes better understanding of today's societal challenges.

AdRF aims to promote more collaborative and inclusive societies, in particular between Jewish and Muslim communities, through a network of innovative and committed entrepreneurs and social leaders.

In partnership with prestigious academic institutions, such as the University of Cambridge, the programme offers cross-disciplinary training in key skills in the fields of business; applied Social Sciences; innovation leadership; experimental dialogue.

AdRF also develops a personal transformation course for participants, as well as a powerful international network.

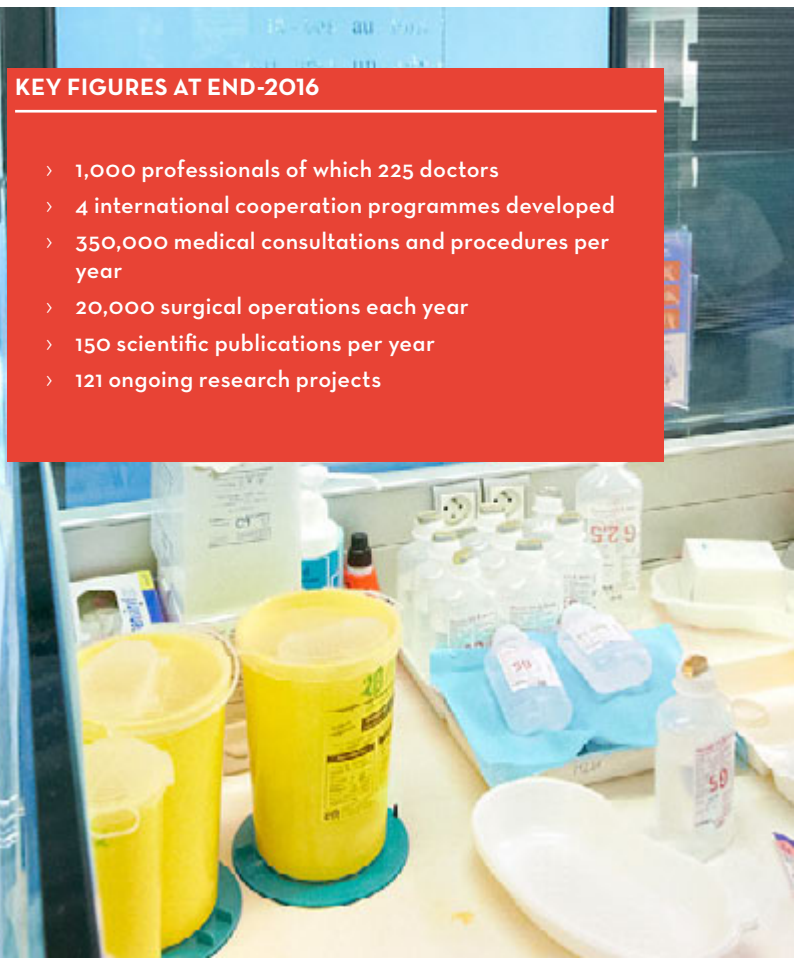
With over 500 applicants in 2017, the AdRF programme will, in an ever more concrete way, combine entrepreneurial training with support from the professionals of the EdR Group, and topical issues such as the refugee crisis across the world. Lastly, the AdRF will be moving from its current Cambridge base to Windsor Castle.

1. This programme was launched in 2013 by the Ecole Polytechnique de Lausanne (EPFL) and the Swiss Department for Development and Cooperation (DDC) and has been supported by the Edmond de Rothschild Foundations since 2014.



KEY FIGURES AT END-2016

- › 1,000 professionals of which 225 doctors
- › 4 international cooperation programmes developed
- › 350,000 medical consultations and procedures per year
- › 20,000 surgical operations each year
- › 150 scientific publications per year
- › 121 ongoing research projects



PRESENTATION

IMPROVING HUMAN LIFE THROUGH TECHNOLOGICAL ADVANCES IN EYE AND BRAIN TREATMENTS

The Edmond de Rothschild Foundations support patient treatment and scientific research, in particular in the fields of ophthalmology and neurosciences.

