



EDMOND
DE ROTHSCHILD

2017

SUSTAINABILITY REPORT





**EDMOND
DE ROTHSCHILD**

Reporting scope

This report is published by the Edmond de Rothschild Group, which has its headquarters in Geneva (Switzerland). It covers all the activities of the Group and the entities that belong to Edmond de Rothschild Holding S.A., as presented in the financial report of the Holding company. In each section, we give the exact scope of the data included, and its availability. [GRI 102-1 / 102-3 / 102-5 / 102-45](#)

This fourth Sustainability Report for the Edmond de Rothschild Group contains the quantitative and qualitative information necessary to understand the Group's material sustainability issues for 2017. The report is published annually. [GRI 102-50 / 102-51 / 102-52](#)

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

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

In 2017, Edmond de Rothschild Group continued to refocus on its priority markets, ceasing its operations in Beijing (formerly Peking), Shanghai and Hong Kong. After analysis of sustainability reporting results for 2014, 2015 and 2016 covering Edmond de Rothschild (France) and all foreign subsidiaries and branches, and taking into account the reduction in the scope in 2016 when it ceased operations in Chile, the Sustainability Department, in agreement with the auditors of the sustainability information, decided to reduce the reporting scope for environmental and social data to the country of France, which accounts for more than 90% of the workforce, and its subsidiary in Italy, in view of its size. This reporting scope does not affect the analysis of information, the reliability of that information or the changes between 2016 and 2017. The data for the "Main Entities" scope covers 84% of the Group's workforce and the data for the "Group" scope covers 98% of the total workforce.

In the report, when data are not available for the parent entity as a whole with its overseas subsidiaries and branches, the information is provided by country according to the availability of the data in question. [GRI 102-10](#)

Reporting framework

The Edmond de Rothschild Group has decided to prepare this report and publish its results complying as much as possible with the Global Reporting Initiative (GRI) standards and its supplement for the financial sector. This decision has been taken so that data can be compared, and to improve clarity for all stakeholders when reading the results. It is also a way for the Group to ensure the

reliability of its approach to sustainability reporting. The Group therefore selected the GRI standards core reporting option. You will find all references to the GRI indicators and the corresponding pages in the GRI Content Index on pages 88-89. [GRI 102-54 / 102-55](#)

Relevant aspects and involvement of stakeholders

The Group used its 2014 materiality exercise to select and prioritise the relevant issues for publication (see the appendix to the "[Our strategic approach to sustainability](#)" section). Each section of the report then outlines the context (internal and external) in which these issues are managed, giving the most objective and transparent view possible, in particular by publishing a significant number of indicators.

The content of each section was defined according to the Group's operations in 2017 but also the most important issues in our sector and the Group's exchanges with its stakeholders. In addition, from this year onwards, appendices for each section provide information identified and analysed by Edmond de Rothschild Group which reflects actual and potential impacts. They also explain the methods we use and approach we adopt to managing our impacts. These appendices are only available in electronic format. They can be accessed via the links in each relevant section of the electronic version of this report.

We consider all our sustainability issues to apply to all of our entities and we regularly work to extend the scope covered by our business ethics and compliance, social, environmental and societal indicators. Responsible Investment indicators are not country-specific, but are classified according to our business lines: Asset Management, Private Equity and Private Banking. [GRI 102-46 / 103-1](#)

Data verification

The Edmond de Rothschild Group called upon PricewaterhouseCoopers, a member of the international PwC network, to verify the data published. Their limited assurance report on a selection of key performance indicators can be found on page 90 of this document. These indicators are marked in the report using the following icon:  [GRI 102-56](#)

PwC is also acting as external auditor for Edmond de Rothschild (Suisse) S.A. and as Statutory Auditor for Edmond de Rothschild (France). The PwC auditors acted in an independent capacity. They were selected based on the work done over the last four years on the France report in line with the "Grenelle II" legislation and were mandated by the Edmond de Rothschild Group to review the Group's sustainability data for 2017. [GRI 102-56](#)

Every year, the audit is performed at a different site - in addition to the three main entities - to ensure the robustness of the data collection and validation process. In 2017, the review took place at Group level, followed by the Group's three main entities in Geneva, Paris and Luxembourg, and, in addition, the Israel site. In performing this review, the external auditors reviewed data collection protocols, reviewed documents and checked collection tools and the data entered. [GRI 102-56](#)

Contact and feedback

This document is available in French and English, in an electronic and paper format. The "Management Approach" appendices are only available in French and English in electronic format on our website. Edmond de Rothschild Group has taken the decision to only publish limited copies of the paper version of this report, and encourages you to read the electronic version of both the report and its appendices, which can be found on our website: <https://www.edmond-de-rothschild.com/site/International/en/Sustainable-development/reports>

For more details on the information published in this report, or if you have any comments or suggestions to make, you may contact: Kate Cacciatore - Sustainability Department - Edmond de Rothschild - 18, rue de Hesse - 1204 Geneva - Switzerland [GRI 102-53](#)

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CULTIVATING THE EARTH



MESSAGE FROM BENJAMIN AND ARIANE DE ROTHSCHILD

2017 was a year of milestones, transformations and major advances for the Edmond de Rothschild Group. "Bold Builders of the Future" embodies not only the values that have sustained us for the past 250 years, but also the types of relationships we want to foster with our clients and all our stakeholders, and the vision that inspires us. Our aim is to be a leading independent Investment House with a forward-looking approach and an eye to the legacy we will leave to future generations.

Our vision translates into a willingness to deliver solutions to sustainability challenges. Sustainability, and the holistic view of the stakeholder landscape it entails, represents an opportunity to put our collective intelligence to work to realise our aspirations. By forging ties and fostering connections between these disparate perspectives, we are co-creating the foundations of a common playing field where we can engage in actions that are consistent with our convictions.

This report exemplifies this interconnected and inclusive approach. Our teams have all taken part in ambitious, wide-reaching projects like MiFID II and the roll-out of a new IT platform for International Private Banking. "Bold Builders of the Future" represents an opportunity to rethink the old rules and reinvent ourselves.

For our Private Equity investments, we are further expanding our impact in ground-breaking areas such as agroforestry and the remediation of polluted industrial sites. We also launched a new impact investing strategy designed to meet the growing need for environmental infrastructure in Europe. In addition, we have established an important link between our agroforestry strategy and the Group's efforts to reduce its environmental footprint. As a result, in 2017 we offset 3,500 tonnes of CO₂ eq. by planting 14,000 trees in Nicaragua on the coffee plantations of 67 local producers.

For our Asset Management activities, our infrastructure debt strategy now has a formal process for integrating Environmental, Social and Governance (ESG) criteria and has paved the way for a new compartment dedicated to the theme of the energy transition, which will receive the French government's Energy and Ecological Transition for Climate (EETC) label in 2018. Our Swiss real estate direct investment strategy is making good progress in enhancing its ESG integration processes. Highly energy-efficient buildings account for 63% of the portfolio, and rent-controlled housing accounts for 17% of rentals in the portfolio. Our Socially Responsible Investment (SRI) strategies for listed equity and bond markets received the French government's SRI label and continue to combine strong financial performance with a positive impact. A "two-degree" roadmap was also rolled out to guide investment teams as we seek to gradually reduce the carbon footprint of our portfolios. All asset classes combined, we now have CHF 7.9 billion in assets under management in the responsible investment category.

We are continuing to unite the different parts of the Edmond de Rothschild ecosystem, fostering collaboration across finance, lifestyle, philanthropy and nautical endeavours. All our business activities share our vision. Whether we are launching new conviction-driven investment solutions, opening the new Four Seasons Hotel in Megève or the new Bodega Macàn vineyard, or sailing the first ocean-going maxi-trimaran designed to fly the high seas, our teams always excel in reimagining what comes next.

Our Investment House is growing and will continue to grow in a way that is consistent with our family's values. The principles of boldness and courage guide our actions and motivate us to strive for excellence, all the while remaining committed to finding solutions for the challenges facing our society.

Benjamin et Ariane de Rothschild

A handwritten signature in black ink that reads "Benjamin et Ariane de Rothschild".

GRI 102-14

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

THE EDMOND DE ROTHSCHILD GROUP AT A GLANCE

Edmond de Rothschild, a conviction-driven Investment House

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

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

OUR LINES OF BUSINESS

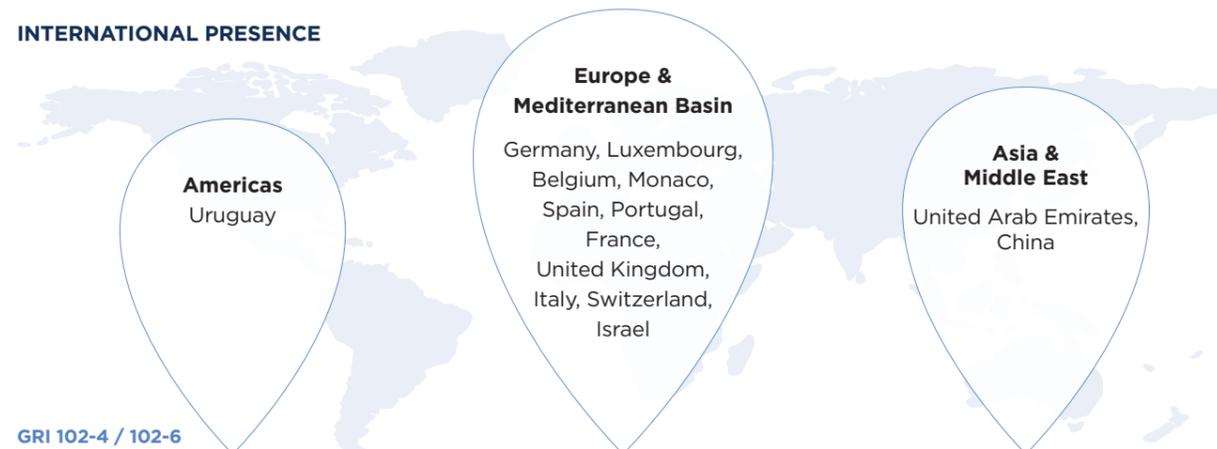
- » Private Banking
- » Asset Management
- » Private Equity
- » Institutional & Fund Services
- » Corporate finance

