



EDMOND  
DE ROTHSCHILD

2018

# SUSTAINABILITY REPORT





EDMOND  
DE ROTHSCHILD

READER’S GUIDE

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. In each section, the exact scope of the data included is given, and its availability.

GRI 102-1 / 102-3 / 102-5 / 102-45

For the analysis and publication of its sustainability indicators, the Group presents its results as outlined below:

Parent entity	"Group" scope	«Main Entities» scope
Edmond de Rothschild (Switzerland) S.A.	United Arab Emirates, Israel, Monaco, United Kingdom, Switzerland (Geneva, Lausanne, Lugano, Fribourg and Zurich) and Uruguay	Switzerland (Geneva, Lausanne, Fribourg, Zurich and Lugano)
Edmond de Rothschild (France)	France (Paris and provinces) and Italy	Paris and offices in the provinces
Edmond de Rothschild (Europe)	Luxembourg, Belgium, Spain, Portugal	Luxembourg

The «Group» scope in this report covers 95% of the total workforce presented on page 8 as the reporting scope for the sustainability results published here was reduced in 2017, in agreement with the auditors of the sustainability information. The data for the "Main Entities" scope covers 83% of the Group's workforce. This reporting scope does not affect the analysis of information, the reliability of that information or the changes between 2017 and 2018.

GRI 102-10

This fifth Sustainability Report for the Edmond de Rothschild Group contains the quantitative and qualitative information necessary to understand the Group's material sustainability issues for 2018. The report is published annually.

GRI 102-50 / 102-51 / 102-52

Reporting framework

The Edmond de Rothschild Group has decided to prepare this report and publish its results complying as much as possible with the Global Reporting Initiative (GRI) standards and 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 therefore selected the GRI standards core reporting option. You will find all references to the GRI indicators and the corresponding pages in the GRI Content Index on pages 92-93.

GRI 102-54 / 102-55

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.

GRI 102-4 / 102-49

Availability and contact

This document is available in French and English, in an electronic and paper format. The "Management Approach" appendices are available in French and English, only in electronic format on the Group's website. 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 of both the report and its appendices, which can be found on the website: [www.edmond-de-rothschild.com/site/International/en/Sustainable-development/reports](http://www.edmond-de-rothschild.com/site/International/en/Sustainable-development/reports).

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

GRI 102-53

Relevant aspects and involvement of stakeholders


The Group used its 2014 materiality exercise to select and prioritise the relevant issues for publication. See the appendix "Our strategic approach to sustainability" for more details about our monitoring of the evolution of relevant issues and perspectives of our stakeholders. 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.

The content of each section was defined according to the Group's operations in 2018 but also the most important issues in the sector and the Group's exchanges with its stakeholders. In addition, appendices for each section provide information which reflects actual and potential impacts of the Group. They also explain the methods used and approach adopted to managing these impacts. These appendices are only available in electronic format. They can be accessed via the links in each relevant section of the electronic version of this report.

The Group considers that all its sustainability issues apply to all of its entities and regularly works to extend the scope covered by the 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.

GRI 102-46/103-1

Data assurance

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 94 of this document. These indicators are marked in the report using the following icon: 

GRI 102-56

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 five years on the Edmond de Rothschild (France) annual report in line with French legislation and were mandated by the Edmond de Rothschild Group to review the Group's sustainability data for 2018.

GRI 102-56

In 2018, the assurance review took place at Group level, followed by the Group's three main entities in Geneva, Paris and Luxembourg. In performing this review, the external auditors reviewed data collection protocols and relevant documents and checked collection tools and the data entered.

GRI 102-56

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# BOLD BUILDERS OF THE FUTURE

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

## BOLD :

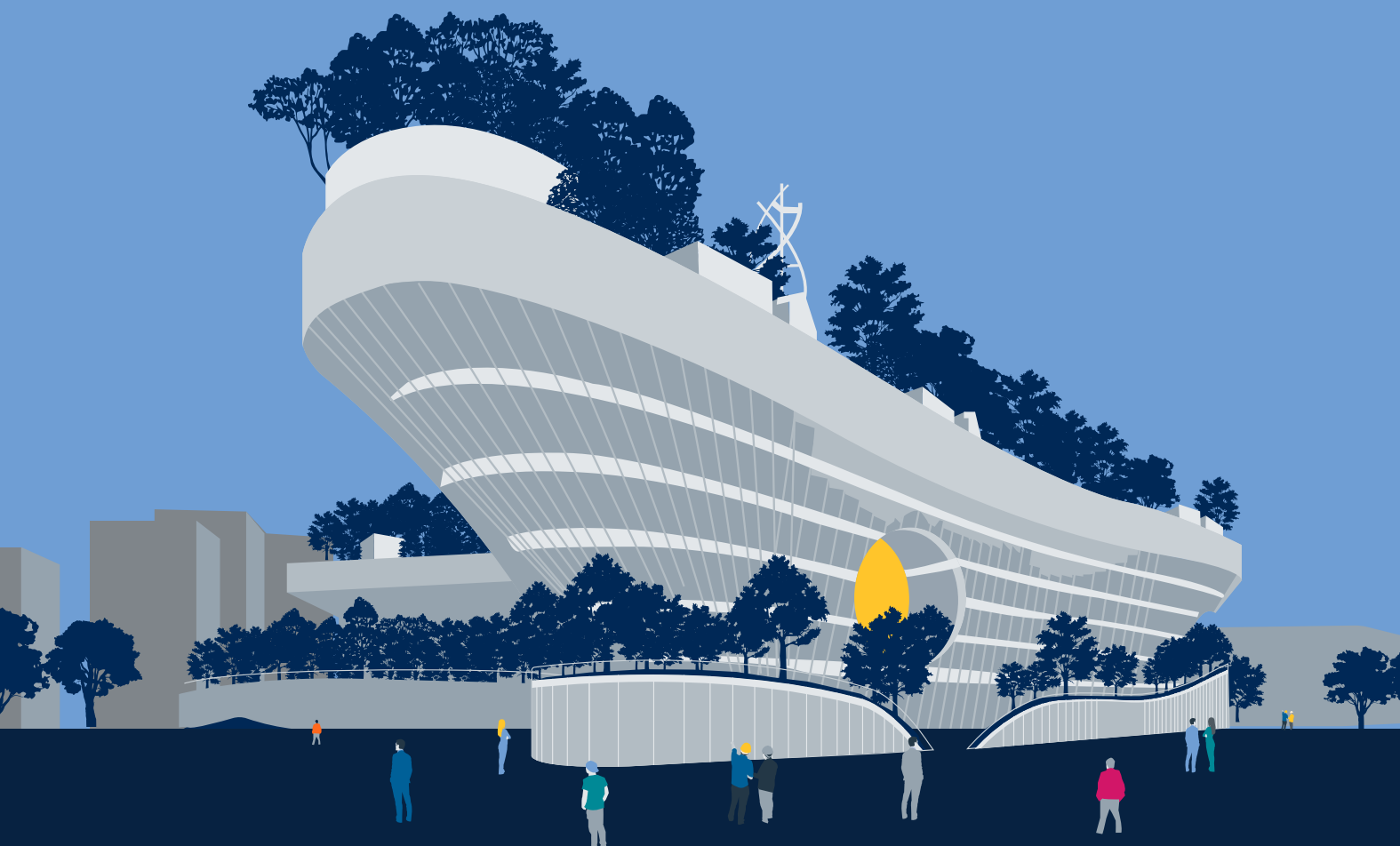
Boldness is the capacity to reinvent oneself and take controlled risks.

## BUILDERS :

The Group favours bold strategies and investments rooted in the real economy, combining long-term performance and impact.

## OF THE FUTURE :

For six generations, we have had a unique and engaging vision of wealth. Wealth is an opportunity to build the world of tomorrow.



# MESSAGE FROM BENJAMIN AND ARIANE DE ROTHSCHILD

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

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

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

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

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

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

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

An example of this is the new Responsible Investment Policy of our Swiss real estate entity, which ensures the full integration of ESG (environment, social, and governance) criteria. This work paves the way for a similar approach in our other real estate entities. Our infrastructure debt platform, which continued to grow at a healthy rate with over 1.6 billion CHF in assets under management, has also finalised and implemented its ESG integration process, and its most recent compartment obtained the French Greenfin / EETC label for its contribution to the energy transition (10,100 tonnes of CO<sub>2</sub> equivalent avoided in 2018). Our new impact investing strategy for the financing of environmental infrastructure in Europe has also obtained the Greenfin / EETC label. Finally, we have seen a significant increase (40% vs. 2017) of the assets under management in our two open funds with SRI labels, which benefited from the growing demand of our private clients for meaningful investments.

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

Benjamin et Ariane de Rothschild



# 2018, A YEAR OF SIGNIFICANT PROGRESS TOWARDS ACHIEVING OUR SUSTAINABILITY OBJECTIVES



**Vincent Taupin**  
CEO of the  
Edmond de Rothschild Group

“The year was characterised by a number of strategic projects motivated by our commitment to build a future that can respond to the challenges of our industry, to the most pressing sustainability issues and to the evolving expectations of our stakeholders. In particular, The Edmond de Rothschild Group focused its efforts on a cultural change programme through which it intends to establish its “Bold Builders of the Future” brand positioning firmly at the heart of its activities. The 10 Principles of behaviour that emerged from this programme aim to support all of our employees in their personal appropriation of our corporate culture.

Furthermore, we made significant progress on each of the pillars of our sustainability strategy as described below.

**Cynthia Tobiano**  
Deputy CEO of the  
Edmond de Rothschild Group



## ETHICAL AND RESPONSIBLE BEHAVIOUR

In 2018, we trained 88% of Group employees on different Ethics & Compliance topics, delivering over 14,000 training hours. We also built new strategic and operational bridges between our Compliance function and the Front Office to reinforce our “first line of defence”, and we mapped potential conflicts of interest and compiled a register of actual conflicts along with the necessary corrective measures. Finally, we seized the opportunity of the new European regulation, GDPR, to create a data protection strategy and policy covering all stakeholders, which are deployed at each entity.

## OUR COMMITMENT TO OUR EMPLOYEES

We revised our Human Resources strategy to support the deep transformation of our activities with the full engagement of our teams and an improved experience for employees at the different stages of their career. A concrete roadmap with four ambitions and 18 projects was drawn up, with a particular focus on developing a meaningful working environment. In 2018, all Group employees attended at least one training session. 55% of the employees who benefited from internal mobility and 25% of our senior managers were women. More than 4,639 training hours were delivered in the leadership development programmes based on the Group's values.

## INNOVATION IN RESPONSIBLE INVESTMENT

Overall, our 2018 position is positive and we are on track to meet our objectives. In terms of our commitments on climate change, 45% of the Edmond de Rothschild (France) assets under management are covered by a carbon footprint (24% in 2017) and we continue to implement our new «2 degree» roadmap to progressively decarbonise our investment portfolios. To bring about the necessary change in mind-set, we have committed to raising awareness and training all of our employees on responsible investment and the energy transition. 93% of the Edmond de Rothschild Private Equity assets under management are covered by a Responsible Investment strategy and 13% by an impact investing strategy. Assets under management covered by a Responsible Investment Mandate for private clients were up 68% on 2017.

## MANAGEMENT OF OUR ENVIRONMENTAL IMPACT

In 2018, the Group's carbon footprint was 30% lower than 2014, the reference year for its targets. The contract signed by Edmond de Rothschild (France) to ensure that 100% of its electricity consumption is renewable had a clear positive impact. 84% of the electricity consumed by the Group now comes from renewable sources. Furthermore, 13,892 trees were planted in Nicaragua, offsetting 3,473 tonnes of CO<sub>2</sub> equivalent of our emissions as part of our «Insetting» programme, in collaboration with our agroforestry impact investing strategy. 55 small coffee plantations benefited from this programme, which had a positive impact on 94 families in six local communities. Lastly, the 52% reduction in our paper consumption since 2014 proves that the projects implemented have brought about significant results.

## OUR COMMITMENT TO A SUSTAINABLE SOCIETY

The Group was once again involved in around 15 responsible investment and sustainability initiatives, as part of its commitment to stakeholder engagement. Two new philanthropic programmes were created in collaboration with the Edmond de Rothschild Foundations to support impact entrepreneurs and refugees. In 2018, more than 47 employees contributed to six programmes, mainly by sharing their expertise.”

### GRI 102-14

This report also presents the progress and commitments we have made regarding the principles of the UN Global Compact, to which the Edmond de Rothschild Group has been a signatory since 2011.

# THE EDMOND DE ROTHSCHILD GROUP AT A GLANCE

## Edmond de Rothschild, a conviction-driven Investment House

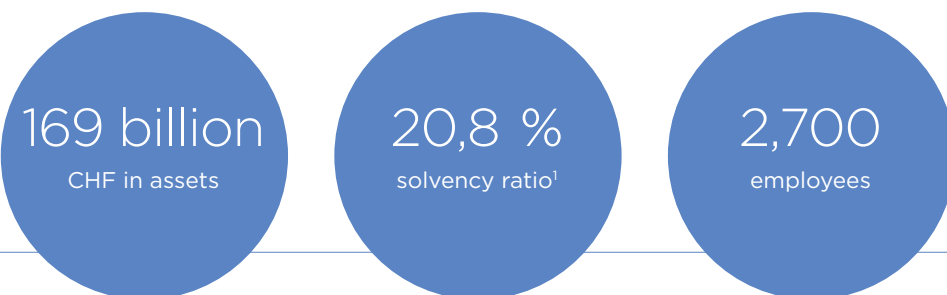
The Edmond de Rothschild Group is uniquely positioned in the world of finance. We define ourselves as a conviction-driven Investment House serving private clients and institutional investors. Our strength consists in combining our financial expertise, our ability to innovate and our talents in the service of our convictions. The Group's strong family ties enhances its long-term vision, which we share with our clients.

The Edmond de Rothschild Group combines five business lines, all of which are in the service of our investment convictions:

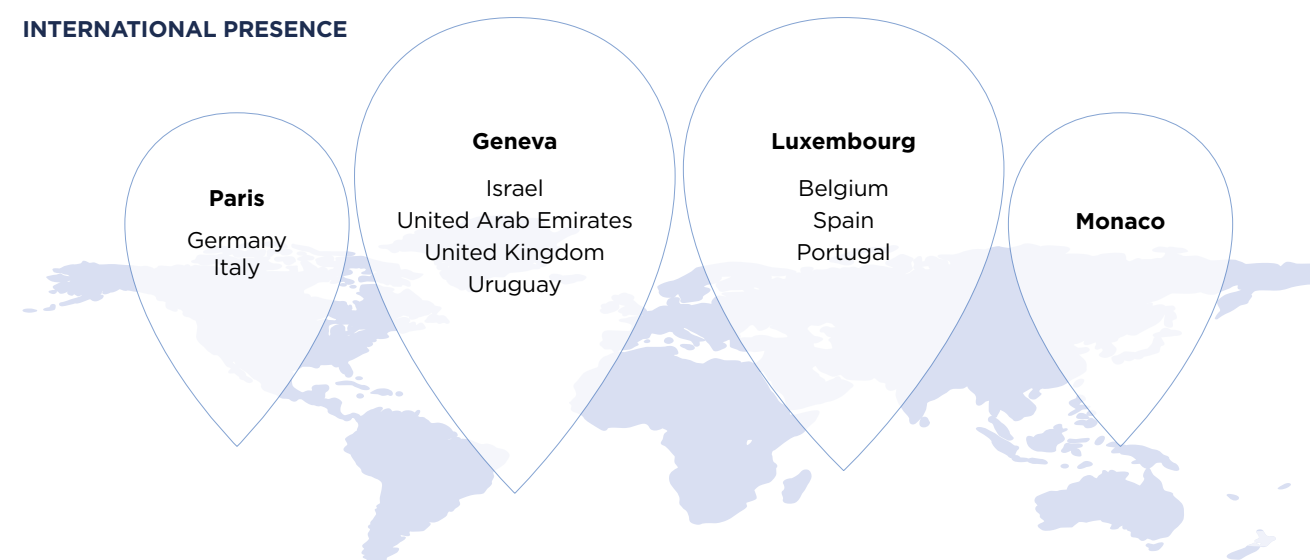
### OUR LINES OF BUSINESS

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

### KEY FIGURES At 31 December 2018



### INTERNATIONAL PRESENCE



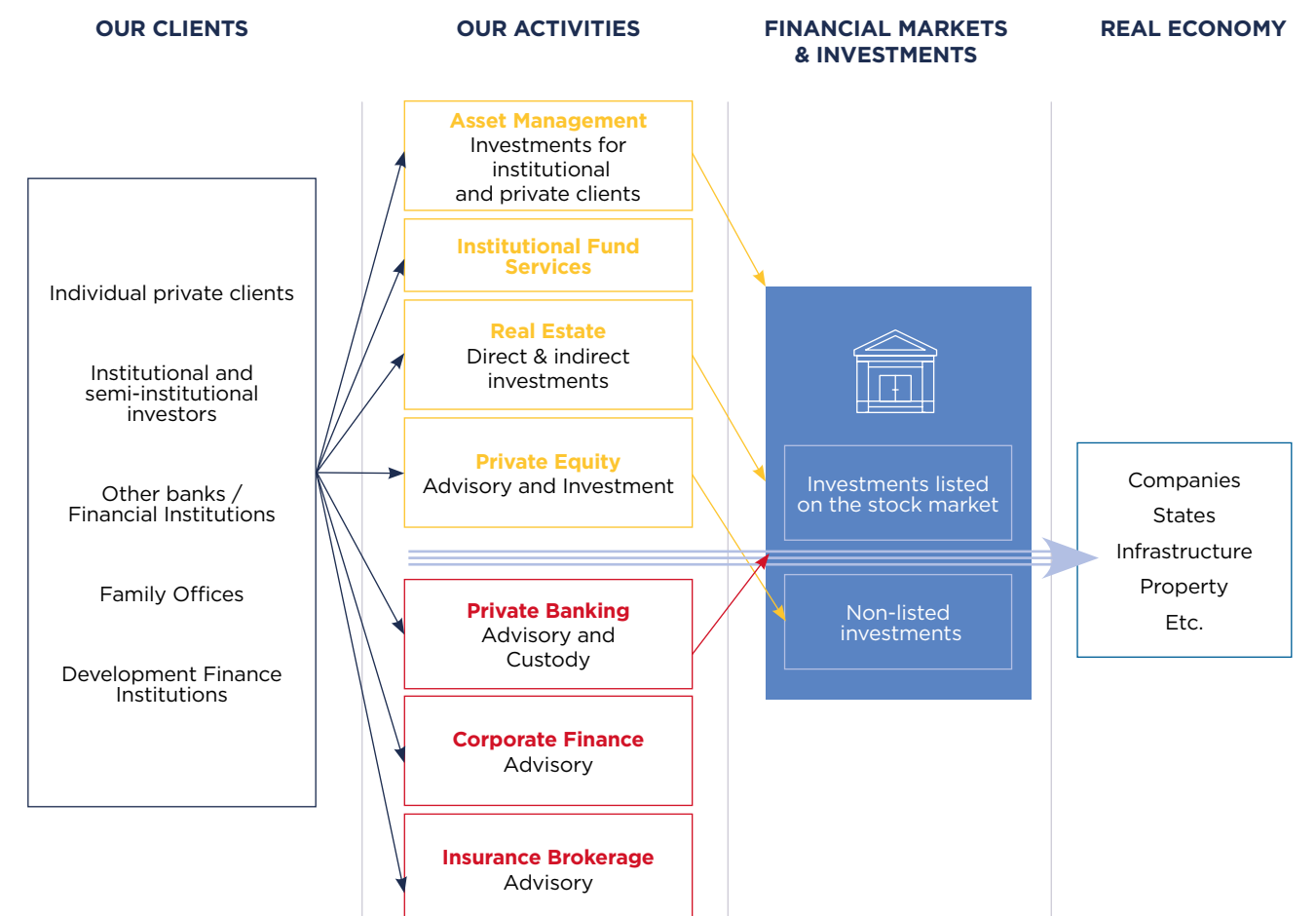
GRI 102-4 / 102-6

Our international presence extends beyond these centres through numerous partnerships with financial institutions with which we work locally.

<sup>1</sup> Ratio FINMA.

# 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.



GRI 102-6 / 102-9

# STAKEHOLDER ENGAGEMENT TO SUPPORT THE SUSTAINABILITY TRANSITION

The Edmond de Rothschild Group wishes to support the transition towards a sustainable economy and society by fostering collaboration between the various players in the financial sector and other stakeholders to help find solutions to social and environmental challenges.

Having put in place a formal system to identify and prioritise our stakeholders in 2015, we closely monitor changes in their expectations and make sure we include them in our reflection and strategy. For further information on this approach and the methodology used, see the appendix “[Our strategic approach to sustainability](#)”.

GRI 102-42 / GRI 102-21

Matrix of the main stakeholder categories of the Edmond de Rothschild Group GRI 102-40

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

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



Vincent Taupin  
CEO of the Edmond de Rothschild Group

“ We have noticed a significant acceleration in the evolution towards sustainability in society as a whole and a real change in the pattern of our stakeholders' expectations. There is a clear trajectory, be it the urgent need of governments, regulators or clients to finance the energy transition, our private clients' desire for meaningful investments, or our employees' need to do meaningful work.

Our “Bold builders of the future” vision and the values expressed in 2018 through our 10 Principles, now central to our culture, guide us in all of our activities so that we can make a strong and direct contribution to the sustainability transition. ”

## Collaboration with responsible investment stakeholders

The Edmond de Rothschild Group is focusing its stakeholder engagement efforts on responsible investment, because this is the material issue on which we have the greatest influence and to which we can contribute the most significant resources and competences (see pages 42-67 for more information).

The Group is involved in different organisations of which it is a member or participant. The table below reflects these commitments. The Responsible Investment team of Edmond de Rothschild Asset Management (France) is very much involved in ongoing dialogue about developments in this area and publishes regular “SRI Chronicles<sup>2</sup>”. [GRI 102-12](#)

### The Edmond de Rothschild Group's support for and involvement in responsible investment and sustainability-related initiatives [GRI 102-12 / 102-13](#)

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

The Edmond de Rothschild Group has been a signatory of the United Nations Global Compact since 2015, which had already been signed by Edmond de Rothschild (France) in 2011. We are very much driven by the desire to make an active contribution, at our level, to the seventeen Sustainable Development Goals established by the UN Member States in the 2030 Agenda adopted by the UN in 2015. [GRI 102-15 / 102-43 / 201-2](#)



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

We welcome feedback on its contents.

<sup>2</sup> To access these publications, see <https://www.edmond-de-rothschild.com/site/France/en/asset-management/our-expertise/socially-responsible-investment>



# DEFINING AND IMPLEMENTING OUR SUSTAINABILITY STRATEGY

When we first defined our sustainability strategy in 2014, fourteen issues were identified as relevant to our sector and as priorities for our Group. Together they make up the five pillars of our sustainability strategy. In each section of this report, you will find the material or key issues for each pillar, our Group’s commitments, and the consolidated indicators for 2018. For more information on the definition of our strategy and the materiality review, see the appendix “[Our strategic approach to sustainability](#)”. [GRI 102-46](#)



**Cynthia Tobiano**  
Deputy CEO of the Edmond de Rothschild Group

“ Since defining our sustainability strategy in 2014, we have been closely monitoring our progress against our 2015-2020 objectives. This reference framework for the Group has helped us more accurately identify the issues with the potential to have a positive impact on society and, at the same time, generate economic value and a return on investment for our clients. Collectively, we are today more than ever aware of the importance of sustainability and responsible investment. We firmly believe we can work together to build a sustainable future by forging a link between the meaning each of us finds in our daily work and our shared aspirations. ”

The five pillars of our sustainability strategy – [GRI 102-40](#) / [102-47](#)



Our Sustainability objectives	2018 results	Versus 2017
Ethical and responsible behaviour		
Create a common library of the Group's Ethics & Compliance training courses to increase employees' expertise and ability to manage risk	<b>88 %</b> of Group employees attended at least one training session on Ethics & Compliance <b>6.2</b> training hours on average per employee on Ethics & Compliance topics	<b>80 %</b> of employees <b>7.7</b> hours
Raise awareness and train all employees on the Group's Code of Ethics	<b>Over 14,000</b> hours of training on Ethics & Compliance topics	<b>Over 16,000</b> hours
Our commitment to our employees		
Ensure the appropriate drivers of Group employee engagement are in place	<b>96</b> employees benefited from internal mobility	<b>98</b> employees
	<b>159</b> employees were promoted	<b>143</b> employees
	<b>93 %</b> of employees took part in the Group's performance review process <b>100 %</b> of employees attended at least one training session	<b>96 %</b> of employees <b>98 %</b> of employees
Gradually increase the percentage of women in senior management	<b>25 %</b> of the Group's senior management positions are held by women <b>30 %</b> of the Group's Executive Committee members are women	<b>24 %</b> of the senior management positions <b>40 %</b> of members
Innovation in responsible investment		
Edmond de Rothschild Group		
Increase assets under management in the "Responsible Investment" category	<b>9.1</b> billion CHF of the Edmond de Rothschild Group's assets under management are covered by responsible investment strategies	<b>7.9</b> billion CHF
	<b>9</b> of our investment strategies contribute directly to the United Nations Sustainable Development Goals	<b>9</b> strategies
Asset Management		
100% of our active fundamental asset management will apply an ESG integration approach 100% of our active fundamental asset management will measure the carbon footprint	<b>12 %</b> of the assets managed by Edmond de Rothschild Asset Management (France) are covered by SRI strategies <b>45 %</b> of the assets under management are covered by a carbon footprint (open-end funds and dedicated SRI funds) <b>40 %</b> growth vs. 2017 in the assets under management in our two open-end SRI funds dedicated to equities and corporate debt <b>175</b> meetings with companies on ESG topics	<b>14 %</b> of assets under management <b>24 %</b> of assets under management <b>11 %</b> growth vs. 2016 <b>115</b> meetings
Private Equity		
Convert a new strategy to the best ESG practices each year, with 100% of the strategies covered by 2020	<b>93 %</b> of Edmond de Rothschild Private Equity's assets under management are covered by responsible investment strategies	<b>94 %</b> of assets under management
Increase the assets under management in our impact funds by 20% a year until 2020	<b>13 %</b> of assets under management in the impact investing category	<b>9 %</b> of assets under management

## SUMMARY OF OUR PROGRESS IN 2018 VERSUS OUR 2020 OBJECTIVES

### Ethical and responsible behaviour

- Define a single reference framework that guides our behaviour in line with our values
- Reconcile risk management with innovation

Our 2020 objectives	Ref. pages	Our situation in 2018
Create a common library of the Group's Ethics & Compliance training courses to increase employees' expertise and ability to manage risk	22-29	
Raise awareness and train all employees on the Group's Code of Ethics	22-29	
Facilitate employees' access to directives that are relevant to their activity and to the support required for their application	22-29	

### Our commitment to our employees

- Be an employer of choice to attract and retain the best talent and enable all employees to give their best
- Make diversity our strength

Our 2020 objectives	Ref. pages	Our situation in 2018
Establish a formalised framework for the deployment of the Group's strategic objectives	34-39	
Develop a leadership culture based on the Group's values	34-39	
Ensure the appropriate drivers of employee engagement are in place	34-39	
Gradually increase the percentage of women in senior management	34-39	
Maintain gender diversity in the Group's headcount	34-39	
Maintain our cultural diversity	34-39	

### Innovation in responsible investment

- Be recognised as one of the leaders in this domain
- Increase responsible investment assets under management

Our 2020 objectives	Ref. pages	Our situation in 2018
Adopt a 2017-2020 Responsible Investment (RI) strategy	44-53	
Define an RI Action Plan and a "2 degree" Climate roadmap	46-53	
Extend the scope of ESG analysis to all equity, corporate debt and sovereign debt strategies	46-51	
Establish a systematic ESG integration process for European equities management	50-53	
Train 100% of internal equity and bond investment teams in RI/ESG	50-58	
Establish a systematic ESG integration processes for our strategies on infrastructure debt and on direct investment in Swiss real estate	54-57	

### Innovation in responsible investment (continued)

Our 2020 objectives	Ref. pages	Our situation in 2018
Create a Responsible Investment (RI) Mandate for private clients / Put in place a systematic ESG integration process for the selection of external funds and individual stocks	58-59	
Roll out the Responsible Investment Mandate in our main entities	58-59	

Our 2020 objectives	Ref. pages	Our situation in 2018
Convert a new strategy to the best ESG practices each year, with 100% of the strategies covered by 2020	60-67	
Measure the impact across all impact investment funds and mainstream funds which apply ESG integration methodologies, by 2017	60-67	
Increase the assets under management in our impact funds by 20% a year until 2020	60-67	

### Management of our environmental impact

- Reduce our environmental footprint in key areas: CO<sub>2</sub> emissions, paper, and waste management

Our 2020 objectives	Ref. pages	Our situation in 2018
Reduce the carbon footprint per employee by 15%	69-75	
Reduce the energy consumption per employee by 10%	69-75	
Compensate our GHG Protocol scope 1 and 2 CO <sub>2</sub> emissions using "insetting" programmes	70-71	
Reduce paper consumption by 25%	69, 74-75	
Use 100% recycled or FSC/PEFC certified paper	69, 74-75	

### Our commitment for a sustainable society

- Deepen dialogue and synergies with our stakeholders
- Participate in innovative philanthropic programmes

Our 2020 objectives	Ref. pages	Our situation in 2018
Identify and participate in the most relevant initiatives and events linked to responsible investment	13	
Implement a process of evaluation and engagement with suppliers as part of our Responsible Purchasing Policy	76-77	
Roll out the Community Engagement Charter and encourage sites to put in place philanthropic programmes	76-79	
Review the mapping of the Group's main stakeholders and the list of engagement activities each year	12, 77	

GRI 102-47

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

The Edmond de Rothschild Group is strongly committed to responding to the sustainability challenges currently facing society and to making a positive contribution to the major transformations that are taking place. In the context of the "Responsible Investment" pillar of our sustainability strategy, nine of the Group's investment strategies contribute directly to several of the 17 Sustainable Development Goals (SDGs) of the United Nations. Most of these strategies are described here and more information on their contributions can be found in the chapter on responsible investment (pages 42-67). [GRI 102-6 / 102-9](#)

## ASSET MANAGEMENT

### INFRASTRUCTURE DEBT STRATEGY

(see pages 54-55):

Around 77% of the infrastructure debt investments managed are projects which have a positive environmental and societal impact. In 2018, a new compartment of the platform was dedicated to the theme of the energy and environmental transition and obtained the French government's EETC/Greenfin label<sup>1</sup>.