In 1905, in the historical context of the Dreyfus Affair, Julie de Rothschild inaugurated the first totally free Paris hospital open to everyone, irrespective of religion or political persuasion - the Fondation Ophtalmologique Adolphe de Rothschild (FOR).

Over a century later, this institution has become a global clinical and scientific reference in the fields of neurosciences and ophthalmology. With renowned doctors and cutting-edge facilities, it is now a private non-profit establishment earning top ratings in its areas of specialisation, such as child epilepsy, the treatment of strokes, learning difficulties, the retina and interventional neurosurgery.

Through its status as a university hospital, the FOR is also involved in advanced scientific activity, not only through numerous research protocols, but also through active international cooperation with leading institutions in Europe, the United States and Israel.

In addition, its humanitarian work reflects its will to help the most deprived and address the challenges faced by numerous developing countries in the field of healthcare.

The Foundations' strategy relies on a solid public/private partnership in order to multiply synergies: through close ties with Government bodies; through international collaboration between scientific centres; through cooperation between hospitals to enhance the study of patients, their treatment and their recovery; and lastly through the special attention paid to the multiple links between scientific research, social impact and economic sustainability.

This strategy is based on four main aspects:

- supporting the management and growth of the FOR;
- supporting clinical and fundamental medical research through publications and by promoting the FOR's technological innovations at international level;
- promoting access to primary healthcare for everyone by providing high-quality care to an ever larger number of patients;
- initiating sustainable cooperation models based on the continuous transfer of medical skills in emerging and developing countries.

Over time, the FOR has become a founding symbol and a model of excellence, which constitutes the keystone of the commitment of the Edmond de Rothschild Foundations in the healthcare sector.