KEY FIGURES

At 31 December 2017



INTERNATIONAL PRESENCE



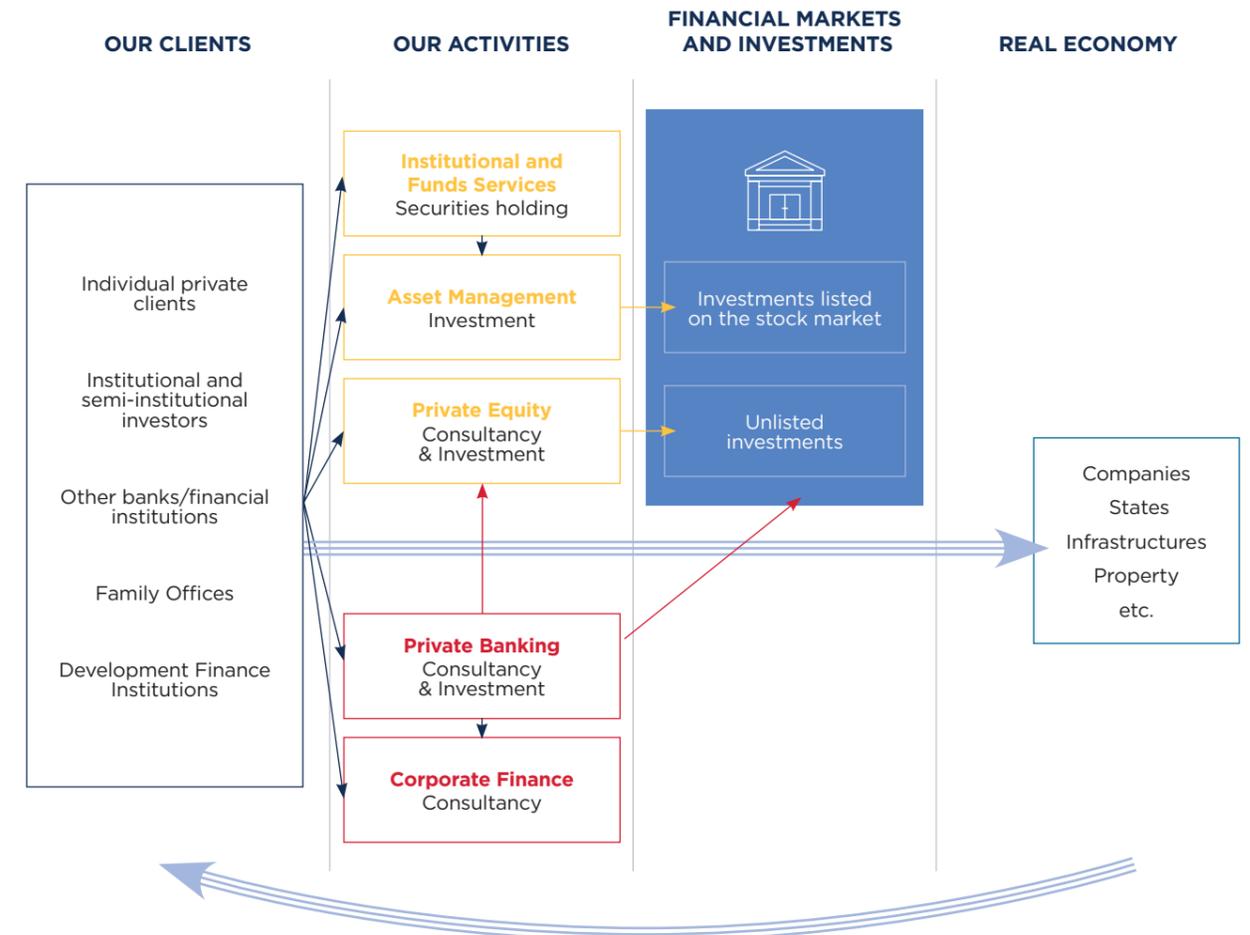
GRI 102-4 / 102-6

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

¹ Ratio FINMA

OUR ACTIVITIES IN THE VALUE CHAIN

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



Value creation for our clients, the real economy and society

Improvement in companies' ESG* practices	SME growth	Job creation
Economic development in developed and emerging countries	Development of life sciences	Investment in infrastructure

GRI 102-6 / 102-9

* Environment, Social, Gouvernance

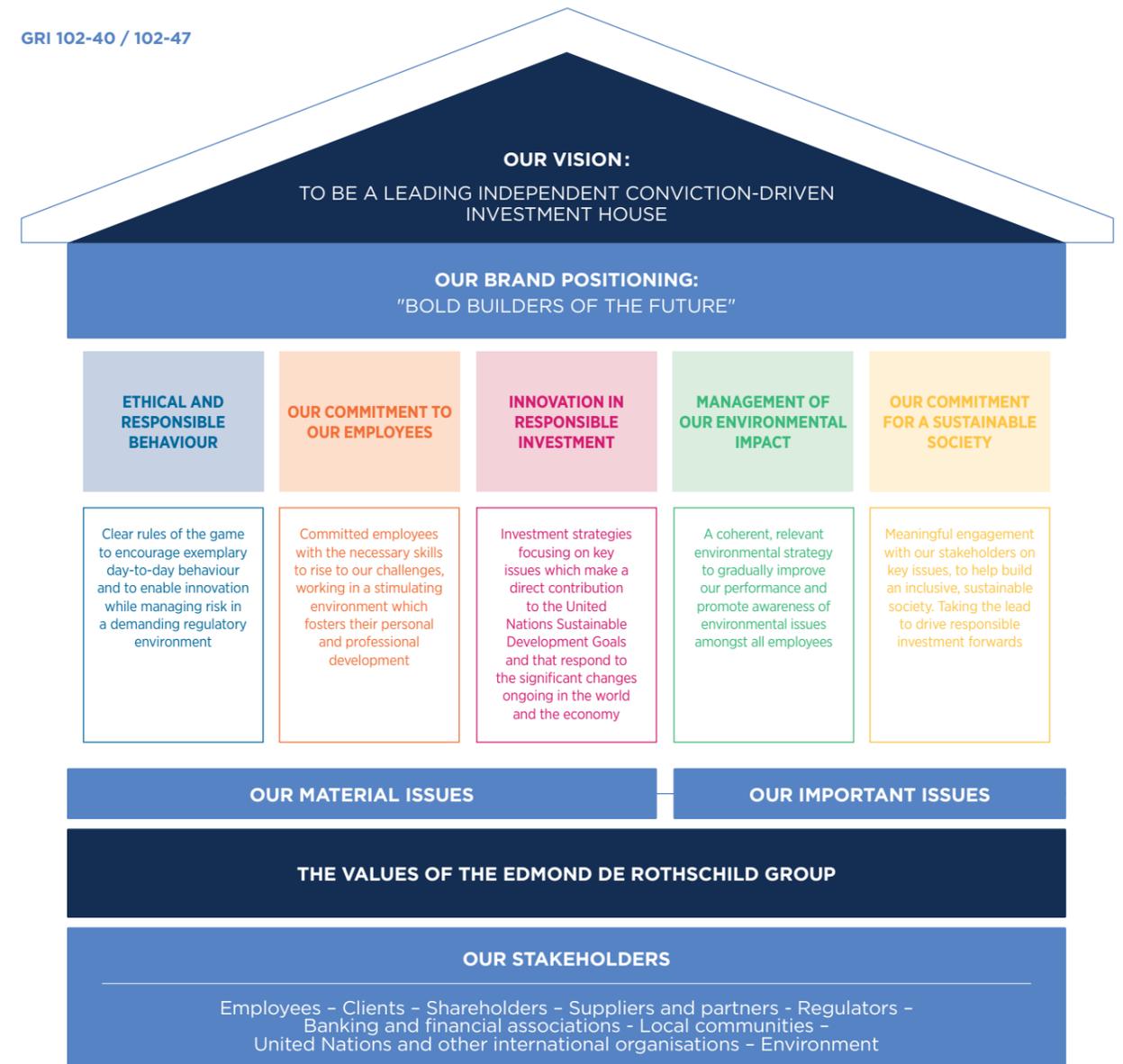


BOLD BUILDERS OF THE FUTURE

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

THE FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

GRI 102-40 / 102-47



EDMOND DE ROTHSCHILD

WE DON'T SPECULATE ON THE FUTURE. WE BUILD IT.

EDMOND DE ROTHSCHILD, BOLD BUILDERS OF THE FUTURE.

INVESTMENT HOUSE | edmond-de-rothschild.com

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

The Edmond de Rothschild Group is strongly committed to responding to the challenges currently facing society and to making a positive contribution to the major transformations that are taking place. In the context of the “Responsible Investment” pillar of our sustainability strategy, the Group’s investment strategies contribute to 14 of the 17 Sustainable Development Goals (SDGs) of the United Nations. These contributions are presented in detail, with relevant key performance indicators, in the Responsible Investment chapter of this report (pages 40-63). We have also indicated the contribution of other projects and activities of the Group, where relevant, using the SDG icons.

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

SRI euro equities strategy – growth stocks Asset Management See page 53	
Infrastructure debt strategy Asset Management See page 48	
Direct investment in Swiss real estate strategy Asset Management See page 49	
Agroforestry impact investing strategy Private Equity See page 62	
Soil remediation impact investing strategy Private Equity See page 61	
Impact investing strategy for European environmental infrastructures Private Equity See page 60	
Africa strategy Private Equity See page 63	
Social infrastructure and transport strategy Private Equity	
Health & biotechnology strategy Private Equity	

GRI 102-6 / 102-9



OUR MAIN POLES OF EXPERTISE

Asset Management

SRI euro equities – growth stocks

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

Direct investment in Swiss real estate*

With 63% of the investment portfolio corresponding to new builds or Minergie** label (high energy efficiency) properties and 17% of the portfolio’s residential rental buildings corresponding to controlled rents (affordable housing), sustainability is strongly embedded in this strategy. Reporting and monitoring the portfolio’s environmental and social risks are also priorities.

Infrastructure debt

Around 60% of assets under management within this infrastructure debt platform are invested in projects with a positive environmental and societal impact, particularly in terms of financing renewable energy and retirement home projects. In 2018, a new compartment of the platform will be dedicated to the theme of the energy and environmental transition and certified by the French government’s EETC label.

Social and transport infrastructure

This Private Equity strategy brings together a diverse range of high-quality limited partners that include the European Investment Bank (EIB). It goes beyond the initial subject of transport infrastructure to include social infrastructure such as hospitals and schools. Environmental and social aspects are fully integrated in portfolio management.