- ▶ **34 %** of portfolios invested in renewable energy projects
- ▶ **2,049 GWh** of renewable energy produced
- ▶ **118 jobs** created by greenfield projects in 2018



### POSITIVE SELECTION SRI EURO EQUITIES STRATEGY

(see page 53):

This strategy, which has the French government's SRI label, identifies and measures the positive impact of European issuers whose growth has benefited from the integration of sustainability in the company's business model and/ or strategy. The social and environmental impact takes a number of forms: healthy food, energy efficiency, renewable energy, circular economy, sustainable mobility, health and safety, etc.

- ▶ Score of **13.5/20** for "green impact" vs. benchmark 11.5
- ▶ Carbon footprint **129 kg/€1,000** invested vs. benchmark: 234 kg
- ▶ Percentage of women on Executive Committee: **16 %** vs. benchmark 13 %



### DIRECT INVESTMENT IN SWISS REAL ESTATE

(see pages 56-57):

This real estate investment strategy fully integrates ESG (environment, social, governance) criteria at each phase of the investment cycle. Reporting and monitoring the portfolio's environmental and social risks are also priorities. Sustainability is a central aspect of this strategy, specifically in terms of building efficiency and tenant well-being.

- ▶ **54 %** of the investment portfolio consists of new or Minergie-certified (high energy efficiency) buildings
- ▶ **14 %** of the rental portfolio is under controlled rents (affordable housing)



### SOIL REMEDIATION IMPACT STRATEGY

(see page 62):

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

- ▶ **16** investments
- ▶ **671,254 m<sup>2</sup>** of remediated land



### IMPACT INVESTING STRATEGY FOR EUROPEAN ENVIRONMENTAL INFRASTRUCTURES

(see page 63):

Against a backdrop where resource management has become a priority affecting every aspect of our economy, this new impact investing strategy offers European companies and local authorities turnkey solutions in terms of managing water resources, producing renewable energy, energy efficiency, recycling or waste recovery. In 2018, the strategy was awarded the French EETC / Greenfin label<sup>1</sup>.



### AGROFORESTRY IMPACT STRATEGY

(see pages 64-65):

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

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



### AFRICA-THEMED STRATEGY

(see page 66):

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



### EUROPEAN REAL ESTATE INVESTMENT STRATEGY

(see page 67):

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





# TRANSFORMING OUR CULTURE

“ In 2018, the Edmond de Rothschild Group deployed an ambitious cultural change programme to help it firmly establish its vision and brand positioning, “Bold builders of the future”, and the principles at the heart of its culture and family heritage in the actions and behaviour of all its employees.

The project consisted of four key steps, which evolved organically:

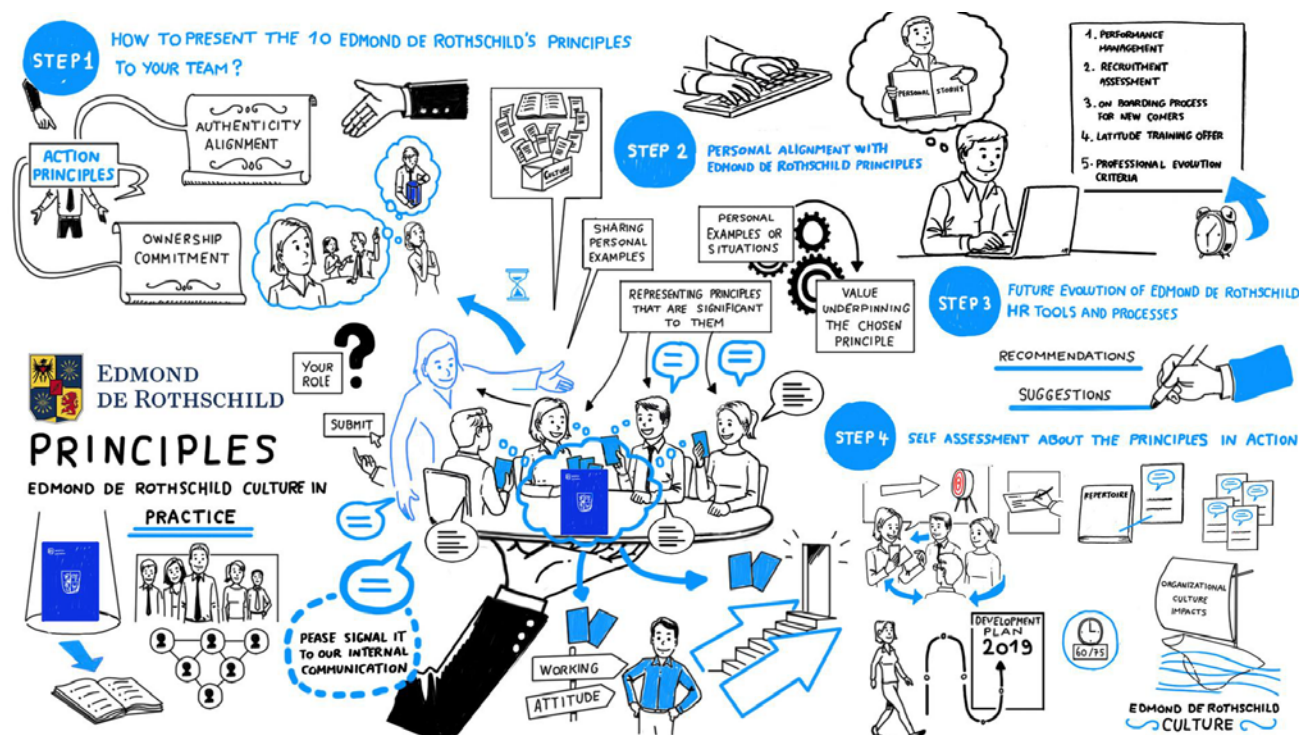


**Pierre Etienne Durand**

Member of the Edmond de Rothschild Group's Executive Committee

Head of Strategy, Edmond de Rothschild Group

- 1 **200 employees of the Group** (8% of the total headcount) took part in the project to define the essence of our culture. Representing the different regions and business lines, these employees came together in 25 workshops. The dialogue and interaction at these sessions was facilitated to explore the participants' views and opinions on what lies at the heart of our corporate culture. The resulting word clouds produced the 10 Principles of behaviour in embryonic form.
- 2 **The Group's Executive Committee** worked with the word clouds to extract a series of more clearly-defined Principles.
- 3 **50 corporate culture «Ambassadors»** were selected for the example they have set by incorporating the 10 Principles into their daily work. They came together to produce a brief description of each of the 10 Principles, which were captured in the “Culture Pack” and other documents and films to be shared with all Group employees.
- 4 **The 10 Principles of behaviour** will be integrated into some of the Human Resources processes such as performance assessment and some Group training courses aimed at helping employees adopt the Principles in their daily work, inspired by an authentic leadership approach. (See pages 36-37 for more information). ”



► WHAT WAS YOUR EXPERIENCE OF THE WORKSHOPS AND MEETINGS LED BY THE GROUP TO DEFINE THE PRINCIPLES OF BEHAVIOUR THAT ARE AT THE HEART OF ITS CORPORATE CULTURE?

**Caroline Fruytier**

Credit Director, Edmond de Rothschild (France)

“ The process and the meetings were very inclusive and I really enjoyed them. Participants came from very different backgrounds. There were no barriers and so we had very frank discussions. We talked about what sets our investment house apart, what does and doesn't work, for example the potential for collaboration which is sometimes hindered by individualistic behaviours. We were able to express individual experiences, put words to who we are and how we would like to do things in the future.

I think that what makes Edmond de Rothschild unique is its spirit of entrepreneurship, and the autonomy and confidence that it has given me to go the extra mile and to do what I have not been able to do elsewhere. My role is to pass these values, this motivation and this confidence on to my team. It is this culture of sharing and

WITH THE 10 PRINCIPLES, WE HAVE A COMPASS THAT GUIDES THE WAY IN WHICH WE GO FORWARD TOGETHER...

“

”

autonomy that enables us to get people on board with our vision and our objectives.

The 10 Principles that emerged from this process and the day-to-day attitudes of our team resonate strongly with my values. For example, we have a «Yes, I can» attitude when it comes to looking

for credit solutions for our private banking clients. The principle of «Be curious about our whole universe» has also been a great source of inspiration. When we are faced with a challenge, I encourage my team members to look for solutions elsewhere in our universe.

With the 10 Principles, we have a compass that guides the way in which we go forward together and how we manage difficult situations. The principle, «Have the courage to speak out» is a good example. ”



BE CURIOUS ABOUT OUR WHOLE UNIVERSE

1



«YES, I CAN»

4



HAVE THE COURAGE TO SPEAK OUT

8



# ETHICAL AND RESPONSIBLE BEHAVIOUR

## MATERIAL ISSUES

- CORPORATE GOVERNANCE
- COMPLIANCE WITH REGULATIONS
- ETHICAL BEHAVIOUR
- RISK MANAGEMENT
- TRANSPARENCY AND REPORTING



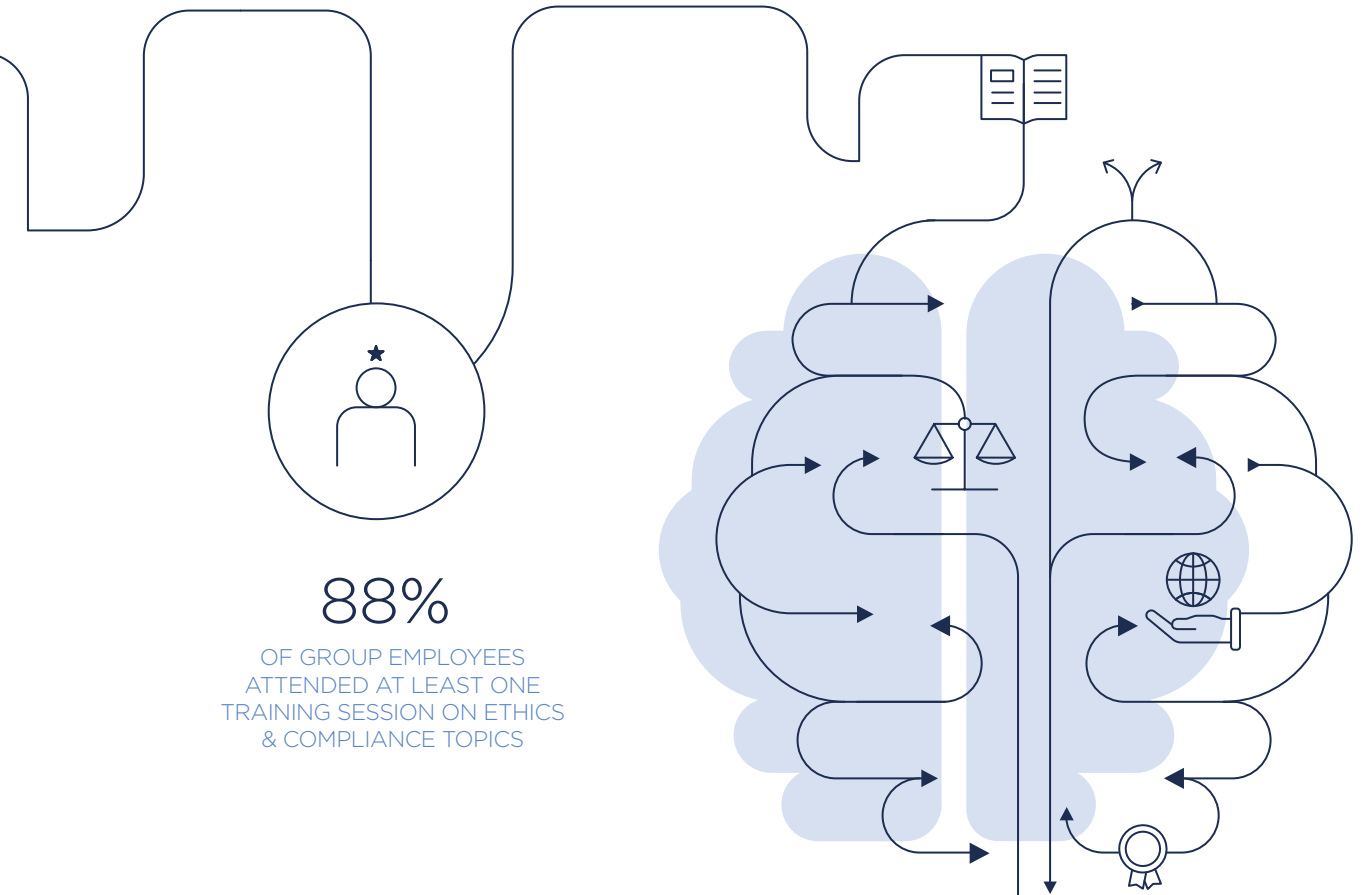
The environment in which we operate has drastically changed since 2008 following the wave of regulations and governance measures introduced by the financial authorities.



Each player in the financial sector must comply with these regulations and ensure ethical behaviour across all of their business lines. They must also manage risks in an efficient way and produce precise and transparent reports on time.



These regulations comprise an increasing number of legal requirements linked to sustainability issues – such as non-financial reporting, diversity, human rights, climate change and responsible investment – which aim to create a level playing field.



**88%**  
OF GROUP EMPLOYEES  
ATTENDED AT LEAST ONE  
TRAINING SESSION ON ETHICS  
& COMPLIANCE TOPICS



We strive to respond to this complex external context and to create optimal conditions and an internal framework that will enable our employees to understand the issues involved and the direct impacts on our business lines. To this effect, tailored training courses are crucial to let employees know exactly what is expected of them in their day-to-day work.



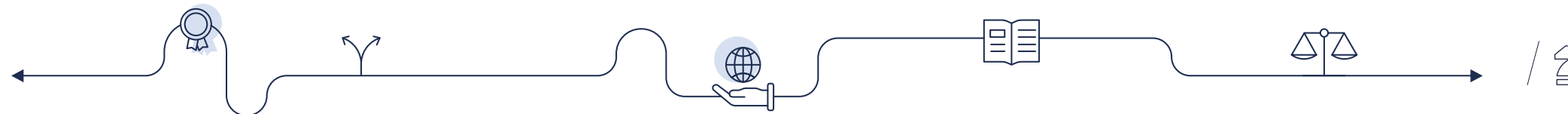
At the same time, we must also create the necessary cultural and practical conditions so that our employees can continue to innovate and create value, despite these requirements, in line with client expectations, our Group vision, and our brand positioning – "Bold Builders of the Future". Moreover, we must constantly search for more efficient forms of collaboration across the Group in order to boost and support the actions and innovations of our various business lines, in particular across our control support functions.



**6.2**  
TRAINING HOURS, ON AVERAGE,  
PER EMPLOYEE ON ETHICS  
& COMPLIANCE TOPICS



OVER  
**14,000**  
HOURS OF TRAINING ON ETHICS  
& COMPLIANCE TOPICS



## 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. We believe in the importance of adopting a long-term vision 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. See the appendix “[Ethical and Responsible Behaviour](#)<sup>1</sup>” for more information on our processes.



**Jean-Christophe Pernellet**

Member of the Executive Committee and Head of Risk Legal & Compliance for the Edmond de Rothschild Group

### OUR AMBITIONS

#### DEFINE A SINGLE REFERENCE FRAMEWORK THAT GUIDES OUR BEHAVIOUR IN LINE WITH OUR VALUES

A Code of Ethics sets out the guiding principles applicable across the Group and provides a common basis for all employees.

#### RECONCILE RISK MANAGEMENT WITH INNOVATION

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 significant impact on the business models of banks and financial institutions.

2020 Objectives	Progress follow-up
<b>Create a common library of the Group's Ethics &amp; Compliance training courses to increase employees' expertise and ability to manage risks</b>	● ● ● ●
<b>PROGRESS MADE BETWEEN 2015 AND 2018</b>	<b>NEXT STEPS</b>
<ul style="list-style-type: none"> <li>Creation of a single digital platform and common governance in all Group entities to manage and monitor training, including on Ethics &amp; Compliance subjects</li> </ul>	<ul style="list-style-type: none"> <li>Further develop the LMS (Learning Management System) to make it as user-friendly as possible and to facilitate access to training</li> <li>Support managers and strengthen their ability to monitor these training activities</li> </ul>
<b>Raise awareness and train all employees on the Group's Code of Ethics (through courses on relevant topics and applicable regulations)</b>	● ● ● ○
<ul style="list-style-type: none"> <li>Integration of regulatory training courses on relevant Ethics &amp; Compliance topics in all of the Group's entities for all employees concerned, with a particular focus on awareness-raising for MiFID II</li> <li>Implementation of the tools and governance necessary for the integration of training on Ethics &amp; Compliance into each employee's day-to-day routine and the Group's culture</li> </ul>	<ul style="list-style-type: none"> <li>Continue to monitor regulatory activity and train employees on an ongoing basis according to the regulator's requirements</li> <li>Finalise assessment and training initiatives in European countries</li> <li>In Switzerland, establish a control of knowledge and skills of employees affected by the LSFIn Act (2020)</li> </ul>
<b>Facilitate employees' access to directives that are relevant to their activity and to the support required for their application</b>	● ● ● ○
<ul style="list-style-type: none"> <li>Creation of Group-wide directives defining a common basis for all entities and reinforcing consolidated supervision</li> <li>Regular update of the internal regulatory framework</li> <li>Communication of new/updated internal procedures and directives to all employees</li> </ul>	<ul style="list-style-type: none"> <li>Continuous improvement of the assistance provided by support functions to enable employees to fully understand the internal regulatory framework</li> </ul>

“ In addition to focusing on compliance with laws and regulations, the main aim of the Compliance, Legal and Risk functions is to enable the Group to achieve profitable growth, within the bounds of the Risk Tolerance level approved by the Board of Directors. Given that acting ethically and responsibly is a primary concern of the Group and its shareholders, employees of the functions in question have

worked in close collaboration on a daily basis with their colleagues, including bankers, advisors, portfolio or fund managers to ensure, in particular, that:

- client or investor interests are the primary consideration in any decision-making;

**SINCE ZERO RISK IS IMPOSSIBLE TO ACHIEVE, THE LIKELIHOOD OF ENSURING ETHICAL AND RESPONSIBLE BEHAVIOUR INCREASES WHEN BANKERS, ADVISORS AND MANAGERS TAKE FULL RESPONSIBILITY FOR ACTING AS THE FIRST LINE OF DEFENCE, ASSISTED BY SECOND LINE FUNCTIONS SUCH AS COMPLIANCE AND RISK. THE ANSWER LIES IN WORKING TOGETHER.**

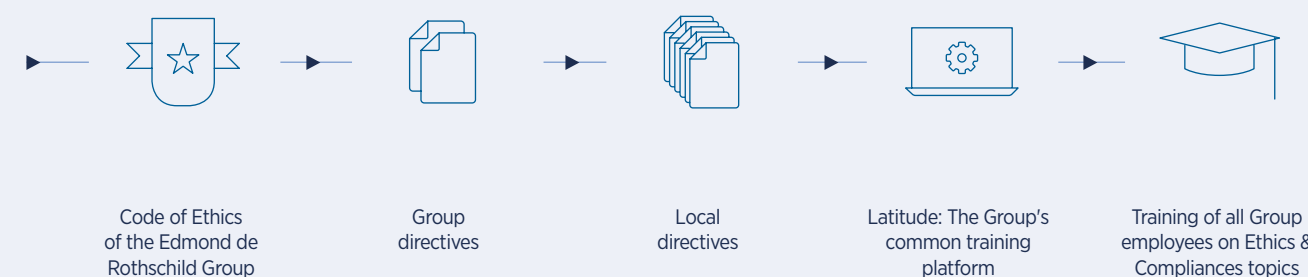
- any conflicts of interest are identified and dealt with appropriately;
- financial flows do not come from, and do not encourage, illegal activity.

2018 was a pivotal year in implementing common approaches across the Group's operational entities, resulting in a unity of doctrine and consolidated oversight of

these different subjects. Since zero risk is impossible to achieve, the likelihood of ensuring ethical and responsible behaviour increases when bankers, advisors and managers take full responsibility for acting as the first line of defence, assisted by second line functions such as Compliance and Risk. The answer lies in working together. ”

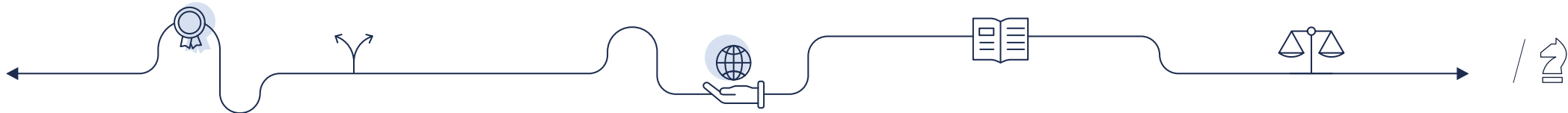
### GRI 102-30

#### Our Code of Ethics: the single reference framework for the Edmond de Rothschild Group to guide our behaviour, in line with our values - GRI 102-26



<sup>1</sup> “Disclosure on Management Approach” from the GRI standards.





## GOVERNANCE WITHIN THE EDMOND DE ROTHSCHILD GROUP

GRI 102-18 / 102-19 / 102-22

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.

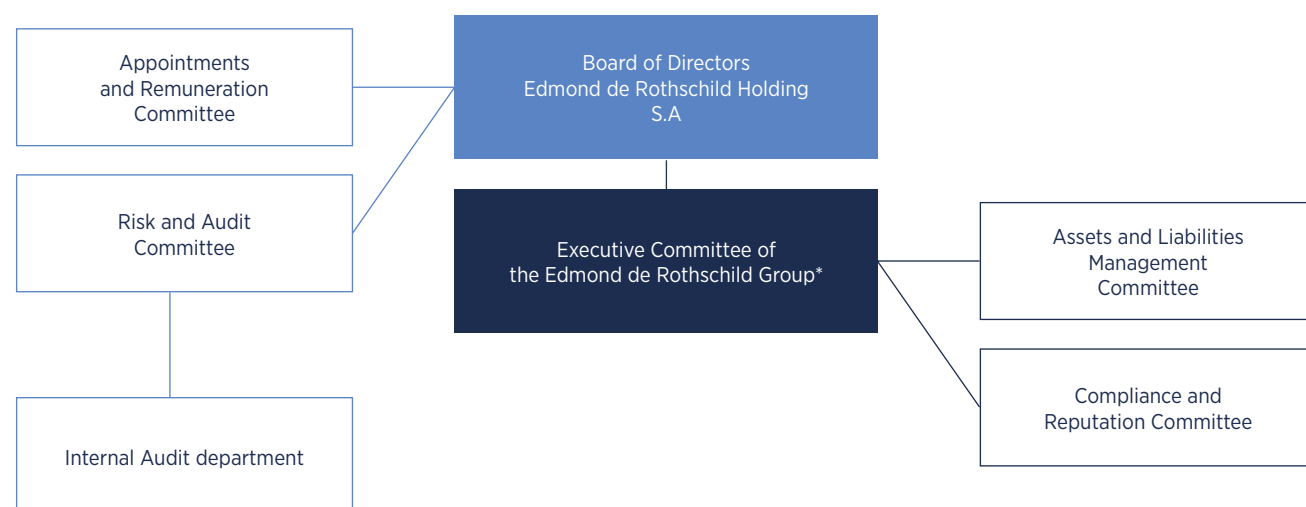
The authority and tasks as well as the organisation of the Board and its committees - to which certain tasks and powers have been delegated - are set out in the “Company, Group and consolidated Group surveillance Regulations” approved by the FINMA.

The Board has set up two committees: The Risk and Audit Committee and the Appointments and Remuneration Committee. The Board has also set up an Executive Committee, which is the Group’s organisational management and oversight body. The Executive Committee has also established these two committees: The Assets and Liabilities Management Committee and the Compliance and Reputation Committee.

The main tasks and responsibilities of these different committees are described in the appendix “[Ethical and Responsible Behaviour](#)”.

In March 2019, the Group announced that it was simplifying its organisation. As a result, Group management and oversight was delegated, in its entirety, to Edmond de Rothschild (Suisse) S.A. Its Board of Directors is the body responsible for high-level management, oversight and control of the Group. The Edmond de Rothschild (Suisse) S.A. Executive Committee is in charge of the Group’s operations.

### Governance bodies of the Edmond de Rothschild Group



\* Sustainability-related decisions are taken at the monthly meetings of the Group’s Executive Committee

## INFORMATION SECURITY FOR THE BENEFIT OF OUR STAKEHOLDERS



► IN 2018, THE NEW GENERAL DATA PROTECTION REGULATION (GDPR) CAME INTO FORCE IN EUROPE. WHAT ARE THE IMPLICATIONS OF THIS LEGISLATION FOR THE EDMOND DE ROTHSCHILD GROUP AND WHAT IS YOUR APPROACH TO RECONCILING INEVITABLE SECURITY CONSTRAINTS, ON THE ONE HAND, AND INNOVATION, ON THE OTHER, IN RESPONSE TO THE EXPECTATIONS OF THE GROUP’S VARIOUS STAKEHOLDERS?

**Cedric Nabe**

Chief Information Security Officer  
of the Edmond de Rothschild Group

“ GDPR is a formal framework for compliance with data protection rules covering a wider scope. In the past, protecting clients’ data has been the main focus of banks’ efforts. Our first priority is still our obligation to our clients, but today we also have to protect the data of our employees and service providers. To complement the broader legislative framework on this issue, banks also have greater responsibility to disclose information required by States.

how to protect critical information in light of the specific nature of our data processing systems.

My role as Chief Information Security Officer, which was created in January 2017, and the role of our team, is to protect data, and so to apply controls, but it is also to understand the needs of our business lines and to advise them and bring solutions to the table. As an analogy, my role is that of a doctor rather than a policeman. Our

business lines, and the departments that support them, need to interact effectively and securely with our various stakeholders on confidential issues in an international context.

For example, in 2018, we introduced a tool to enable external service providers to consult sensitive information, whilst keeping the data within our internal IT environment. A second example is the introduction

of a secure platform specially designed for confidential documents that have to be consulted by our directors, thus avoiding the use of email.

Security involves some constraints, of course, but our role is to enable the Group to continue to innovate and to serve clients whilst protecting all our stakeholders’ data. ”

“  
**OUR FIRST PRIORITY IS STILL OUR OBLIGATION TO OUR CLIENTS, BUT TODAY WE ALSO HAVE TO PROTECT THE DATA OF OUR EMPLOYEES AND SERVICE PROVIDERS.**  
”

At the level of the Edmond de Rothschild Group, we have seized this opportunity to define a data protection strategy and policy that cover all our stakeholders. In the past, these issues were dealt with in separate documents. Now, everything is grouped together in a single policy which also covers protection of the Group’s strategic information. It is a holistic, centralised, risk-based approach which is then rolled out in all of our entities.

We have invested in protection systems that encompass all the factors involved in data monitoring, data control and alerts covering various potential data leak scenarios. First we identified the sources and types of threats (for example, hackers, criminal groups etc.), then we assessed

## 2020 Objectives

## 2018 Results

Raise awareness and train all employees on the Group's Code of Ethics (through courses on relevant topics and applicable regulations)	<ul style="list-style-type: none"> <li>• <b>88 %</b> of the Group's employees attended at least one training session on Ethics &amp; Compliance (+8% more than in 2017)</li> <li>• <b>6.2</b> training hours, on average, per employee on Ethics &amp; Compliance subjects (-19% less than in 2017)</li> </ul>
Create a common library of the Group's Ethics & Compliance training courses to increase employees' expertise and ability to manage risks	<p>In 2018, the main training courses deployed across the Group through Latitude and/or in classrooms were the following:</p> <ul style="list-style-type: none"> <li>• Introduction to MiFID II and control of required knowledge</li> <li>• Anti-money laundering and the fight against the financing of terrorist activities</li> <li>• Know Your Client (KYC)</li> <li>• International sanctions</li> <li>• Introduction to the general principles and risks associated with cross-border activities</li> <li>• Automatic Exchange of Information, FATCA (Qualified Intermediary)</li> <li>• Market abuse</li> <li>• Conflicts of interest</li> <li>• Data Security and Protection (GDPR)</li> </ul>

## GRI 205-2

## THE ABILITY TO APPLY CURRENT REGULATIONS IS FULLY INTEGRATED IN OUR DAY-TO-DAY ROUTINE

“ In 2018, we continued to train employees on all the required regulatory issues. Our training sessions aim not only to enable individual employees to understand the regulations required to perform their duties but also to apply them intelligently and in the spirit of the regulator, in all geographical entities. In 2018, the results show that, while more employees were trained, the average time spent on these training sessions was slightly shorter, reflecting the Group's investment in digitising these training sessions and making them more efficient.

As regards MiFID II, in 2017 training focused primarily on educating the majority of the Group's employees on what is required and the various activities impacted by this new regulation. In 2018, training mainly focused on knowledge assessment and, where applicable, training client-facing employees (advice givers and information givers). More specifically,

“ **OUR TRAINING SESSIONS AIM NOT ONLY TO ENABLE INDIVIDUAL EMPLOYEES TO UNDERSTAND THE REGULATIONS REQUIRED TO PERFORM THEIR DUTIES BUT ALSO TO APPLY THEM INTELLIGENTLY AND IN THE SPIRIT OF THE REGULATOR.**

“

”

in each of the European countries where the Group operates, employees were assessed and/or trained in accordance with the local regulator's requirements.

