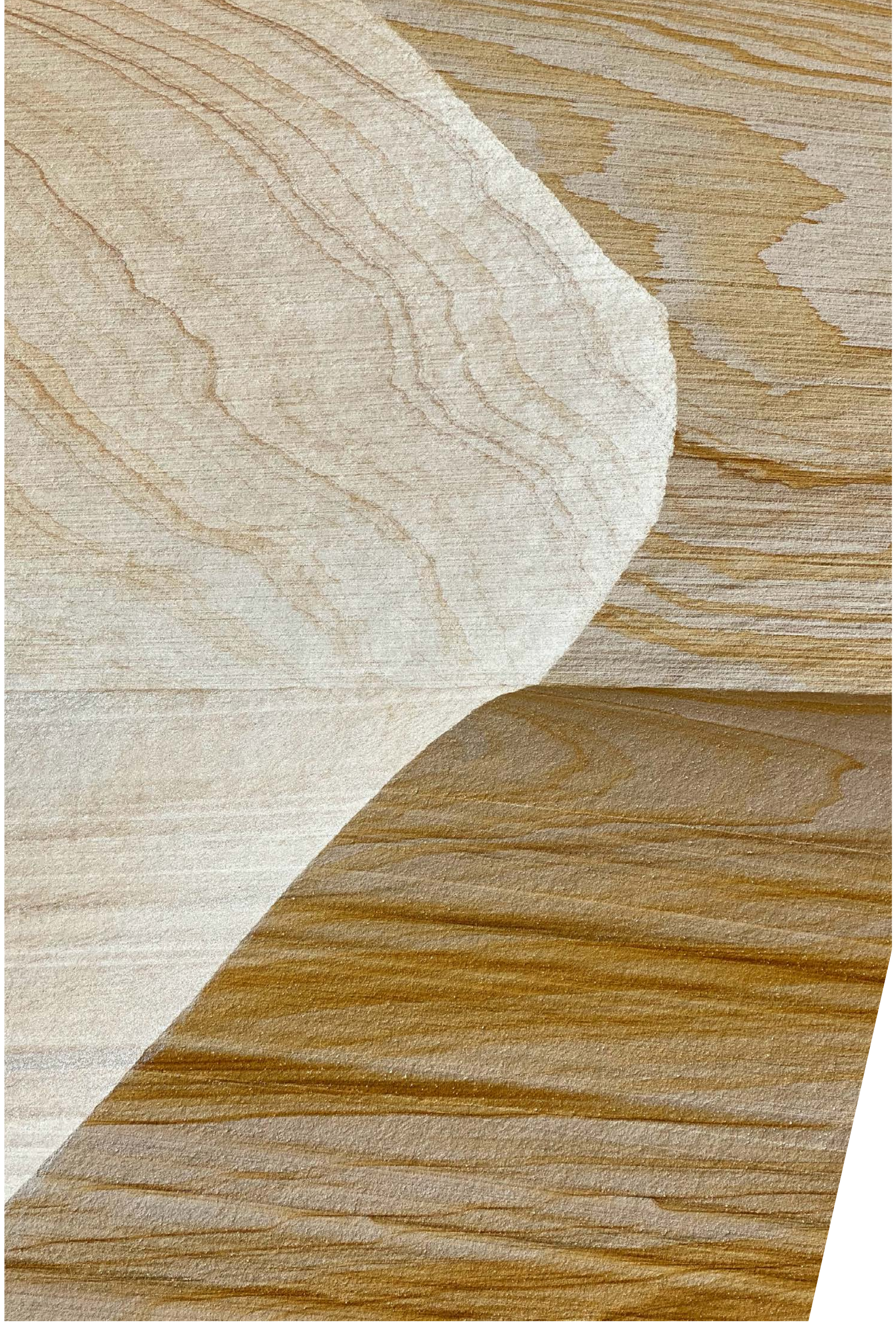
Rothschild & Co

Sustainability Report

2022



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Message from the Executive Chairman

Looking back at the last year, it is striking yet again how much change we have seen. Geopolitical and economic uncertainties have given rise to new questions and stakeholder perceptions about sustainability: from the need to reconcile short-term energy security with the goal of carbon neutrality; to debates about the role and responsibility of capital vs. policy, of state vs. private actors and financial sector; to the right balance between risks and rewards, for planet, people, and profit in this transition.

The long-term trend remains the same and the destination is undisputable. These questions are simply reflective of evolving realities, as well as the scale and complexity of this transition challenge. Questions like this provide the opportunity to reflect, to ensure we are taking everyone with us on the journey and are able to course-correct or change speed when needed, in order to move forward better.

This sustainability transition presents a challenge and an opportunity for many of our clients, as they balance short-term risks and opportunities with long-term outcomes and ambitions.

As a family-controlled diversified financial business with more than 200 years of experience, we can play an important role in supporting our clients on their transition journey and navigating this change. That's why we have taken the decision to anchor our **long-term ambition to use our expertise and influence to support the sustainability transition of the global economy as a key pillar in the Group's strategy**. Across our three business divisions, we are committed to integrating ESG considerations in the way we run our business.

Whilst our journey will have to account for different business and client characteristics, I am excited about some of the joined decisions made in 2022 that represent important steps, positioning the Group for more accelerated progress to come, e.g.:

- When we brought together more than 130 Partners and Managing Directors from across the Group in our Women's Leadership Forum we laid the foundation for a constructive dialogue about the future of leadership and the role of diverse viewpoints in advancing as one firm.
- When we decided to support the scaling up of a number of promising carbon removal technology start-ups in the form of long-term carbon removal credit purchase agreements.
- When our Wealth and Asset Management and Merchant Banking businesses agreed a common Responsible Investment roadmap, that provides a framework for contribution to group-wide ESG priorities, whilst serving the investment interests of our diverse client base.
- When our Global Advisory colleagues brought together a number of leading players in the energy transition in a two-day client conference as a platform aimed at helping make renewable energy and low-carbon transition solutions investable.
- When we decided to roll-out a group-wide training platform for employees to learn more about the challenges and opportunities of sustainability transition.
- When we created more accountability for progress in deciding to integrate ESG performance reporting into our regular management reporting.

I am grateful for the commitment and energy of the teams involved, as I am for the trust and comments received by members of staff, the Board and our investors on our Sustainability journey.

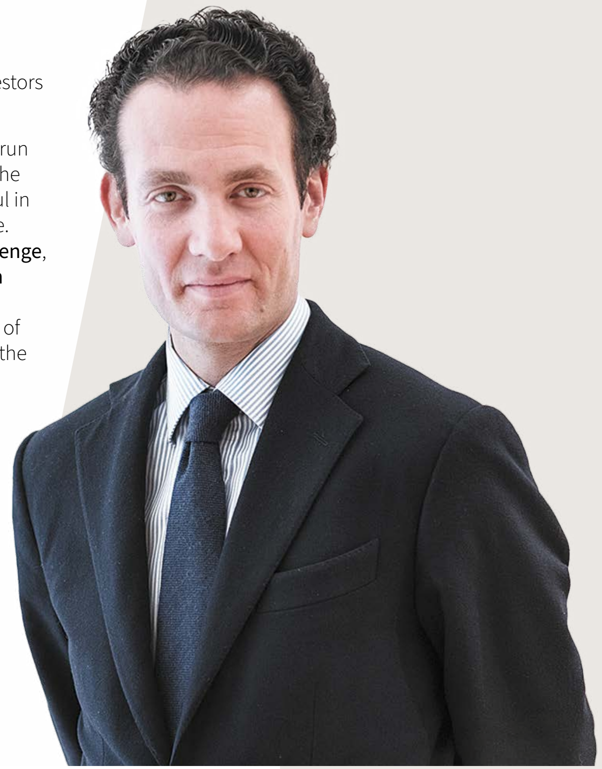
I have been brought up to believe that a sustainably run business is the bedrock for a successful business in the long-term, and that a business needs to be successful in the short-term to be able to drive sustainable change. We have to keep **an open mind to change and challenge**, whilst **staying steadfastly committed to investing in a future that is worth protecting for everyone**. This requires perspective paired with agility and a degree of patience – a combination that has been essential to the success of our business for more than two centuries.

Paris, April 2023

Alexandre de Rothschild

ALEXANDRE DE ROTHSCHILD

Executive Chairman of
Rothschild & Co Gestion



> "We have to keep an open mind to change and challenge, whilst staying steadfastly committed to investing in a future that is worth protecting for everyone."

Sustainability is strategy

1.1 Ambition

Rothschild & Co is a leading global diversified financial services group with a value-driven culture operating across three market-leading business divisions. Having been at the centre of the world's financial markets for over 200 years, our expertise, intellectual capital, and global network enable us to provide a distinct perspective that makes a meaningful difference to our clients, communities, and the planet. In order to sustain a successful business in the long term, to unlock new opportunities for growth, and to manage risks for all its stakeholders, businesses have a key role to play in helping enable and protect a future in which everyone can thrive.

The Group's long-term ambition to use its influence and expertise to support the sustainability transition of the global economy is a key pillar of the Group strategy and as such a fundamental part of delivering its business model and creating value in the long term.

Values-driven culture

We promote a culture of responsible business and long-term value creation for our clients, stakeholders and investors

Thoughtful

Considered
Strategic
Long-term

Principled

Responsible
Empathetic
Committed

Creative

Innovative
Collaborative
Entrepreneurial

Three established businesses

One Group consisting of three established businesses

Key differentiators

Long-term view

- Family controlled
- Strong capital position
- Enduring client relationships

People-centric

- Breadth of experience
- Deep know-how
- Partnership culture
- Well-connected

Unique brand heritage

- Strong credibility
- High affiliation

Business aligned strategy

Focus	Growth	Value-creation	Strong returns	Sustainability ambition
Build strong market positions and expertise around our three core businesses	Growth across our three businesses, both organically and through targeted acquisitions, mitigating the impact of cyclicality in our markets	Three established businesses with strong synergies between them focused on sustainable performance and value creation	Effective use of capital generates long-term profit growth, supporting our progressive dividend policy	Use our influence and expertise to support the sustainability transition of the global economy

Sustainability: Key Highlights

"At Rothschild & Co, we have the long-term ambition to use our influence and expertise to support the sustainability transition of the global economy."

Environment (E)

Strategic priorities

- Support and contribute to the transition to a **low carbon economy**
- Support the preservation and **protection of biodiversity**

Operational ESG highlights

- 40% decrease in operational GHG emissions[1]
- 33% carbon removals in operational GHG emission compensation
- 92% renewable electricity procurement

People and Society (S)

- Champion **diversity of perspective**
- Ensure **employee wellbeing**
- Work **against inequality**

- 26% female Assistant Director and above
- 40% female Board members
- 41% average tenure of employees > 5 years

Business Practices (G)

- Safeguard **responsible business conduct**

- 100% relevant employees completed Financial Crime training
- 99% relevant employees completed Anti-Bribery and Corruption training
- 97% relevant employees completed Data Protection training

Business line ESG integration highlights

High voting coverage:

- 100% Wealth Management UK[2]
- 98% Asset Management Europe[3]

SFDR classification:

- Above 95% of AM EU's open-ended funds[4] classified as SFDR[5] Article 8 or 9
- 3 strategies classified Art. 8 and 1 strategy classified as Art. 9 launched by Merchant Banking since March 2021

Leading in financing advisory for renewable infrastructure projects and making green and social projects investible

Common Responsible Investment Roadmap with 3 priorities:

- Act for climate and preserve our planet
- Contribute to a more inclusive economy
- Enable the orientation of financial flows towards sustainable investments

Leading advisory role on transactions relating to innovative energy and climate transition technology and energy management, ranked among the leading sustainable M&A transaction advisors[6]

Financing advisory on innovative sustainable financing products, incl. green bonds

1. Vs. 2018 baseline; against 30% reduction target by 2030 (aligned with trajectory of the Paris Agreement).
2. Equities in discretionary portfolios or the funds operated by Wealth Management UK.
3. Total eligible AuM (excl. legacy funds).
4. Excluding dedicated investment solutions.
5. SFDR framework: based on available information and businesses' own analysis.
6. Source: Refinitiv, Sustainable Finance Review, Full Year 2022, Sustainable Finance: Mergers and Acquisitions, Financial Advisor League Table, by number of transactions.

1.2 Governance of sustainability matters

With our sustainability ambition as a core pillar of Group strategy, the governance of sustainability matters follows the Group's governance framework[1].

The **Supervisory Board** considers sustainability issues at the initiation of senior management unless the Supervisory Board itself identifies an opportunity to discuss. A dedicated **Sustainability Committee** meets at least twice per year (on three occasions in 2022) and aims to assist the Supervisory Board in:

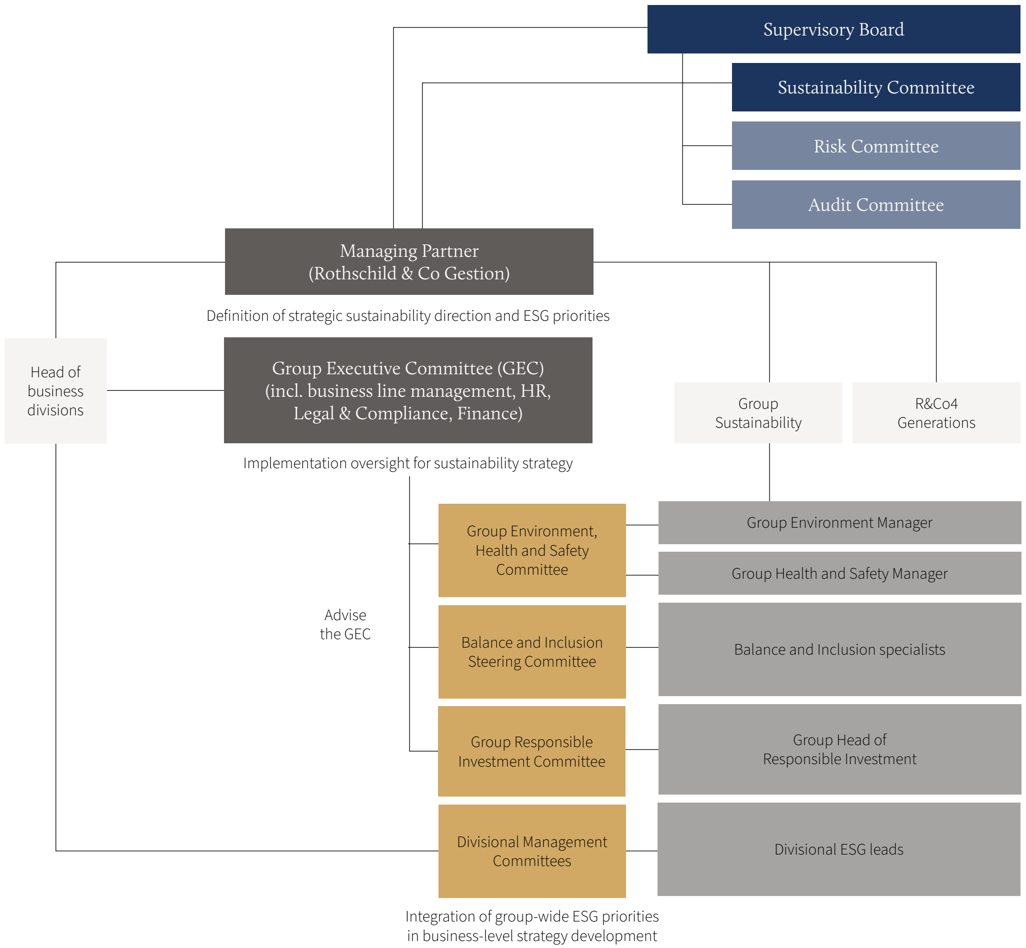
- ensuring that the Group considers issues relating to sustainability, in line with strategic priorities for the business;
- ensuring that the Group is in a position to best identify, and address opportunities and risks associated therewith;
- monitoring and reviewing (i) the strategic priorities, policies implemented, and objectives set by the Group and its entities relating to sustainability matters, and (ii) the consolidated non-financial statement included in the management report.

The sustainability strategy is presented to the Supervisory Board at least once a year, or informally considered ad hoc throughout the year. The **Risk Committee** of the Board notably reviews the effectiveness and the coherence of the risk management systems to ensure as far as possible the prevention, detection and/or management of the potential and/or identified risks, including risks arising from social, societal, and environmental issues. The **Audit Committee** reviews the consolidated non-financial statement and is informed of the non-financial information reporting approach[2].

Rothschild & Co Gestion, the Managing Partner, defines the Group's strategic orientation including ambition for sustainability integration into Group strategy and group-wide strategic priorities. It regularly reviews updates, in relation to the strategy it has defined, on the opportunities and risks, such as social and environmental risks in relation to its own operations, as well as the measures taken accordingly. It establishes multi-annual strategic priorities with regards to social and environmental responsibility. On climate-related issues, this strategy is accompanied by precise operational environmental objectives defined for different time frames. The Managing Partner annually reviews the results achieved and the relevance, if any, of adapting the action plan or changing the objectives in the light of, inter alia, the evolution of the Company's strategy, technologies, stakeholder expectations and the economic capacity to implement them.

The Group Executive Committee (GEC)'s role is to propose strategic orientations to Rothschild & Co Gestion, including in relation to sustainability, and to assist the Managing Partner in overseeing the implementation of the strategy across the Group and the operational management of the Group. Its members are the most senior employees and officers of the Group's business divisions

Overview of governance arrangements



1. For information on the composition of the Committees, please refer to Section 6.2.1 of the 2022 Annual Report.
2. For more information please refer to Section 6.2.7 of the 2022 Annual Report.

and support functions (notably Human Resources, Legal and Compliance, Finance and Digital). Sustainability matters are discussed in the regular meetings of the GEC as required (in over 60% of the meetings in 2022) and the Committee receives specialist reports and reviews performance against a select number of group-wide performance indicators related to its sustainability strategy on a quarterly basis .

Divisional Management Committees for Wealth and Asset Management, Merchant Banking and Global Advisory are responsible for the integration of group-wide ESG priorities in their respective business line strategies.

This integrative setup enables the consideration of the Group's strategic sustainability priorities for key levers of the Group's business model, whilst relying on the expertise and advice of dedicated teams and subcommittees of the GEC.

- The Group Sustainability function assists senior management in the development of the strategy, the coordination of group-wide initiatives and the provision of an ongoing and consolidated picture of performance against the Group's strategic objectives. The function reports directly to the Co-Chairman of the GEC, who is one of the Managing Partners. Supported by a team of experts in defined priority areas, the Group Head of Sustainability is a member of and works closely with the respective dedicated supporting committees to the GEC.

- Integration of ESG considerations into investment approaches is led by experts in the Wealth and Asset Management and Merchant Banking divisions, and is coordinated via the Group Responsible Investment Committee, which reports directly to the GEC. The Committee met eight times in 2022 and is chaired by one of the Managing Partners of Rothschild & Co Gestion. It aims to ensure consistency and accountability for the creation and implementation of policies across the investment businesses, and the design of a joined roadmap that is reflective of the Group's strategic ESG priorities. The Committee's work and transversal Responsible Investment workstreams are coordinated by the Group Head of Responsible Investment (Secretary of the Group Responsible Investment Committee) and their team, drawing on management and subject-matter experts from the Group's investment businesses. Dedicated working groups under the committee help coordinate the approaches on specific topics, such as the TCFD's recommendations on climate risk integration and disclosures and ensuring consistency in the understanding and implementation of sustainable finance regulations. Both the Wealth and Asset Management and Merchant Banking divisions have appointed a divisional ESG lead. Within these divisions, individual investment entities set up their own ESG investment governance, with management regularly involved in approvals and delegation of a key representative to the Group Responsible Investment Committee. Support functions play a key role in the process and second-level controls are applied by the entities' compliance and risk functions when relevant. The Sustainability Committee of the Supervisory Board is updated annually on Responsible Investment strategy and initiatives.

- The Group Environment and Health and Safety Committee reports directly to the GEC and meets quarterly to discuss recommendations on the evolution and the implementation of the Group's operational environmental management strategy amongst its members who are senior representatives from business lines and support functions. The Committee oversees the development and effective implementation of group-wide policies aimed at limiting and reducing the impact of business operations on the environment, in addition to the health and safety of employees. The Committee's work is supported by the Group Environment Manager in the Group Sustainability Function, and a dedicated Group Health and Safety Manager coordinating activities at Group level. The implementation of activities in each office rests with the locally appointed coordinators.

- The Group's Balance and Inclusion Steering Committee is tasked with the identification of group-wide opportunities to ensure the creation of a diverse, inclusive and flexible environment which enables all colleagues to achieve their personal and professional aspirations, and to ensure that it provides long-term opportunities for growth. The Committee met 10 times in 2022, is co-chaired by one of the Managing Partners of Rothschild & Co Gestion and advises the GEC and divisional management on group-wide initiatives. The Committee's work is supported by a number of specialists in the Group Human Resources team.

Strategy and risk management

2.1 Materiality assessment

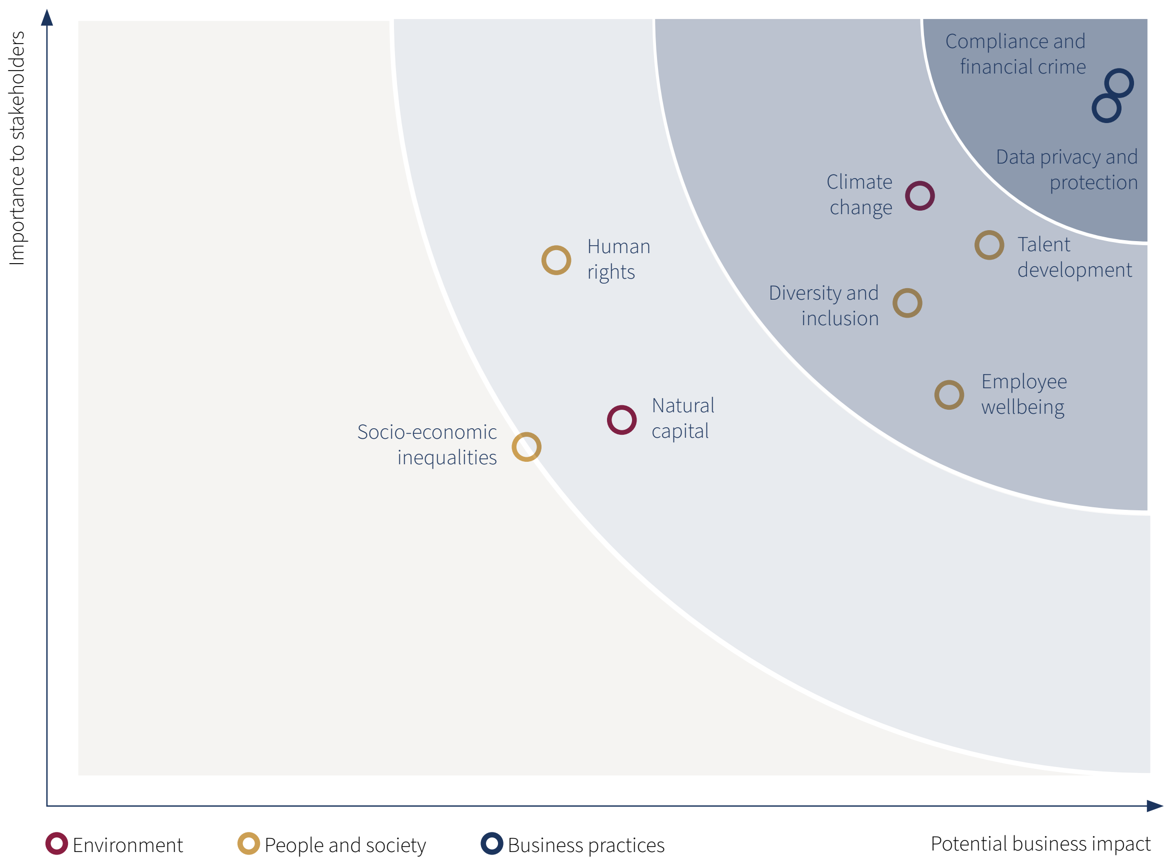
The Group's annual materiality assessment of non-financial risks relating to sustainability matters provides a regular source of insight into key risks and opportunities to be taken into consideration when reviewing strategic priorities on our journey to support the sustainability transition of the global economy. The 2022 assessment[1] was carried out alongside the annual review of strategic risks (Section 4.1 of the Annual report) and considered two potential sources of non-financial risks or opportunities for the Group:

- material stakeholder relevance, i.e., likelihood that the Group's actions with regards to an identified issue will have an influence on stakeholder assessments and decisions; and/or
- material business impact, i.e., likelihood that an identified issue will impact the Group's performance, and its ability to create long-term value.

The results are summarised in the matrix. This report aims to provide relevant information with regards to identification of risks and opportunities, implementation of initiatives aimed at addressing these, and the business' impact and progress (see reference table below).

SUSTAINABILITY ISSUES	GROUP'S STRATEGIC OBJECTIVES	INFORMATION
Compliance culture and financial crime	Safeguarding responsible business practices	Section 3.4
Data privacy and protection	Safeguarding responsible business practices	Section 3.4
Climate change	Support and contributing to the transition to a low-carbon economy	Section 3.2
Natural capital	Supporting the preservation and protection of biodiversity	Section 3.2
Talent development	Developing the best talent	Section 3.3
Diversity and Inclusion	Championing diversity of perspective	Section 3.3
Employee wellbeing	Supporting employee wellbeing	Section 3.3
Human rights	Working against inequality	Section 3.3
Socio-economic inequalities	Working against inequality	Section 3.3

2022 materiality matrix of non-financial risks relating to sustainability



1. Methodology 2022: Consultation of most recent secondary data sources paired with internal expert consultation led to an updated of a long list of micro-issues related to sustainability (incl. category labels) that might inherently present non-financial risks and/or opportunities for the firm and its stakeholders. A dedicated employee survey paired with consultation of most recent secondary data sources regarding stakeholder expectations with regards to different sustainability issues, provided an initial view of consolidated stakeholder relevance, which was further interrogated for related risks and opportunities in consultation with internal business line experts, and as part of Group's strategic risk assessment process. In line with formal governance arrangements, the results were approved by the Managing Partner, and shared and discussed with the Sustainability Committee and Risk Committee of the Supervisory Board.