Private Equity

Agroforestry

Created as a result of the issues raised by the deterioration of agricultural land, this agroforestry impact investing strategy, launched in 2012, in partnership with ONF International (international subsidiary of the French Office National des Forêts), now has five investments in Latin America and Sub-Saharan Africa. It has been responsible for creating 1,565 jobs in rural areas and for improving the situation of 6,535 farmers in poor and vulnerable regions.

Clean-up and renovation of polluted former industrial sites

Europe now has nearly three million polluted former industrial sites which have been abandoned. Our impact investing strategy is based on the acquisition, clean-up and environmental and economic rehabilitation of degraded land in France and Belgium. To date, fourteen investments have already made it possible to renovate 663,400m² of land.

European environmental infrastructures

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

Support for emerging countries in Africa

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

* Here we are referring to the main strategy for direct investment in Swiss real estate managed by Orox Asset Management S.A. and not to the entire investment platform.

** See [Minergie](#).

SUMMARY OF OUR PROGRESS IN 2017 VERSUS OUR 2020 OBJECTIVES

Ethical and responsible behaviour

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

Our 2020 objectives	Ref. pages	Our situation in 2017
Create a common library of the Group's Ethics & Compliance training courses to increase employees' expertise and ability to manage risk	22-28	
Raise awareness and train all employees on the Group's Code of Ethics	22-28	
Facilitate employees' access to directives that are relevant to their activity and to the support required for their application	22-28	

Our commitment to our employees

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

Our 2020 objectives	Ref. pages	Our situation in 2017
Establish a formalised framework for the deployment of the Group's strategic objectives	32-33	
Develop a leadership culture based on the Group's values	34-39	
Ensure the appropriate drivers of employee engagement are in place	34-39	
Gradually increase the percentage of women in senior management	34-39	
Maintain gender diversity in the Group's headcount	34-39	
Maintain our cultural diversity	34-39	

Innovation in responsible investment

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

Our 2020 objectives - Edmond de Rothschild Asset Management	Ref. pages	Our situation in 2017
Adopt a 2017-2020 Responsible Investment (RI) strategy	40-46	
Define an RI Action Plan and a "2-degree" Climate roadmap	46-47	
Extend the scope of ESG analysis to all equity, corporate debt and sovereign debt strategies	48-51	
Establish an "advanced" ESG integration process for European equities management	51-53	
Train 100% of internal equity and bond investment teams in RI/ESG	50-51, 56	
Establish "advanced" ESG integration processes for our strategies on infrastructure debt and on direct investment in Swiss real estate	48-49	

Innovation in responsible investment (continued)

Our 2020 objectives - Edmond de Rothschild Private Banking entities	Ref. pages	Our situation in 2017
Create a Responsible Investment (RI) Mandate for private clients / Put in place an "advanced" ESG integration process for the selection of external funds and individual stocks	54-55	
Roll out the Responsible Investment Mandate in our main entities	54-57	

Our 2020 objectives - Edmond de Rothschild Private Equity	Ref. pages	Our situation in 2017
Convert a new strategy to the best ESG practices each year, with 100% of the strategies covered by 2020	58-59	
Measure the impact across all impact investment funds and mainstream funds which apply ESG integration methodologies, by 2017	58-63	
Increase the assets under management in our impact funds by 20% a year until 2020	58-59	

Management of our environmental impact

- ▶ Reduce our environmental footprint in key areas: CO₂ emissions, paper, and waste management

Our 2020 objectives	Ref. pages	Our situation in 2017
Reduce the carbon footprint per employee by 15%	64-65, 69-70	
Reduce the energy consumption per employee by 10%	64-65, 69-71	
Compensate our GHG Protocol scope 1 and 2 CO ₂ emissions using "insetting" programmes	66-67	
Reduce paper consumption by 25%	64-55, 70-71	
Use 100% recycled or FSC/PEFC certified paper	70-71	

Our commitment for a sustainable society

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

Our 2020 objectives	Ref. pages	Our situation in 2017
Identify and participate in the most relevant initiatives and events linked to responsible investment	73	
Implement a process of evaluation and engagement with suppliers as part of our Responsible Purchasing Policy	73-74	
Roll out the Community Engagement Charter and encourage sites to put in place philanthropic programmes	74-75	
Review the mapping of the Group's main stakeholders and the list of engagement activities each year	75	

GRI 102-47

DEFINING AND IMPLEMENTING OUR SUSTAINABILITY STRATEGY

When we first defined our sustainability strategy in 2014, fourteen issues were identified as relevant to our sector and as priorities for our Group. In 2015, we added a dedicated issue for “carbon risk management and the energy transition”. Together they make up the three material pillars of our sustainability strategy. Following this, six issues were added, given their importance to the culture and values of our Group. These were grouped into two additional pillars. Stakeholder engagement – our fifth pillar – underpins our entire strategy.

In each section of this report, you will find the key issues for each pillar, our Group’s commitments, and the consolidated indicators for 2017, as well as, whenever possible, our progress compared with 2014. For more information on the definition of our strategy and the materiality review, see the “[Management Approach](#)” appendix.

GRI 102-46

By continuously engaging with stakeholders and thinking about changes in the global regulatory and economic environment, we are monitoring the issues which could change or be added to our strategic approach. This “outside in” consideration – how the world can have an impact on our strategy – is complemented by an “inside out” approach. The latter is intended to determine how we can contribute to sustainability using our expertise and ability to identify market opportunities which reconcile a positive social/environmental impact with financial performance. The launch of our new impact investing strategy on European environmental infrastructure is a good example (see page 56), as well as the compartment of our debt infrastructure strategy on the theme of the energy transition, which will be launched in 2018 (see page 44).

“ The strength of our brand positioning, ‘Bold Builders of the Future’, is that it enables all of us, employees and stakeholders of the Edmond de Rothschild Group, to make the connection with our personal values and our collective aspirations for a sustainable future. ”



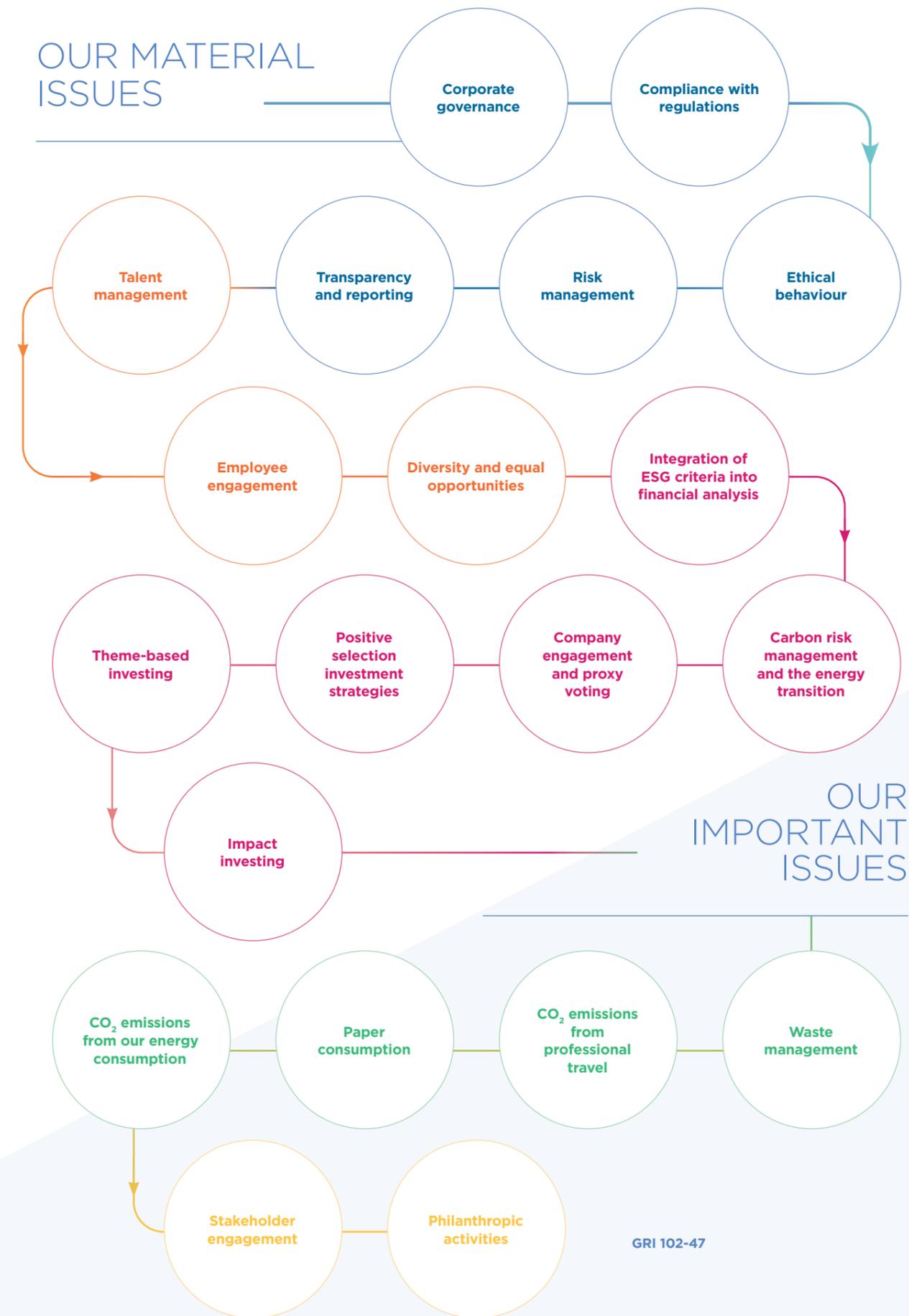
Cynthia Tobiano
Member of the Edmond de Rothschild Group’s Executive Committee
CFO, Edmond de Rothschild Group



“ What makes Edmond de Rothschild unique in the banking landscape is the authenticity of our convictions on societal themes such as the energy transition, major technological shifts and urban development. These beliefs are deeply rooted in the history of our Investment House and they exemplify our deliberate positioning as a conviction-driven Investment House. ”

Pierre Etienne Durand
Member of the Edmond de Rothschild Group’s Executive Committee
Head of Strategy, Edmond de Rothschild Group

OUR MATERIAL ISSUES



OUR IMPORTANT ISSUES

GRI 102-47

STAKEHOLDER ENGAGEMENT

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

In 2015, we worked to formalise the way we identify and prioritise stakeholders, involving the departments and employees which interact with them in the course of their day-to-day work. For further information on this approach and the methodology used, see the "[Management Approach](#)" appendix.