In 2018, a significant investment was made to put in place a dashboard enabling individual employees and all managers to easily monitor the status of employees' mandatory training activities. This is a real consultation and reporting tool which helps to promote a culture of compliance by making all employees accountable. Since 2017, all Group employees have had a risk management-related performance target, and mandatory training is now one of the performance indicators used to measure the attainment of this target at year-end. ”



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

## Business ethics and compliance training GRI 205-2

		Switzerland		Luxembourg		France		Total	
		2017	2018	2017	2018	2017	2018	2017	2018
Number of training hours	Main entities <sup>1</sup>	8,292	7,905	3,088	2,449	4,598	3,688	15,978	14,056
Number of employees who attended at least one Ethics & Compliance training session	Main entities	854	892	565	589	665	776	2,084	2,257
Average number of training hours per employee	Main entities	9.7	8.9	5.5	4.2	6.9	4.8	7.7	6.2
Total number of participants <sup>2</sup>	Main entities	5,999	6,427	3,071	3,123	2,110	3,855	11,180	13,432

<sup>1</sup> These are the Group's three main entities in Switzerland, France and Luxembourg, accounting for 83% of the total workforce.

<sup>2</sup> 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".



## ► THE FIGHT AGAINST MONEY LAUNDERING AND THE FINANCING OF TERRORISM: HOW CAN YOU SUCCESSFULLY DEVELOP THE BUSINESS WITHOUT COMPROMISING ON RISK MANAGEMENT?

### Barbara Guggenheim

Head of AML for the Edmond de Rothschild Group  
Head of Compliance, Edmond de Rothschild (Suisse)

“ In 2017, and again in 2018, we rolled out digital and classroom-based training courses, as well as pragmatic guidelines, for all our Relationship Managers to help them ask themselves the right questions about inherent risks and develop the business securely.

However, we realised that training and processes are not sufficient and so we decided to make an organisational innovation. A Legal & Compliance Coordination function was directly incorporated into Private Banking, to help Relationship Managers play their full role as an effective "first line of defence".

The role of this person, who comes from the Compliance Department, and their team, is to provide Front Office support and to popularise Compliance, Legal and Risk Management issues so that they are better anticipated, understood and integrated into daily activities. Their role is also to support Relationship Managers in direct contact with clients so that they can gain a better understanding of the relationship's risk factors, optimise the gathering of the information and documents required for the file, and prepare high-quality "KYC" (Know Your Client) reports with the relevant information.

This new organisational approach, which creates a bridge between Compliance and the Front Office, is key to business success, agility and innovation. In the future, technology will increasingly help us to automate the processing of Bank data as well as data from public sources, using algorithms that will identify anomalies and trigger alerts.

“

**THIS NEW ORGANISATIONAL APPROACH, WHICH CREATES A BRIDGE BETWEEN COMPLIANCE AND THE FRONT OFFICE, IS KEY TO BUSINESS SUCCESS, AGILITY AND INNOVATION.**

”

In the end, we foresee a time when, due to the intelligent application of technology:

1. Compliance has a more panoramic, strategic view of activities in an increasingly complex environment;
2. The first line of defence (the Front Office) has a natural capacity for, and takes a systematic approach to,

Compliance;

3. Artificial intelligence tools process large amounts of data automatically, identifying anomalies and clearing the way for humans to focus on the essentials and to carry out more rewarding activities more efficiently. ”



► HOW CAN WE ACT IN THE BEST INTERESTS OF OUR CLIENTS WITHIN A COMPLEX LEGISLATIVE ENVIRONMENT WHILST DEVELOPING OUR BUSINESS?

**Olivier Guetta**

Global Head of Compliance  
Edmond de Rothschild Asset Management

“ MiFID I legislation started the journey towards greater transparency. MiFID II went further by requiring transparency on charges billed to clients as well as greater consistency between the investment products offered to clients and their investment profiles. The regulatory landscape has focused the concerns of banks and other financial market players squarely on clients’ interests.

How can we take practical measures to manage the complexity of this new era of transparency and, in particular, to identify and respond to real, and potential, conflicts of interest?

The Compliance department supports the various Edmond de Rothschild Group business lines in their business development and aims to ensure a shared vision and a consistent approach in the Group’s various entities and the different countries where it operates. In 2018, we worked together on mapping conflicts of interest, in particular for asset management. To do so, we looked at things from the clients’ perspective and took clients’ needs as a common thread in assessing our products and services as a whole and any potential, or real, conflicts of interest associated with our organisation that may arise in interactions with clients.

Such conflicts of interest arise because many of our Group’s services cross over between our main entities in France, Switzerland and Luxembourg. This crossover adds real value for the Group and for the client, but it means that

the potential conflicts of interest emerging from this situation have to be managed correctly. One example is the precautions that have to be taken to ensure that the investment funds offered to our private banking clients meet a number of requirements (type/quality of asset management, performance, risk etc.) that protect our clients’ interests. Our internal process must ensure that these principles are applied on an ongoing basis as part of our asset management activities.

At the same time, we have ensured that Group entities have the right systems in place: a policy for managing conflict of interests, potential conflict mapping and a register of actual conflicts along with the accompanying corrective measures. Specific training will be deployed to all Group employees in 2019 to raise awareness of this

topic with examples and concrete case studies. For example, does the Relationship Manager hold a professional or private position that conflicts with his/her role in relation to a client of the entity? Does an employee managing a request for proposals have any family ties with one of the pre-selected suppliers? Once we are aware of these situations, we can respond by taking the appropriate measures.

Our current experience is that the obligation to manage this complexity with greater transparency triggers a creative process

resulting in innovative products and services that serve the best interests of our clients in an increasingly competitive environment. ”

“  
**WE LOOKED AT THINGS FROM THE CLIENTS’ PERSPECTIVE AND TOOK CLIENTS’ NEEDS AS A COMMON THREAD IN ASSESSING OUR PRODUCTS AND SERVICES AS A WHOLE AND ANY POTENTIAL, OR REAL, CONFLICTS OF INTEREST ASSOCIATED WITH OUR ORGANISATION THAT MAY ARISE IN INTERACTIONS WITH CLIENTS.**  
”





## OUR COMMITMENT TO OUR EMPLOYEES

### MATERIAL ISSUES

→ TALENT MANAGEMENT

→ EMPLOYEE ENGAGEMENT

→ DIVERSITY AND EQUAL OPPORTUNITIES



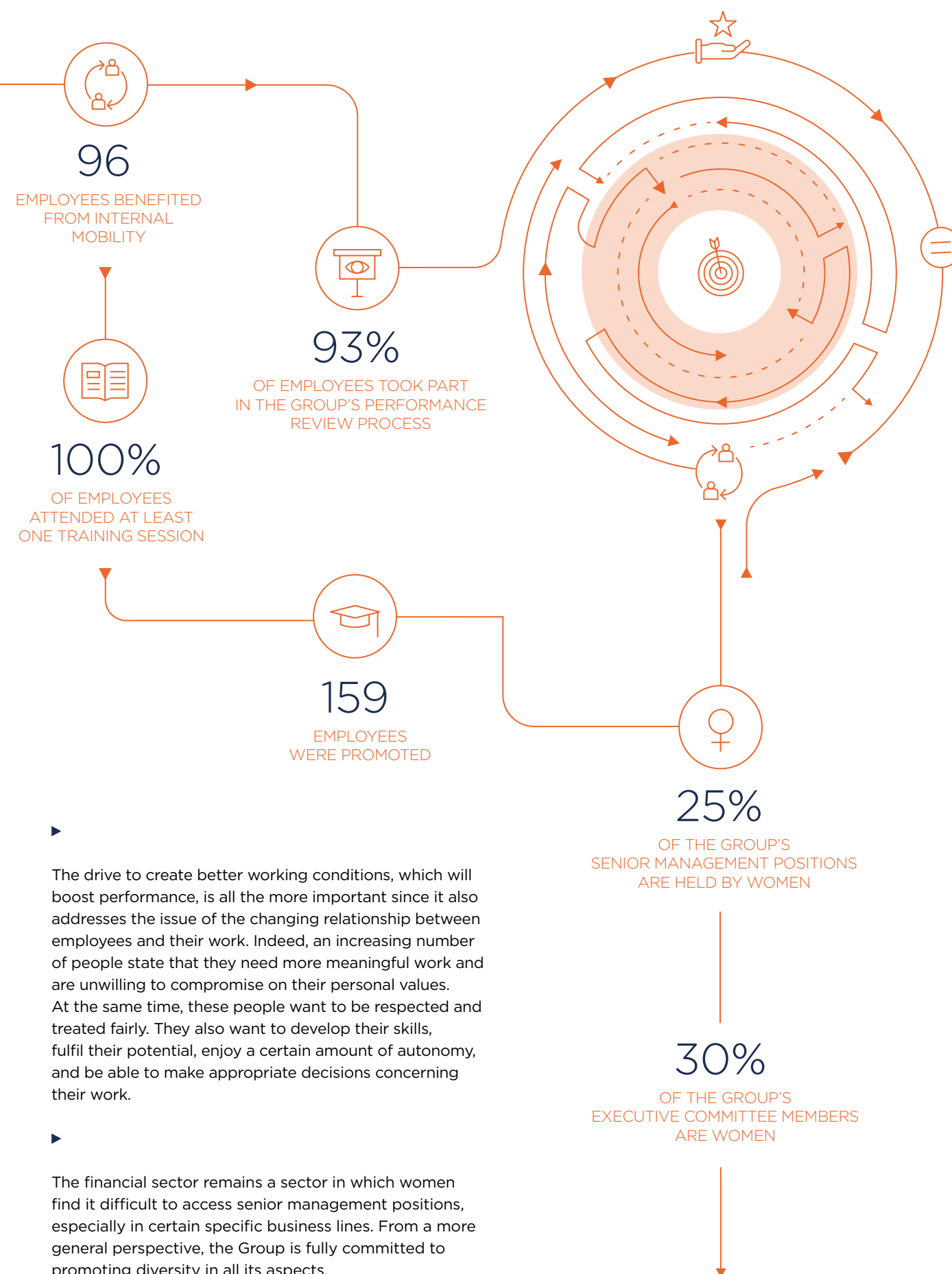
The value, development potential, and social impact of financial-sector companies with intangible products are highly dependent on the skills and commitment of their employees.



The financial sector landscape has been transformed by waves of regulations introduced by financial authorities to ensure the stability of the global financial system and protect the interests and needs of citizens/clients and states. Due to this transformation, the main players in the sector must rethink their strategies within the highly competitive framework of this new playing field.



Consequently, for companies in this sector – such as the Edmond de Rothschild Group – attracting, retaining and managing people with appropriate expertise and experience is of paramount importance. However, this alone is insufficient. Companies must also create conditions that enable their employees to feel deeply motivated and committed to their daily work. The constraints brought about by the regulatory and competitive environment are affecting all employees and requiring companies in the sector to adapt constantly.





## OUR COMMITMENT TO OUR EMPLOYEES

As an employer, we have a dual responsibility: to provide the conditions that will enable our employees to contribute to the company's performance and the achievement of its vision and strategy, while at the same time creating a stimulating work environment that is conducive to our employees' well-being and fulfilment. See the appendix "[Our commitment to our employees](#)" for more information about our management approach<sup>1</sup>.

### OUR AMBITIONS

#### BEING AN EMPLOYER OF CHOICE TO ATTRACT AND RETAIN THE BEST TALENT

This is a prerequisite to achieve our goal of excellence in our various business lines.

#### ENABLING ALL EMPLOYEES TO REALISE THEIR FULL POTENTIAL

Employees who are engaged, valued and trusted are even more innovative and perform better collectively.

#### MAKE DIVERSITY OUR STRENGTH

Diversity, which is respected and encouraged, makes a major contribution to the well-being of our employees and the success of our Group.

2020 Objectives	Progress follow-up
<b>Establish a formalised framework for the deployment of the Group's strategic objectives</b>	
<b>PROGRESS MADE BETWEEN 2015 AND 2018</b>	<b>NEXT STEPS</b>
<ul style="list-style-type: none"> <li>Brand positioning defined: "Bold Builders of the Future"</li> <li>Group vision defined</li> <li>Annual strategic objectives of our business lines aligned with the Group's strategy</li> <li>Strengthening of our internal communication processes in order to promote open, ongoing dialogue between employees and top management</li> </ul>	<ul style="list-style-type: none"> <li>Cultivate good reflexes to embed our brand positioning in our daily activities</li> <li>Continue implementing the brand positioning to support the evolution of our corporate culture</li> </ul>
<b>Develop a leadership culture based on the Group's values</b>	
<ul style="list-style-type: none"> <li>Integration of a behavioural element in the annual performance review</li> <li>Development of managerial and leadership training at various levels</li> <li>Partial integration of the 10 Principles of behaviour into the different managerial training programmes</li> </ul>	<ul style="list-style-type: none"> <li>Finish aligning all our development programmes with "Bold Builders of the Future" and the 10 Principles</li> <li>Continue to deploy our new training programmes</li> <li>Further develop the recruitment and talent selection processes to integrate Group culture</li> </ul>
<b>Ensure the appropriate drivers of employee engagement are in place</b>	
<ul style="list-style-type: none"> <li>Deployment of a fair and transparent evaluation and performance management process</li> <li>Deployment of a formal promotion programme to reward our employees' efforts</li> <li>Introduction of an «Internal Mobility» Policy to support employees in the development of their careers</li> <li>Creation of a diversified online training offering to support the development of our employees</li> <li>Introduction of a Group Remuneration Policy and implementation of market surveys targeting our different business lines and geographical locations to ensure a competitive framework that complies with the applicable regulations</li> </ul>	<ul style="list-style-type: none"> <li>Further promote the benefits of internal mobility</li> <li>Set up tools to measure the engagement of the Group's employees</li> <li>Continue to adapt our benefit packages in order to maintain our competitive positioning</li> <li>Continue to develop our Collective Intelligence through training and other projects</li> </ul>

#### Gradually increase the percentage of women in senior management (reference year 2014: 24%)



- Close monitoring of the percentage of women in the main HR processes: recruitment, training, promotion and internal mobility
- Awareness-raising for HR teams on equal opportunities and diversity issues, and creation of formal guidelines in the relevant HR documents
- Formalisation and monitoring of diversity/equal opportunity aspects in the annual compensation review and promotions

- Make employees aware of the importance of diversity
- Develop the HR processes
- Gradually create mixed talent pools for strategic roles
- Establish specific targets to improve women's access to leadership roles

#### Maintain gender diversity in the Group's workforce (reference year 2016: 45% women)



- Close monitoring of the percentage of women in the main HR processes: recruitment, training, promotion and internal mobility
- Commissioned an objective equal pay analysis by a third-party

- Draw up guidelines for standardised practices to ensure gender equality Group-wide

#### Maintain our cultural diversity (reference year 2016: 49 nationalities represented)



- Monitoring of the number of nationalities present within the Group and on the Boards of Directors
- Monitoring of the presence of local nationalities in recruitments and promotions for specific markets

- Draw up guidelines to standardise our practices to ensure equal treatment for all employees

For more information on our progress, see the table of our 2018 results on page 39.



► YOU TOOK ON THE ROLE OF HR DIRECTOR OF THE GROUP IN 2018. HOW DOES THE NEW HR STRATEGY SUPPORT THE EDMOND DE ROTHSCHILD GROUP IN ITS OVERALL AMBITIONS AND ITS SUSTAINABILITY OBJECTIVES?

#### Diego Gaspari

Member of the Executive Committee and Human Resources Director, Edmond de Rothschild Group

“ The HR strategy that we have defined jointly with the Executive Committee of the Group, following a collective reflection with internal stakeholders, has 3 main priorities:

- support our managers in conducting the deep transformation of their business and organisations with the full engagement and contribution of their teams;
- continue improving the experience of employees during the different stages of their journey within the Group and their career, thanks to common managerial practices, a closer presence of the HR teams and new HR tools;

- accelerate the development of a meaningful working environment to allow each employee to be an active player of our business and contribute at the same time to an inspiring vision and values that resonate with their own personal aspirations and values.

These 3 axes are based on a common conviction: to ensure our collective sustainable development we need to create the conditions to allow each employee to express their full potential in line with what is most meaningful to them, while contributing their passion and expertise in a way that supports the Group in achieving its objectives. ”

<sup>1</sup>“Disclosure on Management Approach” from GRI standards.





**Davide Paganoni**

Head of Learning & Development,  
Edmond de Rothschild Group

► A MAJOR CULTURAL TRANSFORMATION IS UNDERWAY IN THE EDMOND DE ROTHSCHILD GROUP IN THE CONTEXT OF THE GROUP'S VISION AND BRAND POSITIONING OF "BOLD BUILDERS OF THE FUTURE". HOW DID THE LEARNING & DEVELOPMENT (L&D) TEAM SUPPORT THIS TRANSFORMATION IN 2018 THROUGH ITS TRAINING ACTIVITIES FOCUSING ON LEADERSHIP AND CULTURE?

“ In 2018 our team focused on enabling the Group's managers and leaders to develop their managerial competences and authentic leadership to support the Group's cultural transformation. Two of our training programs integrated this approach, Columbus and Vespucci, for managers and young high-performers/high-potential employees respectively.

These programmes offer a wide spectrum of learning experiences and approaches to support the critical role of our managers and leaders play in the transformation of our business and our company culture. In 2018 we accompanied them in the exploration of the Edmond

de Rothschild ecosystem, cultivating their managerial practices and leadership attitudes and supporting their ability to embody the Principles at the heart of our culture.

In Vespucci, our young talents worked on two parallel pathways of leadership development and innovation. More specifically, they defined the client experience and the employee experience of the future and offered back to the Group inspiring perspectives and proposals. We put emphasis on the tangible impact of these programmes, with action learning interventions and concrete projects designed to transmit new insights back to the business in a very practical way.



Vespucci training sessions «Envision our future» -  
Paris, 12-15 November 2018

In these training programmes we focus on the evolution of leadership theories and we stimulate reflections on authentic leadership. For example, we ask managers to ask themselves, “Why should anyone be led by me?” and to think about the importance of personal alignment with their values and the Group's values to achieve authenticity and transformational leadership. We encourage people to envision the positive impact they can have, to dare to be different and become bold builders of the future, including through concrete actions like individual development plans.

This year we have also integrated into these training programmes a component on storytelling. The techniques we propose help leaders at any seniority level in the organisation tell personal, passionate stories to share their experiences, what they have learned and what is really meaningful to them.

In the context of the process to define the 10 Principles of behaviour at the heart of the Group's culture, we

“  
**WE ASK MANAGERS TO ASK THEMSELVES, “WHY SHOULD ANYONE BE LED BY ME?” AND TO THINK ABOUT THE IMPORTANCE OF PERSONAL ALIGNMENT WITH THEIR VALUES AND THE GROUP'S VALUES TO ACHIEVE AUTHENTICITY AND TRANSFORMATIONAL LEADERSHIP.**  
”

also help these leaders develop a portfolio of organisational stories that connect with the Group's vision and brand in a genuine and meaningful way. This entails delving into our wider universe covering wine-making, farming, hospitality, sailing and philanthropy. A story might put emphasis on the exquisite attention to detail necessary to achieve excellence and delight the customer in our Michelin-star restaurants (Principle 7: Details matter), or the continuous efforts made to reduce the environmental impact of our farming methods and integrate innovative circular economy solutions (Principle 1: Be curious about our whole universe).

From a wider Human Resources perspective, the next step to support the cultural transformation process in 2019 is the integration of the 10 Principles in various HR processes, for example in the year-end performance review, but also in our selection processes to hire and promote employees. ”





## A COLLABORATIVE APPROACH TO REVISING OUR HR STRATEGY

In October 2018, we launched a collective reflection on our Human Resources Strategy to create a roadmap aligned with the priorities of our internal clients and to accompany them in the process of implementing the Edmond de Rothschild Group's vision and strategy.

### Four key steps to define and implement our strategy

1. We began by listening to our internal clients to identify their business priorities and their expectations regarding talent management and development;
2. We then compared the business challenges with the current HR organisation and projects in order to clarify our objectives, refocus our efforts and capitalise on existing synergies;
3. Next we reviewed our priorities, projects, organisation and governance to align ourselves with the needs of our internal clients and define a common HR mission which sets the scene for each employee to build the future of Edmond de Rothschild while realising their own potential;
4. Finally, we drew up a communications plan to present our strategy in the various Group entities and request feedback on our roadmap from our colleagues.

### 18 projects to meet our key ambitions for 2020

The Human Resources strategy aims to professionalise the HR function so it can provide an excellent service to the business, supporting its transformation, creating value at all stages of an employee's career and also a meaningful working environment for all of us.

This strategy will be implemented through 18 concrete projects covering a range of different aspects from management training and talent development to the creation of a new, more flexible and social, performance management process.

More specifically, five of our roadmap projects aim to create a Meaningful Work environment because we realise the extent to which employee engagement depends on every employee doing a job they find meaningful. In doing so, we aim to cultivate a close alignment of employees' values and those of the Edmond de Rothschild Group, for example through new philanthropic projects, and by promoting diversity and measuring employee engagement.

## BUILDING OUR FUTURE TOGETHER

### A collaborative approach



### 2020 Objectives

### Our situation in 2018

Establish a formalised framework for the deployment of the Group's strategic objectives	<ul style="list-style-type: none"> <li>• <b>72</b> internal meetings on the Group's strategy, in the presence of members of the various executive committees, including one annual strategic seminar for the Group's senior management</li> </ul>
Develop a leadership culture based on the Group's values	<ul style="list-style-type: none"> <li>• <b>27</b> employees took part in the first Vespucci programme aimed at accelerating leadership development</li> <li>• <b>129</b> employees took part in one of the management and leadership training programmes, namely Columbus, Magellan, Vespucci or Jean Cabot</li> <li>• <b>4,639</b> hours of training provided on this subject</li> </ul>
Ensure the appropriate drivers of employee engagement are in place	<ul style="list-style-type: none"> <li>• <b>96</b> employees benefited from internal mobility (-2% vs. 2017)</li> <li>• <b>159</b> employees were promoted (+11% vs. 2017)</li> <li>• <b>93%</b> of employees took part in the Group's performance review process</li> <li>• <b>100%</b> of employees attended at least one training course</li> </ul>
Gradually increase the percentage of women in senior management	<ul style="list-style-type: none"> <li>• <b>25%</b> of the Group's senior managers are women (stable versus 2017 and 2016)</li> <li>• <b>30%</b> of the Group's Executive Committee members are women</li> </ul>
Maintain gender diversity in the workforce, as well as our cultural diversity <sup>1</sup>	<ul style="list-style-type: none"> <li>• <b>48</b> nationalities represented in the Group (49 in 2017)</li> <li>• <b>44%</b> of the Group's employees are women (stable vs. 2017)</li> <li>• <b>40%</b> of employees recruited are women (44% in 2017)</li> <li>• <b>44%</b> of employees trained are women (same as in 2017)</li> <li>• <b>46%</b> of employees promoted are women (52% in 2017)</li> <li>• <b>55%</b> of employees who have benefited from internal mobility are women (44% in 2017)</li> </ul>

<sup>1</sup> With the exception of the percentage of women in the workforce and new hires, all the indicators in this table are based on the "Main Entity" scope, which accounts for 83% of the total Group population. See page 4.

## OUR GROUP'S SOCIAL PERFORMANCE IN 2018

See the appendix<sup>2</sup> "[Our commitment to our employees](#)" for details of our Human Resources processes. The data in this section corresponding to «main entities» cover 83% of the total workforce. The «Group» data cover 95% of the total workforce. **GRI 102-2**

### Attraction, recruitment and retention

At 31 December 2018, the Group's workforce stood at 2,558 employees, a 2% decrease versus 2017, with 94% of employees on permanent contracts. Recruitment numbers increased in 2018 with 380 new hires, 65% of which on permanent contracts, against 293 departures (40% women). The employee turnover at Group level was stable at 12% and the average length of service remained unchanged at 9 years.

The Group's overall remuneration strategy values and encourages long-term performance. Its terms are reviewed annually to remain in line with local market practices and ensure compliance with the different regulations on inappropriate risk-taking and unethical behaviour. **GRI 401-1 / 102-36**

<sup>2</sup> "Disclosure on Management Approach" from the GRI standards.

## Performance management, employee training and career development


93% of employees took part in the Group's performance review process. The process provides a vital opportunity to gain feedback from employees and to help them with their professional development. It involves a structured, factual dialogue between managers and staff members on quantitative and qualitative criteria. Objective-setting plays an important part and contributes to the success of the dialogue between managers and their teams.

159 employees were promoted in 2018 and 96 people benefited from internal mobility. Employees promoted or moving to another position within the company receive customised training sessions and coaching according to the needs identified.

Through Latitude – the Group's single platform to access the entire training offer, which is consistently reviewed and enhanced – 100% of employees were able to attend at least one training course during the year. This was made possible essentially through the digitisation of most of the training courses which can be accessed from individual workstations. The Learning & Development teams use the latest technologies to ensure the training on offer is of excellent quality and to promote employee development Group-wide. [GRI 102-16 / 404-3](#)

## Diversity and equal opportunities

The percentage of women in the Group's total workforce remained stable in 2018 (44%) while the percentage of women in senior management increased to 25% (24% in 2017). A new position, "Group Director Talent & Diversity", was created in 2018 in the Human Resources department to improve talent management and actively promote diversity Group-wide. This is the subject of several key projects in the HR strategy. [GRI 102-8 / 405-1](#)

Headcount and contract type		EdR (Switzerland)	EdR (Europe)	EdR (France)	GROUP		
		2018	2018	2018	2016	2017	2018
Headcount - <a href="#">GRI 102-7 / 102-8</a> 	Group	1,147	633	778	2,703	2,604	2,558

### TYPE OF CONTRACT - [GRI 102-7 / 102-8](#)

Percentage of employees on permanent contracts	Group	95.1%	92.3%	93.4%	97.6%	95.3%	93.9%
Percentage of employees on short-term contracts	Group	4.9%	7.7%	6.6%	2.4%	4.7%	6.1%

### WORKING TIME - [GRI 102-7 / 102-8](#)

Percentage of employees on part-time contracts	Group	11.2%	18.8%	4.5%	10.7%	10.6%	11.1%
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## Attraction and retention

### RECRUITMENTS - [GRI 401-1](#)

Total recruitments	Group	176	95	109	306	345	380
Percentage of women	Group	38%	42%	40%	43%	44%	40%
Percentage of recruitments on permanent contracts	Group	70%	60%	61%	80%	63%	65%

### DEPARTURES - [GRI 401-1](#)

Total	Group	139	68	86	370	325	293
Percentage of women	Group	35%	43%	44%	42%	42%	40%

### TURNOVER - [GRI 401-1](#)

Total Turnover	Group	12%	11%	11%	13%	12%	12%
Turnover – Women	Group	10%	10%	10%	13%	12%	10%
Turnover – Men	Group	14%	11%	12%	14%	13%	13%

### AVERAGE YEARS OF SERVICE

Average years of service of our employees	Group	8.0	10.0	9.8	8.9	9.1	9.0
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### AVERAGE AGE - [GRI 405-1](#)

Average age of our employees	Group	44	42	43	43	43	43
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Career development		EdR (Switzerland)	EdR (Europe)	EdR (France)	GROUP		
		2018	2018	2018	2016	2017	2018

### ANNUAL PERFORMANCE REVIEW - [GRI 404-3](#)

Percentage of employees who completed the process	Group	88%	87%	90%	94%	92%	88%
Percentage of employees who participated in the process	Group	95%	91%	94%	97%	95%	93%




### PROMOTION - [GRI 404-3](#)

Number of employees promoted during the year	Main entities	63	24	72	129	143	159
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### INTERNAL MOBILITY

Number of employees who benefited from a change of position during the year	Main entities	22	30	44	90	98	96
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### TRAINING - [GRI 404-1](#)

Number of training hours 	Main entities	17,489	12,348	8,892	35,251	49,940	38,729
Percentage of employees who attended at least one training course 	Main entities	100%	100%	100%	83%	98%	100%
Average number of training hours per employee	Main entities	20	23	12	18	23	18
Women as a percentage of employees trained 	Main entities	41%	43%	47%	46%	44%	44%

Diversity		EdR (Switzerland)	EdR (Europe)	EdR (France)	GROUP		
		2018	2018	2018	2016	2017	2018

### GENDER BREAKDOWN - [GRI 102-8](#)

Women	Group	41%	45%	47%	45%	44%	44%
Men	Group	59%	55%	53%	55%	56%	56%

### WOMEN IN SENIOR MANAGEMENT - [GRI 102-8 / 405-1](#)

Percentage of women in senior management	Main entities	15%	29%	33%	25%	24%	25%
Female senior managers as a percentage of total workforce	Main entities	3%	9%	8%	7%	6%	6%

## Diversity in the governing bodies of our main legal entities

### DIVERSITY IN THE SUPERVISORY BOARD/BOARD OF DIRECTORS - [GRI 102-22 / 405-1](#)

Number of members	-	8	7	8	10	12	12
Percentage of women	-	13%	29%	25%	9%	17%	17%
Number of nationalities represented	-	3	4	2	4	6	6

### DIVERSITY IN THE EXECUTIVE COMMITTEE - [GRI 102-22 / 405-1](#)

Number of members	-	5	8	19	10	10	10
Percentage of women	-	40%	13%	32%	36%	40%	30%
Number of nationalities represented	-	3	3	2	5	5	4

## Health, safety and well-being at work

### LABOUR RELATIONS - [GRI 102-22 / 405-1 / 403-4](#)

Percentage of employees covered by collective bargaining and/or employee representatives	Main entities	0%	100%	100%	65%	61%	60%
Number of collective bargaining agreements signed over the year (also including employee health and safety)	Main entities	0	0	7	2	4	7

### ABSENTEEISM\*

Absenteeism	Main entities	3.9%	4.3%	2.4%	-	-	-
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\* For our three main entities, the absenteeism rates are defined as follows: «number of days of unplanned absence or lost working days (illness, workplace accidents, non-justified absences excluding annual leave, maternity leave, sabbatical leave or leave to set up a business), divided by the theoretical number of days worked by the entire workforce over the reporting year».