2.2 ESG priority framework: strategic objectives and commitments

The results of the 2022 materiality assessment highlight the continued relevance of strategic sustainability priorities defined in our ESG priority framework, which provides a joined long-term roadmap for consideration of related non-financial risks and opportunities across our business model, including our:

- direct operational impact;
- investment approaches in the Wealth and Asset Management, and Merchant Banking businesses;
- transaction advice in the Global Advisory business, including dedicated ESG advisory expertise;
- onboarding decisions and engagement with business partners along the value chain; and
- approach for support of charities and social enterprises.

Section 2.3 of this report outlines how our group-wide strategic ESG priorities are reflected in policies and the progress made in 2022 to integrate ESG considerations across the different levers of the business model. Section 3 provides a more granular description of priorities and progress made in each of the Group's strategic E, S, and G pillars in 2022, including key performance indicators.

As a signatory to the **United Nations Global Compact**, we support its Ten Principles on human rights, labour, environment, and anti-corruption and are committed to engaging in collaborative projects that advance the United Nations Sustainable Development Goals (SDGs). In the overview above and throughout this report we aim to provide transparency on the link between the Group's sustainability priorities and the commitment to, wherever possible, contribute to the achievement of selected SDGs that are most relevant to our business model.

Continued stakeholder engagement with employees, clients, investors, shareholders, civil society, and multi-stakeholder initiatives is crucial for building long-term, trusted partnerships and gaining insight into the impact of our actions, identifying opportunities for improvement and sustainable value creation. Section 4.2 of this report provides an overview of relevant stakeholder groups, key topics, and engagement activities in 2022, which helped us form our perspectives on how to approach sustainability matters.

ESG Priority Framework

"At Rothschild & Co, we have the long-term ambition to use our influence and expertise to support the sustainability transition of the global economy."

	Environment (E)	People and Society (S)	Business Practices (G)
Strategic priorities	■ Support and contribute to the transition to a **low carbon economy** ■ Support the preservation and protection of **biodiversity**	■ Champion **diversity of perspective** ■ Ensure **employee wellbeing** ■ Work **against inequalities**	■ Safeguard **responsible business conduct**
Operational focus	■ Carbon footprint ■ Responsible consumption and resource use	■ Diverse and inclusive talent pool ■ Employee wellbeing and development	■ Compliance culture and financial crime ■ Data privacy and protection
Business line integration	ESG integration in investment policies, stewardship and engagement approach Development of sustainable strategies targeting specific ESG challenges		
	ESG considerations in M&A transaction advice, financing and investor advisory		
	Consideration of ESG factors in partner selection		
Philanthropic activities	R&Co4Generations platform for donations, venture philanthropy and pro-bono advisory		

The below provides an overview of group-wide public commitments and the partnerships through which the Group and its businesses publicly advocate for and engage with its stakeholders in sustainable development initiatives.

In June 2022, we have launched a specific **employee training** via a new e-learning platform ("Rothschild & Co Sustainability Academy"), which aims to inspire and equip all teams to identify challenges, opportunities and recognise our own role in supporting the sustainability transition. The platform is accessible to all employees in the Group and encompasses training courses on overarching Environmental, Social and Governance regulations and environmental issues, such as climate change, biodiversity, and the depletion of natural resources as well as the impact on societies and the economy.

Overview partnership and public commitments

Partnership / commitment	Status
THE INVESTOR FORUM	WAM UK is a signatory since 2021
UN GLOBAL COMPACT	Signatory since January 2021
PRI Principles for Responsible Investment	All investment business entities have signatory status
CDP	Investor Signatory since 2017; regular climate change disclosure reporting
NET ZERO ASSET MANAGERS INITIATIVE	Rothschild & Co Asset Management Europe is a signatory since 2021
FRANCE INVEST CHARTER FOR GENDER EQUALITY	Rothschild Martin Maurel SCS and Five Arrows Managers SAS are signatories since 2020
UK STEWARDSHIP CODE	WAM UK is a signatory of the previous Code, and signatory of the current Code since 2021.
Climate Action 100+	Rothschild & Co Asset Management Europe is a signatory since 2019; WAM UK is a signatory since 2021
WOMEN IN FINANCE CHARTER	N.M. Rothschild & Sons Limited is a signatory since 2019; commitments have been expanded to the entire Group
INVESTORS COALITION FOR A JUST TRANSITION	Rothschild & Co Asset Management Europe is a signatory since 2021
INITIATIVE CLIMAT INTERNATIONAL	Five Arrows Managers SAS is a signatory since 2018
Advance	Rothschild & Co Bank AG is a signatory since 2020
SAY ON CLIMATE	WAM UK announced its support in 2021
Swiss Sustainable Finance	Rothschild & Co Bank AG is a signatory since 2021
LE CERCLE ROBECO POUR UNE BANQUE PRIVÉE RESPONSABLE	Rothschild Martin Maurel is a member since 2021

2.3 Consideration of ESG risk and opportunity across the business model

We aim to consider our defined strategic ESG priorities at every level of the business model, from our operational impact to the products and services offered in our business lines, to the clients and supply chain partners we engage with.

ESG integration in investments

Our proactive approach to Responsible Investment plays a key role in contributing to the global transition effort towards a more sustainable economy, while protecting the value of investment portfolios and seizing investment opportunities for our clients.

This approach to Responsible Investment identifies and aims to address potential environmental, social and governance risks for both ourselves and our clients. Investment policies and procedures are defined at Group level and complemented by investment entities' own initiatives and frameworks (see Section 3 of this report).

As a manufacturer and distributor of investment solutions, we have a role to play in helping to direct financial flows towards sustainable solutions, such as:

- the diverse range of asset classes under management enables us to seize transition opportunities across a broad scope, from SMEs to large corporations and investment firms;
- we serve a wide range of clients: entrepreneurs, families, institutional clients, corporates, and foundations, all with varying investment time horizons and sustainability goals, which can be supported through the implementation of different sustainability investment strategies.

Organisation and governance of the Group's approach to Responsible Investment

- Strong commitment from top management
- Agile governance in terms of Responsible Investment with involvement of Group, divisions and entities
- Active network of Responsible Investment experts and continuous upskilling of the relevant teams

Among the participants of dedicated committees and working groups, there are designated Responsible Investment specialists, with responsibilities at local entity level, making up a growing network of experts that is driving implementation of Responsible Investment consideration at the core of the investment businesses. Their work is key to continuously scale the capabilities of all teams, in order to ensure sustainability considerations are incorporated into decision making. The number of dedicated sustainability personnel has increased in 2022, including additional team members in Responsible Investment teams of Rothschild Martin Maurel and the Merchant Banking divisions.

Group-wide ESG investment roadmap for 2022-2025

The European regulatory agenda for sustainable finance, national initiatives and increasing client expectations regarding sustainability create a favourable yet demanding environment for the Group's approach to Responsible Investment.

In 2022 our investment businesses have developed and validated a new Responsible Investment Roadmap, including objectives and actions for how the business lines' product and service offering could further evolve to serve the Group's long-term ambition to support the sustainability transition of the global economy. Organised around three key pillars, this roadmap is aimed at setting a common direction and a minimum calendar as the basis for each entity to build its own action plan.

These pillars are:

1 Act for climate and preserve our planet, in particular via:

- selection of methodologies, tools and the implementation of investment and engagement policies with the potential to gradually bring the contribution of investment solutions in the Group in line with the emission reduction trajectory envisaged in the Paris Agreement, including a focus on the impact of the most carbon intensive players in Rothschild & Co's portfolios;
- improvement of climate transparency disclosures at investment product and entity-level reporting; and
- development of innovative thematic investment solutions focused on supporting the sustainability transition.

2 Contribute to a more inclusive economy, in particular via:

- further consideration of social issues in investment and engagement policies;
- development of thematic investment solutions addressing social issues or support of initiatives addressing social challenges; and
- enhanced transparency around the contribution of investments on social criteria.

3 Facilitate the orientation of financial flows towards sustainable investments, in particular via:

- application of Group investment policies and frameworks to all assets entrusted to Rothschild & Co;
- integration of minimum sustainability criteria in investment solutions; and
- developing a better understanding of sustainability issues for teams and all other stakeholders.

The roadmap and existing ESG integration frameworks make use of the different approaches in the Responsible Investment process including exclusion, integration and engagement.

Responsible Investment Process

a) Exclusions

Our investment policies help identify and manage sustainability-related risks in the investment portfolios of the business lines, including climate-related risks. Continuous work is conducted to review and further adapt these policies and extend their scope of application.

The exclusion policies form part of decisions taken by the investment teams. Considerations with regards to ESG dimensions are directly integrated in the pre-trade systems of some of the entities and investment managers can monitor the performance of their portfolios. Exclusion policies may also be integrated in the definition of the investment universe, either by restriction or through red-flag notifications.

Investment exclusion policies for the Wealth and Asset Management and Merchant Banking activities:

- Controversial Weapons Investment Policy: exclusion of investments in companies involved in controversial weapons activities;
- Fundamental Principles Investment Policies: exclusion of investments in companies which to the Group's knowledge may breach fundamental principles due to gross corporate misconduct such as severe infringements of human rights, substantial environmental damage or those linked with corruption and bribery activities; and
- Thermal Coal Investment Policy: exclusion of and engagement with companies involved directly in thermal coal production as well as exploration, mining and processing and power generation using thermal coal.

Some entities have adopted exclusion policies that go beyond those mentioned above, for instance:

- Asset Management Europe: Article 9 product range – new exclusions on activities related to gambling, tobacco, and pornography;
- Rothschild & Co Bank AG Zurich: exclusions of investment in companies below a minimum rating by MSCI ESG Research LLC of BB and a high risk of "asset stranding"; and
- Wealth Management UK: exclusion of activities related to gambling, tobacco, and pornography.

b) Integration

Business lines adapt the integration of ESG factors and analyses across the spectrum of capital to meet the different investment needs and profiles of institutional and private clients. ESG integration tools help investment teams assess a security or portfolio's overall profile, risk and opportunity exposure, and some quantifiable impact.

Tools considered across the Group's businesses include:

- ESG ratings and KPIs provided by third parties;
- ESG indicators provided by companies;
- in-house ESG analyses; and
- reliable open-source data.

In addition to the group-wide investment principles, all investment business lines have further developed Responsible Investment policies and solutions reflecting the needs of the markets and clients they serve, in line with their investment philosophies and constraints.

MiFID II: an opportunity to strengthen the ESG integration process

The assessment of clients' sustainability preferences in the standard review of suitability became an effective requirement in 2022 after the amendment of the delegated act of MiFID II. This requirement aims to ensure the investment solutions proposed are adequate in relation to the sustainability profile and hence in line with the expectations of a client. Although not applicable to all investment businesses in the Group, the implementation process has supported the development and consistent implementation of the Group's Responsible Investment approaches. Supported by external consultants and the Group Responsible Investment team, representatives of investment businesses formed a dedicated working group to align on common definitions, minimum standards, a common philosophy, and best practices sharing for meaningful and effective implementation.

At entity level a number of Responsible Investment processes were implemented in 2022:

Asset Management Europe

- updated policies on ESG integration, engagement and voting, Principal Adverse Impacts (PAI), consideration of controversies in particular related to breach of the principles of the United Nations Global Compact, and companies with activities related to thermal coal, guidelines for fossil fuel investment (Article 29 report), as well as its transparency code;
- establishment of a quarterly "ESG Article 29" committee to monitor and review sustainability data and commitments in line with the requirements of the French Energy Climate law;
- reinforcement of the systematic ESG risk monitoring of the entity's Risk Committee with ongoing work on deepening the sustainability risks process and policy;
- formalisation of a controversy process alongside the creation of an entity-specific Controversy Committee; and
- completion of new IT and operational developments to centralise and optimise the production and use ESG data in the investment process.

Rothschild & Co Bank AG Zurich

Additional sustainability metrics and requirements in investment monitoring to further strengthen ESG integration approach.

Wealth Management UK

Enhanced processes for directly held equities and equity funds, incorporating more quantitative data.

Merchant Banking

- development of investment processes for different strategies associated with the Article 8 categorisation of funds required under the SFDR regulation; and
- design of a strategic roadmap to achieve specific objectives set for internal teams, investments and the broader ecosystem of the business.

The ESG data used by investment teams was enhanced in 2022:

- Asset Management Europe established a new partnership with Carbon4 Finance and CDC Biodiversity on biodiversity related data; and
- all Wealth and Asset Management entities use MSCI ESG Research data and expanded collaboration with MSCI ESG Research LLC to access new climate metrics that can be used for the alignment analysis of single companies or portfolios.

For some Merchant Banking funds, ESG due diligence is conducted with the help of external providers. During the holding period, since Merchant Banking invests in non-listed companies, ESG data is derived from the ESG reporting from portfolio companies. When relevant, and when available, industry-wide benchmarks are used to assist in the evaluation of the ESG performance of the portfolio companies. In this case, the benchmarks are proposed by external consultants.

Controls around implementation of investment policies and procedures are designed at the level of each investment entity and subject to the normal governance arrangement of the entities.

c) Engagement

The performance of the sustainability characteristics of an investment can be enhanced by the development of sustainable business practices of the companies invested into, which investors can facilitate through direct dialogue with investee companies or collaborative action with industry peers to encourage transparent disclosure of the businesses' action plans.

(1) **Direct engagement:** initiation of discussions with companies in which the entity invests to better understand their ESG practices and raise awareness for the Group's position. The Group's investment business lines have developed structured engagement policies when investing in equity or debt instruments issued by corporates or when investing in third party funds. When there is an equity stake in a listed company, active voting based on sustainable principles can be a powerful tool for influencing practices. Annual shareholder meetings of listed companies present the opportunity to express views. In 2022, high voting coverage targets were achieved.

As outlined in its Engagement and Voting Report, **Asset Management Europe's** investment and engagement approach aims to foster transformation relating to climate, biodiversity, and social issues. For example, in the direct management process of the 4Change funds, Asset Management Europe supports and monitors issuers' ESG trajectories and interacts with them regularly and constructively. Dialogue can take the form of data collection through ESG questionnaires, used to gather further information and convey expectations, and more direct dialogue (emails or meetings with more specific questions), which can lead to the formulation of areas of improvement.

With issuers, as part of the direct management process, the entity ensures that areas of improvement are implemented and lead to results. Unsuccessful or inconclusive interactions can have a direct impact on the management of positions in the portfolios.

Merchant Banking teams invest mainly in non-listed assets and can hold a significant portion of the equity or the debt of a company. The business aims to use this influence to make improvements in the companies' sustainability practices and performance.

The business can have particularly significant leverage within its majority equity investments by engaging with management teams within the portfolio companies, support the implementation of sustainability plans and provide tools and expertise to monitor improvement of related objectives during the holding period.

A restitution "Factsheet", covering the key indicators collected through the Sustainability reporting campaign, is given to investee company management to help benchmark with other relevant investments in Merchant Banking's portfolio and make comparison to external industry-wide benchmarks.

(2) **Collective engagement:** for listed assets, active engagement in a collective form with other industry players, can be a highly effective means of challenging companies on their climate ambitions, encouraging greater transparency and promoting climate action in a company's operations.

Asset Management Europe and Wealth Management UK, for example, are signatories to Climate Action 100+ and took part in specific collective action efforts through the initiative in 2022.

Voting coverage

100% for Wealth Management UK on eligible discretionary assets

98% for Asset Management Europe on total eligible AuM (excl. legacy funds)

82% for Rothschild & Co Bank AG Zurich on Mosaique and LongRun Strategies

Number of companies with which the entity has engaged on ESG issues in 2022

9 companies engaged on ESG issues by Wealth Management UK

79 companies engaged on ESG issues by Asset Management Europe

Stakeholder engagement and commitments

The table below provides an overview of public commitments and the partnerships through which the Group and its investment entities **publicly advocate** for and engage with its stakeholders in sustainable development and Responsible Investment initiatives.

Representatives of investment teams contributed to working groups within relevant multi-stakeholder initiatives advocating for sustainable development practices:

- representatives of Asset Management Europe took part in the fossil fuels working group of the Sustainable Finance Commission of the AFG (French Financial Management Association) and the ADEME (French Ecological Transition Agency) working group on environmental communications for financial products;
- Rothschild & Co Asset Management Europe announced its Initial Target Disclosure as signatory to the Net Zero Asset Managers Initiative in November 2022;
- Wealth Management UK team members were part of the Sustainable Finance Strategic Committee and Sustainable Finance Working Group of PIMFA (Personal Investment Management and Financial Advice Association);
- Merchant Banking Direct Lending team members participated in the Sustainability linked loans working group of the ESG Commission at France Invest.

Sustainable finance products

Our investment business lines continued to progress efforts for enhancement and classification of products targeting the sustainability transition. Section 3.1 provides an overview of classification objectives across investment entities, and Sections 3.2 and 3.3 of this report provide examples of thematic investment products.

Disclosure, reporting and measurement

In recent years, the investment business lines have made important efforts to increase transparency and clarity on their Responsible Investment practices. A number of policies and reports were published in 2022, describing activities to further integrate ESG parameters in the investment practices of individual entities.

(a) The regulatory context is leading towards greater disclosure on material issues:

Article 29 of the French Energy-Climate law reinforces requirements on consideration of ESG in investment policies and risk management, including reports presenting the integration approach to ESG considerations in direct management and multi-management and the approaches, actions, commitments and ambitions to contribute to the energy and ecological transition, the fight against climate change and the preservation of biodiversity.

ENTITY	INITIATIVE
All investment entities of the Group	UN PRI
Asset Management Europe	Finance for Tomorrow Net Zero Asset Manager Initiative Investors Coalition for a Just Transition Association Française de la gestion financière – Plénière Investissement Responsable ADEME working group on environmental communications for financial products
Rothschild Martin Maurel	*Cercle Robeco pour une Banque Privée durable*
Wealth Management UK	UK Stewardship Code (FRC) The Investor Forum Personal Investment Management and Financial Advice Association (Sustainable Finance Strategic Committee and Working group)
Rothschild & Co Bank AG Zurich	Swiss Sustainable Finance
Merchant Banking	ESG Commission at France Invest Global Impact Investing Network (GIIN) Initiative Climat International (Five Arrows Managers SAS)

In particular, in the case of Asset Management Europe, an evaluation is made of climate-related risks (transition and physical risks for investments) as well as an assessment of the biodiversity footprint of investments and the dependency on ecosystem services on direct investments[1].

New Responsible Investment reports were published by investment entities in 2022
Article 29 reports were published by Asset Management Europe, Merchant Banking, Rothschild Martin Maurel.

1. Scope of Asset Management Europe study with Carbon4 Finance on climate and biodiversity risks covers direct investment excluding cash and derivatives.

(b) Entities are improving transparency when disclosing ESG performance of assets to clients:

- Asset Management Europe provides monthly ESG reporting for most of its investment vehicles; and
- Wealth Management UK produces a quarterly document available to interested clients including details on active ownership, news on companies or funds, a set of ESG metrics, and details on the emissions and associated targets for the directly held companies.

(c) Entities are increasing internal monitoring of ESG related performances of investment portfolios:

Each of the investment businesses is responsible for the management of the ESG integration in its activities, and the reporting of ESG metrics defined at Group level. The Group is enhancing its consolidated ESG performance internal reporting processes covering a number of KPIs representing the contribution to the Group's ESG priorities via its investment activities. Group-wide monitoring of the impact of the investments will support identification of opportunities for collective action across the different entities, enabling synergies in addressing cross-cutting issues such as the management of climate-related risks and opportunities.

ESG integration in treasury and lending activities

In 2022, ESG policies were set for our treasury activities, which follow the established Group investment policies on exclusions. In addition, investments and exposures are monitored using MSCI ESG Research ratings and no business is approved for any counterparty rated B or below (or equivalent where no MSCI ESG Research rating is available).

Our lending activities at Rothschild & Co mainly assist private clients in the Wealth Management entities. These clients undergo a thorough client acceptance process designed to protect the Group from potential reputational risk. The assets that act as security for the Lombard lending activities are guided by the Group's investment policy on Wealth Management assets, which integrate ESG principles, and suggestions are made to borrowers to consider ESG criteria in their investments. There is a policy for the integration of ESG considerations in the Group's real estate loan business with ESG considerations now forming a part of each credit decision. Discussions are ongoing to further develop ways to measure ESG impacts on the Group's real estate loan portfolios.

Training

Upskilling teams on Sustainability issues remained a key focus over 2022 among all investment entities, who organised and participated in various sustainability training sessions, in addition to the broader training platform offered to all employees of the Group (Rothschild & Co Sustainability Academy):

- Asset Management Europe ESG and Financial Analysis teams organised technical training on application of existing policies and issues regarding thermal coal, fundamental principles, and regulation including EU Taxonomy, SFDR and MiFID II. Investment and sales team members of Asset Management Europe took part in 'Climate Fresk' sessions.
- Wealth Management UK client teams received general training on ESG.
- Rothschild & Co Bank AG Zurich teams took part in training on the bank's newly developed ESG approach, SFDR and MiFID II requirements.
- Rothschild Martin Maurel organised four online training sessions dedicated to MiFID regulation including taxonomy and SFDR concepts, with a recorded session available to all employees.
- Merchant Banking used 'Climate Fresk' training to enhance understanding of the causes and the effects of climate change worldwide and organised dedicated training sessions to regulatory constraints, climate issues, etc.

ESG in Global Advisory

The risks and opportunities created by the global energy transition and focus on sustainability, and an evolving ESG landscape, present businesses with complex strategic and capital allocation decisions and reporting requirements. Unprecedented investments are required across all sectors to deliver the energy transition, and meet Net Zero commitments – $275 trillion between 2021 and 2050[1]. Rothschild & Co's Global Advisory business is well placed to provide independent advice around these issues and integrates ESG considerations into all aspects of corporate advisory work and transaction execution.

1. Source: McKinsey & Company, The cost will not be net zero.

Global Advisory teams provide strategic and finance advice to clients (including public, private, and sovereign clients) across all sectors. Many of our clients have already or are developing specific climate strategies to provide carbon reduction solutions or decarbonise their businesses and operations.

Using the skills and expertise at the heart of its business model, Global Advisory is focused on:

- supporting corporate clients in determining their strategic responses to the energy transition and societal changes, as they adapt their business models with regards to the risks, opportunities in their markets and respond to evolving expectations of investors, regulators and other stakeholders, including the increasing demand for disclosure;
- supporting clients in responding to ESG-related risks and opportunities for growth and capital in transactions, e.g., to support the transition to a low carbon economy; and
- promoting the flow of capital towards sustainable outcomes for clients, shareholders, and society.

Approach and Offering

In order to support clients on this journey, our Global Advisory business has established a leading **ESG Advisory practice** within its Investor Advisory team, combining dedicated ESG expertise with deep sector experience and the ongoing development of sector specific integrated ESG knowledge in the other teams. This way, ESG Advisory acts as a hub of resource and expertise to draw upon for the M&A, Debt, Equity and Financing specialists in rest of the Global Advisory teams. As ESG credentials are increasingly critical in retaining and attracting capital to deliver optimal outcomes for clients, the **ESG Advisory** team continues to work closely with the other Global Advisory teams. In particular, it works with the Equity Advisory and Private Capital teams across regions for integrating ESG considerations in transactions, IPOs and earlier funding processes to help companies best position themselves to access sustainable capital with an integrated sustainable strategy. A key trend in 2022 has been increasing convergence between private and public market requirements around ESG disclosure and this has led to an increase in support concerning ESG considerations in private capital markets transactions. The teams provide high quality strategic advice on attracting capital and engaging with investors around various environmental, social and governance matters, including:

- ESG framework and governance, sustainability strategy, key messaging and response to challenges and externally proposed change;
- ESG disclosures to meet enhanced regulatory demands for ESG reporting and to communicate strategies to address climate, the energy transition and socio-economic change;
- engagement preparation and defence relating to governance, remuneration and board change with AGM voting support;
- shareholder analytics, perception studies, market intelligence, identifying ESG topics most important for the business and board;
- advice on positioning and engagement for improved communication with investors, including capital markets days, results and reports;
- ESG ratings advice for companies seeking to validate their ESG credentials and narrative, as well as improve external perceptions of third party scorers;
- identification and targeting of investors with relevant ESG investments; and
- ESG activism related challenges and shareholder resolutions.

M&A continues to be an important catalyst to enable clients to make progress on plans to position their business for a low carbon and circular economy. Clean energy, such as that generated by wind and solar, plays a major role in the energy transition and efforts to limit greenhouse gas (GHG) emissions globally. Clean energy and renewable electricity, are increasingly providing a greater percentage of energy to grids. Renewed focus on energy security has played a significant part of strategic thinking amongst corporates and political leaders, ensuring sustainable sources of energy for business activities in the longer term. The Group has continued to take a leading role[1] as an adviser on transactions relating to innovative climate and energy transition technologies and energy management, making the firm one of the main advisers on global sustainable M&A transactions.

2022 was another important year for the sustainable finance market and we were able to sustain a leading position in raising financing for renewable projects and making green and social projects investible. Investors are reassigning large amounts of money towards ESG transactions. ESG ratings are increasingly in focus for businesses seeking sustainable finance which meet the relevant criteria and objectives. The **debt and financing advisory practice** works with clients on innovative sustainable financing products, such as sustainability-linked loans and bonds, education bonds and green bonds, correlating to the ambitions and net-zero targets of the client's business.

Sections 3.2 and 3.3 of this report provide examples of how different advisory mandates reflect and support the Group's strategic ESG priorities.

1. Source: Refinitiv, Sustainable Finance Review, Full Year 2022, Sustainable Finance: Mergers and Acquisitions, Financial Advisor League Table, by number of transactions.