[GRI 102-42](#)

Matrix of the main stakeholder categories of the Edmond de Rothschild Group [GRI 102-40](#)

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

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

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

[GRI 102-15 / 102-43 / 201-2](#)



COMMUNICATION ON PROGRESS

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

We welcome feedback on its contents.

Collaboration with responsible investment stakeholders

The Edmond de Rothschild Group is focusing its stakeholder engagement efforts on responsible investment (see page 56). The Group is involved in different organisations of which it is a member or participant. The table below reflects these commitments.

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

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

The Edmond de Rothschild Asset Management (France) RI team is very much involved in ongoing dialogue about developments in this area, both through its involvement in these initiatives and through its attendance at external events. In 2017, this team participated in, amongst others, the following events¹: [GRI 102-12](#)

- PRI in Person, Academic network - Ceremony awards, Berlin
- WCI Europe, Intangibles / European state of the Art, Frankfurt
- European Commission, Round table on corporate governance in the 21st Century, Brussels
- Spain SIF, Development of responsible investment in Spain, Madrid
- ICGN, Round table on corporate culture and the role played by boards of directors, Paris

The team regularly publishes editions of the "SRI Chronicles²", a magazine created in 2013 to report on developments in the field of responsible investment. Each edition puts forward the academic perspective on RI, featuring a researcher's point of view on current topics. [GRI 102-44](#)

¹ For further information on these activities, see the [Edmond de Rothschild \(France\) annual report](#), page 66.

² To access these publications, [click here](#).

ETHICAL AND RESPONSIBLE BEHAVIOUR

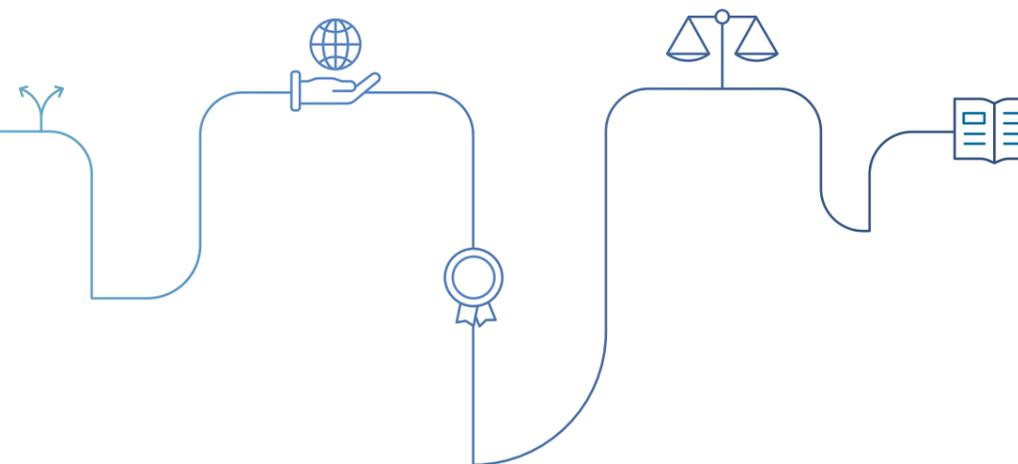
MATERIAL ISSUES

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

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

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

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



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

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

CHALLENGE

CREATE A RIGOROUS AND INNOVATIVE WORKPLACE



Because of its very nature, the financial sector is faced with one of the most demanding challenges of its history: making ethics an integral part of corporate culture.

- What can we do to turn the ethics reflex into an “organic” aspect of the company and its living components, i.e. people?

While the tone set by the Company’s top management and the controls and verifications carried out are important, the challenge resides in the fact that ethical behaviour mainly depends on cultural aspects. This dimension is more difficult to grasp and thus influence (for example, aligning client interests with those of the company and/or employee). At each and every moment, the company’s solidity depends on the proper reflexes of employees in complex, rapidly-changing situations. We have taken up the challenge of creating a strong, ethical culture through internal reflections and initiatives in the spirit of continuous improvement. In 2017, we launched a new initiative aimed at supporting the Group’s cultural evolution.



ETHICAL AND RESPONSIBLE BEHAVIOUR

For our Group, ethics, integrity and transparency are intrinsically linked to our values and the strong sense of responsibility which has guided the Rothschild family in managing its affairs over the generations. We believe in the importance of adopting a long-term vision which takes into account the needs of the financial and societal ecosystem, rather than a short-term approach that is potentially damaging to collective well-being.

OUR AMBITIONS

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

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

RECONCILE RISK MANAGEMENT WITH INNOVATION

Innovation and the ability to take risks need to be balanced within the confines of a fast-moving and challenging regulatory environment which has a definite impact on the business models of banks and financial institutions.

Our 2020 objectives	Progress follow-up
<p>Create a common library of the Group's Ethics & Compliance training courses to increase employees' expertise and ability to manage risks</p> <p>PROGRESS MADE BETWEEN 2015 AND 2017</p> <ul style="list-style-type: none"> Creation of a single Group-wide Learning Management System called Latitude to deliver all digital Ethics & Compliance e-learning courses Listing and mapping out of all mandatory training courses for each business line and geographical region, and integration of these courses in Latitude Import of the employees' entire training history and the content of all digital training courses in Latitude. 	<p>● ● ● ○</p> <p>NEXT STEPS</p> <ul style="list-style-type: none"> Finalise the definition of a governance system to ensure consistent follow-up and reporting on mandatory training courses across the Group Implement this governance system across the Group
<p>Raise awareness and train all employees on the Group's Code of Ethics (through courses on relevant issues and applicable regulations)</p> <ul style="list-style-type: none"> Creation of new courses on regulations, notably including an introduction to MiFID II Specification of training requirements for everyone in Switzerland involved in cross-border activity Significant increase in the number of people trained in Ethics & Compliance issues and in the number of training hours provided Inclusion of a risk management criterion in the annual objectives and performance review of all Group employees 	<p>● ● ○ ○</p> <ul style="list-style-type: none"> Put in place training solutions to meet the requirements of MiFID II and the ESMA Directive concerning the skills and assessment of people in contact with clients Roll-out of a training plan on cross-border activity in Switzerland Specification of training requirements concerning cross-border activity for all Group employees involved in this activity
<p>Facilitate employees' access to directives that are relevant to their activity and to the support required for their application</p> <ul style="list-style-type: none"> Creation of Group-wide directives defining a common basis for all entities and reinforcing consolidated supervision Regular update of the internal regulatory framework Communication of new/updated internal procedures and directives to all employees 	<p>● ● ● ○</p> <ul style="list-style-type: none"> Continuous improvement of the assistance provided by support functions to enable employees to fully understand the internal regulatory framework



Emmanuel Fievet

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

“ Optimal risk management and compliance with regulations continued to be one of our priorities in 2017, and will remain so in the years to come. Reinforcing our “first line of defence”, reviewing our “high-risk” accounts, and carrying out our MiFID II/FINLEG projects are some examples of our activities. Our collective goal is to ensure sustainable long-term growth while controlling our risks. To achieve this, we need to efficiently balance the interests and objectives of our main stakeholders - i.e. our clients, our shareholders, our regulators and, of course, our employees. Moreover, our

Company's success depends on the professionalism, quality and relevance of our value proposition to clients, as well as our individual and collective sense of responsibility, and our employees' team spirit. Thanks to our employees' in-depth knowledge of our clients, their increased awareness of risks, and the rigour resulting from the new processes they implement, we can transform the constraints imposed by changes in our sector into a source of efficiency and innovation. To consolidate this evolution of our corporate culture, we have integrated more in-depth formal controls in our evaluation and remuneration processes. ”

“

OUR COLLECTIVE GOAL IS TO ENSURE SUSTAINABLE LONG-TERM GROWTH WHILE CONTROLLING OUR RISKS.

”



Yves Aeschlimann

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

“ In 2016 and 2017, with the support of a reputable external partner, Edmond de Rothschild Switzerland S.A. conducted an in-depth review of the accounts classed as high-risk. This operation improved our client knowledge and enabled us to roll out a major “de-risking” initiative, in keeping with the new commercial strategy defined by the Group. In line with our priorities - in particular concerning risk management and compliance - the accounts review also facilitated our adaptation to the regulatory changes that are increasingly affecting our business sector and strengthened our risk management culture at all levels. ”



Didier Deleage

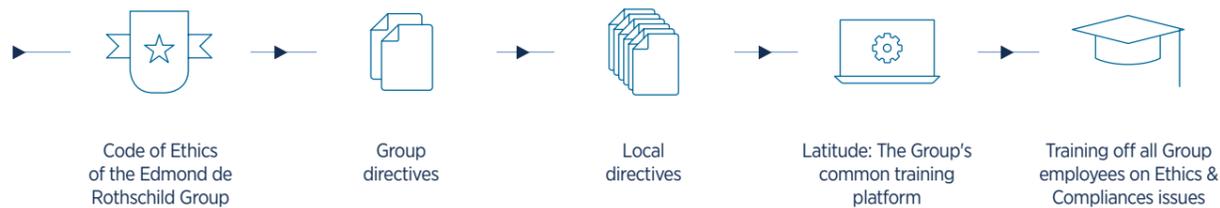
COO, Edmond de Rothschild
Asset Management

“ The MiFID II regulation, which came into force on 3 January 2018, mainly aims to increase the transparency of the financial markets and improve investor protection. In this context, Edmond de Rothschild Asset Management (France) has applied the new governance rules regarding products in order to better assess the suitability and appropriateness of the financial services to be provided to clients. To meet the new restrictions regarding assets under management and independent investment advice concerning retrocessions or commissions, Edmond de Rothschild Asset Management (France) has created share classes without retrocessions.

In order to inform and train employees about these specific subjects, a MiFID II e-learning course dedicated to Asset Management was put in place. This new component is now part of each employee's business-specific training package. ”



A single reference framework for the Edmond de Rothschild Group to guide our behaviour, in line with our values [GRI 102-26](#)



The Edmond de Rothschild Group has adopted common compliance and ethics principles aimed at promoting practices in line with the values upheld by the Group. The Group's Code of Ethics is the reference document. It specifies what is expected of employees, in particular in terms of integrity, loyalty, diligence and non-discrimination, as well as compliance and the protection of client interests. Most of these common principles are defined in more detail in Group Directives, which are then translated in a harmonised way into specific standards for each of the subsidiaries. This regulatory framework is part of a Group-wide risk-based approach which complies with the requirements of the Swiss Financial Market Supervisory Authority (FINMA).