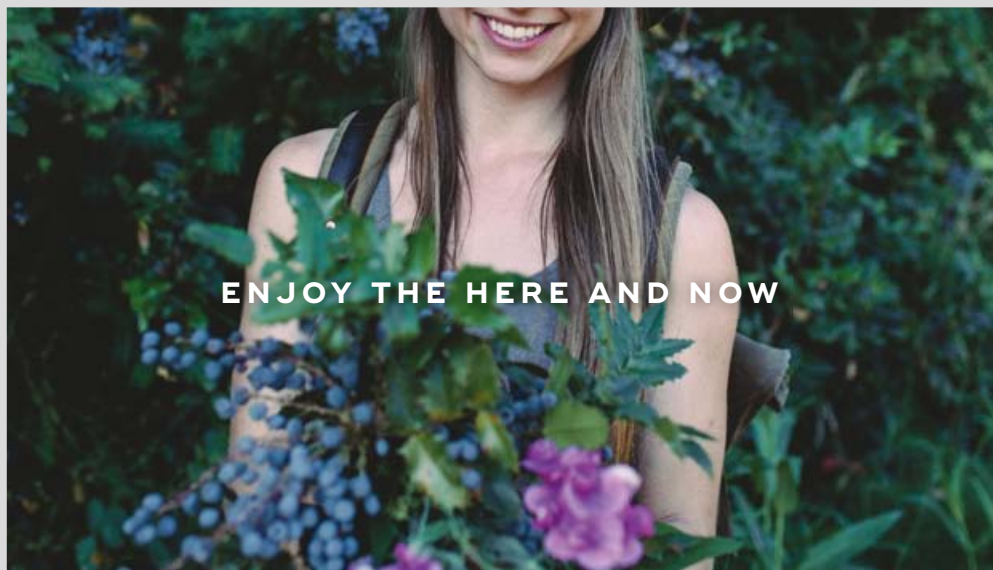
GET STARTED



LET GO



BE SURPRISE



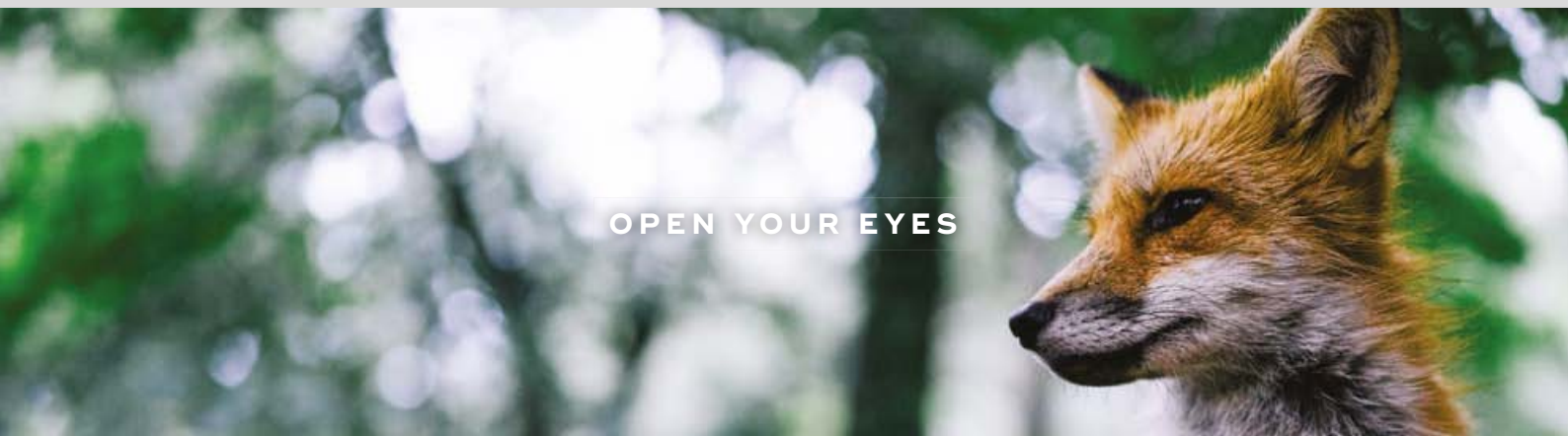
ENJOY THE HERE AND NOW



OPEN UP YOUR MIND



ABSORB
THE ATMOSPHERE



OPEN YOUR EYES



Edmond de Rothschild Heritage

Historically called the “**Rothschild style**”, the family taste for aesthetics and its passion for works of art have resulted in the Art de Vivre Rothschild, which is both authentic and daring. Focused on three areas – Wines, Hospitality and Nature - **Edmond de Rothschild Heritage** ensures the transfer of precious know-how and offers a unique experience over a glass of wine, a piece of brie fermier or during an alpine break in Megève.



WINES

With two châteaux in Bordeaux and vineyards in South Africa, New Zealand and Argentina, the Compagnie Vinicole not only selects the finest quality terroirs which best express distinctive local grape varieties; it also has a deep respect for the land and the people that work it.

For example, Château Clarke has been committed for a number of years to an approach combining sustainable farming and environmental protection by working the soil under the vine stock and maintaining grassy strips between the vine rows by hand. Moreover, an acute knowledge of interactions between the land, environment and the plant enables the controlled use of products which perfectly respects the life cycles of the vine.

Sustainability is also a major concern for each activity of Edmond de Rothschild Heritage overseas. The new Rupert & Rothschild wine cellar, in South Africa, which mostly runs on solar energy, filters and recycles the water required at each stage of wine production (cleaning and sorting the grapes, washing the crates, etc.).



NATURE

Located in Seine-et-Marne, the farm at Domaine des Trente Arpents is a complete ecosystem, committed to environmental protection and boosting the regional economy.

On the farm, each discipline plays its role in a virtuous cycle: arable crops (wheat, maize, rapeseed, etc.) are used to feed dairy cows, whose milk is used on-site to produce cheese. This prudent management ensures that the produce is of optimum quality while also ensuring environmental optimisation.

The farm is also involved in regional development and local life. Job creation, knowledge transfer and training of young people in agricultural practice are some of the farm's priorities.



HOSPITALITY

A new hotel will open at the end of 2017 at Mont d'Arbois, a key destination for exceptional alpine holidays.