Managing environmental and social risks in relation to clients and transactions

As part of our **Global Advisory** services, we are conscious of the need to manage **environmental and social risks in relation to clients and transactions**. The Group's Client Due Diligence Policy provides for consideration of potential reputational risks that may arise from various sources, including, but not limited to, the nature or purpose of a proposed transaction or service, the identity, location or activities of a potential client and the regulatory or political context in which the business will be transacted (including any potentially controversial environmental or social impact related to the contemplated transaction or a client's primary business activities).

Processes for the identification and assessment of environmental and social issues that could represent sources of such risks for the Group and its stakeholders are integrated into the business' risk compliance procedures at the point of onboarding a new client and/or mandate. This involves:

- reputational screening designed to identify any potential issues in relation to the ESG profile of a company or transaction. Where a potential issue is identified, we have implemented an enhanced due diligence process to better understand risk mitigating factors, countermeasures put in place by the client; and
- potential environmental and social concerns are discussed at the relevant senior client acceptance committee and may be escalated to the Global Risk Committee for consideration before proceeding.

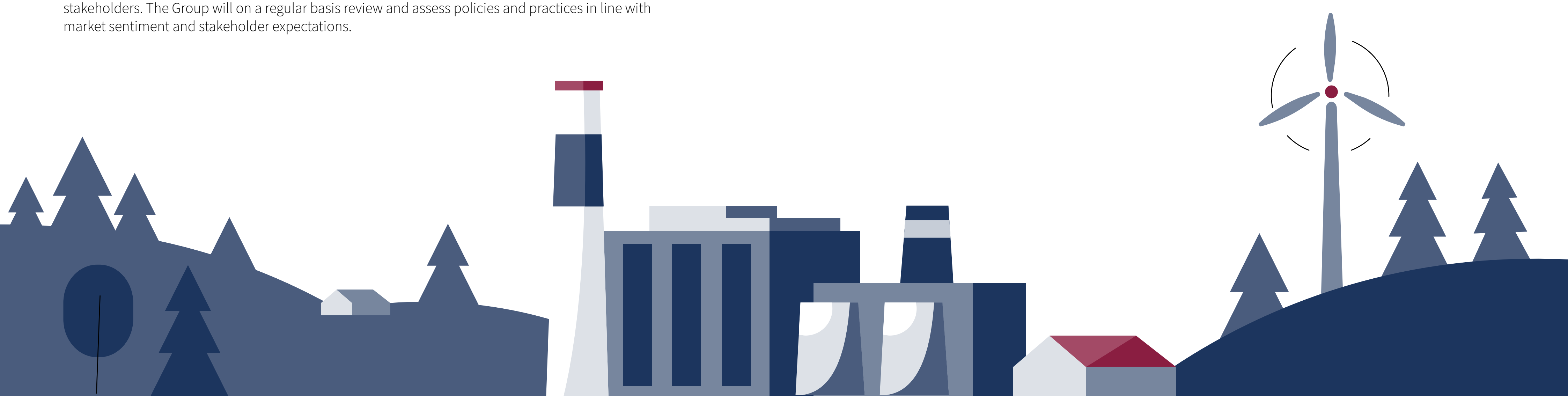
In order to provide internally consistent guidance, we have identified a number of areas of potential environmental and social concerns that could represent a source of conflict with its strategic ESG priorities, and as such represent potential risks to the firm's reputation and its stakeholders. The Group will on a regular basis review and assess policies and practices in line with market sentiment and stakeholder expectations.

ESG considerations in the supply chain

We aim to create a diverse pool of suppliers that share our principles. When working with supply chain partners, all parties are expected to commit to working together in building a relationship of respect, trust and transparency. In any supplier selection process we aim to provide all parties involved with equal opportunities, to uphold the principle of fairness, to follow fair and reasonable payment practices, and to pay suppliers in accordance with agreed schedules.

Our **Supplier Code of Conduct** is available on the Rothschild & Co website and is proactively shared when onboarding material third parties and/or those who operate in high-risk jurisdictions and sectors. As a signatory to the United Nations Global Compact, our Supplier Code of Conduct clarifies the expectations for suppliers in respect to fundamental ethical, social and environmental principles of doing business, reflecting the Group's ESG priorities, including the suppliers' relations with their own employees, subcontractors and any other related third parties of supplier entities/organisations forming part of the engagement.

While procurement decisions may be made from time to time on a decentralised basis by business lines and functions, we are committed to encouraging responsible business practices throughout our operational supply chain. Rothschild & Co's **Group Procurement** function is responsible for driving a consistent end-to-end procurement process for selecting, evaluating, and managing Third Party Relationships. Group Procurement work with the appropriate business line representatives to ensure third party onboarding and relationship management follow a series of risk-based, due diligence principles, including in relation to risk of breach of environmental and social criteria outlined in our Supplier Code of Conduct. In 2022, the Group Procurement function focused on parties with a higher risk profile and will continue to pursue the coordination of responsible supply chain partner due diligence across the Group.



Philanthropy

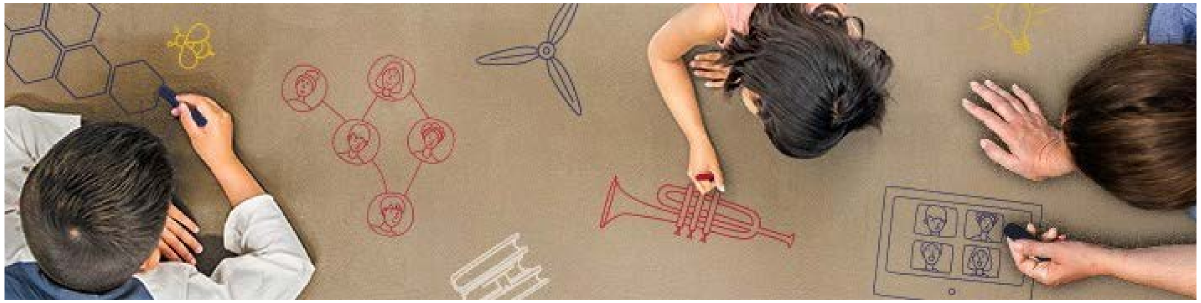
R&Co4 Generations

Philanthropy is an enabler to create a sustainable future for the next generations. We have created a dedicated, group-wide philanthropy platform, R&Co4Generations, with a mission to protect the world and **empower future generations**. It collaborates with social purpose organisations working to combat the effects of **inequalities** and **climate change**.

R&Co4Generations' primary support is dedicated to local charities operating in the geographies in which Rothschild & Co has a presence. In addition, R&Co4Generations supports global flagship projects, providing an increased level of support to selected initiatives working across geographies on issues of global significance. In supporting such initiatives, R&Co4Generations supports the Group's strategic ESG priorities, via the use of a number of tools, including:

- **grant funding** for innovative charities and social enterprises;
- targeted **fundraising campaigns** with company matching to support selected projects;
- **pro-bono advisory** support where the Group can share its professional knowledge and skills to strengthen the resilience and sustainability of high-impact and promising organisations;
- targeted, purposeful **volunteering programmes** which allow colleagues to contribute directly and tangibly to causes which share the Group's objectives; and
- **venture philanthropy** investments to support changemakers developing cutting-edge solutions to some of the world's most pressing social and environmental challenges.

More information about the social and environmental causes R&Co4Generations supports and how colleagues contribute to its activities can be read in the R&Co4Generations 2021-22 Progress Report.



2.4 Outlook

Our long-term ambition to support the sustainability transition of the global economy through our influence and expertise remains in focus as the business heads into 2023. Across the business model, we will continue to investigate options for further consideration of identified sustainability issues and priorities in business line strategy and operations.

Upskilling of employees will remain important to increase awareness of ESG related risks and opportunities. This will be one of the cornerstones in facilitation and implementation of strategic plans articulated by senior management and committees: from the key steps required for implementation of the Group's Responsible Investment Roadmap, to the nurturing of an inclusive people culture, to sustaining the Group's operational GHG emissions reduction trajectory, and to proactively advising clients regarding sustainability transition-related risks and opportunities.

The focus for 2023 will be on robust implementation of existing commitments and consideration of new requirements, such as:

- the investment businesses will continue to work on the implementation of ESG regulations in Europe, but also in UK and Switzerland where the sustainable investment policy agenda is accelerating;
- the gender target we have set (women to represent 30% of the Assistant Director and above population by 2024), necessitates some material changes to the approach to recruiting and retention. Progress has been made towards that target, since 2019, and we remain committed to key initiatives launched to date and will continue to build upon and evolve them in 2023, positioning the firm for more accelerated progress in the coming years;
- we will aim to further progress workstreams to define its climate strategy and develop its transition plans in line with the specificities of its different businesses; and
- enhanced understanding of the impacts and risks associated with the loss of biodiversity on our businesses will be part of our sustainability journey in 2023.

Pursuant to new legal requirements and developments regarding regulations affecting the Group under the European Union's Corporate Sustainability Reporting Directive (CSRD), we will aim to ensure the most appropriate reflection of relevant requirements in the Group's sustainability disclosures in line with the legal calendar and the information needs of investors and key stakeholder groups. In order to work through the upcoming changes and requirements, we have set up a dedicated project group comprised of all relevant business lines and functions, chaired by the co-chair of the Group Executive Committee, which will present requirements and progress on thinking regularly to the relevant subcommittees of the Supervisory Board.

Implementation and performance

3.1 Progress highlights ESG integration 2022

	ENVIRONMENT (E)	PEOPLE AND SOCIETY (S)	BUSINESS PRACTICES (G)
Strategic priorities	■ Support and contribute to a transition to a **low carbon economy** ■ Support the preservation and protection of **biodiversity**	■ Champion **diversity of perspective** ■ Ensure **employee wellbeing** ■ Work **against inequality**	■ Safeguard **responsible business conduct**
Operational impact	■ 100% compensation of operational GHG emissions; 33% is covered by carbon removal solutions ■ GHG emission reduction of -40% vs 2018 ■ 92% renewable electricity ■ 47% recycling rate in 2022	■ c. 4,200 employees across over 40 countries ■ 41% average tenure > 5 years ■ Over 850 new hires (41% female) ■ 26.2% female at Assistant Director level and above ■ 40% female Board members ■ 20% female members of the GEC	■ 99% of relevant employees completed Anti-Bribery and Corruption training ■ 100% of relevant employees completed Financial Crime Prevention training ■ 94% of relevant employees completed Information Security training ■ 97% of relevant employees completed Data Protection training ■ All clients subject to financial crime risk assessment ■ All business divisions assessed for ABC risk

Investment product offering: from integration to impact

Adapting and expanding the product offering is key to meeting the objectives of institutional and private wealth clients that are looking to invest in line with their environmental, social and governance preferences, and to allow the Group to support the sustainability transition of the global economy. The requirements of the EU Sustainable Finance Disclosure Regulation (SFDR) marked an important opportunity for the investment businesses to align and develop investment strategies with global sustainable objectives while competing on equal terms with other market players. Most of the Group's investment entities now use the SFDR framework to develop their product offerings:

- While Asset Management Europe and Merchant Banking offer investment products ranging from Article 6 to Article 9;
- Wealth Management entities have not developed Article 9 investment solutions.

SFDR also defines the framework to support a comprehensive communication to clients.

Entity product insights:

Asset Management Europe

- Above 95% discretionary AuM of open-ended funds classified Art. 8 or 9 (excluding dedicated solutions)
- Ten labelled products (French ISR and Towards Sustainability labels). Five of these are Article 9 products
- Two Net Zero funds implementing a transition approach aligned with Paris Agreement – 3-year track record
- Green Bonds fund supporting the development of a variety of eco-activities contributing to the transformation of companies and their environmental transition
- R-co 4Change Inclusion & Handicap: expertise on social issues with particular attention to inclusion & disability
- Launch of Valor 4Change Global Equity in March 2021. Implementing a flexible approach in line with the Valor expertise seeking to identify worldwide sustainable players
- Commitment to distribute 1% of the Net Banking Income of the 4Change range to projects selected by the NGO 1% for the Planet: The Polar Pod scientific expedition, Café Joyeux

Merchant Banking

- Three funds promoting ESG characteristics, classified as Article 8 according to SFDR (Five Arrows Long Term and Five Arrows Principal Investment IV launched in 2022, Five Arrows Growth Capital launched in 2021)
- Five Arrows Sustainable Investments (launched in 2021) is an impact fund aiming at investing in profitable companies across Europe that aim to have a positive and measurable impact on the environment. The strategy is to target predominantly minority direct investments in companies that are mainly focused on Energy, Food & Agriculture and Sustainable Cities

Rothschild Martin Maurel

Introduction of new ESG metrics in response to MiFID II requirements

Wealth Management UK

Continued to add new investments within the Exbury strategy (Article 8), which in addition to its return objective, actively invests in assets that support the goals of the Paris agreement (net zero global emissions by 2050) and make a positive contribution to the fair transition to a low carbon economy

Rothschild & Co Bank AG Zurich

- Strengthening of Mosaique strategy (Article 8)
- Introduction of new ESG metrics for funds and discretionary mandates with the start of enhancing internal processes in-line with EU regulation. Focus on share of investments aligned with environmental and social characteristics, among others. Introduction of a new metric: implied temperature rise that enables the bank to assess if companies or portfolios are aligned with a global decarbonisation pathway
- The bank introduced an internal fund ESG scoring model where an external third-party fund can be assessed on a quantitative and qualitative basis

Our **Global Advisory** teams have continued to recognise the opportunity to optimise their value proposition and enhance relationships with their clients by proactively identifying value creation opportunities across a wide spectrum of sustainability solutions and addressing climate-related risks and opportunities.

Rothschild & Co acted as financial advisor to Macquarie Asset Management and its co-investors British Columbia Investment Management Corporation and MEAG (managing the assets on behalf of Munich Re and ERGO) on the acquisition of Reden Solar, a leading European independent solar power producer from InfraVia and Eurazeo.

Rothschild & Co acted as sole adviser to Mubadala Investment Company on the disposal of a 67% stake in Abu Dhabi Future Energy Company to Abu Dhabi National Energy Company and Abu Dhabi National Oil Company and on the simultaneous set-up of a green hydrogen joint venture with ADNOC and TAQA.

Debt advisory has helped companies raise over €18 billion in sustainability-linked financings. A broad spectrum of sustainability linked financings include green bonds, sustainability linked bonds, private placements and facilities, and ESG linked and social bank loans. Debt advisory also incorporates ESG ratings advisory mandates to its business.

Rothschild & Co advised Edenred on its inaugural S&P ESG evaluation; identified key themes and strengths and advised on overall preparedness and process management.

In 2022, our Global Advisory has advised on:

28 sustainability-driven energy and climate-related transactions, including a broad range of renewables and alternative energy sources, energy transition and circular economy solutions

€41 billion approximate total valuation of these 28 sustainability-driven energy and climate-related transactions

7 transactions in renewables

7 transactions in renewables platforms

10 transactions in energy transition

4 transactions in the circular economy

3.2 Environment

Key figures:

40% decrease in operational GHG emissions

92% renewable electricity procurement

100% compensation of operational GHG emissions (33% covered by carbon removals solutions)

28 sustainability-driven energy and climate-related transactions, including a broad range of renewables and alternative energy sources, energy transition and circular economy solutions

Common Responsible Investment Roadmap

We are committed to contributing to a more environmentally sustainable economy and to limiting the Group's environmental footprint. The support of the transition to a low-carbon economy and the preservation and protection of biodiversity are two key sustainability priorities for the Group. This chapter aims to present our group-wide initiatives, policies, products, and services that support these environmental objectives and that are designed to help mitigate related risks for stakeholders and access related business opportunities.

Key risks and opportunities

We recognise that **climate-related physical and transition risks** have the potential to destabilise the global economy, leading to unexpected market changes.

We are in favour of improved **climate impact disclosure** as a basis for better informed decisions by all market participants. That is why we support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and aim to continue to develop our assessment of the potential impact of climate change on our business, and our businesses' impact on a changing climate. In November 2022, we published a dedicated Climate Impact Report presenting the key elements constituting our strategy to manage climate-related risks and seize opportunities resulting from the low-carbon-transition of the global economy, as well as the key actions taken so far with the aim to mitigate these risks for our business and our stakeholders.

The analysis shows that given our portfolio of business activities, climate change-related physical risks are not considered to have a material impact on credit, liquidity and market risk relating to our balance sheet activities. We are more exposed in the short-to medium-term to **climate-related transition risks**, which have the potential to amplify existing strategic risks of our firm, primarily in the area of regulation, the need to adapt internal control frameworks in an uncertain environment and changing stakeholder and market expectations; all of these contribute to the overall risk that our firm's reputation would suffer if it was to be perceived as being slow or unwilling to address the issues raised by climate change.

A number of Group and business-level policies we present in this chapter are aimed at managing environmental risks, including climate-related risks, and the environmental impact of our products and services. We continue our work on presenting a consolidated transition plan across our business model.

We recognise that the **current loss of biodiversity and ecosystem services** can generate socio-economic transformations and has the potential to pose financial risks for market participants. At the time of publication of this report, limited availability of reliable data on biodiversity impact and related risks challenges the ability to specify these risks for our Group, but as methodologies to understand these risks are evolving in robustness, we will attempt to identify the best ways to assess our impacts and dependencies on biodiversity.

Climate- and nature-related risks and opportunities in our business lines

We provide advisory services to and invest in businesses in several sectors which are exposed to a wide variety of environmental-related risks and opportunities – ranging from physical risks that may affect our businesses' operations, as well as market shifts, regulatory and public pressure, which may affect a traditional business model, but also offer new business opportunities.

Limiting the environmental impact of our activities with regards to climate- and nature-related risks is a key consideration in our **ESG investment frameworks and policies**. Existing policies and frameworks we describe in this chapter constitute the basis for monitoring the environmental impact related to our investment activities, and the management of sustainability risks likely to significantly impact the best interests of our clients.

A dedicated TCFD Working Group reporting to the Group Responsible Investment Committee contributed to evaluation of the materiality of climate risks, with a focus on investment activities. In 2022, the working group focused on:

- an assessment of the nature of climate-related risks and opportunities, and mitigation action plans in the different business lines through a series of workshops;
- a continuous review of options for external data provision supporting the disclosures we would like to initiate regarding the climate impact of our investments and climate-related risks;
- training of investment teams about climate change and its consequences aimed at empowerment and knowledge building (including Climate Fresk sessions and e-learning); and
- technical presentations delivered to investment teams on climate risk integration.

Climate and nature-related risks affecting our business operations

We have assessed operational physical risks resulting from a changing climate with regards to the exposure of individual offices to the effects of extreme weather and water stress as part of our Group's Business Continuity assessment and planning programme. Our operational transition risks originate from the direct impact that our operations have on a changing climate and on nature, in particular through business travel, energy consumption and purchase of goods and services. These risks are likely to affect us in the form of, amongst others: expanded legal and compliance requirements, change in costs for energy and carbon credits, as well as reputational considerations related to the climate and broader environmental impact of our operations.

Strategy and risk management

Our environmental priorities are defined in line with our governance model as part of the Group's strategic sustainability priorities, driven by the Managing Partner, and advised by the Group's Sustainability function and relevant teams in the business lines.

PRIORITIES	SUPPORTING THE TRANSITION TO A LOW CARBON ECONOMY	SUPPORTING THE PRESERVATION AND PROTECTION OF BIODIVERSITY
Objective	■ Limiting and reducing the impact of operations, products and services on a changing climate, and act as a catalyst in support of the transition to a low carbon economy	■ Working to help preserve, protect, and enhance the resilience of the planet's ecosystem services and the societies that rely on them
Operational focus	■ Reducing and mitigating the direct and indirect environmental impact of business operations; climate change adaptation	
Business line focus	■ Integration of environmental considerations in product and service offering, including investment approaches and advisory services aimed at influencing capital allocation in support of a just transition to a low carbon economy and towards nature-positive solutions	
Philanthropy focus	■ Supporting environmental initiatives with focus on climate change	

In order to support the transition to a low-carbon economy and the preservation and protection of biodiversity, our approach aims to use our expertise and use our influence as an investor and advisor to our clients, and to lead by example in our operations.

We recognise our responsibility to increase awareness on environmental topics with our key stakeholders. Examples of initiatives in 2022 include:

- educating and training employees on environmental issues, through our internal Sustainability Academy launched in 2022, and communication campaigns around the COP 27, as well as tailored on-the-job trainings;
- Rothschild & Co and Redburn renewable energy conference where investors attended presentations given by over 20 private companies making a significant contribution to the global energy transition; and
- influencing industry and corporate peers to reduce GHG emissions. We continue to disclose our climate related impact via CDP (formerly 'Climate Disclosure Project') and hosted a CDP event on "Climate Transition Plans" in the London office, providing a platform for UK companies and financial institutions to learn from leaders in this field to facilitate a better understanding of climate transition plan development, implementation, and disclosure.

Investments

Our approach to Responsible Investment identifies and manages potential environmental risks for both our Group and our clients, resulting from engagement with the companies and funds we are invested in. This chapter aims to highlight common approaches across our investment business lines.

	SCOPE	POLICIES/FRAMEWORKS/SUPPORTING INITIATIVES
Climate Change (transition and physical risks)	Group-wide	■ Responsible Investment Roadmap with clear climate objective ■ Thermal Coal Investment Policy: identify thresholds with regards to a high impact sector with a significant contribution to environmental challenges such as climate change (exclusion) ■ Investment KPIs considered and monitored: carbon intensity, emissions, emissions reduction/transition profile/other relevant exposure metrics (integration and engagement) ■ Employee sustainability training and awareness
	Asset Management Europe	■ Net Zero commitment as member of Net Zero Asset Manager Initiative (NZAMI)
	Merchant Banking	■ Ongoing work on a divisional climate strategy
	Wealth Management UK	■ Exbury strategy
Biodiversity loss	Group-wide	■ Employee Sustainability training
	Asset Management Europe	■ Monitoring of biodiversity footprint of investments and dependency on ecosystems on eligible assets
Environmental damage	Group-wide	■ Fundamental Principles Investment Policy: We will not invest in companies which are related to "…severe environmental damage, including unacceptable levels of greenhouse gas emissions …" (exclusion) ■ KPIs considered and monitored (e.g., GHG intensity of investee companies) ■ Employee Sustainability training and awareness actions
OPPORTUNITIES	**SCOPE**	**POLICIES/FRAMEWORKS**
Just Transition	Group-wide	■ Responsible Investment Roadmap
	Asset Management Europe	■ Finance For Tomorrow – Investors' coalition for a just transition
	Merchant Banking	■ Ongoing work on divisional climate strategy
	Wealth Management UK	■ Exbury strategy

Environmental investment targets and objectives

In November 2022, Rothschild & Co Asset Management Europe announced its Initial Target Disclosure as signatory to the Net Zero Asset Managers Initiative, reinforcing the net zero strategy presented in its Article 29 report, with a target of 60% of total Assets under Management initially committed to be managed in line with net zero. The Assets under Management not covered are funds of funds and dedicated investment vehicles. Dedicated funds are usually investment vehicles with institutional clients in which their specifications, investments constraints, SRI codes, and requirements are being implemented. Changes to the investment approach are in the hands of the client. Therefore, due to legal concerns, imposing commitments not part of their mission statements is not feasible. As an interim target covering the proportion of assets to be managed in line with net zero by 2030, 75% of portfolio companies are to have set a Science Based Target by 2030.

Investment integration and engagement on environmental themes

Investment teams monitor the performance of investee companies regarding environmental criteria (environmental scores, carbon intensity, transition profile). In addition, some entities implemented further practices, such as:

Wealth and Asset Management

- Integration of environment-related controversies to ensure clarity on the impact of an investee company's practices

Merchant Banking

- Investment teams use specific environmental metrics to directly monitor the performance of the portfolio companies in some of its strategies (data differs between strategies);
- The business conducted a project to define its Climate Strategy in 2022 that will address the specificities of each of the entity's strategies.

Asset Management Europe

- Assessment and public disclosure on the climate performance of discretionary funds, comparing them with the performances of their respective investment universe, integration of other key indicators in the reporting of specific funds (e.g., R-Co Valor 4Change Global Equity reports information on the impact related to water consumption);
- Partnership with Carbon4 Finance and CDC Biodiversity to measure the impact of investments and identify the causes. This will support the definition of the most relevant methodologies and indicators in order to contribute to directing financial flows to economic activity favourable to biodiversity. In its Article 29 Report, detailing consideration of ESG in investment policies and risk management, Asset Management Europe is presenting an assessment of the biodiversity footprint of investments and the dependency on ecosystem services.

Offering

As part of their Responsible Investment approaches, our investment entities aim to offer clients the opportunity to contribute to the sustainability transition of the global economy through an offering targeting environmental objectives. Most entities have included environmental KPIs in their standard funds report, supporting the diffusion of practices among investment teams and clients and stimulating the generation of environmental engagement themes.

Most entities identify topics for discussion with invested companies. During regular engagement meetings or in discussions pre- and post-AGM, some business lines' investment teams are able to push specific subjects, identified as particularly important for the invested company. A number of investment entities launched specific investment products, targeting more specific environmental impacts by proposing a dedicated offering, which saw continued interest from clients in 2022.

Products with an environmental focus

Wealth Management UK

- Continued to add new investments within the Exbury strategy (launched in 2018, SFDR Article 8), which in addition to its return objective, actively invests in assets that support the goals of the Paris agreement (net zero global emissions by 2050) and make a positive contribution to the fair transition to a low carbon economy

Merchant Banking

- Five Arrows Sustainable Investments (FASI, launched in 2021, SFDR Article 9) is an impact fund aiming at investing in profitable companies across Europe that aim to have a positive and measurable impact on the environment

Asset Management Europe

- Two Net Zero funds (launched in 2019, Article 9) implementing a transition approach aligned with Paris Agreement – three-year track record, supporting the Polar Pod scientific expedition
- Green Bonds fund (launched in 2020, Article 9) contributing to the development of a variety of eco-activities contributing to the transformation of companies and their environmental transition
- Dedicated low carbon funds for an institutional investor
- Tailor-made high yield climate-oriented strategy for an Italian Bank

Merchant Banking, Five Arrows Sustainable Investments

The strategy is to target predominantly minority direct investments in companies that are mainly focused on Energy, Food and Agriculture and Sustainable Cities. FASI will invest in companies that contribute positively to the SDGs. Out of the 17 SDGs, FASI will target eight specific SDGs: Responsible consumption and production (SDG 12), Affordable and clean energy (SDG 7), Climate action (SDG 13), Good health and well-being (SDG 3), Life on land (SDG 15), Clean water and sanitation (SDG 6), Industry innovation and infrastructure (SDG 9) and Sustainable cities and communities (SDG 11). Merchant Banking collaborated with the Solar Impulse Foundation in the context of FASI.