Furthermore, a common training platform has been set up to allow Group employees to get information and training on these topics and thus carry out their activities in line with the Group's values.

FOCUS: PRAGMATIC GOVERNANCE FOR SUSTAINABILITY ISSUES

[GRI 102-20 / 102-21 / 102-29 / 102-31](#)



2014 was the year in which the Edmond de Rothschild Group's sustainability strategy was formalised and approved by the Executive Committee, in May of that year. The ad hoc Sustainability Committee had achieved its objectives and was thus dismantled. Sustainability-related decisions, such as the approval of the sustainability objectives for 2020, are now taken directly at the monthly meetings of the Group's Executive Committee.

The Sustainability Department, reporting directly to the member of the Executive Committee responsible for Human Resources, works closely with many internal stakeholders, including all the departments/organisations that have direct responsibility for (or which contribute to) the achievement of the Group's sustainability goals for 2020: Compliance, Legal, Risk Management, Human Resources, Communications, General Services, Asset Management, Private Equity, Private Banking, etc. Decisions that do not require a formal opinion from the Group's Executive Committee are often taken directly with the departments in question or by dedicated committees, such as Edmond de Rothschild Asset Management's Responsible Investment Steering Committee, chaired by this entity's Chief Investment Officer. Members of the Group's Executive Committee are often asked for their opinion, their support and, where necessary, their decisions on specific issues.

Throughout the year, efforts are made to continue to raise awareness of sustainability issues across the different teams, including the diverse perspectives of external stakeholders, with the aim of gradually applying solutions and relevant actions. For example, raising the awareness of Asset Management, Private Equity and Private Banking investment teams about the issue of climate change or responsible investment in general, has gradually led to an increasingly strong commitment on the part of the entities in question and the creation of new product ranges for our clients. Decision-making in relation to these commitments takes place within existing committees of these organisations/entities. The Group's sustainability strategy and its understanding of material and important issues is steadily deepening and being formalised as collective awareness grows across the Group.

Governance within the Edmond de Rothschild Group [GRI 102-18 / 102-19 / 102-22](#)

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

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

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

The main tasks and responsibilities of these different committees are described in the ["Management Approach"](#) appendix to this section.

Governance bodies of the Edmond de Rothschild Group



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



Our 2020 objectives

2017 results

Raise awareness and train all employees on the Group's Code of Ethics (through courses on relevant issues and applicable regulations)	<ul style="list-style-type: none"> 80% of Group employees attended at least one training session on Ethics & Compliance (+43% compared to 2016) 7.7 hours of training on average per employee on Ethics & Compliance topics (+15% compared to 2016)
Create a common library of the Group's Ethics & Compliance training courses to increase employees' expertise and ability to manage risks	In 2017, the main courses rolled out across the Group through our Latitude Learning Management System and/or in classrooms were the following: <ul style="list-style-type: none"> MiFID II Anti-money laundering and the fight against the financing of terrorist activities Cross-border activities Automatic Exchange of Information Market abuse Conflicts of interest Fraud

FOCUS: EMPLOYEE TRAINING ON ETHICS & COMPLIANCE ISSUES:



A sharp increase due to the tightening of regulatory constraints

“ The regulations which need to be taken into account by our employees have become so numerous and complex that training in the regulatory topics has become crucial for each player in our sector.

In 2017, the number of training hours increased by 63% over 2016, while the number of employees trained in at least one Ethics & Compliance issue increased by 43%. This rise notably reflects the preparation for the coming into force of MiFID II in January 2018, affecting all Group employees. In addition to the significant increase in the hours of training received and the number of people trained, it is important for each employee to become fully accountable with respect to all regulations that are relevant to their activities. The regulatory training received is thus taken into account each year in the employee's performance review.

In general, our approach to regulatory issues is not solely aimed at enabling trainees to “know” the law. The goal is to ensure that each employee understands how they must apply the regulations on a day-to-day basis, so they can identify situations which require the help of an expert, and thus find solutions together to continue to serve client interests while complying with legal requirements.

“

THE REGULATIONS WHICH NEED TO BE TAKEN INTO ACCOUNT BY OUR EMPLOYEES HAVE BECOME SO NUMEROUS AND COMPLEX THAT TRAINING IN THE REGULATORY TOPICS HAS BECOME CRUCIAL FOR EACH PLAYER IN OUR SECTOR.

”

Given the importance of regulatory training, every effort is made to optimise the way in which the courses are provided and their efficiency. Capitalising on the new technologies available, certain courses which had until now been provided in classrooms are being digitalised so they can be provided remotely, and followed up by a knowledge assessment. This provides more flexibility to the people being trained and enables us to reach employees in remote locations. ”



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



► **IN 2017, THE STEERING COMMITTEE DEDICATED TO MiFID II CONDUCTED THE MOST INTENSE PHASE OF THE PROJECT ACROSS THE EDMOND DE ROTHSCHILD GROUP. WHAT NEEDED TO BE DONE TO ENSURE THAT ALL BUSINESS LINES WERE READY FOR THE COMING INTO FORCE OF THE REGULATION IN JANUARY 2018?**

Corinne Touron
Head of Organisation and Strategic Group Projects,
Edmond de Rothschild
(Switzerland) S.A.

“ To fully grasp the implications of this change, we need to keep in mind that MiFID II is an unprecedented regulatory project in terms of its organisational and operational impact on all Private Banking business lines and, to a certain extent, on Asset Management. The working groups involved had to develop new reflexes and make joint decisions on complex and somewhat sensitive subjects. This was particularly the case for the Product Governance aspect, which involved the Group's Asset Management business line as producer of products, and its Private Banking entities as distributors,

“

MIFID II IS AN UNPRECEDENTED REGULATORY PROJECT IN TERMS OF ITS ORGANISATIONAL AND OPERATIONAL IMPACT.

”

for the concerted and validated application of the product value chain from a Group-wide perspective. The Copernic project (see the focus on Copernic on page 36) also boosted this collaboration, as it involved a search for harmonised, automated solutions – via the common International Private Banking IT platform – in particular for order booking functionalities and all the controls imposed by MiFID II (suitability, target market, etc.). In this new context, training has been and continues to be fundamental for all Group employees. ”

Business ethics and compliance training

Indicators	Switzerland		Luxembourg		France		Total		
	2016	2017	2016	2017	2016	2017	2016	2017	
BUSINESS ETHICS AND COMPLIANCE TRAINING									
Number of training hours	Main entities ¹	5,456	8,292	2,404	3,088	1,947	4,598	9,807	15,978
Number of employees having attended at least one training session on Ethics & Compliance	Main entities	604	854	479	565	378	665	1,461	2,084
Average number of training hours per employee	Main entities	9.0	9.7	5.0	16.1	5.2	6.9	6.7	7.7
Total number of participants ²	Main entities	3'668	5,999	1,272	3,071	614	2,110	5,554	11,180

¹These are the Group's three main entities in Switzerland, France and Luxembourg, accounting for 84% of the total workforce.
²An employee may have taken part in several training sessions, which is why the number of participants is higher than the number of “employees having attended at least one training session”.

REINFORCING EMPLOYEES' ABILITY TO MANAGE RISKS AND RECONCILE INNOVATION AND RISK MANAGEMENT

GRI 102-30

“ Risk management and control – which are becoming increasingly important for any player in the economic system – cannot depend almost entirely on dedicated functions. Thus, with a risk tolerance level approved by the Board of Directors, the first player tasked with managing risks is the private banker, the portfolio manager or the trader. This first operational line, often called the first line of defence, assesses and checks the adequacy of the “theoretical” risk before carrying out a transaction or issuing a recommendation. The second lines of defence, consisting mainly of the Compliance and Risk functions, subsequently control the risks in an independent way. Only through full appropriation and control of the risks by the first and second lines of defence can the Group's activities be carried out in a profitable and sustainable way, within the bounds of the Tolerance level laid down by the Board of Directors. ”



Jean-Christophe Pernollet

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

► **IN 2017, THE INTERNATIONAL PRIVATE BANKING ENTITY OF THE EDMOND DE ROTHSCHILD GROUP REINFORCED ITS "FIRST LINE OF DEFENCE" ACTIVITIES TO SUPPORT ITS FRONT-OFFICE EMPLOYEES IN THEIR DAY-TO-DAY RISK MANAGEMENT, WITHOUT IMPEDING INNOVATION OR THE EFFICIENCY OF THE SERVICE PROVIDED TO CLIENTS. PRECISELY WHAT ACTIVITIES WERE CARRIED OUT, AND WHAT WERE THEIR MAIN RESULTS?**

“ Firstly, we analysed all Front Office processes and identified the risks involved in these activities. Subsequently, in partnership with the Internal Control, Compliance and Audit teams, key controls and Key Risk Indicators were defined in order to monitor the changes in risks within the Private Banking activities and maintain them within the limits defined according to the Bank's risk appetite. Lastly, a set of Front Office procedures and processes were reinforced for better control of the activities concerned, and a tool was developed for private bankers and senior management to provide them with a detailed analysis of their activities (individual and team-based) and of the risk indicator results on a periodic basis. Through this tool, any corrective measures that may be required can be identified almost instantaneously and implemented.

A front office perspective has been integrated in all steps of the approach in order not to disrupt the private bankers' daily activities. Moreover, to facilitate this cultural transformation, specific training sessions were organised. Special care was given to communication to show the top management's strong commitment and support for this initiative.

This culture of better risk management requires more in-depth knowledge of clients (e.g. cross-border risks linked to domicile), their needs (e.g. the importance of their risk profile and experience within the framework of MiFID II) and their activities (e.g. money-laundering risks, etc.). This means that private bankers need to be closer to their clients by maintaining regular contact with them. This constant interaction also makes it possible to establish commercial strategies aimed at meeting client needs in an innovative and adequate way while providing them with better protection ”



Damien Trione

Head of Business Management,
Edmond de Rothschild
(Switzerland) S.A.



Laurent Forestier

Head of Client & Business Management,
Edmond de Rothschild
(Switzerland) S.A.