Entirely built using noble materials, the hotel, which has Haute Qualité Environment (HQE) certification, combines luxury and environmental protection: air quality, tranquillity with high protection from outside noise, optimum water management thanks to a drip system, etc.

This approach is not only applied to the architecture of the building, but also its décor and furnishings. For example, the terrace furniture has been sourced from the Group's partners in the South American agroforestry impact investing strategy (for further information, see pages 56-61) and a significant proportion of the bedspreads were sourced from an Indonesian foundation which provides sustainable work to women with a focus on traditional crafts.



“ Sustainability is a major societal concern; yet many companies still consider it as a secondary issue. The diverse range of Edmond de Rothschild Heritage operations is a fantastic channel for the expression of the family's values, as well as its deep respect and fondness for work on the land. This is reflected in an approach which involves thinking right from the outset about the positive social and environmental impacts that we can have as a result of our operations, followed by training provided to teams on these matters to relay the message internally and to our clients. ”

Alexis de La Palme,
Chairman of the Edmond de Rothschild Heritage Management Board



GRI G4 CONTENT INDEX


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MATERIAL ASPECT: EMPLOYMENT				
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REVIEW REPORT ON A SELECTION OF SUSTAINABILITY INDICATORS PUBLISHED IN EDMOND DE ROTHSCHILD GROUP'S 2016 SUSTAINABILITY REPORT

This is a free translation into English of the review report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Further to the request of the Edmond de Rothschild Group, we have carried out work for the purpose of enabling us to express limited assurance on a selection of sustainability indicators published in the 2016 Sustainability report of the Edmond de Rothschild Group.

The following sustainability indicators, labelled with  the 2016 Sustainability report, were selected by the Edmond de Rothschild Group for the purposes of the review:

- » Business ethics and compliance
 - › Total training hours on business ethics and compliance, Total number of participants, Number of employees having attended at least one training session on business ethics and compliance
- » Human resources
 - › Headcount as of December 31, 2016, breakdown by gender and geography, percentage of permanent contracts
 - › Recruitments and termination of employment contracts by type
 - › Gender equality - percentage of women in senior management
 - › Number of training hours, Percentage of employees who attended at least one training course, and Women as a percentage of employees trained
 - › Percentage of employees having received an annual performance review, percentage of employees having completed their review
- » Sustainable and responsible investment
 - › Total Group assets under management covered by responsible investment strategies, Percentage of Group assets under management by a responsible investment strategy
 - › Number of strategies for all listed asset classes which apply a responsible investment approach
 - › Assets under management at Edmond de Rothschild Asset Management covered by a responsible investment strategy (million CHF and percentage)
 - › Percentage of assets under management at Edmond de Rothschild Asset Management (France) covered by a responsible investment strategy and Percentage of assets under management at Edmond de Rothschild Asset Management (France) covered by a carbon footprint
- » Environment
 - › Energy consumption in the Edmond de Rothschild Group by source (in MWh) and energy consumption per employee
 - › Edmond de Rothschild Group's business travel and work-home travel
 - › Greenhouse gas emissions for the Edmond de Rothschild Group (Scopes I, II, and III) and GHG footprint per employee
 - › Consumption of paper per employee and share of recycled or certified paper
- » Employee commitment to philanthropic programmes
 - › Involvement in community engagement programmes

These sustainability indicators and issues were prepared under the responsibility of the Sustainability Department in accordance with the Group's "2016 social reporting protocol" and "2016 environmental and societal reporting protocol" (hereinafter "the Guidelines"), summarised in the 2015 Sustainability report and available on request from Edmond de Rothschild Group's Sustainability Department.

Our role is to form a conclusion on the selected indicators based on our work.

Nature and scope of our work

We performed the work described below in accordance with ISAE 3000¹.

We performed the procedures described below to obtain assurance about whether the selected sustainability indicators are free of material misstatement. The work we performed on the societal indicators enables us to express limited assurance. A higher level of assurance would have required us to carry out more extensive work. In addition, the work we performed does not allow us to express a conclusion on the exactness of the quantitative information published.