The investment entities defined and implemented stewardship policies driving active engagement with companies in which they invest. In addition, the entities are involved in collective initiatives aiming at promoting environmental best practices as outlined in section 3.2 of this report.

Transactions

The energy transition creates opportunities for coordinated and competitive action by businesses with a dynamic impact on the allocation of capital and the entire operating context for some companies. The ability to identify these opportunities and the associated risks forms part of our tailored **M&A advisory** services. Clean energy plays a major role in the energy transition and efforts to limit GHG emissions globally: clean electricity, such as wind and solar, are increasingly providing a greater percentage of energy to grids.

Our Global Advisory's **debt advisory** team has advised on a substantial number of transactions including an ESG angle. A particular focus was given to assisting clients with sustainability-linked financing and debut green bonds. Green bonds are used to finance or refinance green projects, such as sustainable agriculture, renewable energy and green buildings and encourage investment in green projects. Sustainability-linked financing is gaining considerable momentum for all corporate issuers, holding companies to account and enhancing transparency, by requiring disclosure around ESG goals. These instruments help set a best-in-class industry standard and promote competitive tension by challenging corporates to outperform their peers' ESG performance metrics. Debt advisory has helped companies raise over €18 billion in sustainability-linked financing products.

ESG credentials are increasingly critical in retaining and attracting capital to deliver optimal outcomes for clients. A dedicated **ESG Advisory** team supports clients by combining dedicated ESG expertise with deep sector experience and the ongoing development of sector specific integrated ESG knowledge. Examples of projects for clients in 2022 include:

- ESG perception studies and ESG investor targeting and access in Europe; and
- support around developing climate strategy and climate resolutions at AGMs for listed corporates in Europe and South Africa.

As part of our **Global Advisory** services, we are conscious of the need to manage **environmental risks in relation to our clients and transactions**. Our Client Due Diligence Policy provides for consideration of potential reputational risks that may arise from various sources, including but not limited to, the nature or purpose of a proposed transaction or service, the identity, location or activities of a potential client and the regulatory or political context in which the business will be transacted (including any potentially controversial environmental or social impact of the contemplated transaction or a client's primary business activities). For more detail see Section 2.3 above.

Our team has advised on:

28 sustainability-driven energy and climate-related transactions, including a broad range of renewables and alternative energy sources, energy transition and circular economy solutions

€41 billion approximate total valuation of these 28 sustainability-driven energy and climate-related transactions

7 transactions in renewables

7 transactions in renewables platforms

10 transactions in energy transition

4 transactions in the circular economy

Operational impact

We are committed to reducing the environmental impact relating to our operations as far as practicable. A continuous approach to operational environmental management is anchored in our Group Environmental Management Policy, which promotes compliance and the strengthening of environmental performance and awareness across our Group, based on a philosophy of "Reduce, Replace and Compensate".

Overview of the strategic approach to operational environmental management

The implementation of the policy and our Group operational environmental management strategy is governed by the Group Environment, Health and Safety Committee, a committee consisting of senior representatives from business lines and support functions, that meets quarterly and is a subcommittee of the Group Executive Committee (GEC).

Reduce

Reduce our greenhouse gas emissions and impact on natural resources

Replace

Prioritise environmentally sustainable consumption, use and disposal of resources

Compensate

Compensate for unavoidable GHG emissions through supporting impactful projects

Continuous environment management

Environmental management compliance and disclosure requirements
Perfomance measurement
Environmental awareness

Commitments and targets

Overview of Operational Management Priorities, Targets and 2022 Performance (against 2018 baseline)*

TOPIC	TARGETS	2022 PERFORMANCE
Greenhouse gas (GHG) emissions	Reduction of operational GHG emissions by 30% (2018-2030)	▪ Decrease of total GHG emissions by 40% from baseline year, 54% for Scope 1+2 emissions, 37% for Scope 3 emissions ▪ In 2022, Scope 3 emissions increased by 122% compared to FY 2021 in a post-pandemic context, but overall decarbonisation trajectory since 2018 is still in line with 2030 targets
	More than 80% reduction of absolute Scope 1+2 emissions (2018-2030)	
	24% reduction per FTE in Scope 3 emissions (2018-2030)	
	Compensation of all remaining emissions, with compensation credit portfolio covered 100% by carbon removal solutions by 2030	▪ In 2022, credits generated by carbon removal projects represent 33% of the compensation portfolio, compared to 1% in 2021
Energy consumption	10% reduction in Energy consumption in our offices per FTE by 2025	20% reduction in energy consumption per FTE in 2022 vs. 2021, reflective of efforts to reduce energy consumption and increase energy efficiency across offices
	100% electricity from Renewable Energy sources by 2025	92% of electricity (MWh) sourced from renewable sources in 2022
Use of materials	25% reduction in Paper use per FTE by 2025	Decrease of total paper use per FTE by 56% from the baseline year(1), exceeding the -25% target
	All printing paper from sustainable sources	99.5% of printing paper from sustainable sources in 2022
Waste	Group recycling rate of 80% by 2025	47% of material disposed was recycled, up from 38% in 2021
	Zero waste to landfill by 2030	24% reduction of material sent to landfill from baseline. However, landfill has increased in 2022 to account for 19% of total disposed waste, compared to 7% in 2021 – efforts need to be maintained to reduce this

* Extrapolated data.
(1) 2018 baseline number accounts for all materials use. It is assumed paper consumptions accounted for approximately 90% of total materials use at that time.

Focus is on REDUCTION of our operational greenhouse gas emissions and impact on natural resources as much as possible.

Our commitment to reduce operational Scope 1, 2 and 3 emissions by 30% between 2018 and 2030 is aligned with the trajectory of the Paris Agreement. This reduction target for operational emissions was set in 2021. This target covers our Scope 1, 2 and most material operational Scope 3 emissions, and represents an ambitious update to previous reduction commitments made. We continue to progress in workstreams dedicated to getting a reliable insight into the scope of our Scope 3 financed emissions related to our investment portfolios in the Wealth and Asset Management and Merchant Banking business lines, and to identify the most appropriate methodologies in order to define a more comprehensive plan for a consolidated emissions reduction target covering both indirect emissions related to investments and our direct operational Scope 1, 2 and 3 emissions.

The pledge requires us to make changes to the way we operate and to reduce our GHG emissions by more than 80% of absolute Scope 1 + 2 emissions, and 24% per FTE of our operational Scope 3 emissions by 2030 for the 2018 reporting Scope. In parallel we are committed to the compensation of all of our residual operational emissions by 2030 through the procurement of credits from carbon removal and sequestration projects. This target puts us on a pathway to net-zero operations.

To support the reduction efforts, we have set an Internal Carbon Price (ICP), which is charged to all business units annually based on actual emissions at €60 per tonne of tCO_2e (2022). This mechanism places a monetary value on operational GHG emissions and is a way to responsibly influence emissions within all business lines, including those related to travel.

Operational GHG emissions increased by 106% compared to 2021 to 18,031.2 tCO_2eq in 2022 as employees are spending more time in the physical office space in the post-pandemic context and business travel has resumed in some regions of the world and the later quarters of 2022 to levels almost comparable to those observed in 2018 and 2019. Whilst this trend was expected, it remains our intention to draw learnings from opportunities for productivity gains of remote working, and limit this rebound effect by capitalising on longer term changes to more remote working patterns and behaviours.

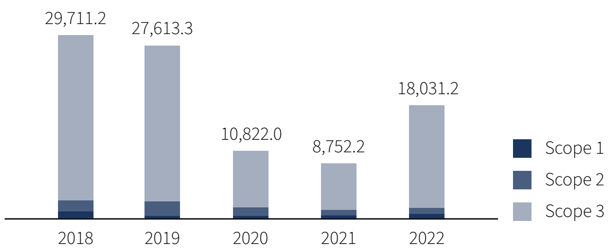
Digital transformation supports this decarbonisation effort further, for example via:

- 64 videoconferencing units available across the Group in 2022;
- increased utilisation of digital collaboration tools aimed at increasing productivity gains, at the same time have the potential to reduce the frequency of travel required;
- promotion of eSignature tools (such as DocuSign, through which 16,522 envelopes have been sent in 2022) – which have helped reduce paper use, as well as any carbon emissions arising from sending and receiving documents via post.

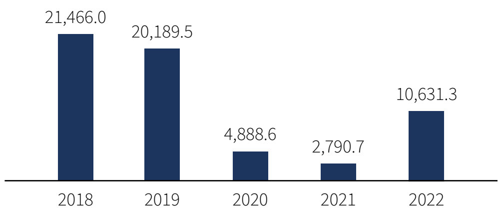
In the current energy market context, we will continue to strive to reduce energy consumption from heating, cooling, and lighting in the buildings occupied, through both energy efficiency measures and responsible management practices.

To capture these various opportunities and to help achieve the 2030 targets, we are is currently working with internal and external experts on building a transition plan that clarifies all main intervention levers to reduce operational emissions, as well as their carbon abatement potential. The main levers considered in this transition plan are emissions related to air travel, energy consumption and procurement and use of products such as IT equipment.

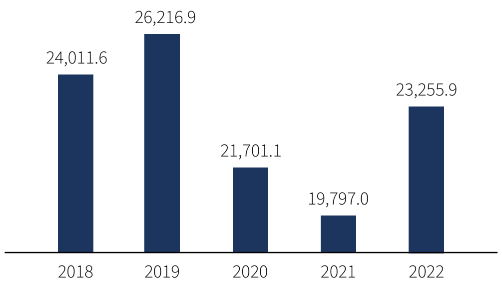
Total GHG emissions (tCO_2eq)[1]



There of business travel-related emissions (tCO_2eq)



Total energy consumption(mwh)[2]



(1) Extrapolated data.
(2) Total energy consumption is from premises use, it does not include MWh from company-owned cars and vans.

Where further reduction appears less achievable within reasonable efforts, we will aim to REPLACE environmentally less sustainable consumption, use and disposal of resources.

We aim to continuously improve operational environmental management practices with regards to sustainable procurement, use and consumption, and to limit our impact on the risks associated with biodiversity loss. Initiatives and targets focus on our use of materials and waste production. Guidance issued via our Group Responsible Materials Use Standard under our Group Environmental Management Policy highlights the offices' obligations to ensure the procurement and use of sustainable materials and consumables such as paper.

We keep investigating other opportunities to reduce our operational environmental footprint through the purchase and use of more sustainable alternatives, for example for the furniture and equipment used in our offices. In addition to IT equipment, we are also working on gaining more granular insights into key emission sources from purchased goods and services, and on identifying the priority suppliers to engage with to increase transparency and environmental performance in our supply chain.

To ensure sustainable sourcing of energy, and further limit related operational GHG emissions, we have committed to procuring 100% of electricity from renewable sources by 2025. At the end of 2022, 92% of the electricity in our offices was sourced from renewable sources – guidance and support are provided to each individual office to bridge the remaining gap via a newly issued Renewable Electricity Procurement Standard under our Group Environmental Management Policy.

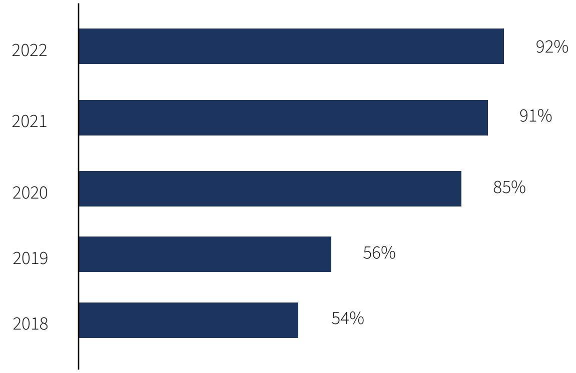
In 2022, the return of more employees to the physical office space has increased our waste footprint, which has increased from 344 tons to 508 tons (a 48% increase compared to 2021). While this volume is still lower than before the pandemic (23% less waste was produced in 2022 compared to 2018), we are conscious that the reduction of consumption of paper and other consumables, as well as their reuse and recycling need to keep being encouraged – for example through reducing unnecessary single-use items and encouraging offices to look for sustainable waste service suppliers.

In 2022, our group-wide recycling rate has also increased to 47% in 2022 compared to 38% in 2021. This can be partly explained by the fact that more recyclable waste is produced than during the time of more remote working, but also is reflective of our efforts to encourage recycling, especially with the largest offices.

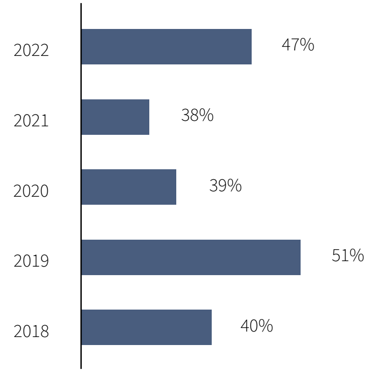
Considering that business-related travel is, and will remain, an essential part of our business activities, we are investigating to complement our reduction efforts for travel-related emissions with the purchase of a limited amount of Sustainable Aviation Fuel (SAF) certificates for emissions related to business-related flights in 2023. While the use of SAF will still be limited, we consider this an opportunity to support the scaling of a solution in an industry that is likely to be crucial in the energy transition. We also aim to encourage switching to electric vehicles for company and employee-owned cars and for taxis going forward – solutions are currently being investigated and put in place for our largest offices.

Efforts to making our supply chain more sustainable, and the attempt to avoid indirect complicity in negative environmental practices through the supply chain, is reflected in our Supplier Code of Conduct which clarifies our expectations for our suppliers, including the requirement to conduct operations in a manner that is mindful of and proactively addresses their environmental impact. This engagement process highlights our interest in the disclosures and commitments taken by suppliers regarding responsible environmental practices.

Renewable Electricity (%)



Recycling Rate (%)



GHG emissions that cannot be avoided will be COMPENSATED for, through supporting impactful abatement projects.

We have been compensating for our residual operational GHG emissions since 2019, ensuring that the carbon avoidance and removal credits purchased are all certified by the highest recognised standards on the market. The purchase of these credits is funded by the proceeds from the Internal Carbon Price (ICP).

The Group's intention is to keep growing the share of carbon removal credits in the compensation credit portfolio, to be in a position in 2030 to effectively remove the equivalent amount of any residual operational emissions from the atmosphere. We intend to do this through supporting a mix of nature-based solutions – which bring a number of co-benefits, including addressing biodiversity impact – and of technological solutions that offer innovative and scalable ways of effectively capturing and storing carbon.

In addition to purchasing carbon credits that are certified by the highest standards on the market, in 2022 we developed and applied a robust due diligence approach to aimed to mitigate associated risks of carbon credit procurement, including a detailed review of claims around additionality, durability, measurability, and potential risks of negative impacts associated with each of these projects.

At the time of publication of this Annual Report, our 2022 GHG emission footprint has been compensated through the following avoidance and removal projects:

- nature-based avoidance and removal projects in Brazil (reforestation) and Indonesia (peatland restoration); and
- technology-enhanced removal projects, in particular through starting a multi-year partnership with CarbonCure Technologies, a Canadian company that injects CO_2 into concrete products, improving their compressive strength at the same time and therefore reducing the cement content needed.

We have also initiated other multi-year partnerships with carbon removal project developers, which will start delivering removal carbon credits in the coming years:

- NetZero, a French company that focuses on extracting carbon from agricultural waste in tropical countries and converting it into biochar for local farmers and renewable energy to be distributed in remote areas;
- Carbo Culture, a US-based company that has developed a patented technology to transform waste biomass into biochar and biocarbon products in a very efficient and highly scalable way.

We have established a group-wide and continuous approach to operational environmental management, which promotes compliance with our Group Environmental Management Policy and promotes the strengthening of environmental performance and awareness across our Group.

- All offices are obliged to conform with local regulations and to our minimum environmental conformance standards with regards to the conduct of risk assessments; due diligence checking; incident management; waste management; reporting and general environment; training and information tools. In 2022, there were no environmental accidents.
- Monitoring and reporting its direct environmental performance on both a quarterly basis for the largest offices and an annual basis for all reporting offices, and to use this as a guide for environmental action for target definition and review. For example, regular office energy assessments are conducted to identify and implement energy saving opportunities and procure low energy equipment.

Carbon removal projects go beyond avoiding the release of GHG emissions, to actively remove CO_2 from the atmosphere and store it in the ground or durable materials.

It is becoming clear that, although paramount, emission reductions alone will not be sufficient to limit global temperature increases to a safe level by 2050. The IPCC estimates that it would need to remove a total of 100 and 1,000 metric gigatons of CO_2 to achieve this, which is equivalent to between two and 20 times the world's emissions in 2022. However, the carbon removal market is still nascent and dramatically needs to be scaled up to be able to match this need.

Philanthropy

R&Co4Generations

R&Co4Generations' approach to supporting environmental initiatives is to focus on high impact and sustainable solutions to problems created by climate change. The fund places a particular emphasis on innovation achieved through education.

To learn more about the social and environmental causes R&Co4Generations supports and how colleagues contribute to its activities, read the R&Co4Generations 2021-22 Progress Report.

EU Taxonomy

We welcome the EU action plan on sustainable finance and its regulations as an opportunity to enhance transparency in corporate sustainability performance and we recognise its potential to create a more level-playing field for sustainability disclosures and activities.

As a financial holding company, at the time of publication of this report, our Group qualifies as a "non-financial undertaking" within the meaning of Article 1(8) of the Commission Delegated Regulation (EU) 2021/2178 supplementing Taxonomy Regulation, based on the following considerations.

- Article 1(8) of the Commission Delegated Regulation sets out a precise and comprehensive list of those undertakings which should qualify as "financial undertakings" for the purposes of the regulation. The Commission Delegated Regulation targets certain categories of entities (for instance credit institutions and investment firms) that are defined in Regulation (EU) n°575/2013 (CRR) but does not cover "financial holding companies" as defined in Article 4(1) point 1) CRR.
- More than c. 3/4 of Rothschild & Co SCA's turnover is related to non-banking activities (i.e., activities outside the Wealth and Asset Management business), and, more globally, c. 2/3 of our Group's turnover is related to non-regulated activities within the meaning of EU regulations (with our Group's core business activity being Global Advisory).

Considering the above and the current state of legislation, Rothschild & Co SCA does not qualify as "financial undertaking" within the meaning of the Commission Delegated Regulation and will therefore be considered as a "non-financial undertaking" for the purpose of the aforementioned regulation.

Whilst all business lines share the ambition to use their influence and expertise to support the sustainability transition of the global economy, none of the divisions have business activities directly eligible to categories outlined in the Commission Delegated Regulation (EU) 2021/2139 supplementing Taxonomy Regulation, and accordingly the proportion of our consolidated turnover, capital expenditure and operating expenditure related to Taxonomy eligible economic activities for the financial year 2022 is 0%.

In the future, we will aim to provide meaningful consolidated data for taxonomy coverage from its different investment business lines on a voluntary basis, where available.

3.3 People and Society

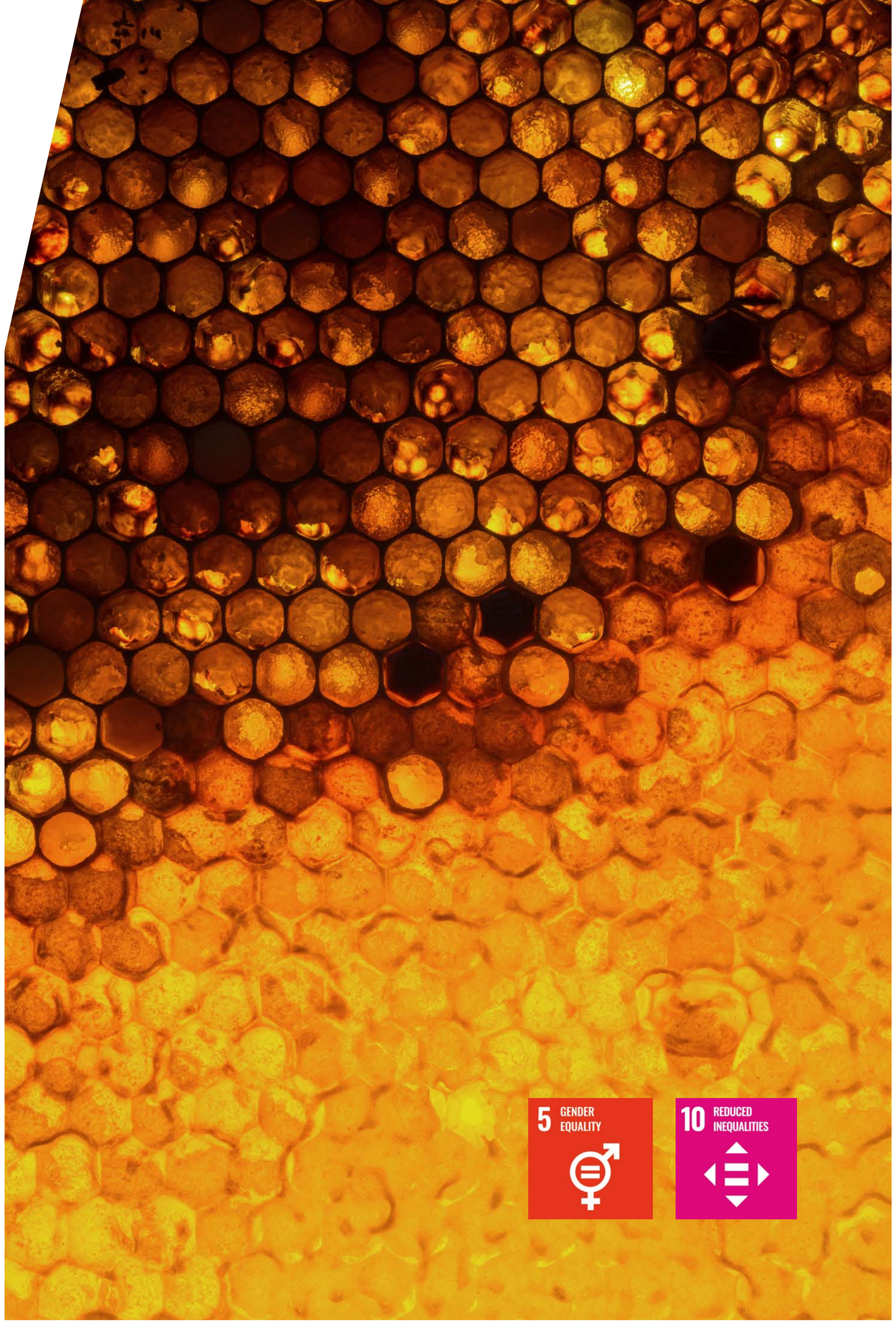
Key figures:

26% female Assistant Director and above

40% female Supervisory Board members

20% female Members of the GEC

41% average tenure of employees > 5 years



Key risks and opportunities

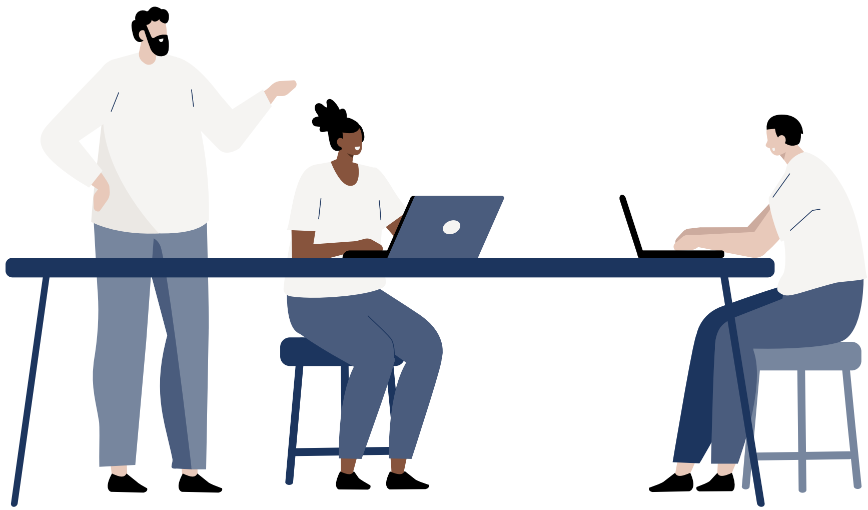
The Rothschild & Co business is built upon the quality of our people which are critical to the firm's success (also refer to section 4.1. "Main risks" of the Annual Report). We work diligently to attract, retain and develop our workforce on whose commitment and expertise we rely on to deliver and create long-term value for all stakeholders. Our focus on maximising the potential of all our colleagues is critical to our efforts to build and retain expertise, ensure people stay with the us for the long-term and maintain and foster a culture of excellence in which people can thrive. The diversity of the workforce we build enables us to observe different perspectives, create an environment and culture in which better decisions are taken, and deliver optimum solutions for our all clients.

In order to help ensure we meet our long-term goals, keep our people and maintain the culture of which we are proud, the Group is committed to:

- enabling employees to achieve their personal and professional aspirations and providing long-term opportunities for growth;
- providing an inclusive and supportive environment where diversity and different perspectives are valued;
- cultivating a culture of partnership, inclusivity, and respect for the individual; and
- contributing to a society where everybody can have the opportunity to thrive.

This chapter aims to present group-wide initiatives, and policies in support of these objectives, that are designed to help mitigate risks for our stakeholders and influence opportunities for the business in these areas.