# INNOVATION IN RESPONSIBLE INVESTMENT

## MATERIAL ISSUES

→ INTEGRATION OF ESG CRITERIA INTO FINANCIAL ANALYSIS

→ CARBON RISK MANAGEMENT AND CONTRIBUTION TO THE ENERGY TRANSITION

→ SHAREHOLDER ACTIVISM: DIALOGUE WITH COMPANIES AND VOTING

→ INNOVATION THROUGH THE VARIOUS RESPONSIBLE INVESTMENT STRATEGIES:

- ▶ Positive selection integrating ESG criteria
- ▶ Theme-based investing
- ▶ Impact investing



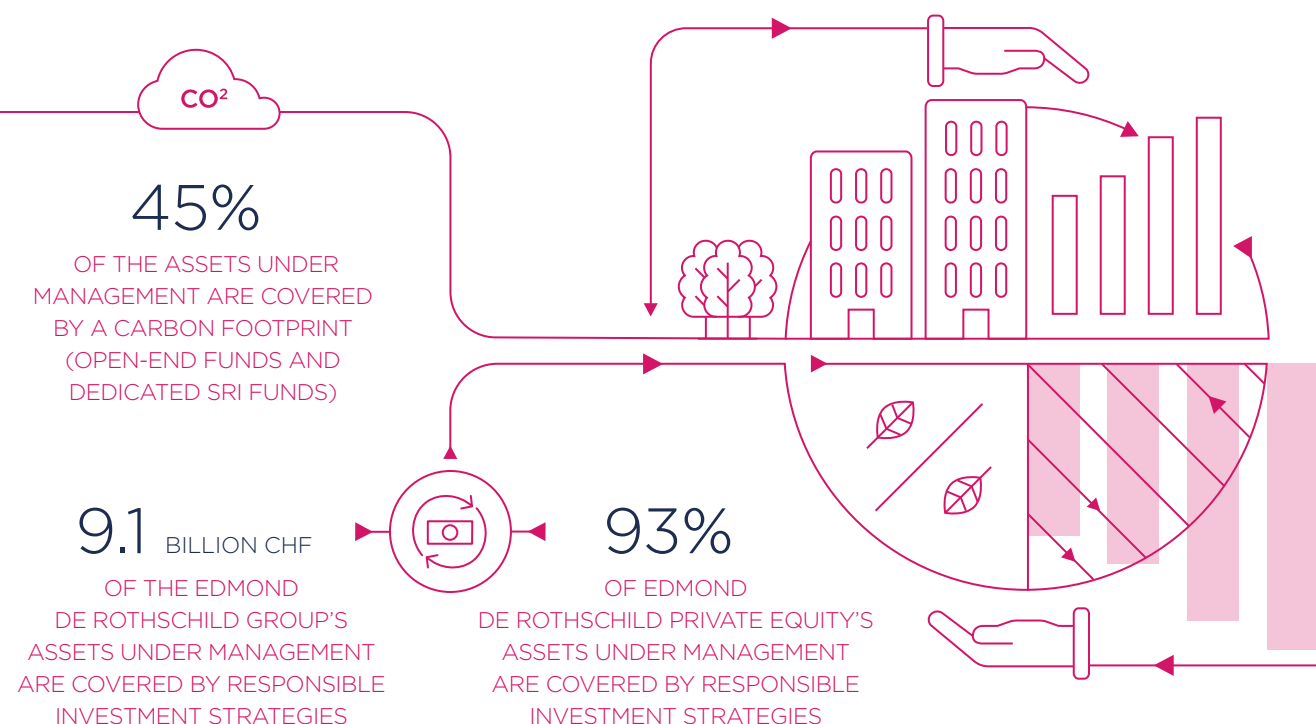
The financial sector plays a vital role in directing public and private capital flows towards companies whose products and services provide solutions to sustainability challenges such as climate change, deforestation, pollution, water scarcity, food security, poverty, healthcare needs, mass migrations, etc. The United Nations' Sustainable Development Goals serve as a universal framework to support these efforts.



There is great diversity in the demand of institutional and private clients for responsible investment products. In addition, the development of the market for these products is influenced by the pace of change in legislation in each country. For example, the French market underwent a significant change in 2015 with the coming into force of the Energy Transition for Green Growth Act (Article 173)<sup>1</sup>. Our sales and investment teams actively strive to anticipate changes in this external environment and address these changes with an innovative offering of products and services in line with our clients' concerns and interests.



**Integration of ESG criteria into financial analysis:** the integration of environmental, social and governance (ESG) criteria into financial analysis and investment decision-making is a long, complex, multi-stage process marked by technical and institutional advances as well as challenges. The commitments and goals of the Principles for Responsible Investment (PRI) supported by the United Nations serve as a basis for the signatories to continuously develop their processes. In this context, it is crucial to apply reliable, relevant, high-quality ESG data to the analysis of issuers for all our investments. Strong support is provided to investment teams and other internal teams across the Group so that they understand the subject and the importance of the gradual integration of responsible investment, as well as its relevance for our strategy.



**Carbon risk management and contribution to the energy transition:** in their investment decisions, financial players must anticipate and integrate the risks associated with climate change and resulting from the changes in laws and markets following the implementation of the Paris Agreement. They also need to adapt their investment products and innovate in this field in order to facilitate the transition to a "low-carbon" world. To achieve this, a "2 degree" roadmap has been introduced, integrating the risks and opportunities associated with climate change.



**Shareholder activism: dialogue with companies and voting:** financial players have a crucial role to play to influence and encourage companies in their sustainability initiatives (management of ESG risks and opportunities; integration of sustainability in their business models and strategies, etc.). We establish appropriate dialogue with the companies in our investment universe and vote at general meetings (or sit on Boards of Directors or Supervisory Boards in the case of private equity), according to the companies' maturity stage and based on our analysis of their overall financial and non-financial performance.



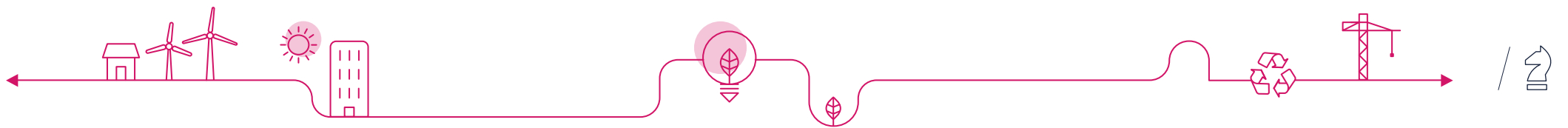
**Innovation through various strategies (positive selection integrating ESG criteria; theme-based investing; impact investing):** to cater for the highly varied demand of institutional and private investors, financial players have been innovating and diversifying their responsible investment approaches and strategies according to their fields of expertise and objectives. Such approaches include the integration of ESG criteria, the selection of issuers with the best sustainability performance, theme-based investing (water, energy, agroforestry, healthcare, education, etc.) or investment in companies whose products & services have a positive, measureable environmental and/or social impact. As a priority, we develop the responsible investment strategies that match our convictions and our expertise.



**Stakeholder engagement on responsible investment:** several Edmond de Rothschild Group entities participate, to varying degrees, in financial sector initiatives on responsible investment issues and are involved in promoting this subject. For further details, see page 13.

<sup>1</sup> See website <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000031044385&categorieLien=id>





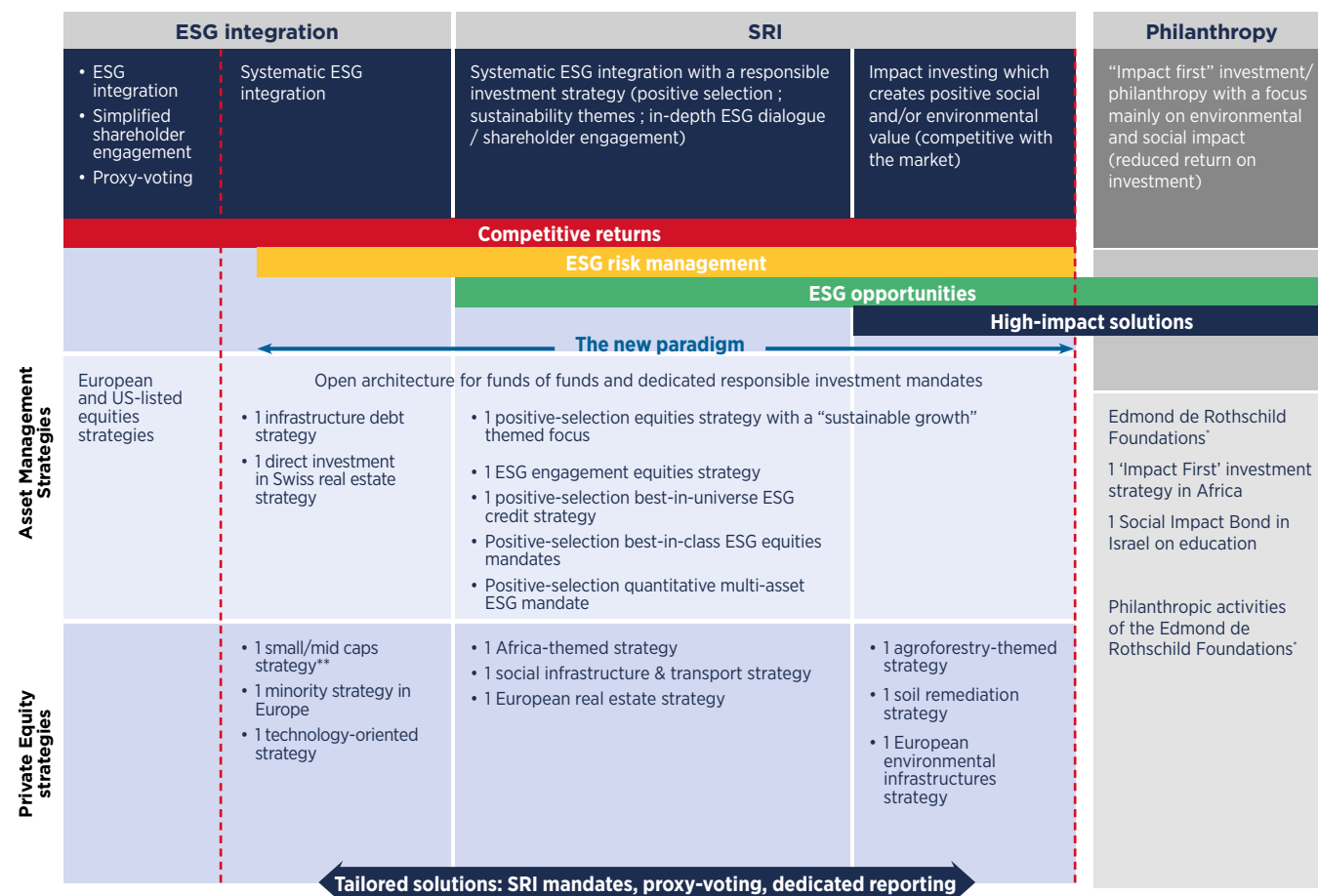
## INNOVATION IN RESPONSIBLE INVESTMENT

Responsible Investment (RI) is at the heart of the Edmond de Rothschild Group strategy. The commitment and product offering of Edmond de Rothschild Asset Management<sup>2</sup>, Edmond de Rothschild Private Equity, as well as our Private Banking entities in this domain illustrate the Group's positioning as “Bold Builders of the Future”. In a world engaged in a transition towards a new economic model, we are convinced that the solutions provided by the private sector to sustainability challenges represent a source of economic growth and return on investment for all internal and external stakeholders. See the “[Innovation in responsible investment](#)” appendix for more information about our management approach and processes.



Source: Edmond de Rothschild at 31.12.2018

### Overview of the Edmond de Rothschild Group Responsible Investment product offering



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 the assets under management using strategies to which a systematic ESG integration or SRI/impact methodology is applied (see definitions in the «Innovation in responsible investment» appendix).

\* The Edmond de Rothschild Foundations are a network of 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.

<sup>2</sup>“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.

### Responsible investment (RI) overview for the Edmond de Rothschild Group G4-FS7 / G4-FS8 / G4-FS11

		2014	2015	2016	2017	2018
Asset Management (France)	Assets under management in open-end funds covered by an SRI strategy (in millions of CHF)	1,804	1,787	1,702	2,055	1,481
	Percentage of assets under management at Edmond de Rothschild Asset Management (France) covered by an SRI strategy	13%	15%	15%	14%	12%
	Number of open-end funds covered by an SRI strategy	3	4	3	3	3
	Assets under management in dedicated funds for institutional clients covered by an SRI strategy (in millions of CHF)	1,690	1,926	1,954	2,442	2,254
	Percentage of assets under management at Edmond de Rothschild Asset Management (France) covered by a carbon footprint	-	16%	24%*	24%	45%
Asset Management (Group)	Percentage of total assets under management at Edmond de Rothschild Asset Management covered by an RI strategy	-	8%**	8%**	8%**	12%**
	Infrastructure debt assets under management covered by an RI strategy (in millions of CHF)					1,820
Real Estate	Assets under management invested directly in real estate covered by an RI strategy					1,526
	Percentage of assets under management at the Edmond de Rothschild Asset Management real estate entities invested directly and covered by an RI strategy					15%
Private Equity	Number of Private Equity strategies applying an RI methodology	6	7	9	9	9
	Assets under management at Edmond de Rothschild Private Equity covered by an RI strategy (in millions of CHF)	1,628	1,812	2,677	3,468	1,966
	Percentage of assets under management at Edmond de Rothschild Private Equity covered by an RI (ESG integration or impact investing) strategy	59%	78%	93%	94%	93%
	Assets under management at Edmond de Rothschild Private Equity covered by an impact investing strategy (in millions of CHF)	165	178	315	335	271
	Percentage of assets under management at Edmond de Rothschild Private Equity covered by an impact investing strategy		8%	11%	9%	13%
Group	Total Group assets under management covered by RI strategies (in millions of CHF)	5,122	5,526	6,332	7,966	9,116
	Percentage of the Group's assets under management covered by RI strategies	3.1%	3.4%	3.8%	4.4%	5.4%

\* In 2016, the scope of assets under management covered by a carbon footprint was extended to dedicated SRI funds.

\*\* This scope excludes the activities of Asset Servicing, Overlay management, structured management (EMTNs) and Fonds Stratégique de Participation (FSP), to which it is not possible to apply responsible investment strategies.

In 2018 our assets under management covered by responsible investment strategies amounted to 9.1 billion CHF compared with 7.9 billion CHF in 2017. This increase is due primarily to the introduction of systematic ESG integration processes for our strategies on infrastructure debt and on direct investment in Swiss real estate. The process, which took two years, enabled us to include these assets under management in the responsible investment category. Still in relation to Edmond de Rothschild Asset Management, participation in SRI open-end funds rose by 40% between 2017 and 2018 thanks to a positive net inflow, including from private clients.

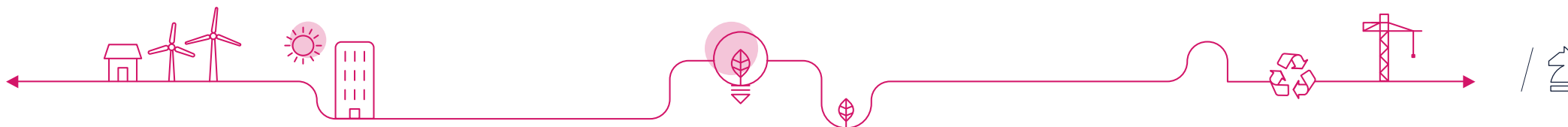
The assets under management in the responsible investment category at Edmond de Rothschild Private Equity dropped from 3.4 billion CHF to 1.9 CHF, as a result of the Group's strategic decision to dispose of its majority shareholding in the asset management company Edmond de Rothschild Investment Partners in April 2018.

Edmond de Rothschild Asset Management (France) and Edmond de Rothschild Private Equity are signatories to the Principles for Responsible Investment (PRI) supported by the United Nations.

### Assets under management at Edmond de Rothschild Asset Management covered by an ESG integration strategy in 2018

Percentage of Traditional Multi-asset assets under management covered by an ESG integration strategy	100%
<b>Total assets under management</b> (in millions of CHF)	<b>7 174</b>

See page 59 for more details.

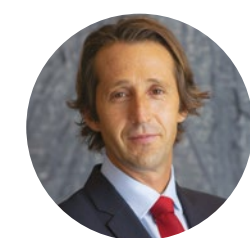


## RESPONSIBLE INVESTMENT IN OUR ASSET MANAGEMENT ACTIVITIES

2020 Objectives - Edmond de Rothschild Asset Management		Progress follow-up
<b>Adopt a 2017-2020 Responsible Investment (RI) strategy for all types of investment expertise at Edmond de Rothschild Asset Management</b>		● ● ● ●
PROGRESS MADE BETWEEN 2015 AND 2018	NEXT STEPS	
<ul style="list-style-type: none"> <li>2017-2020 RI strategy defined and validated</li> <li>RI action plan defined and 6 ESG integration projects completed by 2018</li> <li>New SRI label<sup>3</sup> obtained for our SRI equities and corporate debt funds</li> <li>Formalisation and fine-tuning of an ESG integration process for the selection of external funds (Multi-asset department), for use by Asset Management and Private Banking entities</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of the RI strategy and action plan across all areas of investment expertise</li> <li>Continuous improvement of the ESG integration process and selection of more external RI funds</li> </ul>	
<b>Define an RI action plan and a “2 degree” roadmap to manage climate risk for the 2017-2020 period</b>		● ● ● ●
<ul style="list-style-type: none"> <li>“2 degree” roadmap initially applied to equity/bond investments, in line with TCFD recommendations<sup>4</sup></li> <li>Carbon footprint measured for 26 open-end funds and dedicated SRI funds covering 45% of the assets under management at Edmond de Rothschild Asset Management (France) at 31 December 2017</li> </ul>	<ul style="list-style-type: none"> <li>Gradual implementation of the “2 degree” roadmap</li> <li>Cover all equity/bond investment strategies with a carbon footprint</li> </ul>	
<b>Extend the scope of ESG analysis to all equity, corporate debt and sovereign debt strategies (2014: 295 companies)</b>		● ● ● ●
<ul style="list-style-type: none"> <li>Application of the internal proprietary methodology to an extended universe of European issuers (350 companies in 2018)</li> <li>Signing of a new Group agreement with the Sustainalytics rating agency to gain access to the ESG analysis of 8,000 companies (world scope)</li> </ul>	<ul style="list-style-type: none"> <li>Continuous improvement to ensure the evolution of the internal ESG analysis methodology</li> </ul>	
<b>Establish a “systematic” ESG integration process for European equities management</b>		● ● ● ●
<ul style="list-style-type: none"> <li>Strengthening of ESG integration processes for the management of European equities</li> <li>Completion of 6 dedicated ESG integration projects</li> </ul>	<ul style="list-style-type: none"> <li>Continue to refine the ESG integration approach</li> </ul>	
<b>Train 100% of internal equity and bond investment teams in RI/ESG</b>		● ● ● ●
<ul style="list-style-type: none"> <li>Launch of 10 ESG projects (of which 6 were completed by 2018) in close collaboration with investment teams</li> <li>Finalisation of an e-learning course on responsible investment in collaboration with Swiss Sustainable Finance</li> </ul>	<ul style="list-style-type: none"> <li>Deploy the responsible investment e-learning course to all investment and sales teams</li> </ul>	
<b>Establish “systematic” ESG integration processes for our strategies on infrastructure debt and on direct investment in Swiss real estate</b>		● ● ● ●
<ul style="list-style-type: none"> <li><b>Infrastructure debt:</b> Implementation of a systematic ESG integration process for the entire platform, including its new compartment on the theme of the energy transition, which obtained the French Greenfin/EETC label in 2018</li> <li><b>Swiss real estate:</b> Implementation of a systematic ESG integration process: 54% of the portfolio consists of new or Minergie-certified buildings<sup>5</sup> and 14% of the portfolio's residential rental buildings correspond to controlled rents</li> </ul>	<ul style="list-style-type: none"> <li>Creation of the first impact report for clients of the infrastructure debt platform</li> <li>Integration of a new reporting tool on the energy efficiency of buildings and creation of new impact indicators</li> </ul>	

“**OUR RESPONSIBLE INVESTMENT STRATEGY SERVES AS AN AMBITIOUS ROADMAP THROUGH WHICH WE AIM TO INTEGRATE - GRADUALLY IN A MEANINGFUL, APPROPRIATE MANNER - THE ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE) CRITERIA INTO ALL OUR EQUITIES AND BOND STRATEGIES.**”

“The Edmond de Rothschild Group strives to find innovative solutions to address the major issues we face today. The challenges are becoming more complex and require strong convictions if we are to create a more responsible economy. Our Responsible Investment strategy serves as an ambitious roadmap through which we aim to integrate - gradually in a meaningful, appropriate manner - the ESG (environmental, social and governance) criteria into all our equities and bond strategies. Our SRI range of investment strategies is the pilot for this process. Real assets also have a key role to play in helping to reinvent the world.”



**Christophe Caspar**  
Member of the Edmond de Rothschild Group's Executive Committee  
CEO of Edmond de Rothschild Asset Management

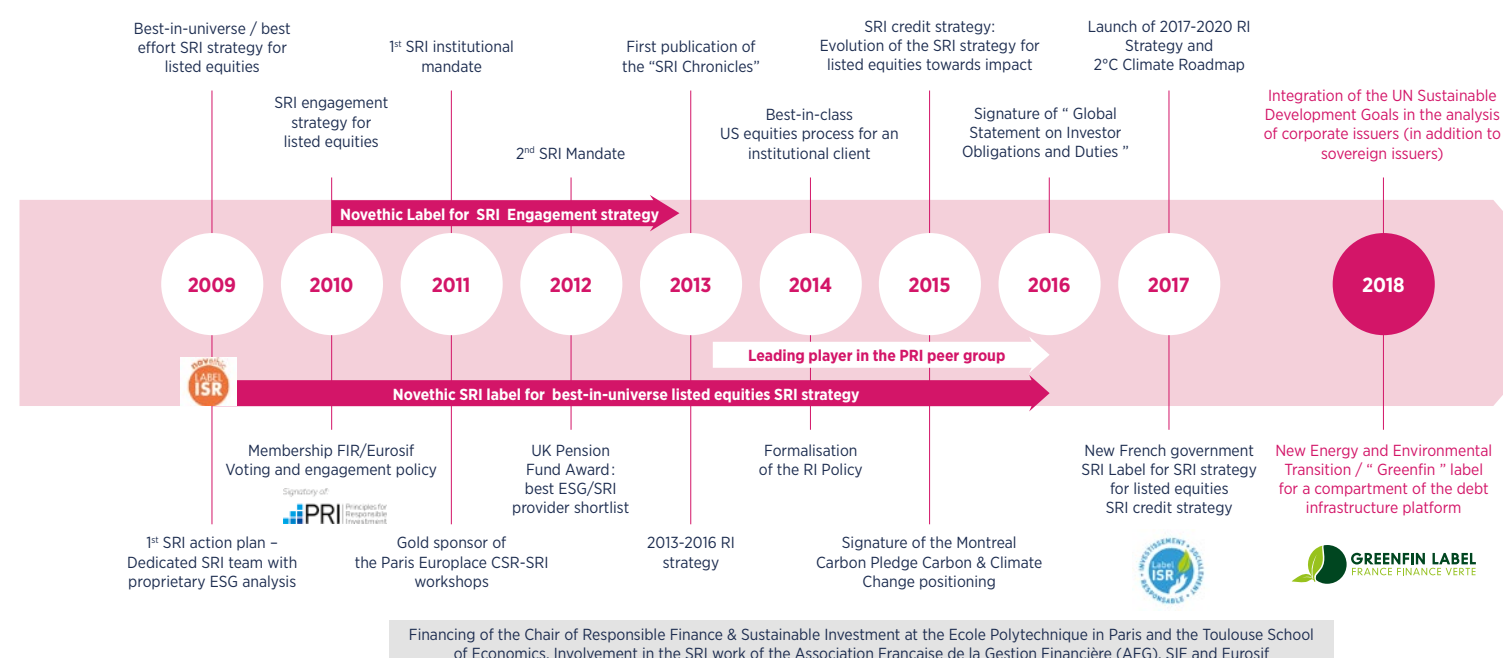


**Jean-Philippe Desmartin**  
Responsible Investment Director  
Edmond de Rothschild Asset Management (France)

“In 2018, we continued to deploy our Responsible Investment strategy for the 2017-2020 period and made some significant progress. We have now completed six of our 10 ESG integration projects, which are designed to ensure that all our equities and bond strategies will include the ESG criteria in their analyses and decision-making in a pertinent and pragmatic manner by 2020.

We also made progress on our “2 degree” roadmap in 2018, increasing the number of open-end funds for which the carbon footprint was measured<sup>6</sup> from 16 to 26, and we continue to help our investment teams address risks and opportunities related to climate change in their portfolios. We have also raised awareness of all Group employees about the energy and environmental transition.”

### The evolution of responsible investment at Edmond de Rothschild Asset Management (France) since 2009

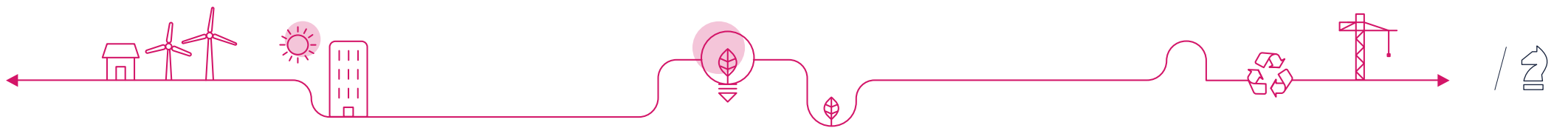


<sup>3</sup>See, <https://www.lelabelisr.fr/en/>

<sup>4</sup>See, <https://www.fsb-tcfd.org/publications/final-recommendations-report/>

<sup>5</sup>Swiss construction quality and energy efficiency certification. See <https://www.minergie.ch/fr/>

<sup>6</sup>See <https://www.edmond-de-rothschild.com/SiteCollectionDocuments/asset-management/isr/EDRAM-EN-carbon-footprint.pdf>



## IMPLEMENTATION OF OUR «2 DEGREE» ROADMAP TO GRADUALLY DECARBONISE OUR INVESTMENT PORTFOLIOS

In 2018, Edmond de Rothschild Asset Management began to implement its new «2 degree» roadmap for 2017-2040, which steps up its commitment as a signatory of the “Montreal Carbon Pledge”<sup>7</sup>. The roadmap aims to gradually integrate climate change-related risks and opportunities in the issuer analysis and investment decision-making processes. It is an integral part of Edmond de Rothschild Group’s climate strategy and supplements the range of Group investment strategies which have a direct and positive impact on the energy transition.

The roadmap is based on our proprietary evaluation model which incorporates the final recommendations of the TFCF<sup>8</sup> and the IEA’s<sup>9</sup> 450 Scenario. It enables us to quantify and prioritise the main climate risks and opportunities within economic sectors and sub-sectors.

### ► WHAT RISKS AND OPPORTUNITIES HAVE YOU IDENTIFIED IN THE INVESTMENT PORTFOLIOS?



**Marouane Bouchriha**  
RI Analyst & Fund Manager,  
Edmond de Rothschild  
Asset Management (France)

“  
**WE HAVE IDENTIFIED 180 ISSUERS WORLDWIDE WITH THE HIGHEST CLIMATE RISKS, OF WHICH AROUND 60 ISSUERS CAN BE FOUND IN OUR EQUITIES AND BOND PORTFOLIOS.**”

“ In terms of risks, our initial conclusions are that 10% of the issuers in fewer than 10 or so economic sectors account for 90% of the climate risks (scopes 1, 2, and 3 of the Greenhouse Gas Protocol<sup>10</sup>). We have identified 180 issuers worldwide with the highest climate risks, of which around 60 issuers can be found in our equities and bond portfolios. We have identified 20 major opportunities, 11 of which are already accessible, mainly in the energy efficiency category. We are working closely with the investment teams to explain these risks and opportunities and help them assess the impact on their portfolios and investment decisions. ”

### ► CAN YOU GIVE AN EXAMPLE OF AN OPPORTUNITY THE 2 DEGREE ROADMAP HAS HELPED YOU IDENTIFY IN YOUR INVESTMENT PORTFOLIOS?