At the level of Edmond de Rothschild Group's Sustainability Department:

- » We reviewed the suitability of the Guidelines in terms of their relevance, completeness, reliability, impartiality and understandability,
- » We performed analytical procedures and verified, on a test basis, that the data used to produce the social and environmental indicators had been correctly calculated and consolidated. This work involved, in particular, interviews with the persons from the Group Sustainability Department responsible for compiling and applying the procedures and consolidating the data.

We selected a sample of entities, as follows:

- » France : Edmond de Rothschild (France) in Paris;
- » Suisse : Edmond de Rothschild (Suisse) S.A. in Geneva and Lugano ;
- » Luxemburg : Edmond de Rothschild (Europe) in Luxemburg.

This selection was made on the basis of the quantitative and qualitative criteria applied to the indicators.

With regard to the selected entities:

- » We checked that the procedures had been properly understood and correctly implemented on the basis of interviews with the persons responsible for preparing the data;
- » We performed in-depth checks on a test basis to verify the calculations and reconcile the data with the supporting documents.

The contribution of these entities to the Group's consolidated indicators represents 79% of headcount and in average 86% of consolidated environmental indicators.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the Sustainable development indicators selected by the Edmond de Rothschild Group, taken as a whole, are not presented fairly, in all material respects, in accordance with the Guidelines.