Growing global inequalities related to the disregard for fundamental Human Rights pose long-term risks to businesses and its stakeholders. Although due to our business model we have limited direct impact or exposure to these issues, we aim to use our influence and expertise where possible to support the work to alleviate structural inequalities by including considerations regarding impact on fundamental Human Rights in our products and services offering, our partner selection, as well as our approach to philanthropy.



Strategy and risk management

Overview

Our people strategy is governed by Rothschild & Co Gestion, the Managing Partner. The Group Executive Committee, divisional management and support functions are advised by a group-wide Human Resource (HR) function and business-level experts in implementing people practices in their businesses. The Group Head of HR is a member of the Group Executive Committee (GEC) and the Group Operating Committee (OpCo).

The Global Balance and Inclusion Committee, a subcommittee to the GEC which is co-chaired by one of the Managing Partners of Rothschild & Co Gestion, advises the GEC and divisional management on group-wide initiatives. The implementation of the Group's Health and Safety policy is governed by the Group Environment, Health and Safety Committee, another sub-committee to the GEC consisting of senior representatives from business lines and support functions.

	CHAMPIONING DIVERSITY OF PERSPECTIVE	ENSURING EMPLOYEE WELLBEING	WORKING AGAINST INEQUALITY
Objective	■ Attracting and retaining the most talented people from a diverse range of backgrounds ■ Creating an environment of equal opportunity and partnership ■ Maximising the potential of the entire talent base	■ Safeguarding employee wellbeing and providing a sound support framework	■ Equal opportunities for candidates from traditionally underrepresented groups ■ Respect for international Human Rights
Operational focus	■ Inclusive culture ■ Equal opportunities ■ Balanced representation ■ Targeted development, incl. technical, personal and leadership capability	■ Physical, mental and emotional health ■ Workplace flexibility and balanced approach to work ■ Health and Safety	■ Early career opportunities for young people from underrepresented groups ■ Preventing Human Rights issues in supply chain
Business line focus	Integration of social impact considerations in product and service offering, including investment policy and advisory mandates		
Philanthropy focus	Supporting enhanced opportunities for disadvantaged young people		
Public commitments	■ Women in Finance Charter: 30% AD+ by 2024 (Group) ■ 30% female members on GEC by 2027 ■ France Invest Charter for Gender Equality (France) ■ Advance – gender equality in business (Switzerland) ■ *Accord d'égalité professionnelle femmes / hommes (France)*		■ International Labour Organisation Convention Fundamental Principles ■ Modern Slavery statement ■ Business-level exclusions/due diligence for activities related to Human Rights controversies

Diversity and inclusion

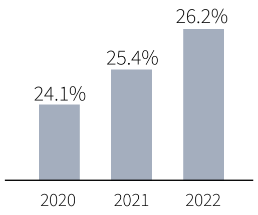
Rothschild & Co promotes and creates an inclusive and supportive environment where diversity and different perspectives are valued. This effort is underpinned by policies and benefits (and set out in local employee handbooks, where applicable), which are designed to provide **equal opportunities** for everyone as the business seeks to recruit and reward based on experience and talent, ensuring the best candidate for a position is found and appropriately supported in their personal development by the business.

In 2022, the focus of the strategy on **diversity and inclusion**, supported by the Global Balance and Inclusion Committee, has been to deepen the reach and build on the impact of initiatives initiated in 2021, and to drive progress towards our ambition of creating an inclusive work environment where diversity and different perspectives are valued.

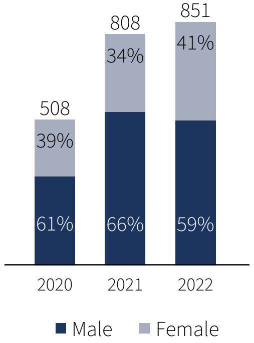
A specific impetus was given in 2022 to:

- expanding the new role-based training curriculum focused on **building inclusive behaviours** and habits, including the launch of a revised 'Inclusive Interview Skills' training for those involved in recruiting;
- engaging a broad group of leaders by sponsoring the second **Women's Leadership Forum** to mark progress to date and set out ambitions for the future; and
- renewing the commitment to run the Balance and Inclusion Survey annually to **measure progress and colleague sentiment** on these important topics and identify areas for continued focus.

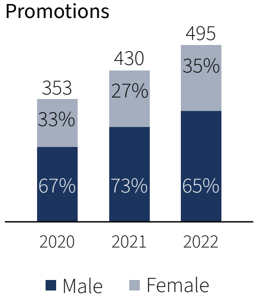
Female Assistant Director and above



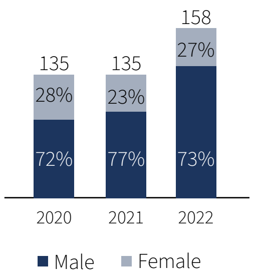
New Hires



Promotions



Graduates



Building an inclusive culture

One of the signature initiatives for 2022 was the expansion of the existing training programmes in the Inclusion Curriculum, to include content specifically for Managing Directors and Directors. The Inclusive Leadership Academy introduces core concepts to shape mindsets, build skills and create accountability to foster a culture that unleashes the value of difference in teams and drives performance. This modular programme spans over 12 weeks with action-oriented nudge coaching throughout to crystalise the development of new habits and day-to-day application. With the addition of this programme, the Inclusion Curriculum includes content that is applicable and available to colleagues from Business Support to Managing Director grades.

Since the curriculum launched in 2021, 44% of global colleagues have attended one or more workshops; a total of over 3,700 hours of employee development. This includes 39% of Analysts and 50% of Assistant Directors. As we have started to roll out this initiative to Directors and Managing Directors, a rise in participation is expected. We have set an internal goal of reaching at least 70% of colleagues with this training (from Business Support to Partner level) by the end of 2023.

To ensure that the Inclusion Curriculum is achieving its objectives and to amplify its effectiveness, its key themes feed into our employee evaluation process. With changes made to the Career Framework, we aim to emphasise inclusive behaviours and effective management in the criteria used to assess how people interact, manage and lead. A specific question on contribution to a diverse and inclusive workplace has been added to the global employee Performance Review process for 2022 in the self-evaluation section, to drive reflection and reinforce the expectation that inclusive behaviour is core to our culture. This focus is also reflected in the promotion criteria and selection process for Managing Directors and Partners.

Equal opportunities

Our strategy is to ensure non-discriminatory treatment across recruitment, career development and remuneration decisions. This includes a commitment to work closely with employees living with disabilities and occupational health advisers to provide the necessary adjustments and support to enable them to succeed and flourish in the workplace. For example, in France, the annual involvement in actions to promote the employment of people with disabilities takes the form of recruitment or job retention activities, the adaptation of workstations, the funding of associations dedicated to this cause and the payment of a contribution to promote the employment of people with disabilities, where appropriate.

Employee Networks

Employee networks are an important part of our culture and are critical in strengthening our Balance and Inclusion strategy. Each network provides the opportunity for connection and education to ensure employees are fairly represented and to strengthen our position as a diverse and inclusive place of work. The network groups represent the interest of the firm's employee communities and are sponsored by the Balance and Inclusion Committee to amplify their voice, strengthen collaboration and increase geographic reach. Examples are the EMbrace Network (ethnic minority network), Family Network and LGBT Network in the UK, and the Women's Network (UK, US, France).

Focus on Inclusion – Global Advisory, Paris

Initiated by the Global Advisory Partners and Executive Committee in Paris, a series of initiatives were launched in 2022 to help foster a more inclusive working environment. These included interactive workshops and individual one-to-one coaching.

The workshops, which were attended by 98% of GA Bankers in Paris, were based on scenarios to generate open discussions and raise awareness of how behaviours and biases can impact individuals in the workplace. The main objectives were to provide a better understanding of stereotypes, biases and micro-aggressions and their impact on different groups in the workplace and to enable individuals to be more aware of behaviours which may create or dilute inclusion.

Advancing efforts to increase representation of women

Whilst our Balance and Inclusion strategy remains broad in its focus and ambition to create an environment in which everyone can reach their potential, we have set specific objectives with regards to the representation of women in more senior grades. Rothschild & Co is a signatory of the Women in Finance Charter with a commitment to have women represent 30% of the group-wide Assistant Director and above population globally by 2024. This is based on the belief that whilst it is important to increase diversity of perspective and experience at all levels across the organisation, it is critical to do so at the most senior levels as a first priority, where the impact on decision making is more direct.

This commitment is broken down into aspirational goals for each business line, which in turn accelerated the focus on talent attraction, retention, and development. Rothschild & Co's strategy is supplemented by division and location-specific initiatives and practices. As of 31 December 2022, 26.2% of Assistant Directors and above globally were women (up from 23.5% when the charter was first signed).

In addition, the Managing Partners have set the objective to have women represent 30% of the members of the Group Executive Committee by 2027. As of 31 December 2022, 20% of the members of the Group Executive Committee were women, an increase from 13% when the objective was set.

Measuring progress

In 2022 we conducted our second Balance and Inclusion Survey and the Managing Partner made a commitment to run this survey annually to drive transparency and accountability for progress. 62% of colleagues contributed to the survey in 2022, marking an increased engagement from 2021.

Overall, ratings and comments in this year's survey showed a positive development. The results speak to increased awareness of the initiatives that were implemented and indicate some positive impact from the changes that are being made.

As transparency is a means to drive accountability, the results of the survey were communicated to all colleagues, followed by divisional and location specific communication to provide further clarity and detail and will feed into divisional action plans complementing the Group plan.

The annual Balance and Inclusion Survey is and will continue to be supplemented with pulse surveys in the Global Advisory business to be able to assess working practices on a more ongoing basis.

Women's Leadership Forum

In November 2022, to mark the fifth anniversary of the inaugural Forum, over 150 Partners and Managing Directors from Rothschild & Co attended the Women's Leadership Forum (WLF), for two days of stimulating discussion, debate and reflection.

This year's theme was how to lead together better and how to build a culture of leadership that promotes and strengthens diverse teams, drives innovation and improves performance. Benefitting from the advice of academic experts, and external and internal experience, this was an important opportunity to engage a broad group of senior leaders around the challenges and opportunities ahead and to reinforce the critical role they play, individually and collectively, as custodians of the Rothschild & Co's culture and colleagues at Rothschild & Co. The Forum generated rich discussion and reflection, and a number of key themes to address have emerged to take forward.

UK Socio-economic survey

As part of a government-commissioned taskforce to increase socio-economic diversity at senior levels in UK financial and professional services, UK colleagues were invited to complete an anonymous survey in order to build a sector-wide baseline understanding of socio-economic diversity. 73% of colleagues completed the survey, the results of which will help build the Rothschild & Co's understanding of its population and inform internal strategies.

Public partnerships and commitments

WOMEN IN FINANCE CHARTER	THE MENTORING FOUNDATION, FTSE 100® CROSS-COMPANY MENTORING PROGRAMME	THE DIVERSITY PROJECT	FRANCE INVEST CHARTER FOR GENDER EQUALITY	ADVANCE - GENDER EQUALITY IN BUSINESS
N.M. Rothschild & Sons Limited is a signatory since 2019; commitments have been expanded to the entire Group	N.M. Rothschild & Sons Limited is a longstanding supporter	N.M. Rothschild & Sons Limited become a member in 2021	Rothschild Martin Maurel SCS and Five Arrows Managers SAS are signatories since 2020	Rothschild & Co Bank AG is a signatory since 2020

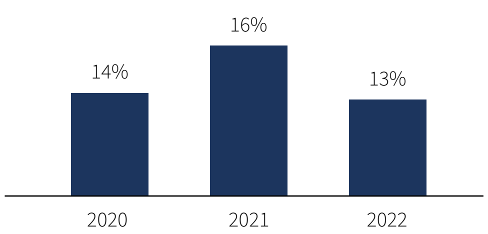
Talent development

Continued progress both in terms of retaining talent, but also in attracting top performing talent in the future and delivering the best outcomes for our clients is critical for our future success[1]. This requires identifying and nurturing talent and encouraging people to get the best out of their careers.

We are committed to **attracting and retaining high-potential**, team-oriented and self-motivated individuals and provide all employees with training and development opportunities which support them to maximise their performance and potential by developing the skills required to meet business goals and progress in their careers.

2022 saw an intake of more than 850 new joiners across Rothschild & Co, and a staff turnover rate of 13% (vs. 16% in 2021).

Employee Turnover



Building on changes made to the hiring processes in 2021, this year we launched an **inclusive interview skills training**, targeting those actively involved in recruitment efforts. Inclusive recruitment is a key initiative for all business divisions. By ensuring recruitment and development of a diverse team, we are better able to respond to our global business needs, interact effectively with colleagues across the world and create value for clients. By identifying the very best talent and having a recruitment process that ensures that the values of meritocracy and fair opportunity are upheld, we ensure the future prosperity of the Group and our people. It is planned to continue to roll out interview skills training more broadly across Rothschild & Co in 2023.

Working with recruitment experts Cappfinity, we have implemented a blended strengths-based assessment as part of the application process. The assessment focuses on key strengths as well as numerical ability.

Recognising the lack of gender diversity across Investment Banking industry in general, we initiated a programme to increase the female talent in Global Advisory. The programme aimed at hiring ACA qualified accountants in the UK and included a "Virtual ACA Women's Event" which allowed current ACA qualified colleagues to provide an insight to Rothschild & Co and their transition, along with hearing from partners in the firm.

We have maintained our focus on **direct sourcing** for experienced hires, allowing the recruitment team to tailor their approach on behalf of the business and ensuring consideration of a diverse set of candidates. In 2022, 48% of direct hires were women.

This year, the **Early Careers** team continued to partner with student organisations in the UK such as SEO London, Bright Network, GTI, upReach and 10000blackinterns to broaden and diversify their candidate pool by participating in female specific and black talent recruitment events as well as running an insight programme with upReach for students from low-income households across the United Kingdom.

1. For more information please refer to Section 4.1 "Main risks" of the 2022 Annual Report.

Graduates, interns and apprentices play a crucial part in shaping the business from their first day and throughout their career with us. When recruiting experienced professionals, the focus is on people who can add intellectual strength, offer a distinct perspective and have a genuine passion for what they do, and have the drive and determination to deliver excellence consistently.

Remuneration

Our remuneration policies, procedures and practices are aligned with Rothschild & Co's business strategy, objectives, values and long-term interests and are designed to promote sound and effective risk management. The Remuneration and Nomination Committee, a specialised committee of the Supervisory Board of Rothschild & Co, is responsible for overseeing remuneration-related matters in accordance with principles defined in our remuneration policy.

We reward our people at a total compensation level, paying fixed and variable compensation. It is ensured that fixed and variable components of total compensation are balanced appropriately. Fixed compensation is driven by the local market for the role, taking into account responsibilities, skills and experience. Annual variable compensation is awarded on a discretionary basis, driven by a combination of the consolidated results of Rothschild & Co and the financial performance of the business division in which an individual works as well as local market competitiveness. It is then truly differentiated based on individual performance against financial and non-financial metrics.

In some cases, we operate arrangements to defer a proportion of variable compensation over three years. For those identified as Material Risk Takers, a proportion of variable compensation is deferred over four years, with part of this deferral awarded as non-cash instruments, ensuring compliance with all remuneration regulations applicable to Rothschild & Co. Detailed information is presented in the consolidated financial statements, under Note 28, "Operating expenses".

Development and retention

We offer several structured training programmes:

- the Graduate and Internship Programmes in the Global Advisory, Wealth and Asset Management, and Merchant Banking businesses, for both students in their final year of university and those who have already graduated. 565 paid internships globally were offered in 2022, with a conversion rate of over 34% from these programmes to graduate positions;
- Promotion Programmes designed to ensure that colleagues at key promotion stages receive specific training to enable them to be successful leaders. 353 newly promoted Associates ADs/VPs and Directors attended in 2022;
- newly promoted Managing Directors are offered one to one executive coaching over a number of months, focusing on both their career and their leadership capability;
- division-specific training programmes include a Bankers Development Programme focussed on technical skills in GA and a Client Advisor curriculum in WAM; in Group Support divisions the curriculum aims to provide structured development opportunities to enhance technical and personal effectiveness.

Sponsorship is widely considered a critical success factor in career progression. For us this is an important programme to increase engagement with over 50 participating senior women, to better understand their career aspirations, challenges and opportunities and ensure advocacy for them as they navigate their careers. A review of the programme in 2021 identified opportunities for further evolution in 2022 and as a result we will be offering the possibility of sponsorship beyond women.

In 2022, the majority of training programmes were delivered in person, with some remaining virtual to reach a global audience, recording an aggregate number of training hours of 85,729 (covering 100% of headcount). 1,187 training events were provided, and 3,240 employees (77% of headcount) participated in at least one training programme. The total number of training hours organised by the Human Resources function was 69,444. In addition, 16,285 training hours were completed across all categories of Group employees (incl. contingent workers) via the e-learning platform Skillcast in 2022.

Training covered topics related to Legal and Compliance, Information Security, Commercial Awareness, Management and Leadership, Personal Effectiveness, Communications, Wellbeing, Technical skills, Sustainability, Diversity and Inclusion, Health and Safety, Business Continuity, Security and Crisis Management as well as Client Relationship Management.

Enhanced career framework

Our career framework reflects the Group's guiding principles and provides employees with a clear and consistent set of expectations across all divisions, geographies and career paths.

Throughout 2022, we have been working across our businesses to develop an enhanced career framework. Employee feedback through the 2021 Balance and Inclusion survey highlighted the importance of clarity and transparency regarding career development and consistent expectations for people managers.

The framework has been comprehensively redeveloped in 2022 to make it easier to navigate and apply development paths and progression and maintain alignment with business priorities. Enhancements include the addition of a new section to highlight our expectations of managers, and greater emphasis on inclusive behaviours at all levels, demonstrating the ongoing commitment to creating an environment which enables all colleagues to achieve their personal and professional aspirations.

Return to face-to-face training

For the first time since 2020, we were able to bring together a global cohort of Global Advisory Analysts in the second-year Analyst programme, which covers a blend of technical and professional skills, and provided a good opportunity for this group to finally meet in person, develop their core skills and network with peers. More than 130 Analysts from global offices attended this programme in 2022.

Shine

The Shine programme is a key element of our Balance and Inclusion strategy. At its core is a two-day workshop for women, designed to maximise individual potential and personal impact. Managers of the participants attend a series of workshops which are designed to build their understanding of the content of the programme and appreciati on of the common themes raised by women about their workplace and career experience, and to equip them to actively support their team member's development and progression through and beyond the programme. Over 300 female Assistant Directors/Principals/ Vice Presidents, Directors and Managing Directors across the global business have completed Shine to date and they consistently rate the programme highly.

Division focus: Wealth and Asset Management

Our client advisors play an increasing role in enabling clients to make responsible investment decisions. An internal working group developed and defined a clear messaging that is aligned with Rothschild & Co's Sustainability strategy. During 2022, client advisors in the UK and Italy attended training on "Incorporating ESG in our messaging", ensuring that all client advisors were equipped with the relevant knowledge to answer client questions and able to successfully communicate on ESG topics.

In 2022, training has been delivered via a mix of online and face to face training. This has allowed the business to continue to provide training to a broad audience while not losing the impact that face to face training provides. Where possible, local training providers were used, which both reduced the need to travel and enabled the provision of training that is more culturally relevant and presented in the local language. This way people had a broader array of training options as their attendance on training was not limited due to language competency.

In the UK Wealth Management business the focus has been on reducing bias in the performance management process, with all team leaders attending a training session on 'Eliminating Bias'. The content of this training will be adapted into a "How To" guide so it can be shared across the entire organisation with both managers and individuals.

Continued focus on manager capability

In 2022 we continued our Management Development Programme, reaching over 220 people managers. The programme continues to focus on Managing Self, Managing Others, Managing Inclusively and Embedding Change. Feedback is sought from managers and their teams to monitor progress and to ensure that the techniques and concepts covered are having an impact across the firm.

Promotion programmes

In 2022 we delivered a number of training programs providing a mix of networking and learning opportunities, from technical training to understanding more about the Group (including its approach to Sustainability and ESG):

- **Director Promotion Programme:** a record number of 147 newly promoted Directors across all divisions from 2021 and 2022 came together for the first face-to-face programme since 2018. The goal was for people to develop a practical toolkit and business and career action plan for the next 90 days to five years, which they can discuss with their manager and implement.
- **The Assistant Director/Vice President Promotion Programme:** 95 newly promoted AD/VPs focused their role as emerging leaders, by exploring their role in inclusion, communication with impact in different situations including client meetings and development of personal skills, e.g., resilience, productivity and decision making.
- **The Associate Promotion Programme:** 111 newly promoted Associates attended the programme during which participants apply increased self-awareness to their technical, professional and division-specific skills development (based on a psychometrics tool). This programme is considered a key career transition point as increased independence is expected of Associates with increasing client interaction.

Talent identification and succession planning remains a key priority for all businesses and greater focus has been given to active talent management plans in 2022. Potential successors for some of the most senior roles in the firm have been supported in their development through coaching and leadership programmes.

Managing performance is critical to the ongoing success of our people strategy. Feedback on the individual's performance is encouraged regularly throughout the year and performance is assessed formally at the end of every year to help develop an individual's career. In 2022, 89% of Group employees benefited from a performance review which incorporated renewed focus on development planning and active career management, using the Career Framework as a supporting resource.

Employee wellbeing

We are committed to safeguarding and enhancing the health and wellbeing of all employees and providing a sound framework supporting employees to ensure their wellbeing in life and at work in today's demanding work environment.

We aim to ensure all employees are supported and well informed to manage their own health proactively through our Wellbeing strategy, which covers concerns around Family, Mental, Physical and Financial Wellbeing. To further support the internal programme, employees are provided with a range of healthcare services and benefits, such as the Employee Assistance Programme in the UK, and Occupational Health and Healthcare providers in different offices, that aim to support their overall wellbeing.

Global offices work together to focus on the topics that are relevant and unifying around the world. In 2022, the firm ran two global wellbeing training sessions, as wellbeing provision is provided regionally and in multiple formats, such as coaching, training sessions, newsletters and an online wellbeing hub or resources. Many offices take part in social clubs and sporting leagues; these initiatives are set up locally and implemented to promote the practice of physical wellness through sport. Collectively, the Group offers a wide variety of sporting facilities and opportunities for staff. From office gyms to charity races, to lunch time yoga and meditation classes, the global offices take health and wellbeing seriously. For those offices that do not have on-site gyms, a number of them offer reimbursements or subsidies on gym memberships. South Africa has a football team playing in a local league. Los Angeles, Frankfurt Wealth Management, Marseille and Duesseldorf hold regular yoga classes for staff at lunch times and a number of offices encourage cycling to work and fundraising events, such as the JP Morgan Corporate Challenge and annual stair climbing challenges. In London and in Paris, Rothschild & Co has an on-site gym and the fitness team encourage participation in various challenges.

A regular wellbeing newsletter is circulated globally with insights on nutrition, physical and mental wellbeing. Regular articles are featured on the R&COnnect intranet.

Whilst we recognises that policies alone do not drive change, they remain an important element in furthering implementation of Rothschild & Co's strategy. Several policies developed and driven locally are aimed at promoting work-life balance and increasing performance and productivity.

Our **Flexible Working Policy** allows for discussions around accommodating adaptable work schedules, reducing working days and job sharing. Several policies are supportive of occasions where employees need to be away from the office, such as for a period of sabbatical leave, to care for dependents or to take compassionate leave.

Since 2020, we have learned a great deal about the adaptability, commitment and resilience of our people. Moving forward, we believe there are opportunities for everyone to enhance working lives and outcomes, by applying a more flexible approach to work. Adopting more varied and agile working patterns has proven to be the right evolution for the firm. Our **Agile Working** approach allows for flexible patterns to work remotely or flexibly.

Spotlight: Family Friendly Policy in UK

We are committed to continually reviewing our policies and people processes to ensure they remain free from bias and to take actions to promote better gender balance at all levels of the firm. UK Family Friendly Leave policies have been updated to increase the quantity of weeks employees are eligible to full pay and bonuses. In addition, Rothschild & Co in the UK has a Parental Leave Policy, which is an unpaid leave option. Parents can take up to a total of 18 weeks of unpaid leave per child during the first 18 years of their life.

Health and Safety

We seek to comply with all applicable local health and safety laws and regulations to provide a healthy and safe work environment.

The Group Health and Safety Policy defines the conformance standard for offices worldwide, to further strengthen and improve Health and Safety conformance requirements across all offices. More details on the policy and Health and Safety initiatives can be found in Section 4.3 of this report.

Human Rights commitments

It is our goal to provide a working environment free from harassment, intimidation, discrimination, and behaviours that are considered unacceptable. This commitment applies to all areas of employment including recruitment, the terms and conditions of employment, training, career development, promotion, transfer, redundancy, rehiring, benefits, compensation, retirement and termination. The Group's Code of Conduct aim is to ensure that it will not unlawfully discriminate in employment because of age, disability, gender identity, marital status and civil partnership status, pregnancy and maternity, paternity, race, ethnicity, nationality, religion and belief and sexual orientation. We foster a culture of openness, thereby enabling employees to raise any legal, compliance or ethical concerns, including those related to any breach of human rights. Grievance policies are set by office according to local employment law.

Our policies are reflective of the main provisions of the International Labour Organisation Convention's (ILO) fundamental principles, including the elimination of all forms of forced labour, the abolition of child labour, the elimination of all forms of discrimination in respect of employment and occupation, and also in respect of freedom of association and collective bargaining.

Outside our direct operational sphere, we are conscious of potential risks of association, or indirect complicity in human rights abuses through our supply chain. In 2021, we published our expectations with regards to respect for fundamental human rights in a dedicated Supplier Code of Conduct, applicable to third parties who supply goods or services to the Group. These expectations are aligned with the commitments made to the United Nations Global Compact to avoid complicity in human rights abuses via our supply chain. The Code extends to the supplier's relations with its own employees and subcontractors, or any other related third parties of supplier entities and organisations forming part of the engagement. As part of this engagement effort, we use our influence to increase disclosure and commitment to responsible management practices in our supply chain.