“ The application of our 2 degree roadmap has led us to a favourable investment decision concerning the Spanish company Iberdrola<sup>11</sup> in a utilities sector which is undergoing a significant reconfiguration. This company’s strategy takes fully into account the turning point in the energy and environmental transition with major investments in wind, and more recently solar, power. Its carbon targets have also been approved by the “Science Based Targets<sup>12</sup>” initiative, in particular for its objective to become carbon neutral by 2050. 68% of its energy mix already comes from zero CO<sub>2</sub> emission sources. In addition, at its 2019 AGM Iberdrola proposed an amendment to its articles of association to reflect the group’s values and purpose and bring its commitments formally into line with the United Nations Sustainable Development Goals, and to define the ‘social dividend’ concept. ”



**Clémence Moullot**  
RI Analyst & Fund Manager,  
Edmond de Rothschild  
Asset Management (France)

### Climate risk assessment initiated in 2017 covering 5 aspects: Regulation, Technology, Markets, Reputation/Licence to Operate, Physical Impacts

2°C High Risk Sectors	2017-2020	2020-2030	2030-2040	Comments
<b>ENERGY/EXTRACTION</b>				
Coal	✓	✓	✓	Increased risks if > 20% of the business model
Oil - oil sands	✓	✓	✓	Increased risks if > 20% of the business model
Oil & Gas - Arctic	✓	✓	✓	Increased risks if > 20% of the business model
Oil & Gas - Deepwater			✓	Increased risks if > 20% of the business model
<b>TRANSPORT</b>				
Airline companies			✓	Variable pressure according to geographical area, increasing over time
Car manufacturers	✓			Increased risk for generalist manufacturers focusing on thermal engines
<b>INDUSTRY</b>				
Steel		✓	✓	No “breakthrough” technology within the next 25 years - Steel is recyclable
Fossil-fuel based chemicals			✓	If no adaptation
Cement		✓	✓	No “breakthrough” technology within the next 25 years
<b>UTILITIES</b>				
Coal	✓	✓	✓	Increased risks if > 20% of the business model

Source: Edmond de Rothschild Asset Management (France) at 31/12/2017

### GRI 201-2

## INTERNAL AND EXTERNAL COMMUNICATIONS TO SUPPORT THE ENERGY TRANSITION

“ In 2018, the “Energy and Environmental Transition” was one of four key communications themes that we focused on in the context of our new brand positioning, “Bold Builders of the Future”. This theme will feature in several major internal and external events for employees and clients in 2019, where we will present some of our investment strategies that make a positive contribution to the Energy Transition. Our intention in communicating extensively on this subject is primarily to raise awareness, which in turn helps our investment teams increase their understanding and develop strong investment convictions. It also enables client-facing teams to engage more effectively with their clients on the impact and meaning of their investments. In 2019, the deployment of our new digital training course on Responsible Investment will further support the shift of mind-set necessary to accelerate the transition to a sustainable economy. ”



**Robert Jenkins**  
Member of the Executive Committee  
and Chief Brand & Marketing Officer,  
Edmond de Rothschild Group

<sup>7</sup>See <http://montrealpledge.org/>

<sup>8</sup>Task Force on Climate-Related Financial Disclosures

<sup>9</sup>International Energy Agency

<sup>10</sup>See [https://ghgprotocol.org/sites/default/files/standards\\_supporting/FAQ.pdf](https://ghgprotocol.org/sites/default/files/standards_supporting/FAQ.pdf)

<sup>11</sup> The information on the securities should not be interpreted as an opinion of Edmond de Rothschild Asset Management (France) on the likely trend for said securities or, if applicable, the likely trend for the price of the financial instruments they issue. This information should not be interpreted as a recommendation to buy or sell these securities. The composition of the portfolio is likely to change over time.

<sup>12</sup> See <https://sciencebasedtargets.org/>





## Material issues at stake

- **Integration of ESG criteria into financial analysis**
- **Innovation through our various responsible investment strategies**
- **Carbon risk management and contribution to the energy transition**
- **Shareholder activism: dialogue with companies and voting**

2020 Objectives	Our position in 2018*
Adopt a 2017-2020 Responsible Investment (RI) strategy for all types of investment expertise at Edmond de Rothschild Asset Management	<ul style="list-style-type: none"> <li>• <b>40 %</b> growth in the assets under management in our two open-end SRI funds dedicated to equities and corporate debt, compared with 2017</li> </ul>
Define an RI 2017-2020 action plan and a "2 degree" roadmap to manage climate risk for the 2017-2040 period	<ul style="list-style-type: none"> <li>• Identification of some <b>60</b> issuers in the equities and bonds portfolios which have the highest climate risks (out of some <b>180</b> issuers worldwide)</li> <li>• <b>26</b> open-end funds and dedicated SRI funds, accounting for <b>45%</b> of the assets under management, are covered by a carbon footprint compared with 16 open-end funds accounting for 24% in 2017 (including dedicated SRI funds)</li> </ul>
Extend the scope of ESG analysis to all equity, corporate debt and sovereign debt strategies (2014: 295 companies)	<ul style="list-style-type: none"> <li>• <b>350</b> companies in the universe of companies analysed every two years using our own proprietary methodology</li> <li>• <b>8,000</b> companies in the global issuer universe rated by Sustainalytics accessible to all fund managers</li> </ul>
Establish a "systematic" ESG integration process for European equities management	<ul style="list-style-type: none"> <li>• <b>6</b> ESG integration projects completed out of the 10 projects launched</li> <li>• <b>193</b> companies analysed</li> <li>• <b>175</b> meetings with companies</li> <li>• <b>3</b> comprehensive individual dialogue/engagement actions</li> <li>• <b>1</b> collaborative dialogue/engagement initiative</li> </ul>
Train 100% of internal equity and bond investment teams in RI/ESG	<ul style="list-style-type: none"> <li>• <b>100%</b> of the equity and bond investment teams took part in at least 1 of the 10 ESG integration projects, thereby gaining in-depth knowledge on the subject</li> </ul>

\* The results presented here concern Edmond de Rothschild Asset Management (France)

## Application of the proprietary SRI analysis methodology of Edmond de Rothschild Asset Management (France) to a universe of European companies - G4-FS11

	2014	2015	2016	2017	2018
Universe of companies analysed every two years	295	295	324	309	350
Number of companies analysed over the year	128	138	111	144	193
Number of meetings with companies over the year	43	39	81	115	175



### The journey towards systematic carbon and ESG measurement and reporting for the investment portfolios under active and fundamental asset management

The Active and Fundamental Management department has made commitments by 2020\*:

- 100 % of our active fundamental asset management will feature ESG integration (100% of open-end funds, 100% of dedicated funds unless clients request otherwise, systematic measurement of ESG impacts on the valuations of equity and fixed-income issuers)
- 100% of our active fundamental asset management will feature carbon footprint monitoring and ESG and carbon reporting

\* These commitments were validated by the Executive Committee of Edmond de Rothschild Asset Management and presented to the Responsible Investment Steering Committee's members on 09/13/2017.

## PROGRESS ON OUR ESG INTEGRATION PROJECTS

Edmond de Rothschild Asset Management made significant progress in 2018, in line with its 2020 objectives and its commitment as a signatory of PRI<sup>13</sup>, to extend the scope of its ESG analysis and make it increasingly systematic within its active and fundamental management. This progress was achieved in large part through close collaboration between the RI team and the investment teams working on concrete ESG integration projects. Ten projects were launched in 2017 of which six have already been completed, three in 2017 and three in 2018.

### The six concrete ESG integration projects completed between 2017 and 2018:



“In 2018 we strengthened the ESG integration process for the investment strategy on European Mid Caps which Camilla and I co-manage. Our approach is guided by our Responsible Investment policy. We receive ESG analyses carried out by our internal RI team and we also have access to the rating provided by our external provider Sustainalytics. We take part in ESG expert meetings and we regularly ask ESG-related questions in the meetings we hold with CEOs and CFOs of Mid Cap companies. The carbon footprint of our investment strategy is measured and the rating included in our monthly reports: our portfolio's footprint is 107 tonnes eq. CO<sub>2</sub>/€M invested compared with 217 for the benchmark (Stoxx Europe Small 200). As the official RI officer, I am involved in the Group's RI community and I follow the matter closely in my day-to-day work. I also coordinate our entity's voting policy.”



**Ariane Hayate**

European Equities Fund Manager,  
Edmond de Rothschild  
Asset Management (France)



**Camilla Nathhorst Odevall**

European Equities Fund Manager,  
Edmond de Rothschild  
Asset Management (France)

“Having access to the ESG scores and the expertise of the RI team does not oblige us to act in a specific way but it influences some of our decisions. As an example, we might mention a low cost airline which did not have a good ESG rating. We were really interested in the company's profit growth potential but in light of the number of ESG controversies we decided to restrict its weight in the portfolio. Another example is the company Edenred<sup>14</sup>, a provider of employee transaction solutions, which we included in the portfolio for the first time in 2018 after noticing that its financial and extra-financial fundamentals were extremely robust.”

<sup>13</sup> See the extract of the 2018 Principles for Responsible Investment (PRI) score of Edmond de Rothschild Asset Management (France) on page 62 of the annual report of Edmond de Rothschild (France) <https://www.edmond-de-rothschild.com/site/France/en/private-banking/annual-reports>

<sup>14</sup>The information on the securities should not be interpreted as an opinion of Edmond de Rothschild Asset Management (France) on the likely trend for said securities or, if applicable, the likely trend for the price of the financial instruments they issue. This information should not be interpreted as a recommendation to buy or sell these securities. The composition of the portfolio is likely to change over time.

## SHAREHOLDER ACTIVISM AT EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE)



**François Breton**  
European Equities  
Fund Manager,  
Edmond de Rothschild  
Asset Management (France)

### ► WHAT IS THE ENGAGEMENT APPROACH OF THE INVESTMENT STRATEGY FOR FRENCH EQUITIES THAT YOU MANAGE AND WHAT ENGAGEMENT ACTIONS WERE UNDERTAKEN IN 2018?

“Our engagement approach is part of the broader Edmond de Rothschild Asset Management (France) shareholder engagement and voting policy<sup>15</sup>, which is applicable in France and internationally to all equity portfolios.

As part of our objective to integrate ESG into 100% of our active and fundamental management by 2020, the engagement process aims to encourage companies to communicate and improve their ESG practices, while at the same time contributing to their financial performance. Led by our investment team and supported by the expertise of the RI team, the engagement policy is in line with our investment policy and seeks to forge a positive and constructive dialogue over time.

The engagement process is twofold: there is an active voting policy and dialogue with the companies prior to the general meetings and also a more targeted engagement on the ESG topics identified by the investment team. In 2018, we undertook three far-reaching dialogue-engagement actions:

1. **Carrefour:** our engagement action set out to take the pulse of the corporate climate within the company and ascertain whether employees were on board with Carrefour group's new transformation plan. Our engagement also covered the company's policy for the CEO's remuneration, to ensure it is aligned with the degree of success of the transformation.
2. **Total:** we examined the details of the climate strategy of the oil group, which is perceived as an energy transition pioneer, in particular for setting itself the objective to bring its business portfolio into line with the IEA's 2° scenario. We were able to discuss with the director of Total's «Strategy & Climate» department about the strategic implementation of this objective and how the group could lower its carbon footprint. We felt that Total has adopted a suitable approach on this subject.
3. **BNP Paribas:** at a meeting with the Chairman of the BNP Paribas board of directors to discuss the composition and workings of the board, we mentioned a few reservations we had about the independence of some of the directors and the duration of the term of office of some of its members. ”

### Voting statistics, Edmond de Rothschild Asset Management (France) - GRI 102-21 / G4-FS10

	2014	2015	2016	2017	2018
Number of AGMs in which EdRAM France voted	679	717	654	505	403
Voting rate in the AGMs of the equity investee universe	75%	84%	75%	88%	95%
Number of resolutions voted on	8,559	9,135	8,268	6,385	5,337
Proportion of votes “against” a resolution (including abstentions)	20%	20%	25%	25%	24%

Edmond de Rothschild Asset Management (France) voting scope: issuers in which the funds hold more than 0.01% of the companies' share capital.

### Engagement actions of Edmond de Rothschild Asset Management (France) – G4-FS10 / GRI 102-21

	2016	Thèmes ESG	2017	Thèmes ESG	2018	Thèmes ESG
Simplified individual dialogue - engagement actions	81	Mix of ESG themes	115	Mix of ESG themes	175	Mix of ESG themes
Comprehensive individual dialogue - engagement actions	2	Governance	4	Mix of ESG themes	3	Mix of ESG themes
Collaborative dialogue - engagement actions	1	Environment	2	Environment	1	Environment

## INTEGRATING THE UN SUSTAINABLE DEVELOPMENT GOALS INTO OUR ESG ANALYSIS – OUR EXPERIENCE SO FAR

In 2018, we made progress on our project to integrate the UN Sustainable Development Goals (SDGs) into the ESG analysis of the companies in our investment universe. This exploratory exercise is bearing fruit but is also raising issues and new challenges for both companies and investors.

We have reviewed 194 European companies through the lens of our proprietary ESG rating methodology for the integration of the SDGs, using our SRI investment strategies as the first testing ground. Our model primarily measures how the impact of products and services and the company's Corporate Social Responsibility (CSR) policy contribute to the SDGs, or in other words their degree of alignment. At the end of this analysis each company is given a positive or negative rating according to the “sustainability intensity” of the economic sector in question, i.e. its potential to make a positive contribution to sustainability.

In practice, 75% of the time, the SDGs activated in our analysis were concentrated on seven of the 17 SDGs, with on average 1.4 SDGs activated per company. These figures reflect our strong focus on materiality (the issues that have a real financial and non-financial impact), and also the difficulty of aligning the macro-economic nature of the SDGs with the micro-economic reality of the companies, in particular those in Europe/OECD. A review of companies in emerging countries would probably result in a higher coverage of the SDGs.

The four most activated SDGs were: 3. Good health and well-being; 8. Decent work and economic growth; 9. Industry, innovation and infrastructure; and 13. Climate action. The three least activated SDGs were 2. Zero hunger; 14. Life below water; and 17. Partnerships for the goals. The energy sector was the most often cited with a negative impact in 86% of the cases, and the financial institutions sector the least cited with a positive impact in 65% of the cases.






CHR Hansen Holding A/S in Denmark, Geberit AG in Switzerland and SEB S.A. in France are all examples of European companies with a good SDG positioning. This preliminary experience of analysing the investment universe in Europe against the SDGs is provisional and in 2019 we will be able to report back with a more comprehensive view.

### The most frequently activated Sustainable Development Goals in our analysis of 194 European/OECD companies



### United Nations Sustainable Development Goals (SDGs)

**SRI strategy focused on the positive selection of equities, «sustainable growth» theme:** Consolidated results of the portfolio at 06/12/2018 ; Benchmark: MSCI EMU (NR)

	Climate action	<ul style="list-style-type: none"><li>Score of <b>13.5/20</b> for “green impact”* vs. benchmark: 11.5</li><li>Carbon footprint (kg/€1,000 invested): <b>129</b> vs. benchmark: 234</li><li>Percentage of independent directors: <b>77%</b> vs. benchmark: 75%</li><li>Percentage of signatories to the United Nations Global Compact: <b>72%</b> vs. benchmark: 83%</li></ul>
	Responsible consumption and production	
	Industry, innovation and infrastructure	
	Good health and well-being	<ul style="list-style-type: none"><li>Average accident frequency rate (per million hours worked): <b>2.9%</b> vs. benchmark: 2.8%</li></ul>
	Gender equality	<ul style="list-style-type: none"><li>Average absenteeism rate: <b>3.4%</b> vs. benchmark: 3.6%</li><li>Percentage of women on Executive Committee: 64% vs. benchmark 63%</li></ul>

\* Internal indicator based on a proprietary methodology.

<sup>15</sup> See, <https://www.edmond-de-rothschild.com/SiteCollectionDocuments/asset-management/isr/EDRAM-voting-policy.pdf>

<sup>16</sup> See, <https://www.un.org/sustainabledevelopment/>



## INTEGRATING ESG CRITERIA AND SEEKING IMPACT IN THE «REAL ASSETS» CATEGORY

In 2018, in line with our 2020 objectives, work was completed on the implementation of a systematic ESG integration process for our strategies on infrastructure debt and on direct investment in Swiss real estate. As a result, we were able to include these assets under management - totalling over 3.3 billion CHF - in the responsible investment category.

## OUR INFRASTRUCTURE DEBT PLATFORM'S CONTRIBUTION TO THE ENERGY TRANSITION AND ITS SYSTEMATIC INTEGRATION OF ESG CRITERIA

**Jean-Francis Dusch**  
CEO of Edmond de Rothschild  
Asset Management (UK),  
CIO of BRIDGE <sup>17</sup>



In 2018 we achieved two decisive milestones in formalising a process to ensure the systematic integration of ESG criteria into our investments and a positive contribution to the energy transition.

1. We finalised the systematic ESG integration process for our infrastructure debt platform, which had 1.8 billion CHF under management at 31 December 2018, and applied it to all the existing investments on the platform. All new investments will apply the same rigorous process.

2. Following the audit by Novethic, an independent organisation, the platform's most recent compartment obtained the French Government's Greenfin/EETC label for its thematic focus on the energy transition (with a carbon footprint measurement of each project funded).

Now that we have created and applied an ESG analysis framework we are able to improve our reporting and better monitor the social and environment risks of each project and the portfolio in general. A first ESG report

will be produced in 2019 for the year 2018, providing our investors with access to the information illustrating how the ESG criteria are fully integrated throughout the life cycle of our investments. This is something an increasing number of our investors have been requesting.







Alongside this, we are continuing to finance the transactions which contribute most to sustainability and have a positive impact on the community, in particular through the financing of renewable energy projects involving biomass, wind turbines

or solar installations, as well as projects with a positive social impact such as retirement and care homes, public transport, the fibre optic network and education institutions.

Lastly, to help bring about the mindset change that is needed if we are to achieve our objective of contributing positively to sustainability challenges, in 2018 our whole team took part in the training session provided by Carbone 4, an expert in the field, which was tailored to our investment activities.

**A FIRST ESG REPORT WILL BE PRODUCED IN 2019 FOR THE YEAR 2018, PROVIDING OUR INVESTORS WITH ACCESS TO THE INFORMATION ILLUSTRATING HOW THE ESG CRITERIA ARE FULLY INTEGRATED THROUGHOUT THE LIFE CYCLE OF OUR INVESTMENTS.**

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

	Clean, affordable energy	<ul style="list-style-type: none"> <li>• <b>34%</b> of portfolios invested in renewable energy projects</li> <li>• <b>2,048</b> GWh of renewable energy produced in 2018 by 11 assets in four countries with a <b>1,434</b> MWh capacity</li> <li>• <b>10,100</b> tonnes eq. CO<sub>2</sub> avoided by the four largest assets of the compartment dedicated to the energy transition theme</li> </ul>
	Climate action	
	Decent work and economic growth	<ul style="list-style-type: none"> <li>• <b>118</b> (FTE) jobs created by the «greenfield» projects in 2018. 20% of existing investments are «greenfield»</li> <li>• <b>2,155</b> care home beds available to elderly residents in the year</li> <li>• <b>445,316</b> new fibre optic access points for residential and commercial properties in rural areas, of which <b>222,150</b> in 2018</li> <li>• <b>56%</b> of the portfolios invested in projects backed by government financing (22%) or by mechanisms regulated by the governments to encourage investment in renewable energies (34%)</li> </ul>
	Industry, innovation and infrastructure	
	Sustainable cities and communities	
	Partnerships for the goals	

Construction of a 299 MW biomass plant in north-west Europe which will generate electricity from renewable sources.



<sup>17</sup> BRIDGE is the name of the Edmond de Rothschild Group's infrastructure debt platform: Benjamin de Rothschild Infrastructure Debt Generation.





**Pierre Jacquot**

Head of Real Estate,  
Edmond de Rothschild Group,  
CEO of Orox  
Asset Management S.A.

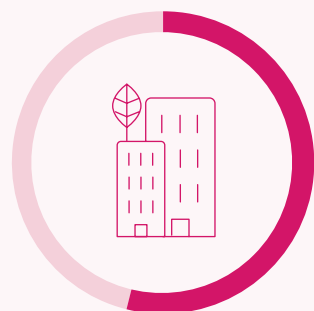
## OUR ESG POLICY FOR DIRECT INVESTMENT IN REAL ESTATE IN SWITZERLAND COMES TO FRUITION

In 2018, Orox Asset Management, part of the Edmond de Rothschild Group, formalised its ESG policy, which defines how environment, social and governance issues are integrated into its investment and management process. The policy applies to regulated real estate investment funds under discretionary management in Switzerland, covering a total of 1.5 billion CHF split between two funds invested primarily in residential buildings.

Our real estate investment convictions have always taken account of the potential value that can be created when renovating or restructuring an asset, by anticipating environmental issues and the needs of tenants in order to provide a pleasant living environment.

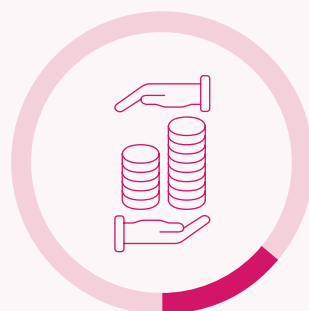
The buildings' features and energy consumption are recorded with a view to making improvements at individual project level and setting global objectives for the portfolio. In doing so, we can ensure a systematic approach to managing the asset that will bring actual consumption and CO<sub>2</sub> emissions in line generally with the objectives of the Confédération Suisse and, more specifically, with those of Orox, the asset manager. With the support of external contractors, the initial measurement readings and diagnostic work were virtually completed at the end of 2018. Rating of the qualitative criteria will continue in the first quarter of 2019. In addition, to complete the ESG analysis, the environmental and social criteria established by the Observatoire de l'Immobilier Durable (Sustainable Real Estate Observatory) will be used to assess the investments in our portfolios.

For the publication of the 2018-19 annual accounts of the funds in question, Orox will provide investors with information on the energy consumption of the buildings, (for example in the form of a heating cost and CO<sub>2</sub> emissions index), along with the portfolio's results presented in relation to its peers. Based on this, in agreement with the governance of the investment funds involved, Orox will set improvement targets for the years to come and take concrete action on the aspects that require the most attention (insulation, fuel change, replacement of obsolete equipment, asset disposal, etc.).



54 %

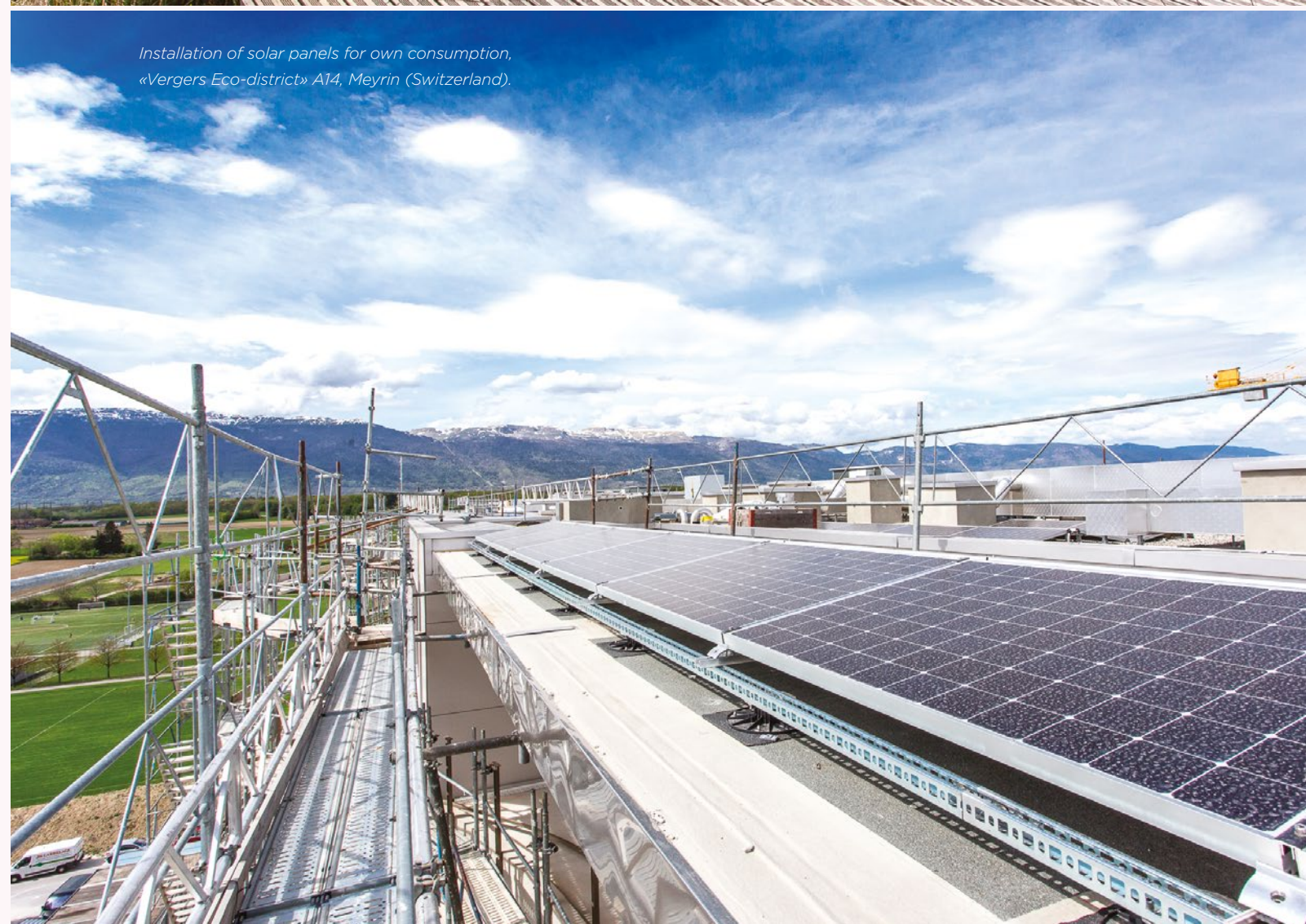
OF THE INVESTMENT PORTFOLIO CONSISTS OF NEW OR MINERGIE-CERTIFIED<sup>18</sup> (HIGH ENERGY EFFICIENCY) BUILDINGS



14 %

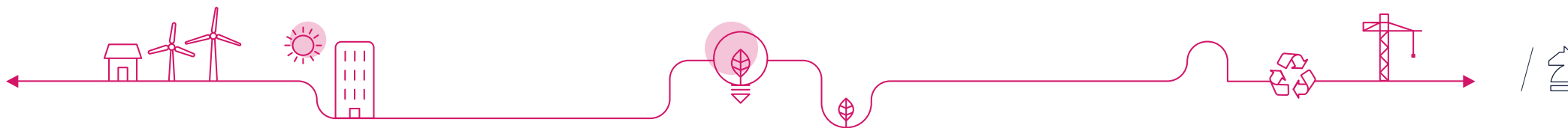
OF THE RENTAL PORTFOLIO IS UNDER CONTROLLED RENTS (AFFORDABLE HOUSING)

<sup>18</sup> See <https://www.minergie.ch>



Installation of solar panels for own consumption,  
«Vergers Eco-district» A14, Meyrin (Switzerland).





## RESPONSIBLE INVESTMENT IN OUR PRIVATE BANKING ACTIVITIES

2020 Objectives - Private Banking entities		Progress follow-up
<b>Create a Responsible Investment (RI) Mandate for private clients /Put in place a systematic ESG integration process for the selection of external funds and direct line investments</b>		● ● ● ●
PROGRESS MADE BETWEEN 2015 AND 2018	NEXT STEPS	
<ul style="list-style-type: none"> <li>Development of the fundamental processes underlying the RI Mandate (collaboration between Asset Management and Private Banking)</li> <li>Strengthening of the process used to select external RI funds, with full ESG integration in the activities of the Multi-Asset department</li> <li>Strengthening of the ESG analysis and rating process for direct line investments, with signature of a Group contract giving access to the ESG ratings across a global universe (8,000 companies)</li> <li>Signature of a contract with a partner specialised in dedicated RI reporting for the RI mandates</li> </ul>	<ul style="list-style-type: none"> <li>Gradually increase the range of ESG thematic products available to private clients</li> <li>Continue to raise awareness among investment teams of ESG integration and climate-related issues</li> </ul>	
<b>Roll out the Responsible Investment Mandate in our main entities</b>		● ● ○ ○
<ul style="list-style-type: none"> <li>Development of a toolbox to help private bankers talk to their clients about responsible investment</li> <li>Launch of the RI Mandate and marketing of the product by Edmond de Rothschild in France, Switzerland and Belgium</li> <li>Significant increase in the participation of private clients in the equity and corporate debt in-house RI funds</li> </ul>	<ul style="list-style-type: none"> <li>Gradually widen the marketing scope of the RI Mandate within the main Private Banking entities</li> <li>Train all investment teams and private bankers using the e-learning course on responsible investment</li> </ul>	

► IN 2018 YOU FINE-TUNED THE SYSTEMATIC ESG INTEGRATION PROCESS FOR THE SELECTION OF THE EDMOND DE ROTHSCHILD GROUP'S EXTERNAL FUNDS. WHAT DOES THE PROCESS INVOLVE AND WHAT WERE THE RESULTS?

“ Having formalised the ESG integration process in 2017, Edmond de Rothschild (Suisse) took it a step further in 2018 by creating more comprehensive ESG due diligence questionnaires for all fund types and also for the asset management companies in its external fund selection universe. The fund selection serves the whole Edmond de Rothschild Group (Asset Management and Private Banking), covering the investments for our institutional and private clients. Hedge fund/alternative fund managers are now also included with a simplified questionnaire based on the recommendations of the Alternative Investment Management Association (AIMA) and the Principles for Responsible Investment (PRI).

The ESG due diligence questionnaire comprises two sections with quantitative and qualitative indicators:

1. A questionnaire to assess the funds' ESG approach;
2. A questionnaire assessing the asset management companies' positioning in terms of responsible investment.

Now fully integrated into our fund selection and monitoring process, the new questionnaires will be distributed in January 2019 to 310 funds managed by 147 asset management companies to capture the 2018 evolution of the ESG practices of the funds we have listed or targeted.

The aim of the first ESG and SRI questionnaires launched in 2016 was to assess how receptive the funds were to our approach and inform them of Edmond de Rothschild's strong and growing commitment to responsible investment. These new automated ESG due diligence questionnaires will give us a more accurate idea of what is happening on the ESG front and we have set ourselves the following objectives for 2019: analyse the responses, consider a rating, and pave the way for a quality ESG dialogue between our managers and the fund representatives by defining key questions.