Neuilly-sur-Seine, June 23, 2017
PricewaterhouseCoopers Advisory

Sylvain Lambert
Partner Sustainable Development Department

1. ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information

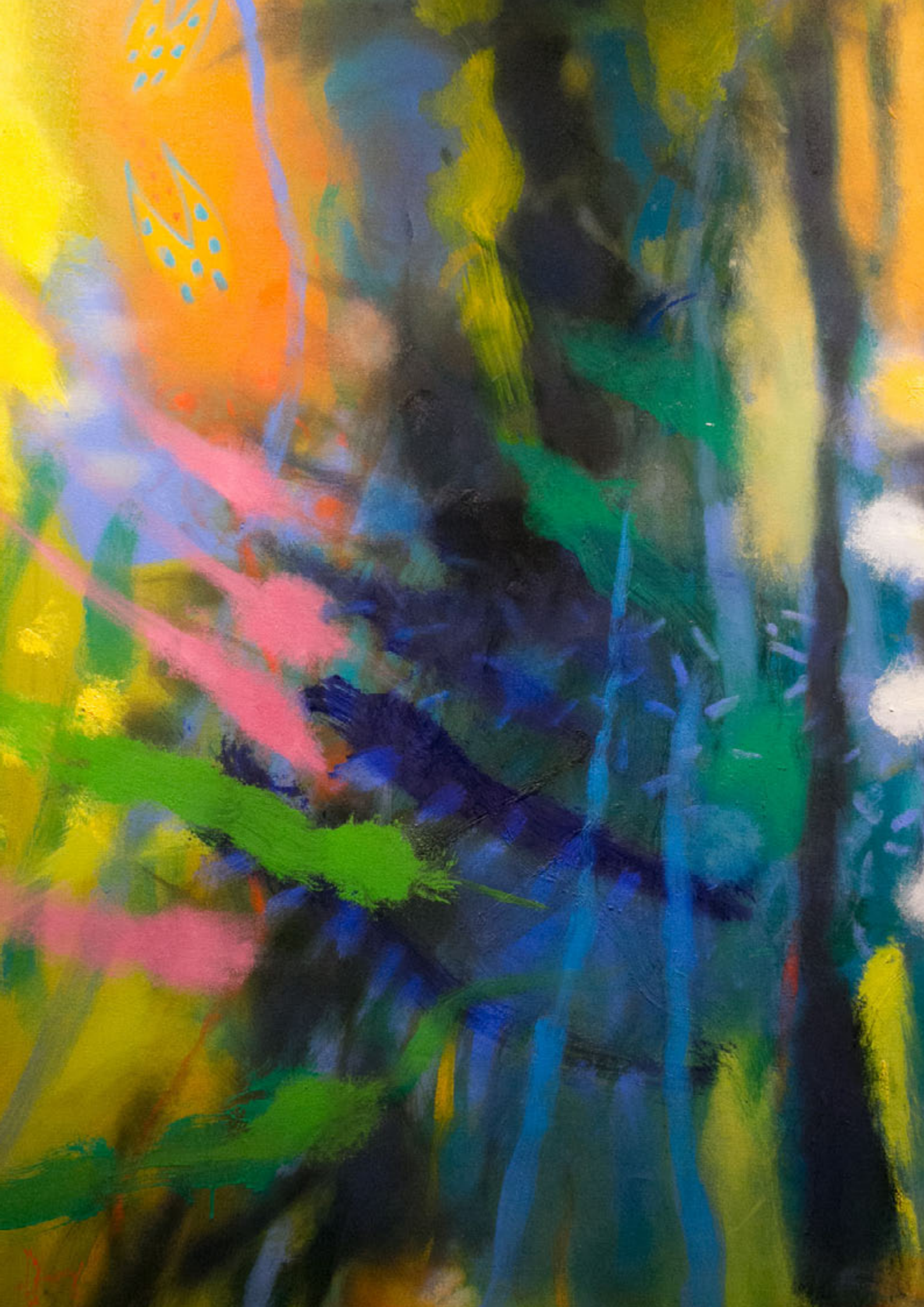


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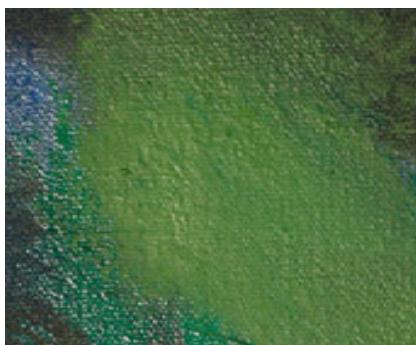
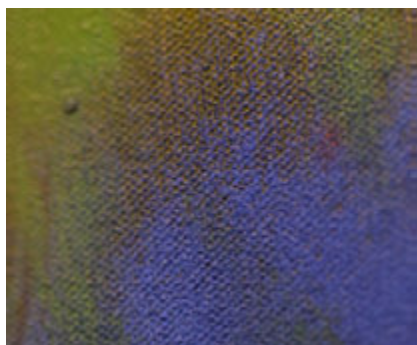
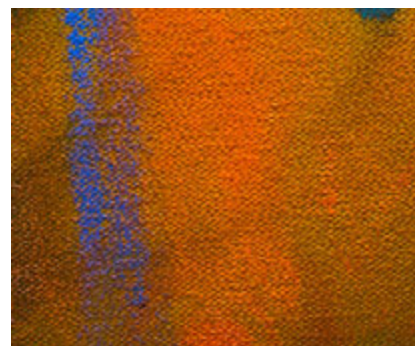
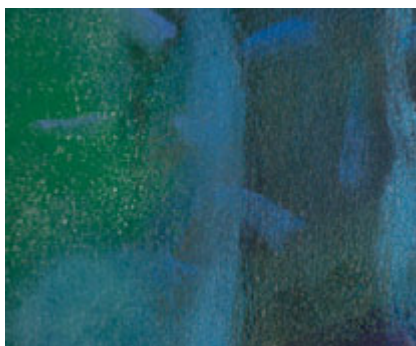
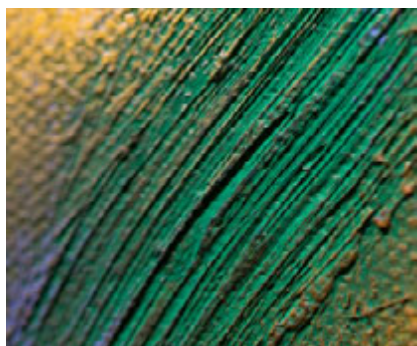
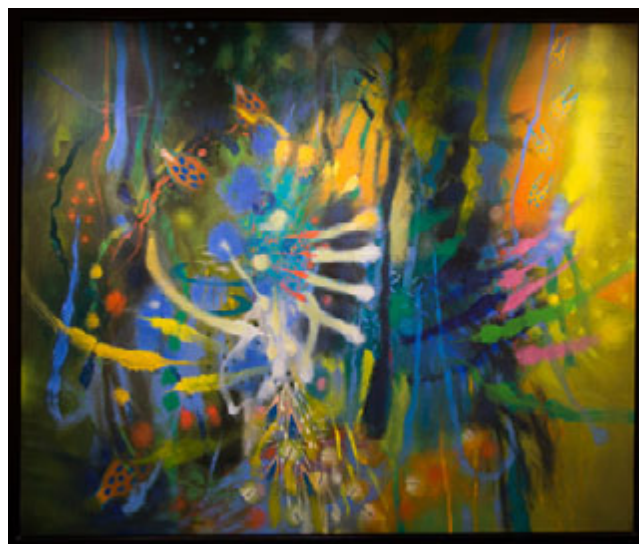