We have previously determined that our highest risk of operational exposure to modern slavery within our supply chains was via business travel in relation to relationships with the hotel industry in certain jurisdictions where modern slavery is particularly prevalent. Colleagues are encouraged to leverage Group approved travel agencies to book stays at preferred hotels who have agreed to adhere to the legislation surrounding the Modern Slavery Act 2015. A list of high-risk jurisdictions is collated with reference to the Global Slavery Index. Additionally, we look at alternative sources so that our reference points remain up to date.

Modern Slavery

We are committed to countering modern slavery in all its forms and are taking proportionate measures to ensure that slavery and human trafficking are not taking place in our business or supply chains. This includes the formation of a Modern Slavery Working Group in the UK, formulated as a response to the UK's Modern Slavery Act, that is tasked to consider Modern Slavery risks and the ways in which the business can seek to mitigate them on a risk-assessed basis.

Investments

The consideration of social impact is part of the common Responsible Investment Roadmap as detailed in Section 2.3 of this report. We apply different approaches to Responsible Investment considering social factors including exclusion, integration and engagement:

Integration and engagement

- For listed issuers, the monitoring of controversies and social scores or indicators is used to strengthen the engagement process and ultimately manage the exposure to companies; and
- For non-listed investments, the Merchant Banking teams support the implementation of strong social and governance practices among invested companies through their privileged access to management teams.

Most entities identify topics for discussion with invested companies. During regular engagement meetings or in discussions pre- and post-AGM, some business lines' investment teams can push specific subjects, identified as particularly important for the invested company. Some investment entities have launched specific investment products, targeting a greater social impact by proposing a dedicated offering. Asset Management Europe's R-co 4Change Inclusion and Handicap fund implements an impact strategy dedicated to Inclusion and Disability and supports the social inclusion company Café Joyeux. In addition, the Group's entities engage in collective initiatives addressing social or governance challenges, as outlined in section 2.3 of this report.

RISKS	SCOPE	POLICIES/FRAMEWORKS/SUPPORTING INITIATIVES
Human Rights violations	Group-wide	Fundamental Principles Investment Policy establishes exclusion of investments in companies which are related to: ■ Serious human rights violations ■ Serious violations of the rights of individuals in situations of war or conflict ■ Gross corruption ■ Other particularly serious violations of fundamental ethical norms identified by credible third-party sources ■ Controversial weapons policy establishes exclusion of companies involved in the production of weapons prohibited by the Oslo Convention on Cluster Munitions (2008) and the Ottawa Treaty on Anti-Personnel Mines (1999) ■ KPIs considered and monitored (e.g. Violations of UNGC and OECD guidelines) ■ Sustainability Training and awareness actions
Discrimination, inequality, other social issues	Group-wide	■ Responsible Investment Roadmap with clear focus on social inclusion ■ KPIs considered and monitored (e.g. Board gender diversity)
	AM Europe	■ Principal Adverse Impact policy provides insights on social impacts monitoring ■ Inclusion and Handicap Equity Fund strategy ■ Member of two working groups of the Finance For Tomorrow – Investors' coalition for a just transition
OPPORTUNITIES	**SCOPE**	**POLICIES/FRAMEWORKS**
Just Transition	Group-wide	■ Responsible Investment Roadmap ■ Thermal Coal Investment Principles: when engaging with companies above the authorised thresholds, investment teams request information demonstrating the credibility of the exit strategy, including the consideration of social aspects including just transition for employees

Transactions

We increasingly support clients in their ambition to integrate sustainability principles into their strategy. We facilitate **M&A** opportunities to accelerate inclusive growth.

Through our **financing advisory** practice, Global Advisory supports sustainable financing for a range of causes from access to housing, education.

ESG Advisory utilise insights from investors to help advise companies. In 2022, a key focus for investors has been the impact of the cost of living crises and inflation on employees and customers. Diversity commitments and targets beyond the Board and across corporate organisations has also been a key area of discussion. Policies and procedures for client and mandate on-boarding take into consideration the risks associated with the social profile and impact of the transactions the Group advise on.

Rothschild & Co provided debt advice to London & Quadrant Housing Trust on its £300 million 2.000% senior secured inaugural sustainability linked bond. The deal represents the first sustainability linked bond in the social housing sector. Requiring London & Quadrant to reduce Scope 1 and 2 GHG emissions by 20% against 2019/20; achieve an average SAP score of 72 or above (low EPC band C); and build 8,000 new homes of which 50% are affordable.

Rothschild & Co acted as sole financial advisor to Phenix on the sale of its 30% minority stake in NOUS Epiceries Anti-Gaspi to Creadev, an evergreen investment firm.

Rothschild and Co advised RUNE network in securing a debt facility to fund the roll-out of its 'Fibre to the Home' network across rural areas in Slovenia and Croatia, providing funding to reach over 300k homes, representing a first of its kind in infrastructure financing to support fibre deployment in the West Balkans.

Philanthropy

R&Co4 Generations

Through R&Co4Generations, we support a range of organisations working to help address and alleviate inequalities, with a focus on enhanced educational opportunities for young people.

The fund supports projects which provide young people with opportunities to develop a wide range of skills and talent, and the entrepreneurial mindsets and resilience that they will need in order to face the challenges of the 21st century confidently and effectively. To learn more about the social and environmental causes R&Co4Generations supports and how colleagues contribute to its activities, read the R&Co4Generations 2021-22 Progress Report.

3.4 Responsible Business Practices

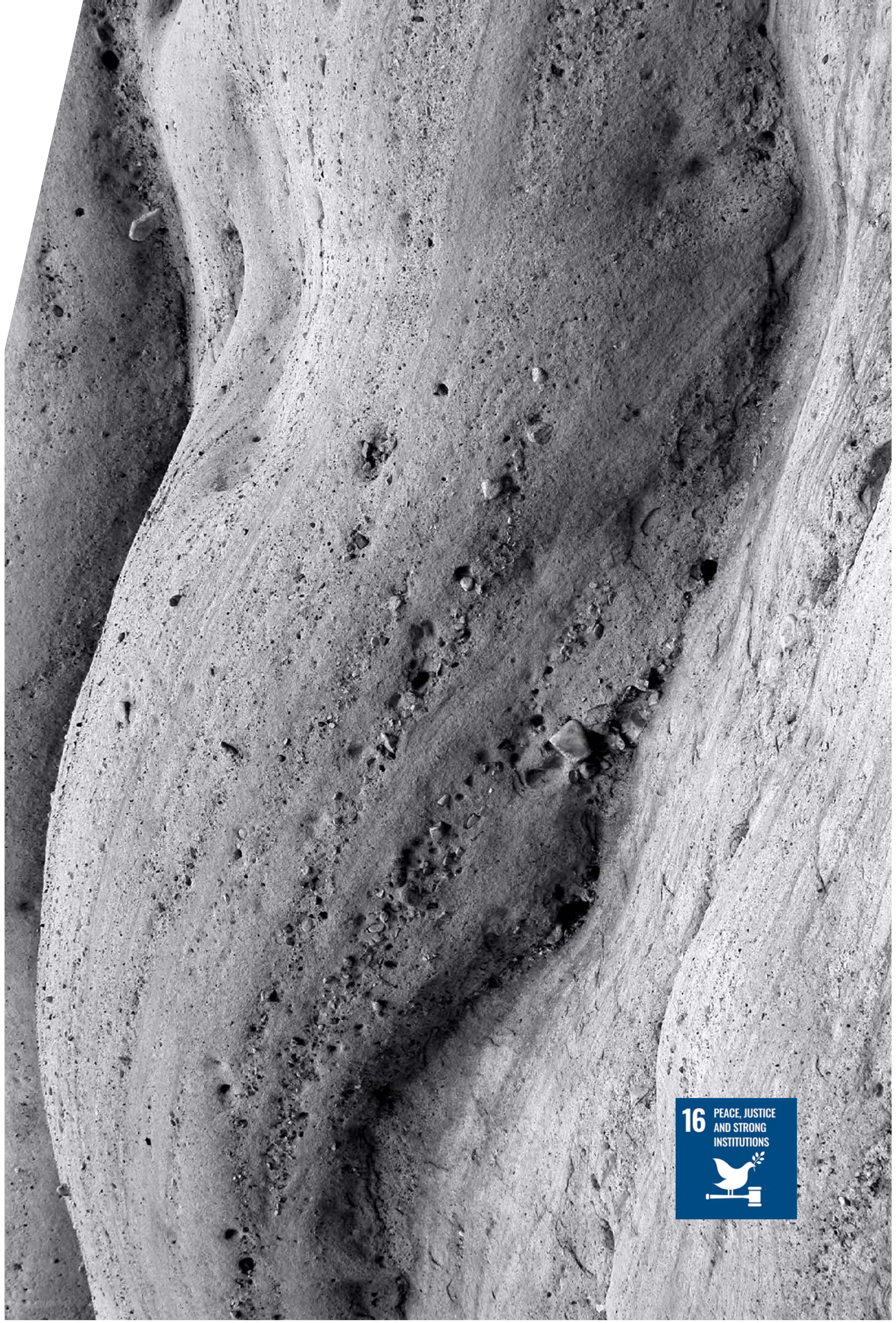
Key figures:

100% relevant employees completed Financial Crime training

100% relevant employees completed Market Abuse training

99% relevant employees completed Anti-Bribery and Corruption training

97% relevant employees completed Data Protection training



We place great emphasis on responsible business conduct, based on personal accountability and commitment in the way we work with each other, clients and partners.

Key risks and opportunities

The approach to responsible business practices focuses on managing operational risks that have been identified as most material to our business and for our stakeholders.

As a diversified financial group operating in a heavily regulated sector, the risk arising from potential **non-conformance to applicable regulations**, laws, and the related internal policies and codes of conduct is an ongoing consideration for Rothschild & Co. In addition, providers of financial products and services may be targeted by criminals to unknowingly facilitate **financial crimes** such as money laundering and terrorist financing.

These exposures are addressed with effective operating systems and procedures in order to mitigate any potential loss or penalties, and to avoid damage to the firm's reputation, which might lead to diminished client trust and reduced market opportunities.

There are effective systems and controls in place for risks in relation to conflicts of interest, market abuse, conduct, client due diligence and financial crime (such as money laundering and corruption). Related frameworks (including policies, procedures and training) are reviewed and refreshed pursuant to the latest laws and regulations applicable to our activities. Review activity includes both ongoing and ex-post compliance monitoring and assurance of operational controls. Key performance indicators tracked include completion of mandatory training metrics and capture of applicable management information on internal policy or business process breaches which is presented regularly to senior management.

Our dependency on information technology to help deliver our products and services results in exposure to cyber-related attacks leading to operational risks from disrupted systems and unauthorised access to, or alteration or loss of, confidential or proprietary information. Such an incident could impact our ability to **protect data privacy**. Please refer to Section 4.1 "Main Risks" of the Annual Report for further information.

Strategy and risk management

PRIORITIES	SAFEGUARDING RESPONSIBLE BUSINESS CONDUCT	
Objective	Setting standards for all individuals working for the Group to mitigate risks and potential reputational damage	Managing data privacy and confidentiality risks and preserving the integrity of clients' and partners' data to uphold the trust of stakeholders
Operational focus	Addressing compliance and financial crime related risks: ■ Conflicts of interest ■ Market abuse ■ Conduct and ethics ■ Money laundering ■ Bribery and corruption ■ Sanctions or counter-terrorist financing ■ Political lobbying and donations	Addressing data privacy related risks: ■ Data protection ■ Confidentiality ■ IT and Information Security
Public commitments	■ Group Code of Conduct ■ Supplier Code of Conduct ■ Financial Crime Policy Statement	
Internal policies	■ Group Conflicts of Interest Policy ■ Group Market Abuse Policy ■ Group Client Due Diligence Policy ■ Group Tax Policy ■ Group Financial Crime Policy ■ Group Anti-Bribery and Corruption Policy ■ Group Sanctions Policy ■ Group Policy on Reporting Concerns or Irregularities	■ Group Information Security Policy ■ Group Acceptable Use Policy ■ Group Information Security Standard ■ Group Data Protection Policy ■ Group Cloud Security Standard

Compliance culture and systems

Rothschild & Co has a unique heritage and successful track record of achievement which we believe is driven by a strong values-driven culture. We consider that this generates trust among business partners, clients, shareholders and stakeholders more widely and therefore encourages an ongoing culture of responsible business. While not limited to complying with rules and regulations, the primary expression of the behaviours Rothschild & Co expects of itself as a business and its employees are captured in compliance-related policies.

The responsibilities of the Group Legal and Compliance function include, among other things the development and maintenance of compliance policies and procedures, provision of training, production of management information and execution or supervision of monitoring programmes.

The function also conducts any required compliance-related investigations and provides advice on compliance aspects of transactional or business processes, facilitation of certain aspects of risk governance or monitoring and review of legislation and regulatory developments. This independent internal control function reports to the Group Head of Legal and Compliance, who is a member of the Group Executive Committee and the Group Operating Committee.

The Group Head of Legal and Compliance reports to the Group Executive Committee, the Managing Partner, the Supervisory Board's Risk Committee and to other boards around the Group.

Policies, procedures and guidelines

Our compliance systems, policies and procedures are aimed at setting standards for all employees and individuals working for Rothschild & Co, supported by targeted and mandatory trainings to mitigate risks associated with money laundering, bribery and corruption, sanctions, counter-terrorist financing, market abuse and conflicts of interest, among other risks. Group and local policies and standards relevant to employees are available for them to review on the intranet. Each employee is required to read, understand and comply with Rothschild & Co's Group policies and other internal rules applicable to their job and undertake all mandatory compliance and other professional training as and when required. This includes relevant regulatory qualifications.

The Group Code of Conduct sets out our standards and expected behaviours and is published on the Rothschild & Co website to ensure visibility for all partners and external stakeholders. Failure to complete mandatory training or to adhere to the Group Code of Conduct or the firm's policies and other internal rules can result in referrals to senior management (as a part of the 'linking risk and reward' employee performance review and remuneration process).

The Group operates compliance monitoring and permanent control programmes to provide assurance to senior management that processes and systems are operating effectively. Group Compliance has implemented a new system in 2022 designed to enhance reporting of compliance related management information across all business lines.

Market abuse

The Group Market Abuse Policy emphasises Rothschild & Co's zero tolerance of market abuse and aims to ensure implementation of robust standards applicable to dealing with confidential and inside information. To assist further in fulfilling the Group's regulatory obligations, detailed procedures are in place in relation to market soundings, third-party wall crossings, insider list management, Suspicious Transaction and Order Report, and regulatory requests.

The policy and related procedures are reinforced by a compliance monitoring programme and mandatory training is delivered, as required. The policy and related procedures are regularly reviewed and updated as appropriate to ensure adherence to relevant regulations and market practice, most recently in 2022.

Conflicts of interest

Independence is a cornerstone of the Group's proposition across all businesses. Policies and procedures are designed to ensure that businesses are capable of identifying and managing conflicts, or potential conflicts, at an early stage. The overriding principle of the Group's Conflicts of Interest Policy is that it will provide objective advice, unaffected by conflicts and in the best interests of its clients. The policy and related procedures are regularly reviewed and updated as appropriate to reflect law and practice, and business developments.

Group tax policy

The Group's tax policy applies to all entities ultimately controlled by Rothschild & Co. It provides guidance to the management of the Group's corporate tax affairs as agreed by the Group Executive Committee detailing the governance process and the procedures in place to manage tax risks.

Ultimate responsibility for oversight of the Group's tax policy rests with the Group Executive Committee. In its role, the GEC participates in the overall management and the definition of the policy of the Group, including tax policy. The Group Chief Financial Officer is the executive GEC member responsible for oversight of the corporate tax affairs of the entities within the Group. Management and oversight of Group's corporate tax affairs rest with the Group Head of Tax who reports to the CFO of Rothschild & Co.

The Group Head of Tax reports to the Rothschild & Co Audit Committee on at least an annual basis on key tax matters concerning the Group. The Group Tax Department's sole responsibility is corporate tax affairs. It organises the affairs to manage taxation efficiently, consistent with commercial needs and with

100% of relevant employees completed Market Abuse training a conservative approach to tax risk, in line with the approach to risk across the Rothschild & Co Group. Arrangements will not be entered into, facilitated or promoted without business purpose or commercial rationale, or if outside of the Group's risk appetite, or in conflict with the intention of parliamentary legislation.

The Transfer Pricing Policy applied to intercompany transactions within the Group has been determined in accordance with the arm's length principle, as set out by the OECD Guidelines, and relies upon appropriate and updated functional and economic analyses for each type of transaction. Transfer Pricing local files are prepared in accordance with the various domestic legislations and reflect the fair remuneration to be paid or received by the intra-Group companies based on the functions performed, risks assumed, and assets used.

The Group Tax department proactively identifies and monitors key tax risks throughout the year, taking into account changes in the business and applicable tax legislation, ensuring that the control framework governing tax risk is updated appropriately.

The team assists and works with the Finance department to ensure full and timely compliance with the tax reporting and other obligations as required by legislation. It maintains close working relationships with different parts of the business to ensure that the tax implications of transactions and any business changes are fully understood.

The Group Tax team consults with external advisers on specific matters, where required, and engages with industry bodies to assess future legislative developments.

Tax transparency

Tax transparency is a strategic issue for companies due to the reputational risk arising from tax evasion. Tax transparency policies (e.g., CRS, FATCA and DAC 6) have been implemented within the Group and apply to all Group entities. The Group Compliance and Tax transparency advises the various businesses that may be impacted by tax transparency issues and new tax transparency regulations, provides trainings to all relevant employees, proactively identifies and monitors key tax transparency risks across the Group.

Financial crime

The Group's Financial Crime Policy Statement provides an overview of the Group's related policy commitments and is available to the public on the Group's website. We have a well-resourced and dedicated Group Financial Crime Compliance team located in London, which oversees the policies and practices of the whole Group in respect of financial crime matters. Key responsibilities of the team include (but are not limited to) the provision of management information to internal stakeholders, policy drafting, ensuring adequate resourcing, education, training, and oversight and assurance activities of local units with the same functions.

Anti-Money-Laundering and "Know Your Client"

Well embedded processes and policies for dealing with risks across the Group include the Group Client Due Diligence Policy and New Client Acceptance and Review Committees, as well as Group, regional and business line Risk Committees, which meet frequently to consider relevant risks and other reputational matters.

Our detailed and comprehensive policies and procedures are governing the way in which we take on clients and business. We have comprehensive policies and processes aimed at reducing the risk of exposure to financial crime, including money laundering, terrorist financing, sanctions compliance, anti-bribery and corruption and fraud.

These policies cover matters from initial due diligence and research into the identity, purpose of relationship, expected activity, source of wealth or funds, and reputation of individual clients, to the ownership and governance structure of corporate bodies and other legal structures.

Client due diligence forms a core part of the Group's approach to fighting financial crime (including money laundering, corruption, tax evasion and terrorist financing). The policies in place are consistent with both local regulatory requirements and also those of the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR), which must be met by all Group entities, except where compliance would breach local legislative or regulatory obligations.

There are specific new client acceptance processes, including committees which look at all matters relevant to the acceptance of new clients considered higher risk. Information relating to all existing clients is periodically re-examined, with Politically Exposed Persons and high-risk clients subject to enhanced due diligence and more frequent review.

The Client Acceptance Committees are comprised of senior management, forming part of a disciplined and embedded process to reduce the reputational risk that the Group faces. Environmental and Social risk considerations are embedded in the Group Client Due Diligence Policy. For more details on embedding Environmental and Social risk considerations in these procedures and policies, please refer to Section 2.3 of this report.

We maintain appropriate systems, controls, and processes for sanction screening; we adhere to all applicable sanctions regimes, and if there is a positive sanction hit or match, this is investigated, escalated and dealt with accordingly per the Group Sanctions Policy. A range of systems is in place across the Wealth Management business for transaction monitoring. The tools are designed to monitor transactional activity to ensure behaviour is consistent with the knowledge and risk profile of the client. Transaction monitoring is a key control within the Anti-Money Laundering (AML) framework and plays a vital role in the businesses' ability to identify and report suspicious activity. The Group's transaction monitoring standards, as defined in the

100% of relevant employees completed Financial Crime Prevention training

Group Client Due Diligence Policy, are driven by the requirements of the Group's lead regulator, the ACPR.

Regular reports of key financial crime metrics are shared with appropriate governing bodies (e.g., the Group Operating Committee). The Group Policy on Intra-Group Information Sharing enables information relating to AML/Counter-Terrorist Financing (CTF) matters to be shared more easily and effectively between regions.

Group Financial Crime Compliance has in place an established Oversight and Assurance (O&A) Programme to review the design and performance of key financial crime compliance controls operated by first line functions. This includes testing of AML controls and client due diligence processes.

Through a series of testing and thematic assurance reviews the O&A Programme aims to provide suitable assurance by examining financial crime controls across the Group for control and operational effectiveness. Local procedures are also assessed against Group policy requirements to ensure they are applied consistently and correctly across the Group.

The programme is applicable to all compliance functions in all regions and seeks to provide second line functions (e.g., regional Compliance teams) with the necessary framework for independently examining the effectiveness of first- and second-line financial crime controls. Financial Crime Prevention training (AML, CTF, Sanctions, Tax Evasion) is available to all employees globally.

Anti-bribery and corruption

We take a zero-tolerance approach to all forms of bribery and corruption. Our policies are designed to ensure business is done fairly, honestly, openly and with integrity, and in accordance with applicable laws that promote and safeguard fair competition in the jurisdictions in which we operate.

All relevant Group employees are required to complete regular mandatory anti-bribery and corruption training. Relevant employees are expected to be familiar with, and attest to, the Group Anti-Bribery and Corruption (ABC) Policy. The policy gives practical effect to relevant global initiatives such as the United Nations Convention Against Corruption.

Clear communications from the Managing Partner at the time of publication of the Group ABC Policy set out the requirements and standards expected from employees. Training completion rates are tracked and monitored.

A global ABC risk assessment is carried out by the Group Financial Crime Compliance team each year, which gathers regional and business line-specific ABC risk assessments and collates the results into one group-wide risk assessment. This exercise ensures that ABC risks are understood and reviewed and that they are suitably mitigated through robust and effective controls globally. The findings of the global ABC risk assessment help inform Rothschild & Co's ABC programme.

There were no incidents of corruption during the reporting year.

Tax evasion prevention

We place the utmost importance on our legal and regulatory obligations to prevent tax evasion. A set of principles and standards provide guidance on practices and behaviour, set out in dedicated Group policies and associated Practice Notes (e.g., Group Client Due Diligence Policy, Group Tax Compliance Practice Note).

All businesses within the Group must ensure that they have policies and/or procedures in place consistent with these principles.

Tax evasion and related offences are considered a crime (délit in France) and typically represent a predicate offence to money laundering. This means that any funds connected to tax evasion should, in the absence of evidence to the contrary, be considered the proceeds of crime. Due to this, the same obligations with regards to reporting suspicious activity of money laundering and/or terrorist financing would apply and where tax evasion is suspected or known about, a report must be made, without delay, to local compliance, Money Laundering Reporting Officer (or equivalent) or Group Financial Crime.

As summarised in the public Financial Crime Policy Statement, all Rothschild & Co entities and employees must comply with standards, including:

- conducting client due diligence, where applicable, to mitigate the risk that the Group is handling or dealing with the proceeds of crime;
- identification and reporting of incidents where a suspicion is formed that the Group is handling or dealing in the proceeds of crime;
- prohibiting exploitation of an association with Rothschild & Co to evade, or facilitate the evasion, of taxes legitimately due to any competent authority; and
- the institution of additional mitigating controls designed to help prevent the facilitation of tax evasion (e.g., risk assessments and relevant training).

Political lobbying activity and donations

As summarised in the public Financial Crime Policy Statement, Rothschild & Co does not engage in lobbying activity. It does not seek to actively influence public officials, laws, or regulations.

Rothschild & Co does not make or permit any of its employees to make on its behalf, any political donations, nor does it have any political affiliations. The Group, therefore, does not declare any related expenditure in the EU Transparency Register (or equivalent registers).

99% of relevant employees completed Anti-Bribery Corruption training

Reporting Concerns or Irregularities

We are committed to conducting business fairly, honestly and with integrity. We expect all employees to maintain the highest standards of professionalism and personal conduct, reflective of the Group Code of Conduct, policies, and other applicable rules.

We encourage individuals to raise reportable concerns as soon as possible and the Group Policy on Reporting Concerns or Irregularities (whistleblowing) explains how individuals can confidentially escalate matters so that they may be assessed and resolved in a suitable manner. This policy was last updated and approved by senior management in late 2021, with all employees requested to confirm they have read, understood and will comply with the policy in 2022. Various whistleblowing channels are available to internal and external stakeholders, and individuals may choose to remain completely anonymous by reporting to an independent whistleblowing hotline (Safecall).

Individuals making any report in good faith are fully protected against any prejudicial treatment or retaliation. Rothschild & Co will not take any action against the individual for raising a concern, irrespective of whether it is later substantiated.

Data privacy and protection

Data protection

Confidentiality is of paramount importance to our client relationships and offering. We take appropriate technical and organisational measures to safeguard confidential information and all employees are expected to exercise the highest level of due care and attention when dealing with confidential information about the Group or its clients. These expectations are clearly communicated in the Group Code of Conduct.

The businesses communicate openly with their clients in relation to how they use confidential information, including personal data. The Group Data Protection Policy defines the core principles for protecting personal data processed by or on behalf of the Group and helps facilitate compliance with relevant legal and regulatory data protection obligations that the Group must adhere to globally. Where compliance monitoring, reporting or internal audits reveal any concerns, remedial action is swiftly taken. Systems and controls are regularly tested and reviewed to ensure they are in line with technological developments and regulatory or market practice.

Information Security

The security of the information the Group possesses and holds in relation to clients, employees, businesses and business partners is vital to the Group's continued success. The global Information Security Programme is aimed at managing the associated risks. As technology becomes more complex and sophisticated, so do the cyber risks that businesses face.