OUR COMMITMENT TO OUR EMPLOYEES

MATERIAL ISSUES

→ TALENT MANAGEMENT

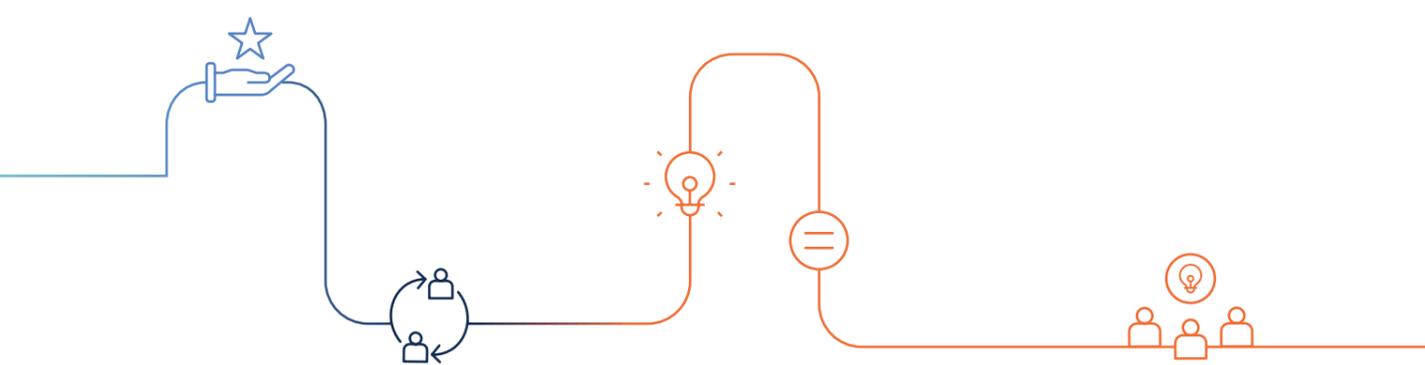
→ EMPLOYEE ENGAGEMENT

→ DIVERSITY AND EQUAL OPPORTUNITIES

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

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

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



REALISING OUR DREAMS

“ We need to give men and women the means to accompany changes and see them as opportunities for our future development. ”

Ariane de Rothschild
President of the Edmond de Rothschild Group's Executive Committee

▶ The drive to create better working conditions, which will boost performance, is all the more important since it also addresses the issue of the changing relationship between employees and their work. Indeed, an increasing number of people state that they need more meaningful work and are unwilling to compromise on their personal values. At the same time, these people want to be respected and treated fairly. They also want to develop their skills, fulfil their potential, enjoy a certain amount

of autonomy, and be able to make appropriate decisions concerning their work.

▶ The financial sector remains a sector in which women find it difficult to access senior management positions, especially in certain specific business lines. From a more general perspective, the Group is fully committed to promoting diversity in all its aspects.



OUR COMMITMENT TO OUR EMPLOYEES

As an employer, we have a dual responsibility: creating a stimulating work environment that will promote our employees' well-being and fulfilment, and providing the conditions that will enable them to contribute to the company's performance and the achievement of its vision and strategy.

OUR AMBITIONS

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

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

ENABLING ALL EMPLOYEES TO REALISE THEIR FULL POTENTIAL

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

MAKING DIVERSITY OUR STRENGTH

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

Our 2020 Objectives	Progress follow-up
<p>Establish a formalised framework for the deployment of the Group's strategic objectives</p> <p>PROGRESS MADE BETWEEN 2015 AND 2017</p> <ul style="list-style-type: none"> Brand positioning defined: "Bold Builders of the Future" Group vision defined Annual strategic objectives of our business lines aligned with the Group's strategy Strengthening of our internal communication processes in order to promote open, ongoing dialogue between employees and top management 	<p>NEXT STEPS</p> <ul style="list-style-type: none"> Cultivate good reflexes to embed our brand positioning in our daily activities Continue rolling out the initiative to support the evolution of our corporate culture
<p>Develop a leadership culture based on the Group's values</p> <ul style="list-style-type: none"> Definition of an initial leadership model, integrated in the performance review process Creation and deployment of customised training/development paths focused on improving management skills, developing our talents, and cultivating performance 	<ul style="list-style-type: none"> Align all our development programmes with "Bold Builders of the Future" Continue to roll out our new training programmes
<p>Ensure the appropriate drivers of employee engagement are in place</p> <ul style="list-style-type: none"> Deployment of a fair and transparent evaluation and performance management process Creation and roll-out of a Learning Management System called Latitude and development of a diversified online training offer to support the development of our employees Market surveys targeting our different business lines and geographical regions, with the aim of preserving the attractiveness and competitiveness of our remuneration packages Deployment of a formal promotion programme to reward our employees' efforts Deployment of a reward programme for International Private Banking Introduction of an "Internal Mobility" Charter to support employees in the development of their careers 	<ul style="list-style-type: none"> Set up tools to measure the engagement of employees throughout the Group Continue to adapt our benefit packages in order to maintain our competitiveness Continue to develop our Collective Intelligence through training and other projects

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



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

- Integrate precise guidelines in the relevant HR documents to monitor the percentage of women among candidates for senior management positions
- Create a new indicator to that effect

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



- Close monitoring of the percentage of women in the main HR processes: recruitment, training, promotion and internal mobility

- Harmonise Group processes as far as possible with regard to pay equity based on existing local good practices

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



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

- Continue the evolution of HR processes to promote cultural diversity in recruitment and promotion

For more information on our progress, see the table of our 2017 results on page 37.



► THE GROUP'S NEW BRAND POSITIONING HAS BEEN LAUNCHED IN 2017. CAN YOU DESCRIBE IT BRIEFLY AND TELL US HOW YOU EXPECT IT TO CHANGE THE WAY THE GROUP'S EMPLOYEES WILL WORK TOGETHER TO ACHIEVE IT?

Robert Jenkins

Member of the Executive Committee,
Chief Brand & Marketing Officer,
Edmond de Rothschild Group

“Edmond de Rothschild's new brand positioning, "Bold Builders of the Future" helps everyone in the Group, across all parts of the business and all geographies, to align behind a common vision and provides a clear, shared context in which we can express ourselves in a consistent way. It was developed with the contributions and ideas of 10% of the Group's employees, which were captured in dedicated workshops in 2017.

But the brand positioning also expresses what makes the Group unique. The history of the Rothschild family demonstrates how investing in a visionary and pioneering way has contributed to progress in Society across the

domains of business, science, healthcare, infrastructure and social inclusion. "Bold Builders of the Future" encapsulates the spirit of strong convictions that will help create the world we want to live in tomorrow, the desire to break new ground. It reminds us that it is today's wealth, the capital that is channelled into investments, that builds the future.

The next step is to encourage all of our people across the Group to develop the reflex to ensure that our activities and our products and services are aligned with this vision and with our values. This is a key aspect of the work we are doing to reinforce our company culture. ”



► IN THE CONTEXT OF THE NEW BRAND POSITIONING, "BOLD BUILDERS OF THE FUTURE", HOW IS THE LEARNING & DEVELOPMENT TEAM SUPPORTING THE EVOLUTION OF LEADERSHIP AND MANAGERIAL CULTURE TO ENHANCE COLLABORATION AND EMPLOYEE ENGAGEMENT?

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

“ Two years ago we started designing the Group’s Leadership model and a curriculum of learning experiences with the goal to reinforce the skills of managers, engage employees and enhance collective intelligence. The curriculum is composed of different programs for different organisational levels: Jean Cabot for all employees, Vespucci for talents with potential, Columbus for all managers, and Magellan for managing directors or senior executives.

If we take Columbus as an example, one module is dedicated to Engagement and provides eight practical tools to better engage teams. One of these tools is “Connection”, where we show how important it is to ensure alignment between the objectives of the individual, the team, the organisation and the overall strategy of the Group. Then, in the module on Authentic Leadership we show participants how transformational

leadership involves exploring and sharing perspectives on the meaning of our individual work in the context of the purpose, values and culture of the organisation. It requires an alignment of the individual’s values with the values of the Group. We are now adapting this approach in the context of “Bold Builders of the Future” to reinforce the concrete alignment of values and behaviour across the Group.

In 2017 we introduced a new service that we call Building High Performing Teams, where we use collective intelligence to achieve a high level of team spirit and engagement to support the transformation of an existing team. This pilot involved 129 people in 2017 and the outcome was very positive. We also introduced new digital tools to support collective intelligence techniques involving brainstorming, voting and dialogue during training sessions and internal events. ”



FOCUS : "BUILDING HIGH PERFORMING TEAMS"



In 2017 the Learning & Development team was solicited by the management teams in two Edmond de Rothschild entities to support them in moving to the next level in terms of team-building and engagement. It was the perfect opportunity to experiment with collective intelligence in new ways.

A structured approach to facilitating the definition of a team vision

The same format was used in both entities (one with 44 participants and the other with 85 participants) and involved the following steps:

1. A tailored engagement survey was used to evaluate levels of engagement and satisfaction within the whole team and clarify specific issues.
2. A collective journey was defined based on the results of the survey, including a workshop designed to facilitate the definition of a collective team vision.
3. During this workshop:
 - a. Tables of 7-10 participants would each define a team vision; then the whole group would vote collectively on the different visions to come up with the final team vision endorsed by everyone.
 - b. Then participants would focus on identifying the blocking points and the enablers that were perceived to hinder or help the team achieve the vision.
 - c. The next exercise was to carry out a root cause analysis of the blocking points, reflect on solutions that could be applied and prioritise actions.
4. After the workshop, a roadmap was defined to support the team in achieving its vision.

Integrating "Bold Builders of the Future" into collective reflections on leadership identity

In the workshop in one of the entities, storytelling techniques were used to stimulate collective reflection on the implications of the new brand positioning for the Group’s leadership identity. Participants were invited to consider the difference between being a manager and being a leader, and the fact that anyone can be a leader and make a difference.

This workshop was the opportunity to delve into the personal and collective meaning that participants attributed to each of the components, “Bold”, “Builders” and “Future”. For example, it can be bold to really listen to people, to accept feedback and to be willing to foster a more participative approach to team management.

This pilot demonstrated that while everyone in the Group has to work out what “Bold Builders of the Future” means for them, personally, workshop sessions like this enable shared perspectives to emerge which actively contribute to the organic evolution of our company culture.



COPERNIC PROJECT: OUR GREAT HUMAN ADVENTURE

In July 2017, the Edmond de Rothschild Group completed the first phase of what is, to date, the largest project contributing to the Company's transformation, initiated in 2011. Far from being the simple migration of an IT system, this International Private Banking (IPB) project has been an unprecedented human adventure, representing the alliance of all our entities for the harmonisation of roles and work tools. This collective challenge has been fully supported by all members of our senior management, who have been involved at all project levels, including human and technical aspects. It is a unique undertaking and a good example of collective intelligence.