« EL LADO OPUESTO DE UNA HOJA »,
oil on canvas, 2011

CARLOS JACANAMIJOY, Colombia

Ariane and Benjamin de Rothschild's
private collection, on show in clients'
meeting rooms at Edmond de Rothschild
(Suisse) S.A.

Close-up views of this painting.



“1^{er} Acte”, workshops for actors developed by the Edmond de Rothschild Foundations, the SNCF Foundation and la Colline - National theatre to encourage diversity on French theatre stages (photograph: Jean-Louis Fernandez)



Colour test for the Edmond de Rothschild coat of arms, drawn by the artiste Philippe Druillet.

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Thanks to: Anthony Aleu-Roca, Giuliano Annoni, Lydia Ballester, Isabelle Baradon, Arnaud Baranger, Ivana Bastiani, Adil Benjelloun, Jérôme Bevierre, Sylvain Blondel, Marie-Charlotte Bonnassieux, Mélanie Bordeaux, Maourane Bouchrina, Stéphanie Bouget, Stéphane Boyer, Roberto Castiglioni, Federica Catalani, Tommaso Cattaneo, Rémi Chabard, Marie-Delphine Chardaire, Pascal Charlot, Bruce Cheung, Carole Coco, Shlomi Cohen, Christophe Contreras, Sonia Costa Pons, Emmanuel Courant, Julien Currat, Simone Defratis, Jean-François Delessert, Pascal Delle, Avriila Diamanti, Franck Distaso, Jérôme Dubois, Honora Ducatillon, Jean-François Dusch, Aurélie Eldin, Irina Erblang-Rotar, Frederique Ernst de la Graete, Maria Farias, Sébastien Flouquet, Sophie Gadi, Myriam Garcia, Pascal Gendraud, Erika Giani, Jean-Luc Giustina, Karen Guzman, Isabelle Heilmann, Arnaud Heymann, Elizabeth Horner, Pauline Hou, Eric Houillot, Pierre Jacquot, Maria Kahane, Jonathan Kandin, Anat Karmazin, Muriel Karpeles-Berruyer, Emmanuelle Kilian-Barnet, Jérôme Koechlin, Angelo Konian, Angelo Konian, Luigi Liotti, Valérie Lombardi, Alessandro Lorenzon, Thierry Mangin, Audrey Martin, Jolly Mathews George, Céline Matthey, Roger Merminod, Anne Montfort, Catherine Motamedi, Clémence Moullot, Sam Muon, Rocio Navarro Herrero, Sylviane Nouet, Maribel Parmigiani, Romy Pauwels, Stéphane Piot, Alain Porchet, Eric Pruvost, Hilde Robart, Elodie Rose, Javier Saez, Caroline Siekmann, Christine Southgate, Martin Spyrakos, Gaëlle Thieblemont, Sam Thomé, Corinne Touron, Tiziano Tunesi, Daniella Van Rooij, Ashley Wise.

Production: Newworks.

Photographers and photos' rights: Edmond de Rothschild (Suisse) S.A., Fondations Edmond de Rothschild, Olivier Skypala, Jean-Louis Fernandez.

Traduction: Labrador Translations.

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