Responsibility for overseeing and enhancing the Group's framework for dealing with information security risk and improving awareness and communication between stakeholders lies with the Chief Information Security Officer (CISO), reporting to the Group Chief Risk Officer. The CISO works with Group's businesses across all geographic locations to improve the identification of cyber and information security risks and the management responses to these risks in terms of policies and procedures.

The establishment of committees, policies, and defined responsibilities for information security is designed around a three layers of defence model. Oversight of all information security activities is performed by the Rothschild & Co Operations Committee, a senior management committee which provides strategic direction on all information security activities across Rothschild & Co.

The CISO works very closely with the Group Information Technology (IT) function, and in particular IT Security, which is the first line of defence for implementing the measures considered appropriate to ensure the confidentiality, availability and integrity of information to the standards set by Rothschild & Co Gestion. The Group Executive Committee has approved a comprehensive Information Security Strategic Plan, that details a wide range of work streams covering the key risks associated with the people, processes and technology in the organisation. The OpCo performs ongoing monitoring of the strategic workstreams and receives quarterly reporting regarding the status of the Information Security programme.

The Rothschild & Co Group Information Security Policy framework provides the foundation to establishing an effective information security management system across the Group, implementing, maintaining and continually improving internal control over information and related technology. It outlines core principles, activities, governance and resources that collectively provide information on security services to the Group and its clients. The framework enables senior management to make risk management decisions by providing information about the organisation's information security capabilities.

Throughout the year, the Information Security Risk team will report Key Risk Indicator Dashboards and the progress of the Information Security Programme Delivery to the Risk and Audit Committee of the Supervisory Board and Group Operating Committee.

The Information Security education programme utilises a wide range of mediums and approaches for disseminating security awareness content to a globally distributed audience. All relevant employees are required to read and certify understanding of the Information Security Policy. An Information Security computer-based training module has been prepared and assigned to all relevant employees. Policy attestation and training completion rates are monitored and reported to the OpCo.

100% of relevant employees attested to the Group Policy on Reporting Concerns and Irregularities

97% of employees successfully completed Data Protection training

Additional focus is placed on monthly phishing test campaigns for employees, to raise awareness for the risks and train employees to spot these.

In order to assess the risk related to third parties who hold or manage Rothschild & Co proprietary or client data and to reduce third party information risk, the Group's Third Party Relationships and Outsourcing Policy defines the approach and expectations in this regard.

The Group has formalised standard clauses and security KPIs to be included in new contracts with third parties in coordination with legal departments. Rothschild & Co has engaged a service provider to assess, record and report supply chain related information security risks.

The Group performs information security and cyber related risk assessments on its key high-risk suppliers, including those processing personal data or sensitive personal data.

All new IT projects involving cloud data processing are subject to review by the Cloud Steering Committee, which is co-chaired by the Group CIO and Group CISO and is comprised of representatives from control functions, to identify risks associated with cloud applications and data processing and to bring them to the attention of the service or system owner for treatment.

Security operations management

Our IT Security and Information Security Risk departments continuously control and govern the delivery of day-to-day technical security measures. These are selected to meet the requirements of the Information Security Programme.

To support the internal cyber breach monitoring capabilities, we have engaged the services of a specialist Threat Intelligence provider to actively monitor and alert on external cyber threats as well as a 24/7 Security Operations Centre to monitor for internal cyber events. This Threat Intelligence service is complemented by quarterly Threat Landscape briefings provided by independent specialist service providers.

Group IT Security ensure the appropriate technical controls are in place to prevent, detect, and respond to cyber security events. The key prevention and detection systems are:

- firewalls and proxy servers;
- email perimeter protection;
- security information and event monitoring;
- threat and vulnerability management;
- data loss prevention;
- information access management; and
- security incident management.

Regular vulnerability scans are carried out on an internal and external asset to understand the level of risk the firm is exposed to. This is supported by penetration tests regularly carried out on specific applications and infrastructure throughout the year by independent organisations.

94% of the completion rate of the mandatory Information Security training conducted in 2022

4 Appendix

4.1 Universal reference table

The following table references sustainability disclosures presented in this report, mapping them against the Global Reporting Initiative Standards[1] (GRI), our commitment to the 10 principles of the United Nations Global Compact (UNGC), and the UN Sustainable Development Goals (SDG). For disclosure with regards to the recommendations of the Taskforce on Climate-Related Financial Disclosure (TCFD), please refer to the Climate Impact Report, published in November 2022.

	REF.	UN GC	SDG	GRI[1]
Sustainability is strategy				
Group-wide purpose statement, guiding principles and sustainability ambition as part of Rothschild & Co's business model. Ambition to support the sustainability transition of the global economy anchored in Group strategy	Chapter "Overview" of the AnnualReport	1-10		2-1 2-6
Clear governance of sustainability matters, taken to the highest level in the organisation	S.1.2		16	2-9 2-11 2-13 2-14
Strategy and risk management				
Non-financial risks and opportunities identified in materiality assessment	S.2.1	1-10		3-2
Common set of strategic priorities defined in group wide ESG priority framework	S.2.2	1-10	16	
Ongoing stakeholder dialogue: approach and engagement activities	S.2.2 S.4.2	1-10	16	2-12 2-29
Continuous engagement though external partnerships and public commitments	S.2.2	8	5,10,12,13,15,16	2-28
ESG risk and opportunity considerations across the business model				
Group-wide Responsible Investment framework and investment roadmap for 2022-2025; investment process, disclosure, reporting, measurement and training	S.2.3	1,2,6,7,9,10	7,10,13,16	3-3
ESG consideration in Global Advisory activities through the ESG advisory practice, M&A and sustainable finance transactions and client on-boarding	S.2.3	2,5,7,9,10	7,12,13	
ESG considerations (incl. human rights) in selection of other supply chain partners	S.2.3	1-10	16	2-6
R&Co4Generations as dedicated philanthropic platform	S.2.3	6,7,8	5,10,13,15	413-1
Implementation and performance				
Key progress highlights ESG integration	S.3.1	1-10	16	
Performance against SFDR objectives and voting coverage for our investment products	S.3.1		16	

1. Section 5 of the 2022 Annual Report was written in consideration of GRI standards. Where appropriate, the section references selected GRI Standards, or parts of their content, to report specific information.

	REF.	UN GC	SDG	GRI
Environment				
Climate and nature-related risks and opportunities for the Group's operations and business lines	S.3.2	7,8,9	13	201-2
Strategy to invest in assets which support the transition to a low carbon economy and/or aim to protect or preserve biodiversity	S.3.2	7,8,9	13,15	302-5 304-2
Environmental operational commitments, targets and objectives: managing operational GHG emissions	S.3.2	7,8,9	7,12,13,15	302-1 302-3 302-4 304-3 305-1 305-2 305-3 305-4 305-5
Environmental operational commitments, targets and objectives: responsible consumption and resource use contributing to biodiversity protection and preservation	S.3.2	7,8,9	10,12,15	301-1 301-2 304-3 306-3 306-4 306-5
Philanthropic support for protection of biodiversity and avoidance of climate change	S. 3.2	7,8	13,15	
People and Society				
Key people and society-related risks and opportunities for the Group's operations and business lines	S.3.3	1,2,3,4,5,6	5,10	
Diversity and inclusion commitments, targets and objectives. Policies and initiatives to encourage diversity and inclusion and create an environment of equal opportunity and partnership	S.3.3	3, 6	5,10	405-1
Developing the best talent/training opportunities	S.3.3	6	5,10	404-1 404-2 404-3
Safeguarding physical, mental and emotional health, safety and wellbeing of employees	S.3.3			403-6
Human rights commitment and policies implemented in line with the main provisions of the International Labour Organisation's fundamental conventions on Human Rights	S.3.3	1,2,3,4,5,6	5,10,16	407-1 408-1 409-1 412-1
Philanthropic support to help address and alleviate inequalities	S.3.3	6	5,10	413-1

	REF.	UN GC	SDG	GRI
Responsible business practices				
Key compliance and business conduct-related risks	S.3.4	1,2,3,4,5,6,10	16	
Group Code of Conduct sets out standards and expected behaviours	S.3.4	1,2,6,7,10	16	2-3 2-15
Tax transparency and prevention of tax evasion backed up by a strong tax governance	S.3.4	10	16	207-1 207-2
Process, policies and training in place around Anti-Money-Laundering and “Know Your Client”	S.3.4	10	16	
Zero tolerance approach to all forms of corruption and bribery: standards, policies and training in place	S.3.4	10	16	205-1 205-2
No engagement in political lobbying activity and donations	S.3.4	10	16	415-1
Reporting Concerns or Irregularities (whistleblowing)	S.3.4	10	16	102-17
Managing data privacy and confidentiality risks and preserving the integrity of clients’ and partners’ data	S.3.4		16	
Additional information disclosed				
Fostering quality social dialogue and collective bargaining agreements	S.3.4	3, 6	5,10	2-30
Other disclosures on employee health and safety	S.3.4			403-1 403-2 403-3 403-5 403-8
Other disclosures on employee headcount distribution and relating to diversity and inclusion, hiring and development	S.3.4	6	10	102-8
Reporting period for the information provided	Section 2.1 of the 2022 Consolidated Financial Statement of the Annual Report			2-3
General governance structure of the organisation	Chapter "Overview" of the Annual Report		5,16	2-9
Effect of any restatements of information given in previous reports, and the reasons for such restatements	S.3.4			2-4
Statutory Auditors’ opinion: external assurance	S.3.4			2-5

4.2 Stakeholder dialogue

Maintaining ongoing dialogue with our stakeholders enables us to take their interests into account, identify changes in expectations and ensure relevant information is shared transparently. In accordance with the definition provided by the GRI Guidelines, our stakeholders are all entities or individuals that can reasonably be expected to be significantly affected by the Group's activities, products and/or services, and whose actions can reasonably be expected to affect the ability of the organisation to successfully implement its strategies or achieve its objectives. The below table provides an overview of all potential stakeholder groups, the key topics covered through engagement[1] (in particular, Sustainability matters), as well as the channels used to foster constructive dialogue each time. We have identified as key stakeholders our shareholders, potential investors and analysts, clients, employees and future talent.

KEY STAKEHOLDER GROUP	KEY TOPIC AND CONCERNS	ENGAGEMENT APPROACH
Employees Transparent and direct communication between our employees and the leadership team is an important part of the firm's culture. These opportunities provide employees with updates on latest developments, priorities and initiatives, and employees are given the chance to raise questions about the Group, in person or anonymously.	■ Employee wellbeing and workplace flexibility ■ Talent attraction, development, and retention ■ Diversity, Balance and Inclusion ■ Cybersecurity ■ Climate Change ■ Biodiversity ■ Human Rights ■ Socio-economic inequalities ■ Philanthropic activities	■ All-staff, or departmental townhall meetings with Senior Management ■ Internal email, and/or intranet articles (authored by senior representatives) ■ Thematic awareness and engagement campaigns, including voluntary workshops and expert talks (e.g. Climate action; cybersecurity; Pride month; Black History month, Culture Cafe; UK EMbrace Network; UK Women's Network) ■ Volunteering opportunities for local philanthropic activities (e.g. Garden School Foundation; Moi dans dix ans; Enactus) ■ Surveys and other feedback mechanisms (e.g. Balance and Inclusion; Climate Action Weeks surveys) ■ Breakfast meetings and luncheons with Senior Management ■ Training opportunities (e.g launch and promotion of Rothschild & Co's Sustainability Academy, containing modules exploring the clear and concise explanations on climate change and biodiversity loss, as well as a regulation academy for employees to learn about upcoming disclosure requirements) ■ Company-wide initiatives (e.g. Act for Humanity challenge: global competition between employees to improve their mental and physical wellbeing and create more sustainable habits while raising funds for refugee charities across the globe)
Rothschild & Co shareholders + potential investors and analysts As a listed company, Rothschild & Co places highest importance in complying with applicable listing rules regarding transparency. Accordingly, it discloses the information that is necessary to investors and shareholders to assess the Group's situation and outlook in both French and English language.	■ Financial performance ■ Sustainability approach and key metrics ■ Group and business strategy ■ Outlook ■ Transparency	■ Annual shareholder meetings ■ Quarterly results ■ Press releases ■ Group Annual Report and Group Sustainability Report ■ Questions and answers sessions ■ Executive Management meetings with investors and analysts ■ Roadshows ■ Corporate announcements and reportage via the Group's website and social media channels (e.g. announcement of the Group's Carbon Removal partnerships) ■ Investor Relations section of the website

1. Activities in this table exclude mandatory trainings, to rather focus on highlighting the key mechanisms through which the Group encouraged proactive and constructive two-way dialogue.

KEY STAKEHOLDER GROUP	KEY TOPIC AND CONCERNS	ENGAGEMENT APPROACH
Clients and business partners A close dialogue with clients and business partners is essential to building the lasting relationships and network that underpin the business' success. Regular events help clients understand the business and engage in discussions about industry trends and challenges. Communication focuses on knowledge sharing and offers opportunities for outside inspiration.	■ Service excellence ■ Thought leadership ■ Quality of advice ■ Transparency ■ Data protection ■ Confidentiality ■ Climate change and biodiversity ■ Responsible investment and stewardship ■ ESG integration	■ Event organisation and sponsorship (e.g. Rothschild & Co and Redburn renewable energy conference) ■ Corporate announcements and reportage via the Group's web and social media channels (e.g. Announcement of the Group's Carbon Removal partnerships) ■ ESG reports, thought leadership publications (incl. editorials, podcasts, videos) ■ Direct meetings ■ Organisation and/or participation in round tables ■ Survey
Future talent Talented individuals are given the opportunity to learn about Rothschild & Co and its diverse career opportunities and to network with Rothschild & Co employees. These opportunities provide first-hand insights into the expectations of future talent towards the Group as an employer.	■ Employee wellbeing and workplace flexibility ■ Talent attraction, development, and retention ■ Diversity, Balance and Inclusion	■ Career fairs ■ Networking luncheons and dinners ■ Events ■ Corporate announcements and reportage via the Group's web and social media channels (e.g. R&CO4Generations supported projects) ■ Global mobility opportunities
Social dialogue (trade unions, France only) Employee representatives are given access to a comprehensive economic and social database, including comparative data on employees by gender and age on all aspects of working life. This gives employee representatives an informed view, on which to form their opinion each year during the consultation on social policy.	■ Employee wellbeing and workplace flexibility ■ Talent attraction, development, and retention ■ Socio-economic inequalities ■ Diversity, Balance and Inclusion ■ Equal opportunities ■ Health and Safety ■ Collective bargaining ■ Transparency	■ At least monthly social dialogue between employee representatives in France and a member of management, including procedures for information, consultation, and negotiation with employees

KEY STAKEHOLDER GROUP	KEY TOPIC AND CONCERNS	ENGAGEMENT APPROACH
Social enterprises and charities Through R&Co4Generations, a dedicated platform for philanthropic partnerships, Rothschild & Co maintains close dialogue with social enterprises and charities, discussing opportunities for partnership, knowledge sharing or other collaborations.	■ Socio-economic inequalities ■ Community support ■ Partnership and collaboration ■ Human Rights ■ Diversity, Balance and Inclusion ■ Climate Change ■ Biodiversity	■ Competition, awards ■ Global flagship projects ■ Fundraising and partnership opportunities applications ■ Pro-bono advisory projects ■ Matched-giving initiatives ■ Volunteering activities (Please refer to R&Co4Generations' progress report 2021/22 for more detailed information)
Suppliers and third-party contractors The Group is committed to encouraging responsible business practices throughout its operational supply chain and dialogue, aiming to ensure all parties are working with each other to build a relationship of respect, trust, and transparency.	■ Responsible business practices ■ Fundamental ethical, social, and environmental principles ■ Fair payment conditions	■ Supplier Code of Conduct ■ Direct engagement as part of contract negotiations ■ TPR and onboarding processes
Financial Market Authorities and regulators Our dedicated functions have a collaborative and transparent dialogue with regulators. This aims to ensure the Group meets prudential and regulatory compliance standards.	■ Transparency and public accountability ■ Compliance with regulation	■ Annual Report disclosures ■ Various filings with regulators on a periodic basis
International organisations, local and international networks, think tanks Through the support of multistakeholder initiatives, the Group's dedicated functions interact with the wider society and the International organisations, networks and alliances aiming to represent their interests.	■ Transparency ■ Diversity, Balance and Inclusion ■ Climate change ■ Partnership ■ Knowledge exchange	■ Rothschild & Co is an active member and contributor to a few selected multistakeholder initiatives and keeps an open dialogue with these groups/activities ■ Group-wide public commitments and the partnerships through which the Group and its businesses publicly advocate for and engage with its stakeholders in sustainable development initiatives (please refer to the overview of partnerships and public commitments in section 2.2 for more information)
Extra-financial rating agencies The Group is committed to providing transparent and quality information on its extra-financial performance and holds regular dialogue with non-financial analysts to ensure its activities can be evaluated against ESG criteria.	■ Transparency ■ Sustainability approach and key metrics ■ ESG integration and governance	■ Annual report ■ Public policies and commitments on our website ■ Sustainability report disclosures

4.3 People and society

HEADCOUNT BY GEOGRAPHY[1]	2020	2021	2022
France	1,171	1,212	**1,268**
United Kingdom and Channel Islands	1,078	1,173	**1,351**
Switzerland	269	322	**347**
Other Continental Europe	446	480	**491**
North America	370	364	**430**
Rest of the world	253	265	**314**
TOTAL GROUP[2]	**3,587**	**3,816**	**4,201**
FTE TOTAL GROUP[3]	**3,512**	**3,744**	**4,127**
% of headcount located in the country of the Company's headquarter (France)			**30%**
Share of employees operating in at least one sensitive country in terms of fundamental rights at work[4]			**0.74%**

(1) A presentation of all the Group's office locations is set out in the Chapter "Overview" of this report.
(2) Data based on headcount (i.e. not FTE). Off Headcount workers are not in scope (e.g., consultants, contractors).
(3) Fulltime equivalent data.
(4) Ten worst countries for workers according to ITUC Global Rights Index 2022.

HEADCOUNT BY BUSINESS	2020	2021	2022
Global Advisory	1,491	1,554	**1,772**
Wealth & Asset Management	1,155	1,240	**1,290**
Merchant Banking	172	201	**223**
Central & Support	769	821	**916**
TOTAL	**3,587**	**3,816**	**4,201**

EMPLOYEE AGE PROFILE	2020	2021	2022
<30 years	23%	25%	**26%**
30 to 39 years	29%	29%	**30%**
40 to 49 years	25%	25%	**23%**
>50 years	22%	22%	**21%**
TOTAL	**100%**	**100%**	**100%**

EMPLOYEE GENDER PROFILE	2020	2021	2022
Male	60%	60%	**60%**
Female	40%	40%	**40%**
TOTAL	**100%**	**100%**	**100%**

AVERAGE TENURE OF EMPLOYEES	2020	2021	2022
Below 2 years	25%	28%	**35%**
2-5 years	32%	33%	**24%**
5-12 years	22%	23%	**24%**
Above 12 years	21%	16%	**17%**
TOTAL	**100%**	**100%**	**100%**

NEW HIRES BY GEOGRAPHY	2020	2021	2022
United Kingdom and Channel Islands	30%	32%	**38%**
France	22%	23%	**21%**
North America	24%	13%	**15%**
Other Continental Europe	11%	13%	**10%**
Switzerland	4%	11%	**7%**
Rest of the world	9%	8%	**9%**
TOTAL	**100%**	**100%**	**100%**

NEW HIRES BY GENDER	2020	2021	2022
Male	61%	66%	**59%**
Female	39%	34%	**41%**
TOTAL	**100%**	**100%**	**100%**

TALENT IDENTIFICATION AND DEVELOPMENT	2020	2021	2022
Number of paid internships	348	257	**565**
Graduates	135	135	**158**
there of female	28%	23%	**27%**
Promotions	345	430	**495**
there of female	33%	27%	**35%**

ADDITIONAL INFORMATION	2020	2021	2022
Non-permanent workforce[1]	398	467	**423**
Number of flexible working arrangements[2]	261	256	**267**

(1) Includes apprentices, contingent workers, fixed term contractors, interns and Non-Executive Directors on payroll.
(2) Includes employees with an FTE less than 1.

During the 2022 financial year, employee turnover was 13% (vs. 16% in 2021). Redundancies in 2022 were 1.3% (vs. 1.8% in 2021). The aggregate number of new joiners was 851.

Social dialogue

Staff thresholds where the law provides for staff representatives are only reached in France .

In France, social dialogue at Rothschild & Co level is organised through the Social and Economic Committee and the union delegate, in other companies through the Social and Economic Committee, the Health, Safety and Working Conditions Committee, local representatives and union delegates. Social dialogue is held at least once a month between employee representatives and a member of management and includes procedures for information, consultation and negotiation with employees.

As part of this dialogue, employee representatives have access to a comprehensive economic and social database, which is regularly updated and contains historical data. The database includes comparative data on employees by gender and age on all aspects of working life, i.e., data on recruitment, training, remuneration and departures. This information makes it possible to address all subjects to ensure compliance with the principle of equal opportunities and to take appropriate countermeasures, if necessary. It also gives employee representatives an informed view so that they can give their opinion each year during the consultation on social policy.

Social dialogue also includes collective bargaining. French employees are covered by a collective agreement at industry level with more favourable provisions than those laid down by law.

In addition, employees benefit in the same way from agreements reached as part of Rothschild & Co's social dialogue. Company agreements cover a wide range of issues, including gender equality, social protection, working time, work time flexibility, profit-sharing and employee savings. In addition, regular negotiations are held with trade union representatives on pay, quality of life at work and the management of jobs and career paths. The agreements reached with the trade unions cover 93% of French employees (and 28% of total workforce). In companies where there are no unions, unilateral decisions are taken and/or referenda are held to ensure that employees are also covered on these issues.

In 2022, 15 agreements and unilateral decisions were signed. In addition, there are 44 ongoing agreements on gender equality, social protection, employee savings schemes (PEE/PERCO) and profit-sharing.

Health and Safety

We are committed to providing a safe and healthy working environment in all locations and aims to continually improve occupational health and safety management and performance.

The Group Health and Safety Policy prescribes a consistent approach to maintain the health, safety and wellbeing of all persons who might be affected by the activities within an office. All reporting locations continue to commit to implementing the conformance standards set within the requirements of the Policy whilst ensuring legal compliance is always met.

Rothschild & Co locations:

- seek to eliminate or reduce hazards in the workplace by implementing the Group Health and Safety requirements;
- measure performance and ensure continuous improvement by setting, auditing and reviewing occupational Health and Safety objectives and targets for individual offices;
- support all those with relevant management responsibilities to manage Health and Safety within their areas of responsibility;
- provide competent personnel and adequate resource to enable the implementation and management of the Policy and its arrangements;
- provide appropriate information, instruction and training as necessary; and
- provide suitable arrangements for employee consultation on matters relating to Health and Safety.

In order to demonstrate that Group offices are conforming to the Group Health and Safety Policy and there is a consistency of approach across the Group, two training modules have been rolled out to offices – Health and Safety Awareness and DSE (Workstation) Assessments. (Note – these have both always been completed in the UK due to legal requirements). This rollout began in 2021 and is due to be completed by the end of 2022 with some exceptions – offices in France operate a local Health and Safety Awareness Programme adhering to relevant legislation and did not receive the Health and Safety Awareness module. In the US and Canada all wellbeing requirements are managed via Human Resources, so they did not receive the DSE Assessment training module. All new starters in the Group receive the same training in their first week of employment; current employees will receive a refresher every two years. 83% of total assignments sent globally were completed by December 2022.

In 2022, there were ten reportable workplace accidents and no near misses. All reported accident and near miss data were classified as "not concerning".

Accident reporting requirements are in accordance with local legislation and are not comparable between office locations.

In France, social dialogue also addresses Health and Safety issues. The role of the Health, Safety and Working Conditions Commission, which is made up of employee representatives, includes analysing the occupational risks to which employees may be exposed, making proposals for adapting jobs to facilitate access and retention of disabled people in all jobs and proposing actions to prevent moral or sexual harassment. Rothschild & Co in France evaluates procedures and systems for preventing occupational risks at least once a year through the "Document d'évaluation des risques professionnels" (Occupational Risk Assessment) and modifies the prevention measures whenever necessary through the "Plan de prévention des risques" (Risk Prevention Plan). These two documents are regularly reviewed by staff representatives.

Work organisation

Working hours vary from country to country depending on national legislation and are therefore managed and monitored by local management and HR teams. Absenteeism is actively monitored by line managers and is managed by local offices.

A group-wide HR system is operationally providing global consistency to many HR processes. Absence management functionality is being addressed on a location-by-location basis. This has been rolled out to Australia, North America, the United Kingdom, Guernsey and Switzerland. Further countries will be considered in due course.

In France and Monaco, more specifically, all kinds of absenteeism are already recorded: maternity and paternity leave, additional leave, breastfeeding leave, absences for working accident and sick leave.

The Group is committed to minimising, where possible, the number of compulsory redundancies and operates responsible redundancy procedures and measures to mitigate the consequences for those employees made redundant.