This questionnaire is the cornerstone of our ESG integration for the whole external fund selection process but it will also help us identify the best SRI funds for our private banking or asset management mandates. ”



**Arnaud Heymann**  
Analyst & Fund Manager,  
Edmond de Rothschild  
(Suisse) S.A.



**Martin Liebi**  
Head of Private Banking,  
Edmond de Rothschild  
(Suisse) S.A.

“ In 2018 we raised awareness of responsible investment among all our private bankers in Switzerland through in-house events and one external event organised by Swiss Sustainable Finance when the new online training course, “Sustainable investment in a changing world”, was presented publicly. This course, developed in close collaboration with Swiss Sustainable Finance and fully-funded by the Edmond de Rothschild Group, aims to support a deep change in mindset of investment professionals so that responsible investment becomes fully integrated into the financial sector in Switzerland and beyond. ”

“ The online course «Sustainable investment in a changing world» enables a deep understanding of the subject at every level of the financial sector value chain within the context of the ongoing transition to a sustainable, low carbon economy. Created in English, it has been translated into French and German to make the deployment process easier for the Swiss banks and financial institutions that wish to use it. The course will be rolled out across the Edmond de Rothschild Group in 2019 and it will be mandatory for all the investment teams and employees who come into contact with our clients. ”



**Kate Cacciatore**  
Global Head of Sustainability,  
Edmond de Rothschild Group

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

#### EXTERNAL RESPONSIBLE INVESTMENT STRATEGIES

We select the best external responsible investment strategies according to the client's values and themes which are important to them.

#### EDMOND DE ROTHSCHILD'S RESPONSIBLE INVESTMENT STRATEGIES

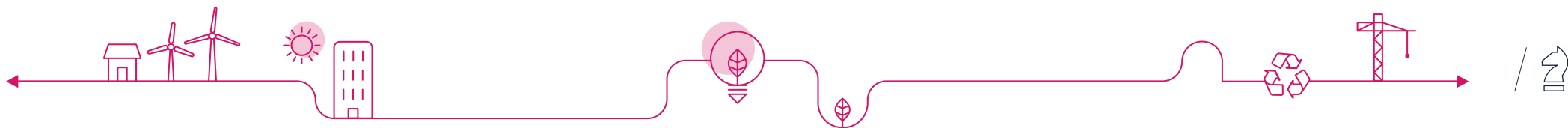
We include the responsible investment strategies of the Edmond de Rothschild Group (Asset Management and Private Equity) in the relevant asset classes/ themes to bring positive impact.

#### SECURITIES WITH THE BEST ESG SCORES

We select the securities with the best ESG (Environmental, Social and Governance) score, in line with the client's values and preferences.



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



## RESPONSIBLE INVESTMENT IN OUR PRIVATE EQUITY ACTIVITIES



**Johnny El Hachem**  
CEO, Edmond de Rothschild  
Private Equity

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

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

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

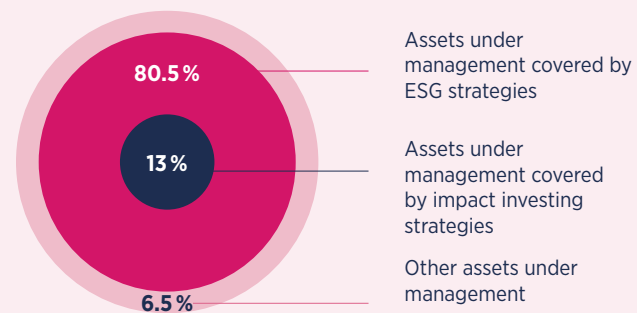
A new impact investing strategy on the theme of environmental infrastructure in Europe was added to our impact product offering in 2018. And given the success of our soil remediation strategy, we also decided to extend this model to other regions. Since 2015, the assets we manage under impact investing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

**93% of the assets managed by Edmond de Rothschild Private Equity are covered by responsible investment strategies**

G4-FS7 / G4-FS11  
(at 31.12.2018)

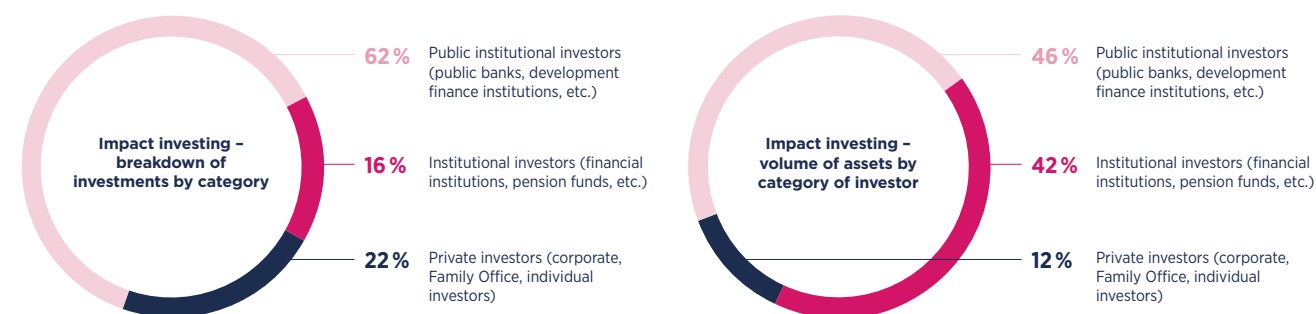
**2,106.27 million CHF**

Edmond de Rothschild Private Equity total assets under management



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

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



### 2020 objectives – Edmond de Rothschild Private Equity

### Progress follow-up

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



#### PROGRESS MADE BETWEEN 2015 AND 2018

#### NEXT STEPS

- At 31.12.2018, 93% of our strategies were covered by impact investing or ESG integration
- Systematic integration of ESG considerations for each new investment strategy and at the level of the asset management company's risk management policy
- Periodic review and improvement of the ESG integration methodologies used in our existing investment strategies.
- Systematic ESG reporting for all funds under management (PRI and France Invest<sup>1</sup>)

- Cultivate good reflexes in line with our brand positioning in our innovation processes
- Train and raise awareness of teams to ensure systematic integration of responsible investment in our business development process
- Select the best partners whose ESG values and profile are in line with our Group values

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



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

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

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

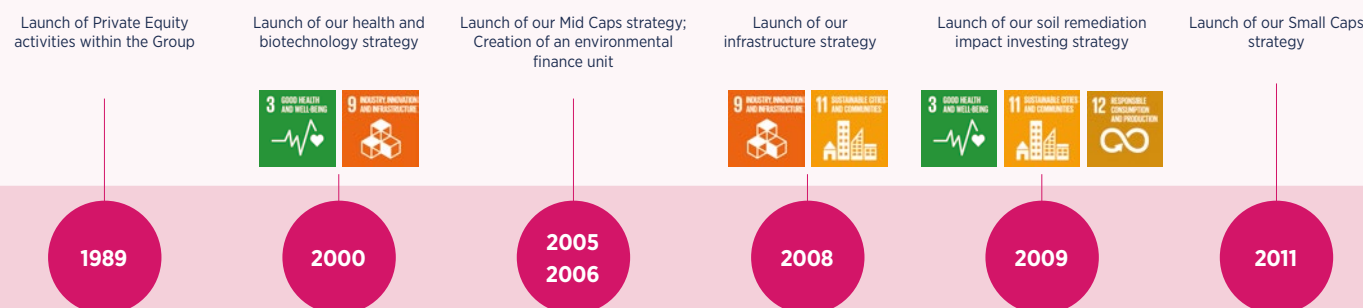


- Deployment of new responsible investment strategies in 2018, including an impact investing strategy on European environmental infrastructures (water, waste and energy)
- Easier access for private clients to responsible investment products via specific investment vehicles

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

<sup>1</sup> See <http://www.franceinvest.eu/>

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



Launch of our investment strategy focusing on Africa



Launch of a new impact strategy focusing on water, waste, energy

Launch of our European real estate ESG integration strategy

Integration of climate risk in risk analysis process

Launch of our agroforestry impact investing strategy



Launch of our Small & Mid Caps mezzanine debt strategy

Signature of the PRI for the entire platform

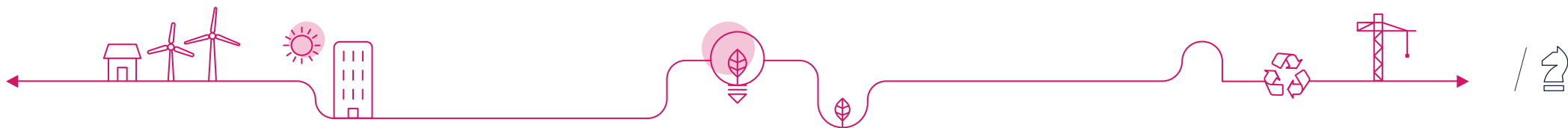
First carbon footprint

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

Integration of ESG best practice for all our Private Equity strategies







## SOIL REMEDIATION AND RENOVATION OF POLLUTED FORMER INDUSTRIAL SITES IN EUROPE

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

### THE MONT-SAINT-GUIBERT PROJECT IN FIGURES:

- **9.3 hectares** of remediated land
- **30,439 m<sup>2</sup>** made available for residential housing



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

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

	Good health and well-being
	Sustainable cities and communities
	Responsible consumption and production
	Life on land

### Soil remediation impact investing strategy:

Consolidated results for the 16 investments in the portfolio (Investment vintages I & II)

- **671,354 m<sup>2</sup>** of remediated land<sup>3</sup>
- **296,748 m<sup>2</sup>** earmarked for residential use
- **53,200 m<sup>2</sup>** earmarked for social housing<sup>4</sup>
- **146,429 m<sup>2</sup>** earmarked for office space

<sup>2</sup> See site <https://www.breeam.com/> – <sup>3</sup> Generally speaking, we talk about the volume of soil remediation rather than the surface area of remediated land.

<sup>4</sup> Surface area of social housing is also included in surface area earmarked for residential use.

## A NEW IMPACT INVESTING STRATEGY FOCUSING ON EUROPEAN ENVIRONMENTAL INFRASTRUCTURES

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



“By definition, our new impact investing strategy only invests in projects which generate a positive environmental impact, measured by specific indicators, and make a direct contribution to the United Nations Sustainable Development Goals. The strategy, which has obtained the French government's Greenfin/EETC label<sup>5</sup>, therefore exceeds the label requirements that 75% of investments are made in companies/projects of which more than 50% of revenues contribute to the energy and ecological transition.”



**Jean-Christophe Guimard**  
Co-founder and Director of PEARL Advisory

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

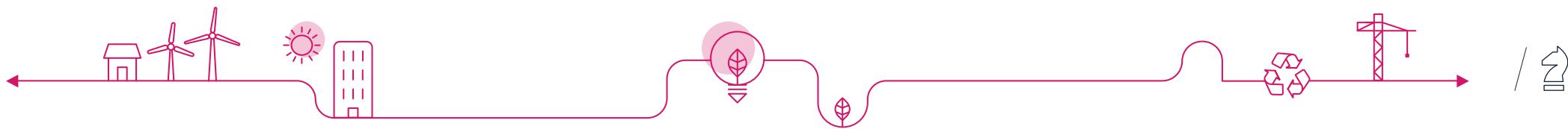
	Climate action
	Clean, affordable energy
	Clean water and sanitation
	Responsible consumption and production
	Decent work and economic growth
	Good health
	Industry, innovation and infrastructure
	Sustainable cities and communities

### Impact investing strategy for European environmental infrastructures: Impact measurement indicators

- Greenhouse gas emissions avoided (tonnes CO<sub>2</sub> equivalent)
- Production of renewable energy (thermal and electric) (MWh)
- Population served (residents/home equivalent)
- Volume of water treated or recycled (m<sup>3</sup>)
- Volume of waste transformed into recycled material (tonnes) and energy produced (MWh and MWhth)
- Landfill waste avoided (tonnes)
- Job creation and protection (number of full-time equivalent jobs)
- Accident frequency rate (%)
- Net internal rate of return (%)
- Capital invested in greenfield projects (% of portfolio)
- Growth in counterparty revenue (EUR million)

<sup>5</sup> See <https://www.ecologique-solidaire.gouv.fr/label-transition-energetique-et-ecologique-climat>





## OUR IMPACT INVESTING STRATEGY ON AGROFORESTRY

Demographic pressure, climate change and access to land or water are all issues forcing us to rethink our agriculture models, which are all too often based on intensive farming practices seeking short-term returns at the expense of soil quality and ecosystem preservation. Our agroforestry investment strategy, launched by Edmond de Rothschild Private Equity and the ONFI<sup>6</sup> in 2012, promotes an agro-ecological model integrating trees and agricultural crops in Sub-Saharan Africa and Latin America. Agroforestry improves production, restores soil fertility, guarantees the quality and quantity of water and preserves the biodiversity of ecosystems. Our model also helps address rural poverty by ensuring that small producers receive a decent and diversified income.

8  
Investments



**6,746**  
hectares  
of land  
regenerated



**3,162**  
hectares  
of land managed  
sustainably



**1,613**  
hectares  
of forests  
preserved



**+ than 8 million**  
trees  
planted



**2,485**  
jobs  
created or  
maintained in  
rural areas



**10,525**  
farmers  
impacted  
positively



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

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

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

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

	No poverty	• <b>67 million USD</b> injected into the local economy since 2015
	Reduced inequalities	
	Gender equality	• <b>19%</b> of employees of investee companies and <b>14%</b> of farmers are women. On average they represent <b>25%</b> of senior management positions
	Decent work and economic growth	• <b>8 companies</b> provide decent working conditions by following good hygiene, safety and salary practices
	Responsible consumption and production	
	Industry, innovation and infrastructure	• Construction of <b>4 processing facilities</b> • Helping to run <b>3 additional processing facilities</b>
	Clean, affordable energy	• <b>3 projects</b> for the production of clean energy from agricultural waste

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

### Investing in biodiversity protection and preservation

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

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

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

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



### Positive impacts on the value chain

Floresta Viva is supporting the dissemination of these innovative farming practices through the creation of a Pupunha cluster to serve its bottling site. The Pupunha is a type of palm tree which is used to help preserve the forests, since native palm trees cannot be grown without over-exploiting forests. A project has already been launched to create the first demonstration plots and pilot farms among local small producers. The company has also developed a participatory approach with the Guarani people living close to the farm in order to develop activities that will support this community. **GRI 304-1 / 304-3**

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

### Floresta Viva in figures:



**161**  
hectares  
applying  
agroforestry  
methods



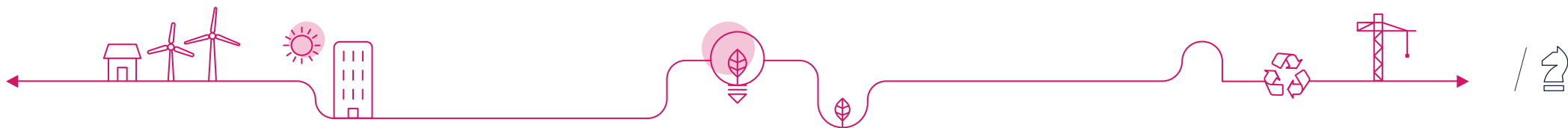
**102**  
job  
opportunities



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

<sup>6</sup> The international branch of the Office national des forêts français.





## ESG INTEGRATION IN OUR INVESTMENT STRATEGY FOCUSING ON AFRICA

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



### Access to energy in Africa

Around 650 million people living in Sub-Saharan Africa struggle to access energy<sup>7</sup>. Access to energy and securing more sustainable energy supplies are key issues the continent faces as it undergoes an energy and environmental transition.

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

- ▶ combat deforestation and reduce greenhouse gas emissions by preserving the CO<sub>2</sub> absorption sinks
- ▶ reduce the atmospheric pollution from wood burning
- ▶ improve health conditions in households

<sup>7</sup> According to the International Energy Agency.

## ESG INTEGRATION IN OUR EUROPEAN REAL ESTATE INVESTMENT STRATEGY

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

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

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



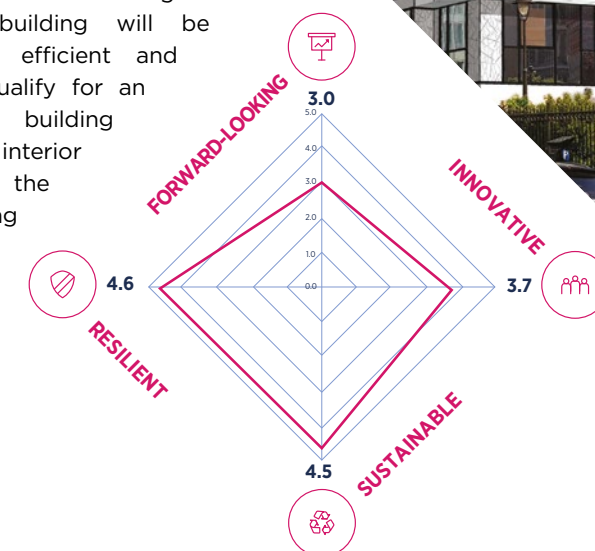
**Caroline Demol**  
Investment advisor at Orox Asset  
Management, S.A.

### A first transaction signed in 2018

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

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

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





# MANAGEMENT OF OUR ENVIRONMENTAL IMPACT

## IMPORTANT ISSUES

→ CO<sub>2</sub> EMISSIONS FROM ENERGY CONSUMPTION

→ CO<sub>2</sub> EMISSIONS FROM PROFESSIONAL TRAVEL

→ PAPER CONSUMPTION

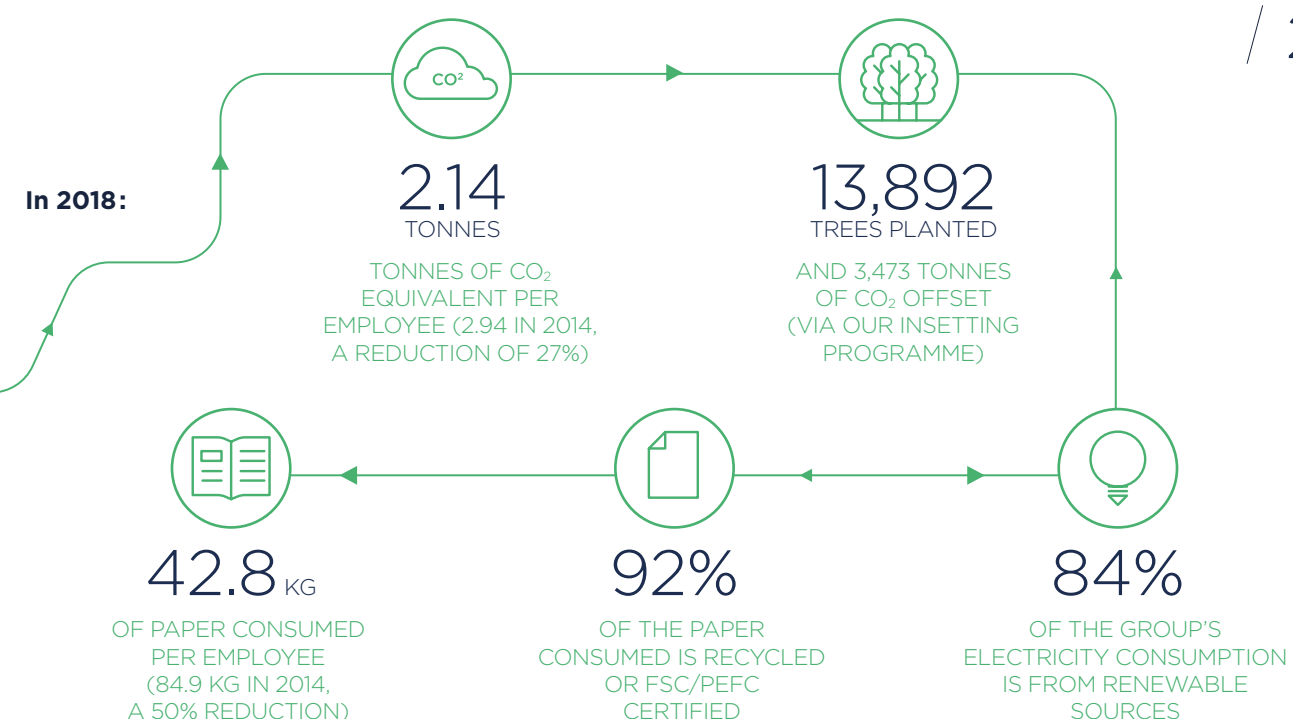
→ WASTE MANAGEMENT



► In terms of their own environmental impact, companies in the financial sector must progressively reduce their carbon footprint and offset their CO<sub>2</sub> emissions, reduce their consumption of recycled paper or paper from sustainably-managed forests and recycle their waste responsibly. The management of buildings in general and improving the energy efficiency of buildings are particularly important in this context.

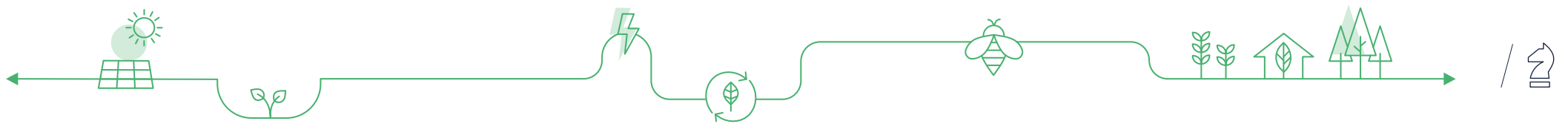
► Reducing environmental impacts can be relatively simple when the measures taken involve reducing costs. However, the challenge is greater when more significant investments have to be made or when continuous improvement requires a change of behaviour. A more holistic business approach, which gradually internalises the hidden social and environmental costs, calls for close attention to both the objectives set and the action required to achieve them. Communication is also important to raise awareness among all employees and create the conditions which contribute to innovation. The Group's brand positioning, «Bold Builders of the Future», is helping significantly to enhance our culture and foster the emergence of collective actions with a positive environmental and social impact.

► Through their responsible investment initiatives, financial institutions have a major role to play with regard to the environmental performance of the companies in which they invest. See the chapter "Innovation in Responsible Investment" on page 42.



2020 Objectives		Progress follow-up
<b>Reduce the carbon footprint per employee by 15% GRI 305-4</b> (reference year 2014: 2.9 tonnes of carbon equivalent/employee)		●●●○
<b>PROGRESS MADE BETWEEN 2015 AND 2018</b>		<b>NEXT STEPS</b>
<ul style="list-style-type: none"> <li>• Introduction of a comprehensive, Group-wide carbon footprint, in line with the best practices of Edmond de Rothschild (France), enabling a detailed analysis of areas for improvement</li> <li>• Close monitoring of, and efforts to reduce, business travel</li> <li>• Video-conference equipment installed in all of the Group's main entities</li> </ul>		<ul style="list-style-type: none"> <li>• Continue to raise awareness of employees about their contribution to reducing the Group's environmental impact</li> </ul>
<b>Reduce the energy consumption per employee by 10% GRI 302-4</b> (reference year 2014: 6.4 MWh/employee)		●●●○
<ul style="list-style-type: none"> <li>• Gradual renovation and fitting out of Group-owned buildings to improve their energy efficiency</li> <li>• Renewable energy contracts for the Group's main entities</li> </ul>		<ul style="list-style-type: none"> <li>• Continuous improvement</li> <li>• Gradual awareness-raising within the Group's small and medium-sized entities</li> </ul>
<b>Compensate our GHG Protocol scope 1 and 2* CO<sub>2</sub> emissions using an inseting programme GRI 305-1 / 305-2</b>		●●●○
<ul style="list-style-type: none"> <li>• Contract with the NicaFrance Foundation in Nicaragua to offset 2,700 tonnes of CO<sub>2</sub> annually over a four-year period in the value chain of our agroforestry impact investing strategy</li> </ul>		<ul style="list-style-type: none"> <li>• Look into the possibility of extending the scope of CO<sub>2</sub> emission offsetting through other agroforestry projects</li> </ul>
<b>Reduce paper consumption per employee by 25% GRI 301-1</b> (reference year 2014: 85 kg/employee)		●●●○
<ul style="list-style-type: none"> <li>• Installation of multifunction machines at most of the Group's entities</li> <li>• Double-sided printing set as default</li> </ul>		<ul style="list-style-type: none"> <li>• Continue to raise awareness of employees about their contribution</li> </ul>
<b>Use 100% recycled or FSC/PEFC certified paper GRI 301-2</b> (reference year 2014: 85%)		●●●○
<ul style="list-style-type: none"> <li>• Harmonisation of best purchasing practices for recycled or FSC/PEFC certified paper</li> </ul>		<ul style="list-style-type: none"> <li>• Eliminate the consumption of other types of paper</li> </ul>

\*See <http://ghgprotocol.org/about-us>



## OFFSETTING OUR CO<sub>2</sub> EMISSIONS IN OUR VALUE CHAIN **GRI 305-5**

The Edmond de Rothschild Group launched its Insetting programme in 2016 in order to offset the scope 1 and 2 CO<sub>2</sub> emissions of its carbon footprint<sup>1</sup>. The term “insetting” is used rather than offsetting because the actions take place in the Group’s own value chain, in this instance as part of reforestation programmes in Nicaragua financed by Edmond de Rothschild Private Equity’s agroforestry impact investing strategy.

In collaboration with Cafetalera Nicafrance, one of the companies in the portfolio, this investment strategy created a company called Nicafrance Outgrowers, which is reproducing the agroforestry coffee production model of Cafetalera Nicafrance. Through it, the best agroforestry practices are shared with 17 large and medium-sized coffee farms in Nicaragua. Financed by the Agroforestry Technical Assistance Facility (ATAF) of this agroforestry investment strategy, in collaboration with local and international players, the MATRICE programme aims to reproduce the same agroforestry system in the small farms (fewer than 5 ha) in the areas close to the Outgrowers.

The Edmond de Rothschild Group’s insetting programme works with the MATRICE programme to extend the positive impacts to the small coffee producers in the region. The MATRICE programme provides coffee plants to the selected producers and the Edmond de Rothschild Group supplies the trees. The trees planted provide shade for the coffee plants and produce fruit and precious wood. These contributions, combined with access to best practices and training to increase the capacity of the

agroforestry systems, help the small producers improve their resilience and their livelihood and preserve the region’s biodiversity. Through MATRICE a total of 35 ha of coffee plantations have been planted in the agroforestry system, directly benefiting 27 small producers.

Insetting creates shared value for all the stakeholders. At the end of 2018, 13,892 trees had been planted corresponding to 63 ha reforested and 3,473 tonnes of the Edmond de Rothschild Group’s CO<sub>2</sub> offset. The external verification of the plantations and the calculation of the carbon sequestered is performed by an independent expert. The trees planted include five local varieties of precious wood and five varieties of fruit trees which help guarantee food security for the farmers and their families. The Insetting programme contributes trees planted on the farms of the coffee producers in the MATRICE programme but also involves many other producers who are not part of MATRICE. A total of 55 small plantations benefited from the Insetting programme, thereby impacting 94 families in six local communities. The project also includes 27% of female producers in a region where 90% of women are unemployed.