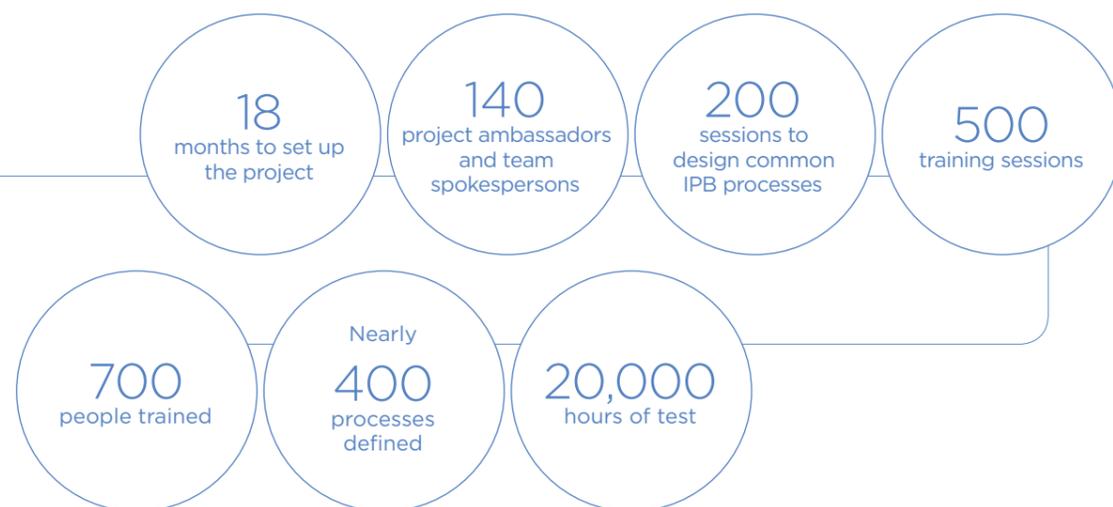
A harmonised IT platform which transforms the experience of clients and employees

By the end of 2018 / beginning 2019, the Copernic project will provide IPB with a unique IT platform reflecting the Group's overall transformation. This technological development will give clients access to a whole range of products and services, some of which are already available on line. It will also provide employees with work tools capable of developing our business, thereby allowing constant improvement in the quality of our services. These developments, underpinned by formalised processes, will support the management of increasingly complex relationships requiring our quickest response, making this project a strong base for the future of the Company and its employees.

An ideal opportunity to eliminate silos between entities and promote a boldly collaborative culture

The scope and complexity of the Copernic project have required an unprecedented collective effort across all IPB business lines and geographical regions. The strong involvement of the Group's Executive Committee and Board Directors has been crucial to the success of the project. The teams in Switzerland, who completed the migration first, are supporting their counterparts in Luxembourg and Monaco who are expected to make the switchover in 2018.

Key figures of the Copernic (Switzerland) project:



Our 2020 objectives	Our situation in 2017
Establish a formalised framework for the deployment of the Group's strategic objectives	<ul style="list-style-type: none"> 96 internal meetings on the Group's strategy, in the presence of members of the various executive committees, including one annual strategic seminar for the Group's senior management 1,265 single clicks on the newsletter sharing the content of the annual strategic seminar with all Group employees 1,657 single views of the videos containing extracts of the annual strategic seminar
Develop a leadership culture based on the Group's values	<ul style="list-style-type: none"> 1,417 employees attended at least one module of the 'Management Masters' programme for middle management 7,178 hours of training provided on this subject
Ensure the appropriate drivers of employee engagement are in place	<ul style="list-style-type: none"> 9% increase in internal mobility with 98 employees benefiting from the programme (90 in 2016) 11% increase in promotions with 143 employees promoted (129 in 2016) 96% of employees took part in the Group's performance review process 98% of employees attended at least one training session
Gradually increase the percentage of women in senior management	<ul style="list-style-type: none"> 24% of the Group's senior managers are women (stable versus 2016 and 2015) 40% of the Group's Executive Committee members are women
Maintaining gender diversity in the workforce, as well as our cultural diversity ¹	<ul style="list-style-type: none"> 49 nationalities represented across the Group (same as in 2016) 44% of the Group's employees are women (stable vs. 2016) 44% of employees recruited are women (43% in 2016) 44% of employees trained are women (46% in 2016) 52% of employees promoted are women (45% in 2016) 44% of employees who have benefited from internal mobility are women (49% in 2016)

¹ Apart from the percentage of women in the workforce and amongst new recruits, all of the indicators correspond to the "Main Entity" scope.

Notes to the 2017 employee data report

Adjustments have been made to the reporting scope, mainly for Edmond de Rothschild (France). Despite these changes, social and environmental reporting covers over 90% of this entity's workforce. For more information, see page 4. [GRI 102-2](#)

Profile and social performance of our group in 2017

Employee data corresponding to "main entities" cover 84% of the workforce of the Edmond de Rothschild Group. For these indicators, at 31 December 2017, the Group's workforce stood at 2,604 employees, a 4% decrease versus 2016, with 95% of employees on permanent contracts.

For more details on Human Resource processes, see the ["Management Approach"](#) annexe.

Attraction, recruitment and retention

In 2017, 345 people joined the Group (of which 63% on permanent contracts and 44% women), while 325 employees left (42% women). Across the Group, the employee turnover was 13% (12% in 2016), while the average length of service remained stable at 9.1 years.

Internal mobility increased by 9% between 2016 and 2017, with 98 employees benefiting from the measure (90 in 2016) including 44% women. Internal mobility supports employee loyalty and the recognition of their skills. Employee promotion is another key internal driver of recognition and talent retention. In 2017, 143 employees were promoted (129 in 2016), representing an increase of 11%. The proportion of women promoted in 2017 was 52% (45% in 2016), representing an increase of 16% versus 2016. Promotions are often accompanied by customised training sessions and coaching.

The Group's overall remuneration strategy makes it possible to attract and retain top talents, as well as value and encourage performance over the long term. Its terms are reviewed annually to remain in line with local market practices and ensure compliance with the different regulations on inappropriate risk-taking and unethical behaviour. [GRI 401-1](#)



Performance review, employee training and career development

The performance review process provides a vital opportunity to gain feedback from employees, support them in their career development and enable a factual dialogue between managers and employees. In 2017, 95% of Group employees took part in this process. The training programmes, which are continually reviewed and enhanced, reflect the importance of this process and the desire to meet the various needs of Group employees. Latitude – the Group's single platform to access the entire training offer – has enabled 98% of employees, including 44% women, to attend at least one training session in 2017. These results reflect the significant number of training sessions on the MiFID II regulation and the Copernic project rolled out in Switzerland (see page 36), as well as the digitalisation of numerous training courses, now accessible on all employee workstations.

The proportion of Group employees working part-time was 10.6% (10.7% in 2016 and 10.4% in 2015), a stable ratio which reflects the attention paid to employee requests. **GRI 102-16 / 404-3**

Diversity and equal opportunities

In 2017, the Group had employees from 49 nationalities across more than 10 countries. This diversity remains a major asset as it reflects the diversity of our population. The proportion of women in the Group's senior management was 24%, stable compared to 2015 and 2016. Despite these stable ratios, the Group remains highly committed to improving this indicator. Concerning governance bodies, the Group's Executive Committee consisted of 40% women, while the Board of Directors included 17% women.

Each year, the Group establishes partnerships with schools and training programmes, not only to develop a talent pool for its own future workforce, but also to contribute actively to professional education for students. The details on those aspects, as well as the disability agreement, are available in the annual report of Edmond de Rothschild (France)¹.

		SWITZERLAND	EUROPE	FRANCE	GROUP		
		2017	2017	2017	2015	2016	2017
Headcount and type of employee contract							
Headcount - GRI 102-7 / 102-8	Group	1,137	638	829	2,793	2,703	2,604
TYPE OF CONTRACT - GRI 102-7 / 102-8							
Percentage of employees on permanent contracts	Group	97.0%	91.8%	97.5%	98.0%	97.6%	95.3%
Percentage of employees on short-term contracts	Group	3.0%	8.2%	4.4%	2.0%	2.4%	4.7%
WORKING TIME - GRI 102-7 / 102-8							
Percentage of employees on part-time contracts		11.0%	18.3%	4.2%	10.4%	10.7%	10.7%
Attraction and retention							
RECRUITMENTS* - GRI 401-1							
Total	Group	165	85	95	322	306	345
Percentage of women	Group	47%	33%	51%	44%	43%	44%
Percentage of permanent contracts	Group	75%	44%	58%	-	80%	63%
DEPARTURES* - GRI 401-1							
Total	Group	181	71	73	167	370	325
Percentage of women	Group	43%	38%	47%	40%	42%	42%
TURNOVER* - GRI 401-1							
Total Turnover	Group	16%	11%	9%	-	12%	13%
Turnover Women	Group	16%	9%	9%	-	12%	12%
Turnover Men	Group	15%	13%	9%	-	13%	13%
AVERAGE YEARS OF SERVICE							
Average years of service	Group	8	10	10	8.6	8.9	9.1
AVERAGE AGE - GRI 405-1							
Average age of employees	Group	44	42	43	42	43	43

*For these indicators, the 2014 and 2015 data relate to the main entities, while they cover the whole Group starting in 2016.