4.4 Operational environmental impact

Operational greenhouse gas emissions[1]

GREENHOUSE GAS EMISSIONS IN tCO_2EQ[2] AS REPORTED			2020	2021	2022
DIrect emissions (Scope 1)	Natural gas		138.1	157.1	**89.8**
	Bioenergy		0.9	0.7	**1.0**
	Other fuel		36.2	55.7	**48.3**
	Company cars[3]		189.1	204.1	**549.5**
	Refrigerant gas loss/other fugitive emissions[4]		0.0	3.6	**11.1**
TOTAL SCOPE 1			364.2	421.2	**699.8**
Indirect emissions (Scope 2)	Electricity consumption	Location-based	2,790.8	2,251.6	**2,550.6**
		Market-based	1,068.0	635.0	**577.6**
	Heat and steam consumption		283.1	284.7	**307.3**
	District cooling[5]		0.0	9.7	**15.6**
	Company cars (electric cars)[6]		0.0	1.0	**2.1**
TOTAL SCOPE 2		Location-based	3,073.9	2,547.0	**2,875.7**
		Market-based	1,351.1	930.4	**902.6**
Indirect emissions from travel (Scope 3)	Business travel – Flights		4,322.0	2,155.6	**9,583.6**
	Business travel – Rail		44.9	42.5	**116.6**
	Business travel – Taxis		150.6	210.1	**307.3**
	Hotel stays		92.3	97.3	**416.0**
	Car rentals and reimbursed vehicle trip[7]		278.8	285.3	**207.8**
TOTAL EMISSIONS – TRAVEL			4,888.6	2,790.7	**10,631.3**
Other emissions (Scope 3)	Materials		106.6	94.0	**136.9**
	Recycling and disposal		19.8	17.8	**53.5**
	Employee commuting[8]		-	-	**1,449.0**
	Remote working[8]		1,402.7	1,594.9	**154.2**
	Water		29.7	9.7	**12.0**
	IT equipment and server use	Location-based	1,169.2	1,512.9	**1,560.2**
		Market-based	1,163.1	1,515.5	**1,560.6**
	Electricity Transmission and Distribution Losses	Location-based	269.2	179.6	**218.4**
		Market-based	268.9	179.6	**218.4**
	Upstream emissions (WTT)	Location-based	1,225.9	1,198.2	**2,213.0**
		Market-based	1,227.3	1,198.2	**2,213.0**
TOTAL EMISSIONS – OTHER		Location-based	4,223.1	4,607.2	**5,797.2**
		Market-based	4,218.1	4,609.9	**5,797.6**
TOTAL SCOPE 3		Location-based	9,111.7	7,397.9	**16,428.3**
		Market-based	9,106.7	7,400.6	**16,428.8**
TOTAL SCOPE 1, 2 & 3		Location-based	12,549.8	10,366.1	**20,003.8**
		Market-based	10,822.0	8,752.2	**18,031.0**

(1) Total emissions, including both collected and extrapolated data. In 2022, Rothschild & Co collected data for approximately 94.1% of the Group's FTE and estimated for the remaining 5.9%.
(2) Rothschild & Co's GHG emissions are calculated as tonnes of carbon dioxide equivalent (tCO_2eq), a universal unit of measurement expressing the impact of each of the Kyoto GHGs in terms of the amount of CO_2 that would create the same amount of warming. The Group calculates tCO_2eq by multiplying its activity data by the UK BEIS approved conversion factors or other sources of emissions factors.
(3) "Company cars" category was renamed in 2022 to include both previously named "company-owned cars" and "company-leased cars" into the same Scope 1 category for the first time in 2022.
(4) "Refrigerant gas loss / other fugitive emissions" were first added to the reporting scope in 2021.
(5) District cooling were first added to the reporting scope in 2021.
(6) Company cars (electric cars) were first added to the reporting scope in 2021.
(7) "Employee-owned cars" were first added to the reporting scope in 2021. This category was re-named "Car rentals and reimbursed vehicle trips" in 2022, to also include car rentals.
(8) The methodology used for estimating emissions from employee commuting and remote working has changed in 2022. Instead of relying of an internal employee survey (to which response rates were limited), in 2022 average country- and city-level data on homeworking / commuting habits and distances (applied on FTE per country) was used, from the database Numbeo Traffic.

In a post-pandemic context, emissions have increased by 106% between 2021 and 2022.

Scope 1 emissions increased by 66% compared to 2021, mainly due to the increased use of company cars in 2022. However, energy use from offices has only slightly increased in 2022 despite employees returning to the office, which reflects energy savings and efficiency measures deployed across the Group.

Scope 2 market-based emission remained globally stable. Electricity consumption increased slightly but that was compensated by more electricity purchased from renewable sources, increased to 92% in 2022. Scope 3 emissions increased significantly in 2022 due to higher business activity. Although Q1 business travel was still impacted by the pandemic, Q2, Q3 and Q4 saw a return to 'business as usual' travel emissions. As a result, air travel-related emissions increased by c. 7,428 tCO_2eq/345% from 2021.

Also, emissions related to employee commuting have significantly increased since 2021, while in parallel emissions from remote working have significantly decreased. This is due to the return to office for most employees – and also due to a change in methodology explained further down. For the first time in 2022, commuting data has been included in the operational GHG emissions.

Greenhouse gas emissions/FTE[1]

	LOCATION-BASED			MARKET-BASED		
EMISSIONS tCO_2EQ/FTE	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
FTE	3,512	3,744	**4,127**	3,512	3,744	**4,127**
Scope 1	0.10	0.11	**0.17**	0.10	0.11	**0.17**
Scope 2	0.88	0.68	**0.70**	0.38	0.25	**0.22**
Scope 3 (ALL)	2.60	1.98	**3.98**	2.60	1.98	**3.98**
SCOPE 1 AND 2	**0.98**	**0.79**	**0.87**	**0.49**	**0.36**	**0.39**
SCOPE 1, 2 AND 3 (ALL)	**3.57**	**2.77**	**4.85**	**3.08**	**2.34**	**4.37**

Emissions per FTE saw a significant increase in 2022 when compared to 2021, mainly due to the post-pandemic context. However, they remain largely below pre-pandemic levels (7.96 in 2019 versus 4.37 in 2022).

Recycling and disposal

RESOURCE DISPOSAL IN TONNES	2020	2021	2022
Anaerobic digestion	20.3	20.2	**39.6**
Composted	9.5	7.0	**15.0**
Incinerated energy recovery	176.3	188.6	**173.3**
Landfilled	29.5	24.4	**97.2**
Re-used	3.4	-	**-**
Recycled	100.3	103.4	**183.0**
TOTAL	**339.3**	**343.5**	**507.7**
Total/FTE	**0.10**	**0.09**	**0.12**

Total materials sent for disposal have increased by 48% between 2021 and 2022, mainly due to employees' return to the office. The recycling rate has also increased (47% in 2022, up from 38% in 2021), which can be explained by the increase in volume of heavy items (predominately paper, glass, and compostable material) being produced, linked to the higher occupancy levels, as well as the continuous efforts being deployed to improve waste recycling across offices.

Water use

WATER CONSUMPTION IN M3 (EXTRAPOLATED)	2020	2021	2022
TOTAL WATER CONSUMPTION	45,210	39,837	**44,967**
TOTAL /FTE	**12.87**	**10.64**	**10.90**

Whilst we do not have a water intensive operating model, we recognises our responsibility in the countries we operate. In 2022, water use slightly increased compared to 2021, mainly due to increased office occupancy levels across the Group. However, it remains lower than for previous reporting years, which demonstrates continuous reduction efforts across all offices.

1. Total emissions, including collected and extrapolated data.

We understand that applying a traditional approach to resources use can place undue pressure on global resources, is wasteful and not economically viable in an increasingly challenging business environment. To that end, we ensure that we manages our resource use responsibly and as far as practicable.

Materials use predominately means paper use, although an increase in reporting scope over the years has resulted in more material types being added. Responsible management of materials use is embedded in our working practices.

Materials use

MATERIALS USE IN TONNES (EXTRAPOLATED)	2020	2021	2022
Recycled content/sustainable sources	102.0	92.0	**113.3**
Non-recycled content/ non-sustainable sources	12.5	11.5	**24.8**
TOTAL MATERIALS CONSUMPTION	**114.5**	**103.5**	**138.1**
TOTAL/FTE	**0.03**	**0.03**	**0.03**

In 2022, we maintained our commitment to reduce consumables and track their use and continued to procure new orders of printing paper from sustainable sources.

Material use remained relatively stable when compared to previous years, with a slight increase due mainly to the increased office occupancy levels in 2022.

Energy use

TOTAL ENERGY USE IN MWH	2020	2021	2022
Bioenergy	4,361.4	3,392.2	**3,468.5**
District cooling	-	79.0	**162.9**
Electricity	15,003.1	13,816.3	**17,349.3**
Heat/Steam	1,471.7	1,465.2	**1,606.6**
Natural gas	725.7	830.0	**483.9**
Other fuel	139.1	214.4	**184.8**
TOTAL ENERGY CONSUMED	**21,701.1**	**19,797.0**	**23,255.9**
TOTAL/FTE	**6.18**	**5.29**	**5.64**

Due to a significant increase in office occupancy levels as well as an increase in Group FTE in 2022, when compared to 2021, the total energy use by offices has increased by 3,459 MWh. We undertook a legal, compliance and conformance assessment to understand the legal environmental responsibilities in each jurisdiction where Rothschild & Co has an office. This assessment led to the development of a Group environmental conformance standard for offices worldwide, and which the Group regularly monitors and uses to improve continuously.

Provisions have been identified in order to meet European Union (EU) energy efficiency obligations relevant to EU member states. Provisions in the United Kingdom have been identified for operational environmental risk, pertaining to the Streamlined Energy and Carbon Reporting (SERC) scheme. As an office-based business, we do not actively engage in direct activities with material impact on air, water, soil or noise pollution.

4.5 Methodology

Reporting of sustainability information – process for the 2022 reporting period

In preparing this report, Rothschild & Co aims to demonstrate its commitment to transparent disclosure and public accountability for its business' impact on its stakeholders, in respect of the following regulations and principles:

- L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code (Code de commerce);
- Global Reporting Initiative (GRI) principles (please refer to the universal reference table in Section 4.1 of this report);
- Principles of the United Nations Global Compact (please refer to the universal reference table in Section 4.1 of this report);
- Standard of the Greenhouse Gas Protocol initiative by the World Resources Institute; and
- United Nations Sustainable Development Goals.

The reporting period is 1 January 2022 to 31 December 2022. The preparation and coordination of the Sustainability Report involved members of Rothschild & Co and Group entities, taking key responsibilities in Legal, Compliance and Risk, Human Resources, Health and Safety, Responsible Investment, Group Sustainability and R&Co4Generations.

The initiatives, policy references and data presented in this report aim to provide an accurate and complete reflection of the Group's sustainability strategy and performance on the most relevant topics as identified in the annual materiality assessment of non-financial risks (please refer to Section 2.1 of this report) and presented in the Group's ESG priority framework (please refer to Section 2.2 of this report).

Non-financial data and information for the reporting period is sourced from the responsible business divisions and service providers.

In line with Article R.225-105 of the French Commercial Code, the Managing Partner engaged KPMG to provide an **independent limited assurance** conclusion on the consolidated non-financial statement in compliance with the International Standard on Assurance Engagements (ISAE) 3000 (please refer to Section 4 of this report. It should be noted that due to its business activities, the following Corporate Responsibility issues are **not considered as relevant** to Rothschild & Co: food waste, responsible, fair and sustainable food, fight against food insecurity and respect for animal welfare.

Reporting scope

Rothschild & Co provided the sustainability information with the overall objective of an enhanced qualitative approach and an improved verification process based on:

- Completeness: all fully consolidated entities within Rothschild & Co (excluding joint ventures) are included in the reporting boundary. Rothschild & Co strives to provide the most comprehensive information possible, notably by including indicators covering the most significant consolidated entities.
- Materiality: the published information is significant and representative of the Group's business. Rothschild & Co's performance data is presented within the social, economic and environmental context.

Human Resources

- Reporting offices: all locations employing staff only.
- Headcount covered: 100%. All staff considered on headcount are included in the numbers provided.
- Data sources: workday for headcount figures. Training data aggregates locally stored data as well as data from Workday and Skillcast.
- Methodology: all data is based on headcount (i.e. not FTE) unless stated otherwise, off-headcount workers are not in scope (e.g. consultants, contractors, interns, advisors and non-executive directors).
  - Effective date for headcount is a snapshot at 31 December of the year stated.
  - Turnover rate calculated as: total terminations on headcount in the full year divided by average of group headcount (previous year end to actual year-end)
  - Employee information by gender: Male and female percentages have been derived from known data. In 2021, the non-specified category accounted only for administrative exceptions where newly hired employees had not yet filled in the required admin form stating their gender. These have therefore been excluded from the total, in both 2022 and 2021, where applicable.

Environment, Health and Safety

- Reporting offices: Birmingham, Brussels, Dubai, Frankfurt, Geneva, Guernsey, Hong Kong, Johannesburg, Leeds, London, Los Angeles, Luxembourg, Lyon, Madrid, Manchester, Marseille, Milan, Monaco, Mumbai, New York, Paris, São Paulo, Singapore, Sydney, Warsaw, Washington DC, Wilmslow and Zurich.
- Headcount covered: 94%.
- Data sources:
  - The environment reporting software tool references a large database of over 100,000 emission factors, sourced from over 350 different institutions, such as the UK government Department for Business, Energy and Industrial Strategy (BEIS), the Intergovernmental Panel and Climate Change (IPCC) and national government data from reporting countries such as the USA EPA and the Canadian NIR.
  - The emission factors are automatically selected and applied to data based on geographical and temporal relevance, so that country-specific conversions are applied leading to the most accurate estimate of GHG emissions. There are over 300 different units of measurement available for the entry of data, and conversion of these to standard units for reporting is again automatic and location specific. The emissions factor database is accredited as Gold Software by the CDP (formerly the Carbon Disclosure Project) and a team of analysts ensure that all factors are reviewed and updated when source publications provide new releases. The system is independently assured by PricewaterhouseCoopers.
  - Greenhouse gas emissions for energy consumption were calculated using 2022 Department for Business, Energy and Industrial Strategy (BEIS) emissions factors and the resulting emissions are reported as tonnes of carbon dioxide equivalent (tCO_2eq) values.
  - Refinements in data collection resulted in an increased robustness of final data. Where assumptions, estimates or changes were made, this is explained.
- Methodology:
  - GHG emissions are extrapolated to cover 100% of Rothschild & Co. This extrapolation provides a more complete synopsis of the Group's operational emissions.
  - Full-time equivalent (FTE) data is provided from Workday per 31 December 2022, with third party service providers or contractor employee headcount not captured. A ratio is applied to the total Group FTE headcount based on the offices included in the reporting scope. The result is used to calculate the impact per FTE. Impact per FTE is used to normalise the total impact against headcount.
  - The Group's greenhouse gas emissions reporting is in respect of its operational activities and includes Scope 1 and 2 emissions and Scope 3 emissions relating to business travel, water supply and wastewater treatment, materials use, resources disposal and recycling, electricity transmission and distribution losses, employee commuting, remote working, IT equipment and server use, hotel night stays and upstream or well-to-tank emissions. Emissions are reported as carbon dioxide equivalent or CO_2eq. In line with best practice, the Group produces a "dual report", reporting both location- and market-based for Scope 2.
  - A "Group average intensity" figure for electricity consumption has been used in 2022. This assumes an electricity consumption of 98 kWh/m2 of office space per year. In total, this figure was used by four offices: Dubai, Leeds, London Adam St and London Lombard St.
  - In 2022, a Group "average energy intensity" figure was used to help offices estimate their annual direct energy consumption. Where no direct energy data was available for the building, the office direct energy consumption was based on the Group's average natural gas intensity consumption per m2. The "Office area" indicator that has been entered by the reporting office was then be multiplied by the average natural gas intensity consumption per m2. Four offices (Birmingham, Leeds, London Adam St and London Lombard St) used average intensity figure to estimate their natural gas consumption.
  - The locations-based methodology uses energy grid average emission factors in location specific geographies and over specific timeframes and allows the Group to compare emissions year-on-year. 2022 emissions reporting shows the summary in absolute emissions and relative emissions per full time equivalent employee for each scope. This has enabled the identification of true fluctuations across the three scopes on a per FTE basis.
  - In 2021, refrigerant gas has been added as additional indicator and has been used again in 2022.
  - Employee-owned cars had been added to the reporting scope in 2021 for the first time. In 2022, this category was rephrased "Car rentals and reimbursed vehicle trips" to also include car rentals.

- The category “Company cars” was added in 2022 to replace previous “Company-owned cars” and “company-leased cars” as they are both used for work-related travel. As such, emissions from company cars are both included in Scope 1 emissions.
- The methodology used for estimating emissions from employee commuting and remote working has changed in 2022. Instead of relying of an internal employee survey, in 2022 average commuting data was used, from the database Numbeo Traffic. This database uses surveys of people across the globe on their commuting habits and distances, including working from home habits – and provides estimates at country and town level. For the five big countries of operation, average remote working data and commute distances per person per day were assigned for each mode of transport (Car, Rail, Bus/Metro, Walking, Cycling, Motorbike, Tram). Emission factors are then assigned for each mode of transport and for remote working. This was then multiplied by the FTE for each of these countries and by the average number of working days per year. The data obtained was extrapolated to the remaining part of the FTEs across the Group, to get a full account of GHG emissions related to employee commuting and homeworking.Data for leased vehicles was missing for Madrid in 2020, a correction has been made to WTT. The errors were less than 0.5%, total numbers have been restated.

Global advisory

- Data sources: Global Advisory collects and measures data by value and number of deals which are linked to Environmental, Socal and Governance themes across the Global Advisory business lines including M&A, financing and Investor Advisory.
- The proliferation of climate strategies amongst corporates and investors throughout the year has meant that activities have spanned a range of sustainability-driven energy and climate-related transactions, including a broad range of renewable suppliers and platforms and alternative energy sources, energy transition and circular economy solutions, for example wind, solar and waste management.
- Closely linked to efforts to combat climate-change and limit adverse impacts on the natural world is the premise of circularity. The circular economy model aims to reduce waste and make manufacturing and consumption more sustainable through the redesign, reuse, repair and recycling of products.
- Sustainability-linked financings are measured by value and number of deals completed in the year and include ESG advice on debt transactions including green, social and sustainably-linked bonds and bank loans and ESG in Credit Ratings.
- The debt financing team advising on funding for Green and Social projects include assets, investments and supporting expenditures that are aligned with the core components of the Green Bond Principles and Social Bond Principles and the Sustainabiliy-linked loan principles, aligned to an client’s predefined sustainability/ESG objectives and performance targets.
- ESG advisory keeps a record of activities which support clients’ situations including ESG strategy, shareholder engagement, support at AGM and investor targeting to ESG investors and in transactions.

Responsible Investment

Voting coverage - % of shareholder meetings reported

	% REPORTED	DATA SOURCES	SCOPE
Asset Management Europe	98%	ISS	Total eligible AuM (excl. legacy funds) - all eligible discretionary assets (equity funds and mandates) and diversified funds and mandates
Wealth Management UK	100%	Manual collection by Responsible Investment specialists	Eligible discretionary assets - equities in discretionary portfolios or the funds operated by Wealth Management UK (Exbury, New Court and Halton). Excludes voting on behalf of clients in Italy and the US
Rothschild and Co Bank AG Zurich	82%	ISS	Mosaique and LongRun Strategies (only) – Funds and mandates. Excludes client opt-outs, ex-custody accounts and voting for clients in Germany, Italy, and Spain

Engagement - Number of companies engaged with on ESG issues in 2022

	REPORTED NUMBER	DEFINITION AND DATA COLLECTION
Asset Management Europe	79	Individual dialogue with issuers. Number is monitored by the ESG and Financial Analysis team through internal monitoring files
Wealth Management UK	9	”Engaging with companies” defined as two-way interaction with company or investors. Responsible investment specialists are either involved in or notified about any engagements

Labelled products

ASSET MANAGEMENT EUROPE
■ French ISR label: R-co 4Change Equity Euro, R-co 4Change Convertibles Europe, R-co Opal 4Change Equity Europe, R-co Valor 4Change Global Equity, R-co 4Change Net Zero Equity, R-co 4Change Net Zero Credit, R-co 4Change Inclusion and Handicap ■ Belgian Towards Sustainability label: R-co 4Change Green Bonds, R-co Opal 4Change Sustainable Trends, R-co Valor 4Change Global Equity, R-co 4Change Moderate Allocation

Funds with donation shares

ASSET MANAGEMENT EUROPE
■ R-co 4Change Net Zero Equity (Polar POD), R-co 4Change Net Zero Credit (Polar Pod), R-co 4Change Inclusion and Handicap Equity (Café Joyeux)

4.6 Report by one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated Sustainability Report

This is a free English translation of the Statutory Auditor's report 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 standards applicable in France.

For the year ended 31 December 2022

To the Shareholders,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the French Accreditation Committee (COFRAC) under number 3-1884[1], we have undertaken a limited assurance engagement on the historical information (observed or extrapolated) in the consolidated Sustainability Report, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended 31 December 2022 (hereinafter, the "Information" and the "Statement" respectively), established voluntarily in accordance to the requirements of Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Conclusion

Based on the procedures we have performed, as described under the "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the consolidated Report is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the non-financial Report

The absence of a commonly used generally accepted reporting framework or a significant body of established practices on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, summarized in the Report and available on the Entity's website or on request from its headquarters.

Inherent limitations in preparing the Information

As stated in the Report, the Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Report.

Responsibility of the entity

The Managing Partner is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing a Report pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators, and the information set out in Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- preparing the Report by applying the Entity's "Guidelines" as referred above; and
- designing, implementing and maintaining internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Report has been prepared by the Management Board.

Responsibility of the Statutory Auditor, appointed as independent third party

Based on our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- The compliance of the Report with the requirements of Article R. 225-105 of the French Commercial Code;
- The fairness of the historical information (observed or extrapolated) provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e., the outcomes of policies, including key performance indicators, and measures relating to the main risks.

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to report on:

- The entity's compliance with other applicable legal and regulatory provisions, particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy) and provisions against corruption and tax evasion;
- The fairness of information set out in Article 8 of Regulation (EU) 2020/852 (GreenTaxonomy);
- The compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 et seq. of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to such engagement, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, "Intervention du commissaire aux comptes - Intervention de l'OTI - Déclaration de performance extra-financière", acting as the verification program, and with the International Standard on Assurance Engagements 3000 (revised)[2].

Our independence and quality control

Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory

1. Accreditation Cofrac Inspection, number 3-1884, scope available at www.cofrac.fr
2. ISAE 3000 (Revised) - *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.*

Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

Means and resources

Our work engaged the skills of six people between December 2022 and April 2023 and took a total of five weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted some interviews with the people responsible for preparing the Report.

Nature and scope of procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information:

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector;
- We verified that the Report includes each category of social and environmental information set out in article L. 225-102-1 III of the French Commercial Code, as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- We verified that the Report provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the main risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Report presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented;
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important[3]. Concerning certain risks[4], our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities[5].
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- We obtained an understanding of internal control and risk management procedures the Entity has implemented and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes that we considered to be the most important[6], we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing entities[5] and covers between 22% and 33% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- We assessed the overall consistency of the Report based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional guidance of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, 18 April 2023
KPMG S.A.

Arnaud Bourdeille
Partner

Anne Garans
ESG Expert

3. Management levels gender diversity policy and results; Inclusion awareness actions and results; Mental and physical well-being prevention actions; Supplier code of conduct; Investment policies to limit environmental impacts; Biodiversity-oriented partnerships; Business ethics prevention measures and results; Data protection and privacy policies.
4. Human rights; Compliance culture & financial crime; Data privacy & protection; Socio-economic inequalities.
5. Rothschild&Co Paris; Rothschild&Co Zurich; Rothschild&Co Frankfurt.
6. Social indicators: Total training hours; Percentage of female AD and above; Number of promotions (wherein part of female); New hires (wherein part of female); Employee turnover. Environmental indicators: Total GHG emissions (scope 1, 2 and 3); Total energy consumption (wherein part of electricity from renewable sources); Landfilled waste; Total waste (wherein part of recovered); Percentage of printing paper from sustainable sources.

Abbreviations and glossary

Abbreviations	Term definition
ABC	Anti-bribery and corruption
ACPR	Autorité de Contrôle Prudentiel et de Résolution (French prudential and resolution authority)
AD	Assistant Director
AGM	Annual General Meeting
AM	Asset Management
AML	Anti-money laundering
AuM	Assets under management
CDP	Carbon Disclosure Project
CO_2	Carbon dioxide
CO_2eq	Carbon dioxide equivalent is a universal unit of measurement used to compare the emissions from various greenhouse gases based upon their global warming potential
Company	Rothschild & Co SCA
CTF	Counter-terrorist financing
D&I	Diversity and inclusion
Emissions, location-based	A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data)
Emissions, market-based	A market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice)
Emissions, scope 1	Direct emissions from owned or controlled sources as defined by the GHG Protocol Corporate Standard
Emissions, scope 2	Indirect emissions from the generation of purchased energy as defined by the GHG Protocol Corporate Standard
Emissions, scope 3	All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions as defined by the GHG Protocol Corporate Standard
ESG	Environmental, Social and Governance
FASI	Five Arrows Sustainable Investment
FTE	Full time equivalent
GA	Global Advisory (business segment)
GEC	Group Executive Committee
General Partners	Rothschild & Co Gestion and Rothschild & Co Commandité, general partners of the Company
GHG	Greenhouse gas
Group	Rothschild & Co SCA and its consolidated subsidiaries
HR	Human resources
ICP	Internal carbon price
KPIs	Key Performance Indicators
ILO	International Labour Organisation
LCR	Legal, compliance and risk
LGBT	Lesbian, gay, bisexual, transgender, queer
M&A	Mergers and acquisitions
Managing Partner	Rothschild & Co Gestion SAS, as manager (gérant) of Rothschild & Co SCA
MB	Merchant Banking (business segment)
MwH	Megawatt hour
NZAMI	Net Zero Asset Management Initiative
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
OpCo	Group Operating Committee
R&Co	Rothschild & Co SCA
RMM	Rothschild Martin Maurel SCS
SDGs	Sustainable Development Goals, as defined by the United Nations
SFDR	Sustainable Finance Disclosure Regulation
SRI	Socially responsible investing
TCFD	Taskforce on Climate-Related Financial Disclosure
tCO_2eq	Tonnes of carbon dioxide equivalent
UNPRI	United Nations Principles for Responsible Investment
VC	Video conferencing
WAM	Wealth and Asset Management (business segment)
WM	Wealth management
WTT	Well to tank, upstream emissions associated with, for example, the extraction, production and transportation of fuel before combustion