In 2018 the focus was on protecting water sources for the local communities to counteract the negative impact of deforestation, which affects the rivers and drinking water reserves. The project replanted trees in two areas where water sources were threatened and three local communities, a school and around 100 families benefited from this action. **GRI 303-2 / 308-2**

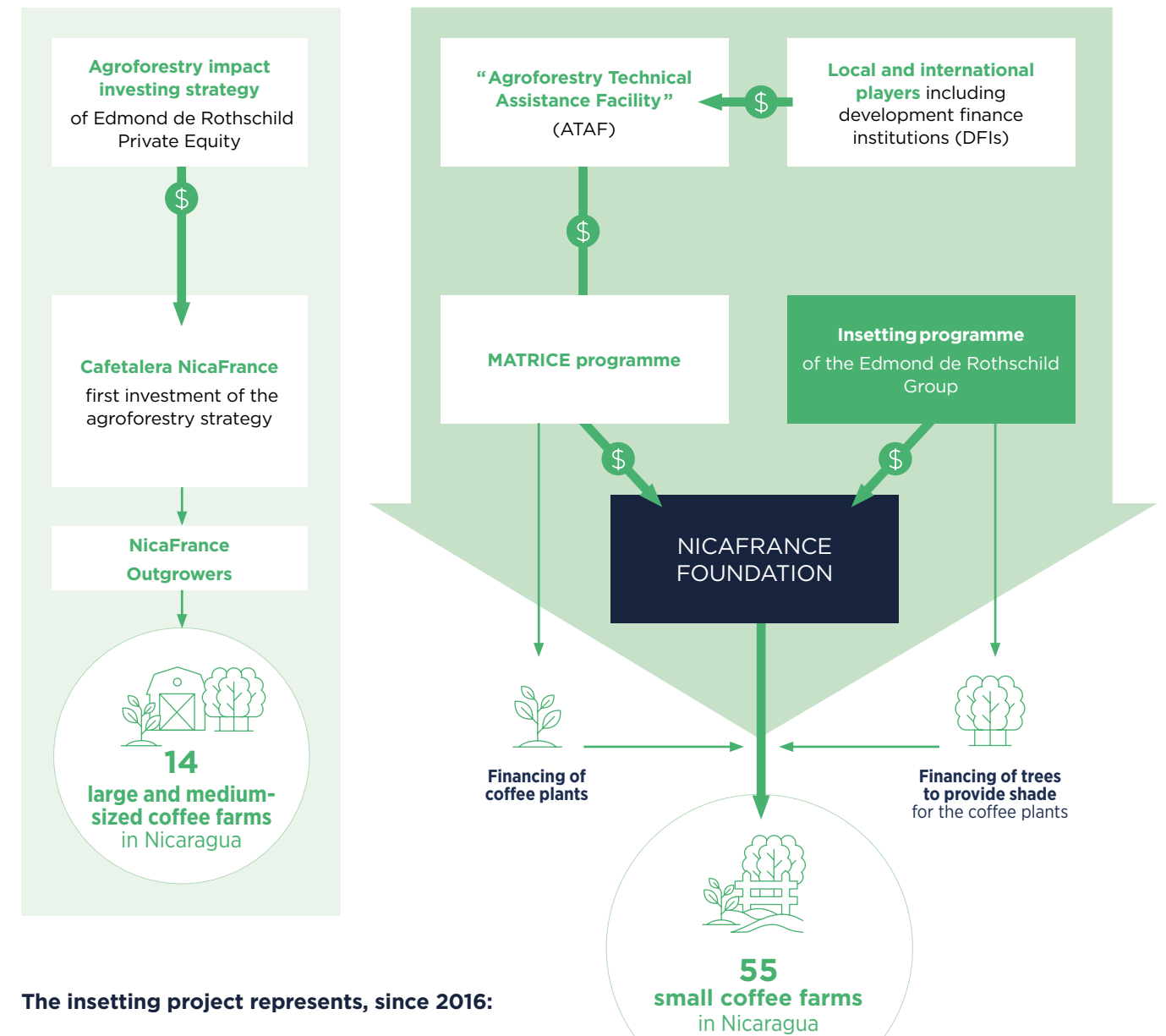
**THE TREES PLANTED PROVIDE SHADE FOR THE COFFEE PLANTS AND PRODUCE FRUIT AND PRECIOUS WOOD. THESE CONTRIBUTIONS, COMBINED WITH ACCESS TO BEST PRACTICES AND TRAINING TO INCREASE THE CAPACITY OF THE AGROFORESTRY SYSTEMS, HELP THE SMALL PRODUCERS IMPROVE THEIR RESILIENCE AND THEIR LIVELIHOOD AND PRESERVE THE REGION’S BIODIVERSITY.**

### Offsetting of the CO<sub>2</sub> emissions (Scope 1 & 2)<sup>1</sup> of the Edmond de Rothschild Group

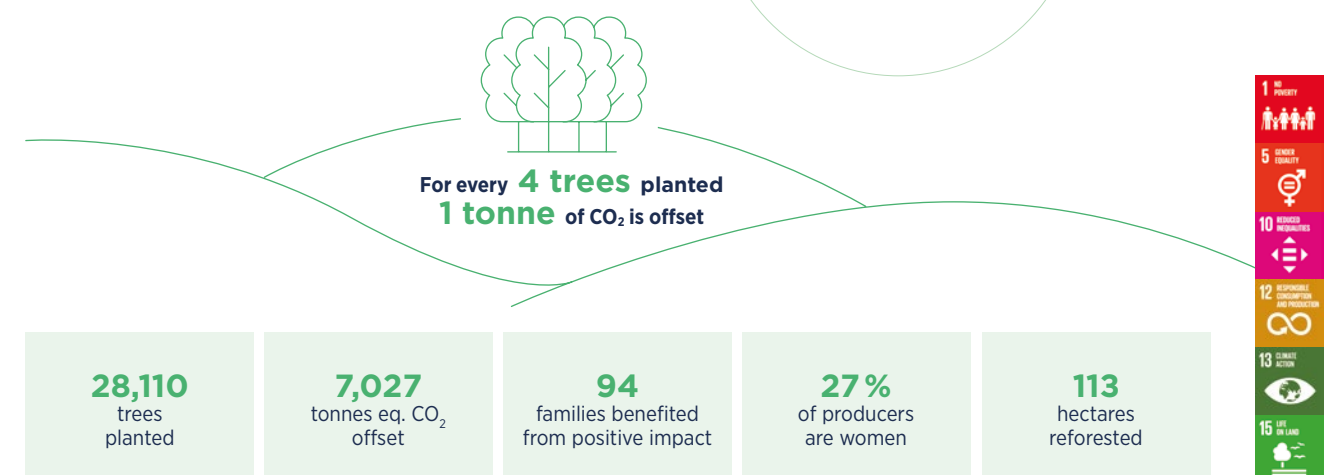
	In 2016-2017	In 2018	Total since the start of the Insetting programme
Trees planted	14,218	13,892	28,110
Ha reforested	50	63	113
Tonnes eq. of CO <sub>2</sub> offset	3,554	3,473	7,027

<sup>1</sup> 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: [https://ghgprotocol.org/sites/default/files/standards\\_supporting/FAQ.pdf](https://ghgprotocol.org/sites/default/files/standards_supporting/FAQ.pdf)

## THE CONTRIBUTION AND IMPACT OF THE EDMOND DE ROTHSHILD GROUP’S INSETTING PROGRAMME **GRI 413-1**



The insetting project represents, since 2016:





**Sabine Rabald**

Member of the Executive Committee  
and COO of the Edmond de Rothschild Group

► **WHAT KEY EVENTS MARKED THE GROUP'S ENVIRONMENTAL PERFORMANCE IN 2018 AND WHAT REMAINS TO BE DONE BEFORE THE END OF THE 2015-2020 CYCLE OF THE SUSTAINABILITY STRATEGY?**

“ By harmonising the management of the Edmond de Rothschild Group's practices and operations, we created synergies to help us meet the challenges we face and gave a boost to our collective reflections on how to do this. For example, in 2018 employees in the Facilities Management department in France renegotiated the contract with Electricité de France (EDF), opting for 100% renewable energy for our entire French electricity consumption. This has greatly improved our energy consumption figures both locally and at Group level.

And speaking of synergies, we are particularly proud of the positive impact of our Insetting programme in Nicaragua, which has offset a significant portion of our CO<sub>2</sub> emissions in the value chain of our private equity agroforestry impact investing strategy.

General paper consumption has also fallen considerably, by 33% compared to 2017 and 52% compared to 2014, which is largely due to the introduction of multi-function printers with access control. Every employee has thus been encouraged to avoid printing when not absolutely necessary. Many working documents have been digitised and are processed on tablets, which has also helped to lower our paper consumption.

We are confident that by 2020 we will be able to eliminate the remaining 8% of paper in the «other» category to bring to 100% the percentage of paper that is recycled or FSC/PEFC certified. Professional travel is also a priority and we encourage employees to use the video-conferencing equipment which is available in practically all our buildings.

Permanent dialogue with all our stakeholders is the key to our progress and helps us constantly improve our environmental impact. ”

## Management of our environmental impact

The Edmond de Rothschild Group is committed to implementing a coherent and relevant environmental strategy to gradually improve its performance. It 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 (see pages 42-67). [GRI 102-15](#)

## Our Group's Environmental performance in 2018

Our 2018 environmental results reflect the ongoing efforts and concrete projects of our main entities in France, Luxembourg and Switzerland to achieve our 2020 objectives. The Facilities Management teams are closely involved in projects which are helping to reduce the Group's environmental impact. The synergies between these teams and our employees, who are increasingly aware of sustainability issues, also go a long way to help us find innovative ways to reduce our impact. See the “[Management of our environmental impact](#)”<sup>3</sup> appendix for more information about our environment management process. [GRI 102-49](#)

<sup>3</sup> “Disclosure on Management Approach” of the GRI standards.



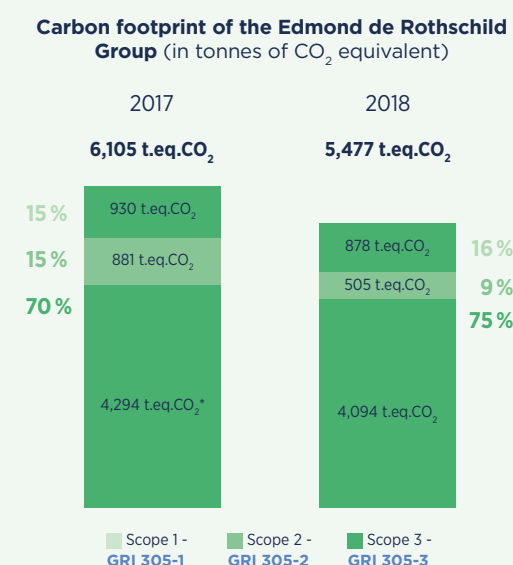
## Our 2018 results : [GRI 305-4](#) / [302-4](#) / [305-1](#) / [305-2](#) / [301-1](#) / [301-2](#) / [305-5](#)

2020 Objectives	Our situation in 2018
Reduce the carbon footprint per employee by 15%	• <b>2.14</b> tonnes of CO <sub>2</sub> equivalent (2.9 in 2014, a reduction of 27%)
Reduce the energy consumption per employee by 10%	• <b>6.17</b> MWh per employee (6.39 in 2014, a reduction of 3%) • <b>84%</b> of the Group's electricity consumption is from renewable sources
Offset our GHG Protocol scope 1 and 2 CO <sub>2</sub> emissions through an insetting programme	• <b>13,892</b> trees planted • <b>3,473</b> tonnes of CO <sub>2</sub> offset
Reduce paper consumption per employee by 25%	• <b>42.8 kg</b> kg per employee (84.9 kg in 2014, a 50% reduction)
Use 100% recycled or FSC/PEFC certified paper	• <b>92%</b> (85% in 2014, an increase of 8%)

*The Group's results are consolidated at the level of our three parent companies, including all the subsidiaries affiliated to them. See page 4 for more details. This scope covers 95% of the Group's employees.*

## Greenhouse gas emissions

The Group's 2018 carbon footprint decreased by 10% compared to 2017 and 30% compared to 2014. The per employee footprint also fell to 2.14 tonnes of CO<sub>2</sub> equivalent (2.34 for 2017), which is 27% lower than the 2014 figure and down 9% on 2017, thanks primarily to the reductions in energy and paper consumption. The scope 3 items (business travel by air and company car, waste) account for 75% of our emissions (70% in 2017). Edmond de Rothschild (France) is obliged to undertake an annual Bilan Carbone\* and continues to make an ongoing effort to limit its impact due to CO<sub>2</sub> emissions. As a result, the entity's carbon footprint in 2018 was 14.7% lower than in 2017. [GRI 305-5](#) / [102-48](#) / [102-49](#)



*\*The results of Scope 3 for business travel by air have been recalculated for 2017 using the same methodology used in 2018 in order to make the figures coherent following a drop in emission factors.*

## Energy

Energy use fell by 6% in absolute terms in 2018 compared to 2017. Average consumption per employee fell 3% compared with 2014, the reference year for our objective to reduce this indicator by 10% by 2020. In 2018, electricity consumption accounted for 32% of our energy consumption, compared with 63% in 2017. This significant fall is due to the new 100% renewable electricity contract signed by Edmond de Rothschild (France). As a result, the portion of the Group's total electricity which came from renewable sources was 84% in 2018, up 48.9% on 2017. [GRI 302-1](#) / [302-4](#)



## Professional travel by employees

The Group's travel policy encourages employees to consider cost, environmental impact and work-life balance. Kilometres travelled by company car fell by 9% in 2018, while kilometres of air travel increased slightly (1%). We stopped tracking professional travel by train in 2017 as it was particularly difficult to collect this data. Use of the video-conferencing facilities is strongly encouraged. In 2018, 93% of our employees had access to these facilities and the number of meetings held by video-conference increased by 28%. **GRI 305-03**

## Paper consumption

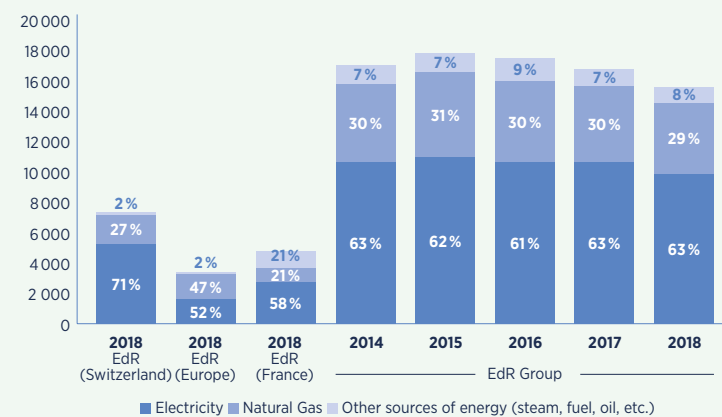
The Group's total paper consumption fell significantly thanks to the introduction of multi-function printers (MFPs) with access control at all entities. Removal of individual printers, which were replaced by the MFPs, changed employee habits dramatically. The digitisation of working documents and centralisation of the printing of monthly reports also helped avoid unnecessary printing locally. As a result, in 2018 the Group's paper consumption was 33% lower than in 2017 and 52% lower than in 2014. Since 2014, per-employee paper consumption has fallen by 49.6%. Recycled paper or FSC (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification Schemes) certified paper accounted for 92% of all paper used (88% in 2017). **GRI 301-1 / 301-2**

## Waste management

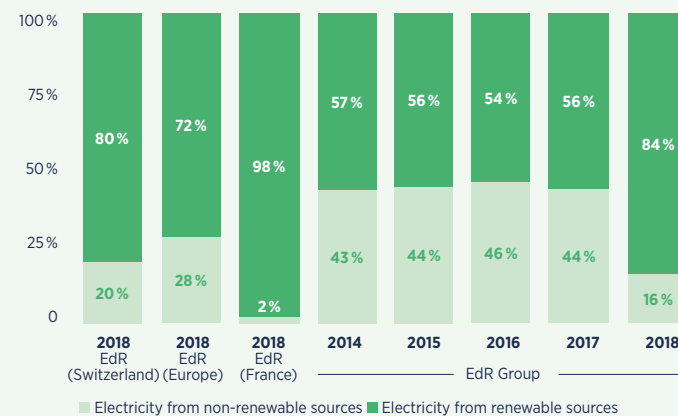
We continue to monitor the percentage of employees in an entity with a waste sorting system, which encourages our subsidiaries to increase this percentage. 96% of employees have access to a paper recycling system. A growing number of entities report their waste sorting figures, which partially explains why, since 2014, aluminium recycling has increased by 34%, glass by 500% and plastic by 22%. Our electronic waste is always treated with particular attention. In 2018, 100% of IT equipment in Switzerland was recycled. **GRI 306-2**

## The Edmond de Rothschild Group's energy consumption in 2018

(in Mwh and % by energy type) - **GRI 302-1** ✓

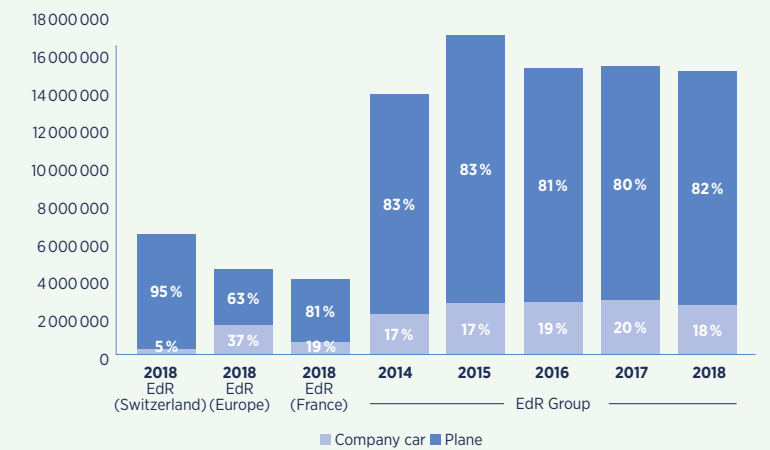


## Percentage of electricity consumption from renewable energy in 2018 - **GRI 302-1** ✓



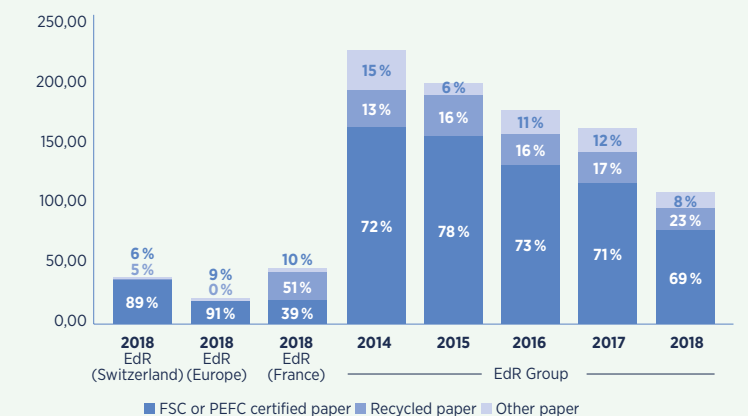
## Professional travel in 2018

(in km and % by mode of transport) - **GRI 305-3** ✓



## 2018 paper consumption

(in tonnes and % per category) - **GRI 301-2** ✓



## Carbon footprint per employee **GRI - 305-4 / 305-5**

	2014	2017	2018
GHG emissions per employee and per year (t.eq.CO <sub>2</sub> ) ✓	2.94	2.34	2.14

Environmental indicators	2014	2015	2016	2017	2018
Energy consumption per employee and year (MWh) ✓	6.39	6.42	6.52	6.48	6.17
Paper consumption per employee and year (kg) ✓	84.9	71.4	65.8	62.4	42.8
Average number of km travelled by employee (professional travel)	5,241	6,137	5,702	5,941	5,997
Total number of km travelled by plane	11,641,766	14,234,906	12,478,862	12,414,826	12,545,797

## Additional environmental indicators

	2017	2018
<b>WASTE RECYCLING SYSTEMS - GRI 306-2</b>		
% of employees with access to a paper recycling system	91%	96%
% of employees with access to a plastic recycling system	57%	57%
% of employees with access to an aluminium recycling system	57%	58%
% of employees with access to a glass recycling system	54%	55%
% of employees with access to a cardboard recycling system	33%	32%
% of employees with access to an organic waste recycling system	24%	25%

# OUR COMMITMENT FOR A SUSTAINABLE SOCIETY

## IMPORTANT ISSUES

### → STAKEHOLDER ENGAGEMENT

### → PHILANTHROPIC ACTIVITIES



**Stakeholder engagement:** the transition to a sustainable and low-carbon economy and financial system requires unprecedented collaboration between different stakeholders and collective governance. United Nations Sustainable Development Goal number 17: “Partnerships for the Goals” reflects this need. In this context, we consider that it is not only our responsibility, but rather a strategic priority, alongside our various stakeholders, to support the progress of the global community in line with our convictions and our expertise. Here, our main focus is responsible investment, this being the area where we have the greatest influence and the most resources to contribute. We also encourage our suppliers to make progress in their sustainability initiatives and we actively support the United Nations Global Compact, of which the Group is a signatory<sup>1</sup>.



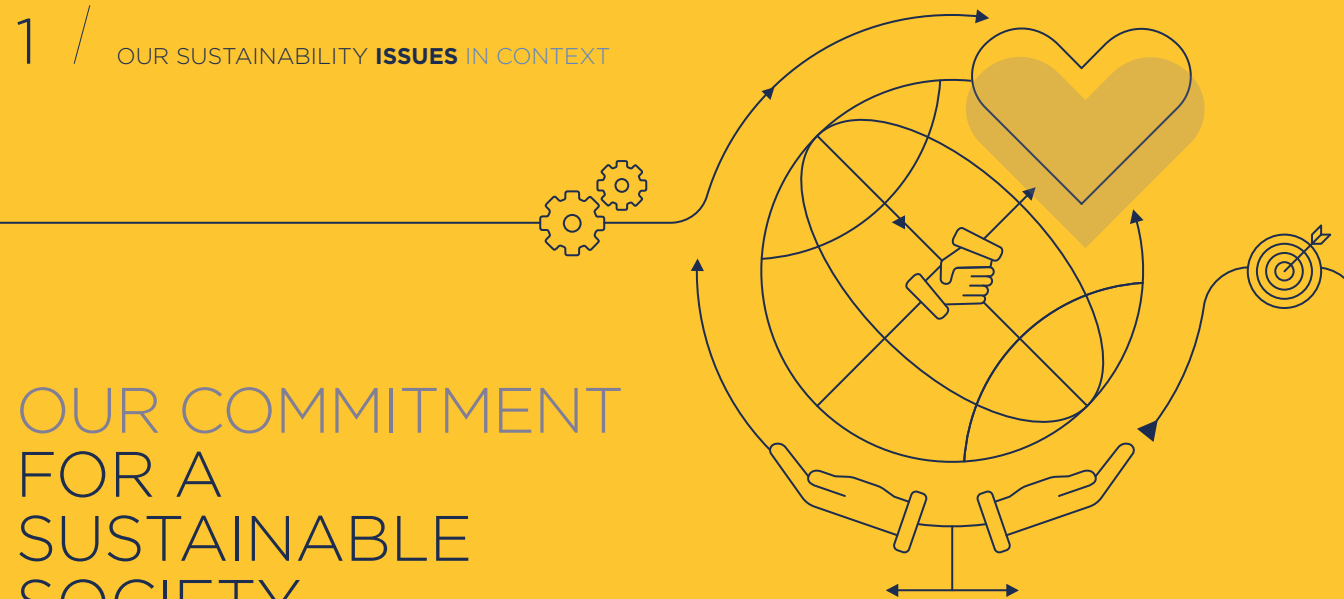
Stakeholder engagement was identified as one of our material issues as a result of the materiality exercise undertaken in 2014. We have touched on this transversal theme throughout our report because we are convinced that consideration of the expectations and interests of our stakeholders is an essential condition for reaching our objectives.



**Philanthropic activities:** in an interconnected world faced with major societal and environmental challenges, effective solutions require individual and collective efforts. Based on the expertise and experience of the Edmond de Rothschild Foundations, which are managed completely independently from the Edmond de Rothschild Group, we wish to offer our employees opportunities to get involved in creating a more inclusive and collaborative world. Allowing impact entrepreneurs or people facing difficulties in accessing employment, for example, to access our employees’ skills and knowledge is another way of using our know-how for the benefit of society.



Wherever possible, we actively seek to create synergies and connections between our responsible investment activities and our philanthropic activities.



Since 2013 :



208

EMPLOYEES ENGAGED  
IN PHILANTHROPIC  
PROGRAMMES

176

PEOPLE  
MENTORED

67

START-UPS  
SUPPORTED

2020 Objectives	Progress follow-up
<b>Identify and participate in the most relevant initiatives and events linked to responsible investment</b> GRI 102-12	
<b>PROGRESS MADE BETWEEN 2015 AND 2018</b>	<b>NEXT STEPS</b>
<ul style="list-style-type: none"> <li>Involvement in numerous initiatives in France to promote responsible investment</li> <li>Active involvement with Swiss Sustainable Finance and completion of the responsible investment online training</li> </ul>	<ul style="list-style-type: none"> <li>Continue to support these initiatives</li> </ul>
<b>Implement an evaluation and engagement process for suppliers as part of our Responsible Purchasing Policy</b> GRI 102-9	
<ul style="list-style-type: none"> <li>Creation, and validation by the Executive Committee, of a Group Responsible Purchasing Policy</li> <li>Deployment of the Responsible Purchasing Charter at Edmond de Rothschild (France)</li> <li>Send out the Charter to new suppliers in France and Switzerland</li> </ul>	<ul style="list-style-type: none"> <li>Upgrade the tools which will permit a wider distribution of the Responsible Purchasing Policy</li> </ul>
<b>Roll out the Community Engagement Charter and encourage sites to put in place philanthropic programmes</b> GRI 102-43 / 413-1	
<ul style="list-style-type: none"> <li>Validation of the Community Engagement Charter</li> <li>Coordination of philanthropic initiatives enabling employees to share their expertise</li> <li>Review of philanthropic activities and suggestion of options to expand the scope of operations</li> </ul>	<ul style="list-style-type: none"> <li>Launch more philanthropic programmes in the Group's main entities</li> </ul>
<b>Review the mapping of the Group's main stakeholders and the list of engagement activities each year</b> GRI 102-42 / 102-43	
<ul style="list-style-type: none"> <li>Monitor the changes in stakeholder mapping according to strategic priorities and ongoing initiatives</li> </ul>	<ul style="list-style-type: none"> <li>In-depth reflection as part of the next cycle of the sustainability strategy</li> </ul>

See the “[Our commitment for a sustainable society](#)” appendix for more information about our stakeholder engagement.

<sup>1</sup> See: <https://www.unglobalcompact.org>

## Collaboration with responsible investment stakeholders

See pages 13 for further details on our collaboration with stakeholders on responsible investment [G4-DMA FS4](#)

## Our employees' commitment to philanthropic programmes with the Edmond de Rothschild Foundations

The Edmond de Rothschild Foundations<sup>2</sup> are family foundations managed completely independently from the Edmond de Rothschild Group. However, bridges have been built between the two so that skills and experience can be shared in the context of specific programmes, for example SINGA Acceleration, TEKHNE, CRECE and the École de la Philanthropie through which our employees can support impact entrepreneurs and other beneficiaries. For more information on the Foundations, see pages 80-85. [GRI 413-1](#)

In 2018 two new programmes - SINGA Acceleration and TEKHNE - have been created through which Edmond de Rothschild (France) employees can share their expertise.

### SINGA Acceleration

SINGA Acceleration is a 12-month leadership and support programme for refugee entrepreneurs and entrepreneurs working in refugee reception who are in the process of scaling up their activities. The companies selected receive five months of tailored support, including strategy and finance mentoring, peer to peer learning, meetings with investors and the provision of a work space for 12 months. Group employees provide them with access to their network and expertise, specifically in the areas of fund raising, communications and project management. In 2018, eight start-ups were supported by 11 employees. [GRI 413-1](#)



**Léo Abellard**  
Fund Manager,  
Edmond de Rothschild  
(France)

### TESTIMONIAL



“ The entrepreneur support programmes for young or more mature companies run by the Foundations enable employees who wish to volunteer to do so, either on a long term or ad hoc basis depending on their expertise and the time at their disposal. It is very gratifying to put to good use the skills we use on a daily basis and offer these companies the benefit of our expertise. And in doing so we are making a real contribution to their impact! This year I'm taking part in the new support programme for refugee entrepreneurs. It's an exciting challenge to try to change the narrative surrounding the refugee issue. ”



IT IS VERY GRATIFYING  
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SO WE ARE MAKING A REAL  
CONTRIBUTION TO  
THEIR IMPACT!



### TEKHNE / Liberté Living-Lab

In many sectors there are visionary projects emerging to respond to today's major challenges: education, employment, the future of work, the environment and ecology transition, or health and public service innovation. These are ambitious, meaningful initiatives which need to be supported. The TEKHNE acceleration programme is aimed at entrepreneurs from different backgrounds who are committed to civic and social technology innovation and are looking to develop organisational models for the common good. The successful candidates receive 12 months' support based on their specific needs, including access to the technical experts at the forefront of the Liberté Living-Lab ecosystem (Big Data, Blockchain, Artificial Intelligence, Virtual Reality) and support from Group employees. In 2018, four start-ups were supported by 10 employees. [GRI 413-1](#)

## CRECE / UNLTD SPAIN

The CRECE programme supports engaged and socially responsible entrepreneurs in Spain. It was jointly created by UnLtd Spain and the Edmond de Rothschild Foundations, who are together betting on entrepreneurship in the interest of inclusive growth. The tailored support that is provided fosters high quality exchanges between the entrepreneurs and the Group's employees. In 2018, eight start-ups were supported by five employees. [GRI 413-1](#)

### The École de la Philanthropie

The École de la Philanthropie (Philanthropy School) is working to train a new generation of enlightened and committed citizens in a world which is undergoing multiple social, ecological and political crises. In exploring the notion of philanthropy, the association is teaching children between the ages of 8 and 11 how they can contribute to the public interest, both at school and in their life outside school. Since it was established by the Edmond de Rothschild Foundations in 2011, the École de la Philanthropie has encouraged almost 10,700 children to become engaged citizens. Once the children have selected a cause there is a learning phase and then an action phase. It was initiated in the greater Paris region and is now being extended to the Lyon region, Marseille and Strasbourg. Each year employees of the Edmond de Rothschild Group are invited to commit to the programme for one year, speaking to the children in the classrooms and helping them identify and approach associations they would like to work with. In 2018, nine employees worked with 38 classes. [GRI 413-1](#)

## TESTIMONIAL



IT ISN'T ALWAYS EASY TO EXPLAIN PHILANTHROPY TO CHILDREN,  
ESPECIALLY SCHOOL CHILDREN BETWEEN THE AGES OF NINE AND 11.  
I FOUND THIS VERY MEANINGFUL, EVEN MORE SO BECAUSE  
I ACTUALLY LEARNT AS MUCH AS THEY DID AND I WAS IN SOME WAY  
OPENING THEIR EYES TO THE WORLD AND SHAPING HOW THEY VIEW  
THE SOCIETY AROUND THEM.



**Judith Nebot**  
Business Analyst Manager,  
Edmond de Rothschild  
(France)

## Other Philanthropic programmes involving Edmond de Rothschild Group employees

### SUPPORTING DIVERSITY WITH PASSERELLES

In 2018 Edmond de Rothschild (France) supported the professional integration programme PasserElles for the eighth consecutive year. The programme, run by the non-profit recruitment agency Mozaïk RH, is aimed at female graduate job seekers from diverse backgrounds. The young women receive personalised support from a Group mentor. In 2018, 24 women taking part in the programme received support from 12 employees. [GRI 413-1](#)

### COMMUNITY SUPPORT FOR YOUNG PEOPLE WITH OPEJ

Each year the Edmond de Rothschild OPEJ Foundation takes 150 children and teenagers from 27 different cultures into its homes. In July 2018, around 15 employees lent a hand to help the educators at Rueil-Malmaison create new living spaces for the children as part of a solidarity day. In December approximately 172 toys were donated by employees as part of the Sapin de Noël (Christmas Tree) initiative. The Foundation also received €2,800 from the proceeds of a furniture sale. The mentorship aspect of the programme was put on hold in 2018 due to internal restructuring but existing mentor/mentee relationships continued. [GRI 413-1](#)

<sup>2</sup> See, <http://www.edmondderothschildfoundations.org/default-en.aspx>





# EDMOND DE ROTHSCHILD FOUNDATIONS

## INTRODUCTION

We push the boundaries of philanthropy. We find disruptive ways to engage partners and bring unforeseen collaborations between civil society, the private sector and public institutions. By scaling impact, promoting inclusivity & diversity and harnessing entrepreneurial zeal, we realize true change. It is through this sharing of efforts that our work will have the most long-lasting impact.

Today, the Foundations' unique ecosystem focuses on four centers of excellence:

- ▶ ARTS
- ▶ ENTREPRENEURSHIP
- ▶ HEALTHCARE
- ▶ EXPERTISE IN PHILANTHROPY

In 2018, 23 projects were supported, several 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 empowerment. Along with diversity, they foster social involvement, respect for differences and transformation.”



**Firoz Ladak**  
CEO of the  
Edmond de Rothschild Foundations



## ENTREPRENEURSHIP

### SUSTAIN, TRANSFORM, CONVERGE

With the benefit of over two hundred years of entrepreneurial success, the Rothschild family has played a major role in European economic transformation since the 19th century. The Edmond de Rothschild Foundations today continue this innovative drive by providing their financial and strategic expertise to exceptional entrepreneurs who combine economic sustainability and social impact. Such initiatives are crucial in an era of challenge to achieve sustainable capitalism, which must blend performance with action for the common good.

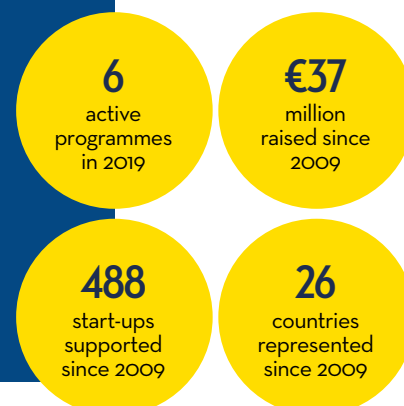


### MISSION



- ▶ Identifying entrepreneurs with strong positive impact, and accelerating their upscaling by offering them tailored support programmes including strategic and financial mentoring, peer-to-peer learning, business expertise and access to a wide network of investors;
- ▶ Supporting the growing convergence between market players and impact entrepreneurship by mobilising academic research, investors, large corporations and high-impact entrepreneurs to pool their skills and knowledge;
- ▶ Creating an active community of change leaders by strengthening the leadership skills of entrepreneurs and civil society players and supporting initiatives targeting a systemic impact.

### KEY FIGURES



## FOCUS : ENGAGEMENT PROGRAMMES IN FRANCE

The engagement programmes of our Entrepreneurship centre of excellence blend together the philanthropic expertise of the Edmond de Rothschild Foundations and the specific skills of employees of the Edmond de Rothschild Group to contribute to the resolution of major societal issues. Two new programmes were launched in France in 2018:

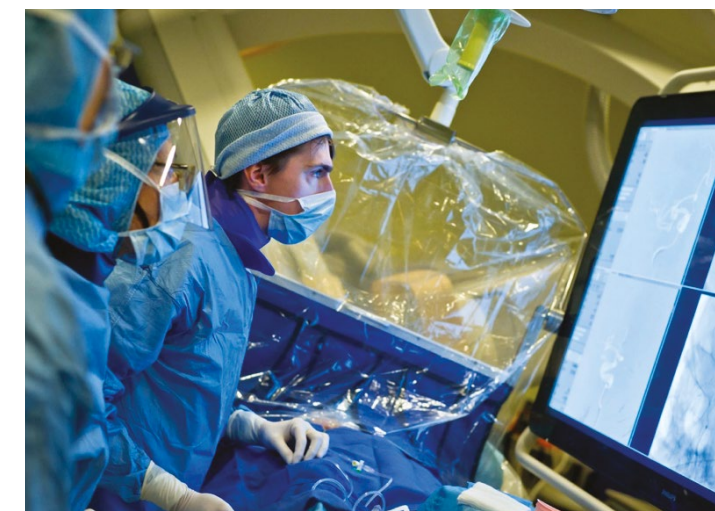
- ▶ the TEKHNE programme, co-founded with the association Liberté Living-Lab, the first French incubator devoted entirely to the acceleration of public interest deeptech start-ups. This programme tailors support for entrepreneurs combining state-of-the-art technologies, the creation of economic value and far-reaching impact on pressing societal issues;
- ▶ the SINGA Acceleration programme, co-founded with the SINGA association, the first incubator for start-ups founded by refugee entrepreneurs and entrepreneurs working in refugee reception. The objective is threefold: to support upscaling, develop leadership qualities and change the narrative surrounding migration by shining the spotlight on entrepreneurial successes.

A total of 21 Group employees from France, the UK and Switzerland are working with these entrepreneurs, acting as mentors or providing ad hoc expertise on topics as varied as strategy, fund raising, communications and human resources.

## HEALTH

### SEE, THINK, RESEARCH

In 1905, in the explosive context of the Dreyfus Affair, Baroness Julie de Rothschild inaugurated the first Paris hospital - the Fondation Ophtalmologique Adolphe de Rothschild (FOR) - that was not only free but was open to everyone, regardless of religious or political affiliation. Over a century later, this institution is a global clinical and scientific reference in the fields of neurosciences and ophthalmology. It is a founding symbol and a model of excellence, which constitutes the keystone of the commitment of the Edmond de Rothschild Foundations in the healthcare and research sector.



### KEY FIGURES



### MISSION



- ▶ Supporting clinical and fundamental medical research through publications and by promoting the FOR's technological innovations internationally;
- ▶ Promoting access to high-quality healthcare for everyone, with hyper-specialisation in head and neck pathologies;
- ▶ Initiating sustainable cooperation models based on the transfer of medical skills to emerging countries.

## FOCUS : FOR RESEARCH ACTIVITIES

On 14 February 2019, the Scientific Report of the prestigious Nature group published the work of a team of FOR neuroradiologists. The results, obtained from patients with tear gland tumours and lesions, proved the effectiveness of radiomics coupled with Big Data to classify tumours. For each patient, the researchers had for the first time managed to combine all the sequences of an MRI protocol and not just a single sequence as is currently the case.

This breakthrough could become a world standard for MRI protocols for all types of cancer. The work, conducted in conjunction with the Paris Centre for Cardiovascular Research (Paris Centre de Recherche Cardiovasculaire - PARCC), offers a groundbreaking diagnostic approach. It should also help to reduce the need for invasive sampling and allow more accurate follow-up and treatment adaptation.

This publication confirms FOR's leading position in clinical and fundamental research, particularly in the fields of eye and eye-socket imagery. The researcher in charge of the study, Dr Augustin Lecler, is currently studying for a post-doctorate at Stanford University in the United States. His research projects are funded by the foundation.



## ARTS

### UNVEIL, UNITE, INCLUDE

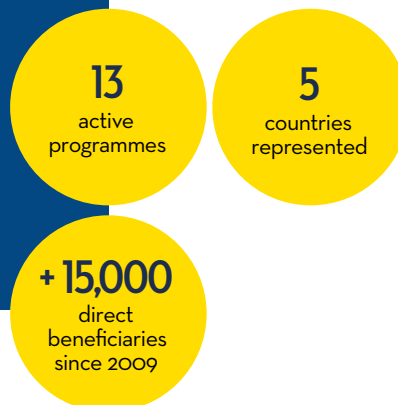
In the 19<sup>th</sup> century, the Rothschild family became well-known for its visionary approach to cultural sponsorship, by supporting famous artists of the period, including Ingres, Berlioz, Chopin, and Rossini. The culmination of this famous tradition is the Edmond de Rothschild collection donated to the Louvre Museum in 1935, featuring tens of thousands of masters' drawings, prints and precious manuscripts. Nearly two centuries later, the Edmond de Rothschild Foundations are perpetuating their commitment to the arts with passion and dedication, adapting it to 21st century issues. They are determined to harness artistic excellence in order to promote inclusion, social transformation and personal development.

#### MISSION



- ▶ Promoting art education and art transmission between famous or emerging artists and audiences with little knowledge of their artistic culture or practices;
- ▶ Developing external cultural mediation actions to initiate and support a community participation process which catalyses the ability to act individually or collectively;
- ▶ Boosting the activism of art scenes and fostering professional, social and political commitment in favour of diversity in all its forms

#### KEY FIGURES



## FOCUS : AIMS



In the firm belief that the artist has a role to play in contemporary society, the Edmond de Rothschild Foundations created the AIMS (Artiste Intervenant en Milieu Scolaire - artists in schools) programme in 2010. This unique art transmission and research programme connects schoolchildren from disadvantaged backgrounds (REP and REP+ schools) with young artists who have graduated from the national art schools (écoles nationales supérieures d'art) in Paris. The young graduates selected do a one year artist residency with a class and their collaboration with the schoolchildren culminates in a new type of art project.

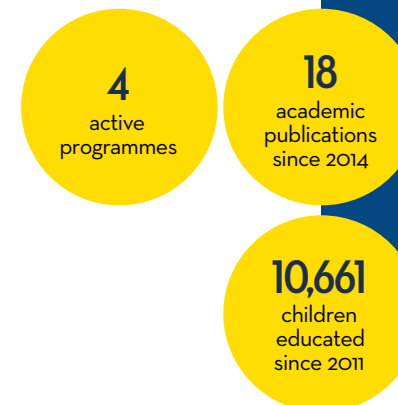
Since 2010, the AIMS programme has garnered the support of the Culture and Education ministers and the five major art schools in Paris - the ENSAD, ENSBA, Fémis, CNSMDP and CNSAD - to tackle the issues of the professional integration of artists and access to art practices.

## EXPERTISE IN PHILANTHROPY

### INSPIRE, UNITE, COLLABORATE

Philanthropists, irrespective of their size or geographical origin, are major players in our society through their commitment, their way of thinking, and their advocacy of positive social transformations. They can inspire public action as well as civil society and the private sector. A place of conviction and exploration, the philanthropic world is a genuine laboratory of ideas, a vector of innovation and a force for change. One of the spearhead missions of the Edmond de Rothschild Foundations - carried out through the Expertise in Philanthropy centre of excellence - is to reassert the historic tradition of these philanthropists, while enhancing the impact of their actions and the exchange of expertise.

#### KEY FIGURES



#### MISSION



- ▶ Disseminating philanthropic values by raising awareness at a very early age and contributing to philanthropic scientific research;
- ▶ Amplifying the impact of the programmes by bringing together foundations, donors, experts, academics and practitioners to share good practices and modernise action models;
- ▶ Promoting a transversal and pluralistic approach by combining diverse experiences to improve the efficiency of philanthropic initiatives, in particular by striving for better collaboration with philanthropists from emerging countries.

## FOCUS : EDMOND DE ROTHSCHILD FOUNDATIONS CHAIR IN BEHAVIOURAL PHILANTHROPY AT GENEVA UNIVERSITY



The Edmond de Rothschild Foundations Chair in Behavioural Philanthropy, run by the Geneva University (UNIGE) Philanthropy Centre, is part of the Edmond de Rothschild Foundations' strategy to promote philanthropy research and education. It will be held by assistant professor Dr Giuseppe Ugazio. A graduate from the University of Zurich and a Harvard University researcher, he has two PhDs, one in philosophy and the other in neuroeconomics.

The chair - the result of a public-private partnership - opens new horizons in the world of philanthropy. It lies at the crossroads between economics and neuroscience, shedding new light on the complex human mechanisms that drive philanthropy. The approach adopted is rigorous and creative, illustrating that philanthropy today is a formidable laboratory for inspiration, critical thinking and solutions.

The only one of its kind in Europe, the Edmond de Rothschild Foundations Chair in Behavioural Philanthropy will:

- ▶ promote philanthropy research and education using a multidisciplinary approach at the frontier between behavioural finance and economics, psychology and neuroscience;
- ▶ define an unprecedented theoretical framework to provide a better understanding of the different types of philanthropists and enable the donors to fulfil their ambitions.





# EDMOND DE ROTHSCHILD HERITAGE

## A SHARED WAY OF LIFE



**EDMOND  
DE ROTHSCHILD  
HERITAGE**



The Edmond de Rothschild art of living has been passed down from generation to generation for over a century, in estate wineries, restaurant kitchens and the different hotels where every guest receives a particularly warm welcome.

This art of living is perpetuated by our artisans who work by hand, using traditional techniques, to make their terroir the very best and showcase the typical flavours of their region. It also draws on a deep respect for humanity and nature, a respect which is essential in order to maintain the wide-ranging culinary palettes of flavours, bold combinations and exceptional experiences.

Each new Edmond de Rothschild Heritage project is created with a keen concern for the environment and, as illustrated in the examples which follow, in everything we do our teams are committed to showing that a company's performance is perfectly compatible with a responsible environmental and social approach.

*Ariane de Rothschild and Alexis de La Palme,  
Parc Peyre-Lebade, May 2019*

“ In our small way, we firmly believe we are working for the planet. We continue to reduce the use of agricultural chemicals and minimise energy consumption at all our hotels and we are taking things one step further with our own methanisation plant. This methanisation project, in the heart of the Domaine des 30 Arpents, is coming to completion. It will help to significantly reduce CO<sub>2</sub> emissions as it re-uses the different types of waste from our operations to produce a green energy equivalent to the average annual consumption of 70 households. ”



**Alexis de La Palme**  
Chairman,  
Edmond de Rothschild Heritage  
Management Board



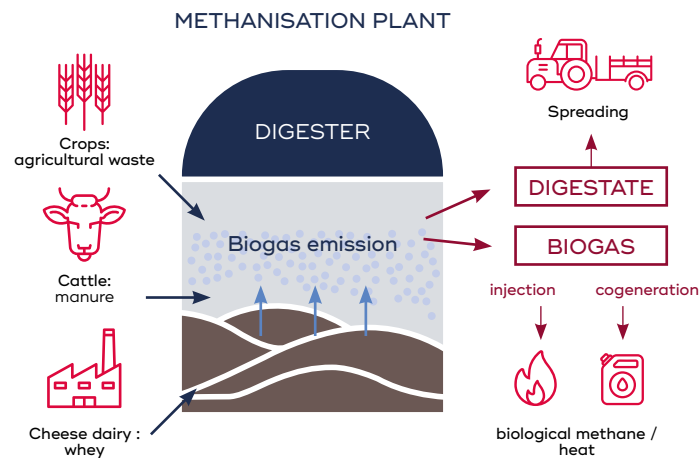


## AGRICULTURAL WASTE, A NEW SOURCE OF ENERGY

Already owner of an estate in Seine-et-Marne, Baron James de Rothschild purchased the Ferrières estate in 1829 with the aim of preserving one of the main green lungs in the greater Paris region. The family continues to protect this natural area – mainly covered in forests – from the intensive urban development in Paris and the surrounding areas.

The 1,600 ha Domaine des 30 Arpents has become a truly multi-disciplinary operation, combining forestry management, farming, cattle rearing and cheese making.

The farm applies sustainable agriculture practices, keeping the use of chemical, phytosanitary and veterinary products to a minimum and banning GMOs from its animal feed. The cattle, whose milk is used directly on the estate to make Brie de Meaux fermier AOP – now the only AOP brie in the world – help to enrich the soil. Their organic waste is a valuable fertiliser and will be even more useful after being processed in the methanisation plant, which will be operational in the first half of 2020.



The plant will operate in the traditional manner, decomposing the livestock manure, crop waste and waste from the cheese dairy to produce biogas, which will be recovered using two different processes.

The first, cogeneration, will provide significant heat output to heat the dairy. The dairy is currently operated by fuel oil but will be converted to gas, which will considerably improve its carbon footprint.

The second is injection. Once purified, the biogas will be directly injected into the public natural gas grid.

Alongside this, the digestate resulting from fermentation will be rendered completely odour-free before being spread on the soil to enrich it, thus minimising the use of additional fertilisers.

This methanisation plant has many other advantages:

- ▶ Reduction of CO<sub>2</sub> emissions into the atmosphere;
- ▶ Improved breakdown of organic matter and thus optimum soil fertility;
- ▶ Significant reduction of heating costs in the cheese dairy;
- ▶ Reduction of unpleasant odours emanating from the farm;
- ▶ And improvement in animal welfare as a result of more regular cleaning of the stables.

“ THE 1,600 HA  
DOMAINE DES 30 ARPENTS  
HAS BECOME A TRULY  
MULTI-DISCIPLINARY OPERATION,  
COMBINING FORESTRY  
MANAGEMENT,  
FARMING, CATTLE REARING  
AND CHEESE MAKING. ”

## OUR COMMITMENT TO SOCIETY: A LONG-TERM VISION

The family has been present in the iconic Rioja region of northern Spain since 2003. At that time, it formed Bodegas Benjamin de Rothschild & Vega Sicilia with Pablo Alvarez, to create – with patience and conviction – the perfect environment to produce Macán, a superior quality wine. With the opening of the region's most state-of-the-art winery in June 2016, the family made its first commitment to the development of the local economy.

Outside the main Bodega Macán, and in a more «personal» capacity, Ariane de Rothschild saw tremendous potential in an old mansion, both in terms of the hospitality it could offer and, more generally, the resulting benefit for the region as a whole. In 2018, the Palacio de Samaniego, a few kilometres from the Bodegas, was purchased and became part of the Edmond de Rothschild Group lifestyles portfolio.



Built in the 17th century, the building had served several purposes, including that of an inn from 1996 to 2016.

Ariane de Rothschild, who fell in love with its white stones and noble materials, insisted that the mansion be restored by a Spanish architect and that the original cachet remain intact. In the 12 months it took to restore the mansion, the use of local artisans, Basque companies and typical materials was a boost to the region's economy.

And this positive momentum will continue because the luxury hotel will be recruiting staff in October 2020 to look after its nine suites and gourmet restaurant. It will hire

- ▶ 5 staff to manage the hotel;
- ▶ one young Basque chef, trained by Julien Gatillon, to head up the restaurant;
- ▶ 13 kitchen employees for the 45 places expected at each lunchtime and evening service.

## THE ENVIRONMENT, A KEY FOCUS OF THE PROJECT

The Edmond de Rothschild art of living embraces the notions of conviviality and elegance, of course, but is also highly respectful of the environment. The Palacio de Samaniego renovation was designed to ensure the hotel's environmental impact is reduced to a minimum. The most significant contribution to this goal is geothermal energy.

Several 100m-deep wells have been drilled behind the garden to feed a 50 KW heat pump, which will provide the hot and cold water to the kitchen and each of the bathrooms. It will also produce the energy required for the heating and air conditioning in the suites and restaurant. With a performance coefficient greater than 5, this green energy process will be extremely efficient with a low environmental impact.



“ With climate change currently high on the agenda, we need to shake up our old habits. This methanisation project encourages us to go further and develop new techniques, alternative methods of farming, while maintaining our activity as farmers and breeders. Methanisation is an environmentally-friendly process. ”

Didier Buet  
Farm Director



# GITANA, THE PIONEERING SPIRIT

## MAXI EDMOND DE ROTHSCHILD: eco-friendly and performance driven

In today's world where reducing our energy consumption is a daily concern for society, the minimalist approach to the on-board management of racing craft provides fresh inspiration. And the fact that this approach is first and foremost performance-driven - proving that these objectives can converge - makes it all the more interesting.

Sailing competitions - at least those in which the Gitana Team competes - have one simple rule: the only propulsion permitted is the wind in the sails. And yet these vast, high tech, technology-reliant craft require energy to operate the onboard computers, automatic pilots, navigation lights, security sensors and other IT tools which are now vital to their performance.

*Gitana's pioneering spirit extends to its team management. Currently the Gitana Team comprises some 20 experts from every field: architecture, engineering, composites, hydraulics, rigging, fitting, electronics and on-board computing. Teamwork is key. Everyone does their bit to contribute to the overall success of the team.*



## MAXI EDMOND DE ROTHSCHILD : 1st maxi-trimaran designed to sail on the high seas

- ▶ **Length:** 32 metres
- ▶ **Breadth:** 23 metres
- ▶ **Weight:** 15,5 tonnes
- ▶ **Air draught:** 37 metres
- ▶ **Appendices:** 6 appendices including the largest foils ever built (5.4m high with a span of 3.92m).
- ▶ **Height of the foils:** 5.40 metres – the largest built to date
- ▶ 170,000 hours of building work including 35,000 hours of studies
- ▶ 20 months to build
- ▶ 250 people involved in designing and building this vessel

### 2019 sporting objective:

Brest Atlantiques, 14,000 nautical mile two-handed transatlantic race covering the route Brest – Rio de Janeiro – Cape Town – Brest.  
Departure: 3 November 2019.

## A RENEWABLE ENERGY SYSTEM under development

The Maxi Edmond de Rothschild consumes approximately 300 watts/hour when operating normally in automatic pilot. Until now this energy was supplied by a standard diesel-fuelled thermal engine. It takes an estimated 75 minutes and three litres of diesel to recharge all the on-board batteries and this is a twice-daily requirement. If we take as an example the Brest Atlantiques race at the end of 2019, a 14,000 nautical mile round trip requiring almost one month at sea, the batteries will need to be recharged 50 times, requiring 150 litres of fuel which is a significant weight to take on board.

To reduce the fossil fuel consumption, the five-arrow team is working to develop more eco-friendly solutions.

On board the latest Gitana craft there are six solar panels, four on the aft beam and two on the shield. They cover an area of approximately 5 m<sup>2</sup> and each unit is intended to produce 144 watts/hour, a total of 864 watts/hour. The final component of the system is a wind generator, producing 500 to 600 watts/hour at maximum speed, on the starboard side of the aft beam. The on-board electronics team has worked with the composites team to optimise the action of the blades so that it does not adversely affect the aerodynamics, a key feature of the new generation of sailing boats.

The potential usable output is thus 1,500 watts/hour of renewable energy, although the maximum will rarely be achieved because of cloudy weather, the sails, the boom and the angle of the sun.

The engine on the Maxi Edmond de Rothschild is not yet redundant but the team is working to achieve energy autonomy through renewable energies. The objective is to at least equal the consumption of the Maxi-trimaran and then the next stage is to be able to recharge the batteries during the day.



## ACHIEVING WATER AUTONOMY

On sailing boats, weight is very often considered to be the enemy of performance and this applies to the Maxi Edmond de Rothschild too. So everything taken on board is carefully weighed and measured out, be it the equipment or the basic essentials the sailors need during the race. Water is an excellent example of this.

To stay hydrated it is generally recommended that adults drink at least 1.5 litres of water a day. On a racing boat, athletes require more than 2 litres. So, taking again the example of the Brest Atlantiques at the end of 2019, the quantity is significant and the potential saving quite considerable. If you multiply the daily 2-litre requirement by the duration of the race (25 days on this occasion) and then by three - two crew members and a photo journalist - this comes to a total of 150 kg.

The trimaran has thus been equipped with a desalinator to use the available sea water, thus reducing the weight and avoiding the use of plastic bottles. It is easy to use and can produce sufficient drinking water to cover all the sailors' needs.





GENERAL STANDARD DISCLOSURES			
General standard disclosures	Page Number (or Link)	External Assurance	Link with the United Nations Global Compact Principles
STRATEGY AND ANALYSIS			
GRI 103	<a href="#">DMA</a>	Non	
GRI 102-14	7, 8, 9	Non	
GRI 102-15	13, 72	Non	
ORGANIZATIONAL PROFILE			
GRI 102-1	4	Non	
GRI 102-2	39	Non	
GRI 102-3	4	Non	
GRI 102-4	10	Non	
GRI 102-5	4	Non	
GRI 102-6	10, 11, 18-19	Non	
GRI 102-7	40		
GRI 102-8	40-41		Principe 6
GRI 102-9	11, 18-19, 77	Non	
GRI 102-10	4	Non	
GRI 102-11	Given the nature of our activities, the principle of precaution is not applicable to our organization.	Non	
GRI 102-12	13, 77	Non	
GRI 102-13	13	Non	
IDENTIFIED MATERIAL ASPEXTS AND BOUNDARIES			
GRI 102-45	4	Non	
GRI 102-46	4, 14	Non	
GRI 102-47	14, 16-17,	Non	
GRI 103-1	4, DMA of each Material subject	Non	
GRI 102-48 / GRI 102-49	72, 73	Non	
STAKEHOLDER ENGAGEMENT			
GRI 103	<a href="#">DMA</a>	Non	
GRI 102-40 / GRI 102-42	12, 14, 77	Non	
GRI 102-43 / GRI 102-44	13, 77	Non	
REPORT PROFILE			
GRI 102-50 / GRI 102-51	4	Non	
GRI 102-52 / GRI 102-53	4	Non	
GRI 102-54 / GRI 102-55	4	Non	
GRI 102-56	4, 94	Non	
GOVERNANCE			
GRI 102-18 / GRI 102-19	26	Non	
GRI 102-21 / GRI 102-22	12, 26, 41, 52	Non	
GRI 102-23 / GRI 102-24 / GRI 102-25	<a href="#">DMA</a>		
GRI 102-26	24, 25	Non	
GRI 102-27 / GRI 102-28/ GRI 103-1	<a href="#">DMA</a>	Non	
GRI 102-30	25	Non	
GRI 102-36	39	Non	
ETHICS AND INTEGRITY			
GRI 102-16	40	Non	Principe 10
GRI 102-17 / 103-1	<a href="#">DMA</a>	Non	


DMA: Disclosure on Management Approach voir le site: <https://www.globalreporting.org/Pages/default.aspx>

SPECIFIC STANDARD DISCLOSURES FOR MATERIAL ASPECTS			
DMA and Indicators	Page Number (or Link)	External Assurance	Link with the United Nations Global Compact Principles
CATEGORY: ECONOMY			
MATERIAL ASPECT: ECONOMIC PERFORMANCE			
GRI 201-2	13, 49	Non	Principe 7
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK			
MATERIAL ASPECT: EMPLOYMENT			
GRI 103	<a href="#">DMA</a>	Non	
GRI 401-1	39, 40		Principe 6
MATERIAL ASPECT: TRAINING AND EDUCATION			
GRI 103	<a href="#">DMA</a>	Non	
GRI 404-1	41		Principe 6
GRI 404-3	40, 41		Principe 6
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY			
GRI 103	<a href="#">DMA</a>	Non	
GRI 405-1	40, 41		Principe 6
SUB-CATEGORY: SOCIETY			
MATERIAL ASPECT: ANTI-CORRUPTION			
GRI 103	<a href="#">DMA</a>	Non	
GRI 205-2	28, 29		Principe 10
SUB-CATEGORY: PRODUCT REPONSIBILITY FOR THE FINANCIAL SERVICES SECTOR			
MATERIAL ASPECT: PRODUCT PORTFOLIO			
GRI 103	52, 74, <a href="#">EDRAM</a> , <a href="#">DMA</a>	Non	
G4-FS4	78		
G4-FS7	60		
G4-FS8	60		
MATERIAL ASPECT: ACTIVE OWNERSHIP			
GRI 103	<a href="#">EDRAM</a> (Asset Management)	Non	
G4-FS7 / G4-FS8	43		
G4-FSII	43, 50, 52, 60		
SPECIFIC STANDARD DISCLOSURES FOR NON-MATERIAL ASPECTS			
CATEGORY : SOCIAL			
SUB-CATEGORY: SOCIETY			
GRI 103	<a href="#">DMA</a>	Non	
NON-MATERIAL ASPECT: LOCAL COMMUNITY			
GRI 413-1	71, 78, 79	Non	Principe 1
CATEGORY: ENVIRONMENT			
GRI 103	<a href="#">DMA</a>	Non	
NON-MATERIAL ASPECT: MATERIALS			
GRI 301-1	69, 73, 74, 75		Principe 7 / Principe 8
GRI 301-2	69, 73, 74, 75	Non	Principe 7 / Principe 8
NON-MATERIAL ASPECT: ENERGY			
GRI 302-1	73, 74		Principe 7 / Principe 8
GRI 302-3	75		
GRI 302-2 / GRI 302-4	69, 73	Non	Principe 6
NON-MATERIAL ASPECT: WATER			
GRI 303-2	70		
NON-MATERIAL ASPECT: BIODIVERSITY			
GRI 304-1 / GRI 304-3	65		
NON-MATERIAL ASPECT: EMISSIONS			
GRI 305-1	69, 73, 75	Non	Principe 7 / Principe 8
GRI 305-2	69, 73, 75	Non	Principe 7 / Principe 8
GRI 305-3	69, 73, 75	Non	Principe 7 / Principe 8
GRI 305-4	69, 70, 73, 74		
GRI 305-5	69, 70, 73, 74		
NON-MATERIAL ASPECT: WASTE			
GRI 306-2 / GRI 306-2	74, 75	Non	Principe 8
NON-MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI 308-2	70	Non	Principe 8

# ASSURANCE REPORT ON A SELECTION OF SUSTAINABILITY INDICATORS PUBLISHED IN EDMOND DE ROTHSCHILD GROUP'S 2018 SUSTAINABILITY REPORT GRI 102-56

This is a free translation into English of the assurance 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 2018 Sustainability report of the Edmond de Rothschild Group.

The following sustainability indicators, labelled with  in the 2018 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, 2018, breakdown by gender and geography, percentage of permanent contracts
- Recruitments and termination of employment contracts by type, internal mobility, and promotions
- 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 taken part to the annual performance review, percentage of employees having completed their review

### Responsible investment

- Total Group assets under management covered by responsible investment strategies, Percentage of Group assets under management by a responsible investment strategy
- 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), renewable energy consumption, and energy consumption per employee
- Edmond de Rothschild Group's business travel by air
- Greenhouse gas emissions for the Edmond de Rothschild Group (Scopes I, II, and III) and GHG footprint per employee
- Consumption of paper per category of paper and per employee

### Society and community

- Employee 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 "2018 social reporting protocol" and «2018 environmental and societal reporting protocol" (hereinafter "the Guidelines"), summarised in the 2018 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 3000<sup>1</sup>.

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:

- » French Hub: Edmond de Rothschild (France) in Paris;
- » Swiss Hub : Edmond de Rothschild (Suisse) S.A. in Geneva;
- » Luxembourg Hub : Edmond de Rothschild (Europe) in Luxembourg.

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 94.6% of headcount and in average 81.9% 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, le 18 juin 2019  
PricewaterhouseCoopers Advisory

**Sylvain Lambert**

Partner, Sustainable Development Department



Close-up view of the painting by Farhad Moshiri "I gave you my tears", oil and acrylic on canvas, Iran – 2005.

The work is on display in the meeting rooms of Edmond de Rothschild (Suisse) S.A. in Geneva.

Photo credit: <sup>®</sup>AINOS

<sup>1</sup> ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information



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