¹ See the [annual report of Edmond de Rothschild \(France\)](#)

		SWITZERLAND	EUROPE	FRANCE	GROUP		
		2017	2017	2017	2015	2016	2017
Career development							
ANNUAL PERFORMANCE REVIEW - GRI 404-3							
Percentage of employees who completed the process	Group	93%	93%	89%	82%	94%	92%
Percentage of employees who participated in the process	Group	96%	95%	96%	86%	97%	96%
PROMOTION - GRI 404-3							
Number of employees promoted during the year	Main entities	29	32	82	157	129	143
INTERNAL MOBILITY							
Number of employees who benefited from a change of position during the year	Main entities	28	19	51	72	90	98
TRAINING - GRI 404-1							
Number of training hours	Main entities	28,004	11,724	9,923*	38,529	35,251	49,651
Percentage of employees who attended at least one training course	Main entities	100%	100%	92%	91%	83%	98%
Average number of training hours per employee	Main entities	32	21	13	19	18	23
Women as a percentage of employees trained	Main entities	40%	45%	48%	46%	46%	44%
Training budget (in thousands of CHF)	Main entities	0	0	0	2,247	2,535	2,759**

* In 2017, for Edmond de Rothschild (France), only the course on Market Abuse was managed by Edmond de Rothschild Asset Management's Compliance and Internal Control Department. This represents a total of 7 hours, included in the total set out in the table.
**Part of this amount corresponds to an estimate of the costs related to trainings within the Copernic projet

		SWITZERLAND	EUROPE	FRANCE	GROUP		
		2017	2017	2017	2015	2016	2017
Diversity							
GENDER BREAKDOWN - GRI 102-8							
Women	Group	41%	45%	48%	47%	45%	44%
Men	Group	59%	55%	52%	53%	55%	56%
WOMEN IN SENIOR MANAGEMENT - GRI 102-8 / 405-1							
Percentage of women in senior management	Main entities	16%	29%	28%	25%	25%	24%
Female senior managers as a percentage of total workforce	Main entities	4%	8%	7%	6%	7%	6%
Diversity in the governing bodies of our main legal entities							
DIVERSITY IN THE SUPERVISORY BOARD/BOARD OF DIRECTORS - GRI 102-22 / 405-1							
Number of members		9%	7	8	10	10	12
Percentage of women		11%	29%	25%	10%	9%	17%
Number of nationalities represented		2	4	2	5	4	6
DIVERSITY IN THE EXECUTIVE COMMITTEE - GRI 102-22 / 405-1							
Number of members		7	9	20	11	10	10
Percentage of women		43%	11%	30%	45%	36%	40%
Number of nationalities represented		4	3	2	4	5	5
Health, safety and well-being at work							
LABOUR RELATIONS - GRI 102-22 / 405-1							
Percentage of employees covered by collective bargaining and/or employee representatives	Main entities	0%	100%	100%	66%	65%	60%
Number of collective bargaining agreements signed over the year (also including employee health and safety)	Main entities	0	0	4	7	2	4
ABSENTEEISM*							
Absenteeism	Main entities	3.4%	3.8%	2.2%	-	-	-

* For our three main entities, the absenteeism rates are defined as follows: "number of days of unplanned absence or lost working days (illness, workplace accidents, non-justified absences excluding annual leave, maternity leave, sabbatical leave or leave to set up a business), divided by the theoretical number of days worked by the entire workforce over the reporting year". In the annual report of Edmond de Rothschild (France), the rates differ as they correspond to the definition of the Social Report, a legal report that the Bank must publish every year: "number of days of absence due to sickness divided by the theoretical number of days worked by the workforce as published in the Social Report at 31/12".

INNOVATION IN RESPONSIBLE INVESTMENT

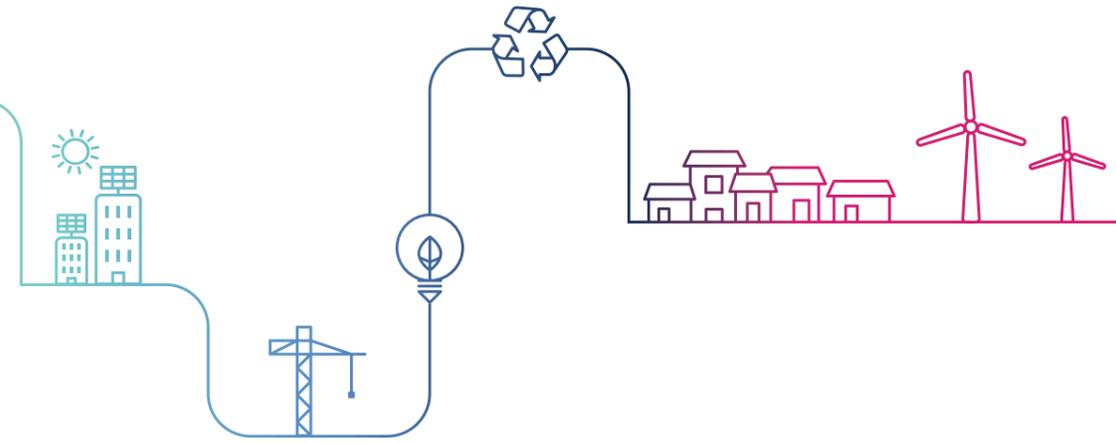
MATERIAL ISSUES

- INTEGRATION OF ESG CRITERIA INTO FINANCIAL ANALYSIS
- CARBON RISK MANAGEMENT AND CONTRIBUTION TO THE ENERGY TRANSITION
- SHAREHOLDER ACTIVISM: DIALOGUE WITH COMPANIES AND VOTING
- INNOVATION THROUGH THE VARIOUS RESPONSIBLE INVESTMENT STRATEGIES:
 - ▶ Positive selection integrating ESG criteria
 - ▶ Theme-based investing
 - ▶ Impact investing

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

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

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



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

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

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

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

For further details, see pages 18 and pages 64-65.

¹ See Legifrance



INNOVATION IN RESPONSIBLE INVESTMENT

Responsible Investment (RI) is at the heart of the Edmond de Rothschild Group strategy. The commitment of the Group's various entities - Edmond de Rothschild Asset Management², Edmond de Rothschild Private Equity, as well as the Private Banking entities - and their product offerings in this domain illustrate the Group's positioning as "Bold Builders of the Future". In a world engaged in a transition towards a new economic model, we are convinced that the solutions provided by the private sector to sustainability challenges represent a source of economic growth and positive return on investment for all internal and external stakeholders. See the "[Management Approach](#)" appendix for more information on our responsible investment processes.

OUR AMBITIONS

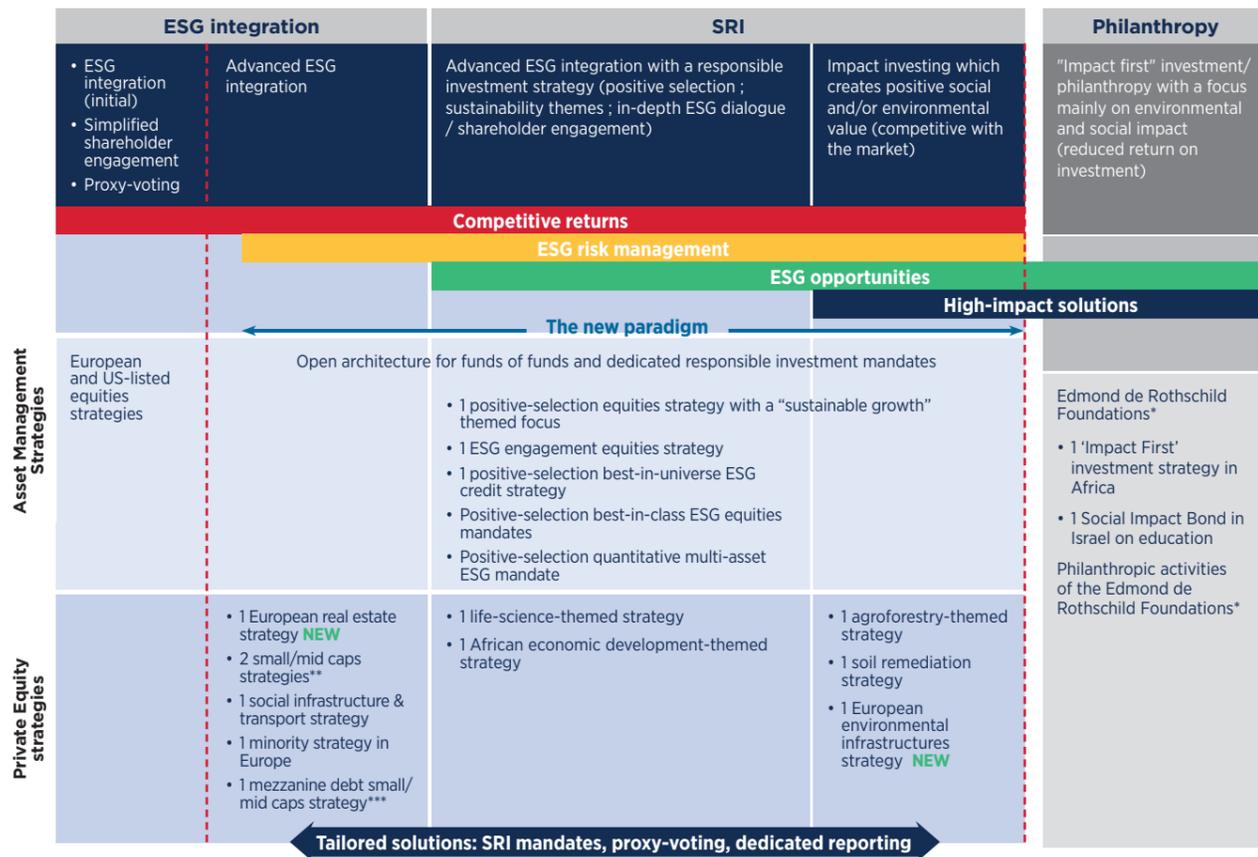
BE RECOGNISED AS A LEADER IN RESPONSIBLE INVESTMENT

Like in sports, the role of leader or that of pioneer ahead of the pack helps everyone to progress while raising market standards.

INCREASE OUR ASSETS IN RESPONSIBLE INVESTMENT

Making RI a central part of our strategy boosts our performance and contributes to the full integration of sustainability in the broader economy.

Overview of the Edmond de Rothschild Group Responsible Investment product offering



Source: Edmond de Rothschild. The red dotted lines in this diagram indicate the threshold that defines which assets under management we count in our "Responsible Investment" category. We only consider the assets under management using strategies to which an advanced ESG integration or SRI/impact methodology is applied (see definitions in this section's "[Management Approach](#)" appendix).

* The Edmond de Rothschild Foundations are a network of ten private Rothschild family foundations. They are entirely separate and independent from the Edmond de Rothschild Group. ** "Small and mid caps" refers to companies of small and medium capitalisation. *** "Mezzanine debt" means the debt with the highest risk, the repayment of which is subordinate to the repayment of "senior" debt.

² "Edmond de Rothschild Asset Management" or "EdRAM" is the commercial name of the asset management entities (including branches and subsidiaries) of the Edmond de Rothschild Group.

Overview of the Edmond de Rothschild Group's Responsible Investment (RI) activities G4-FS7 / G4-FS8 / G4-FS11

		2014	2015	2016	2017
Asset Management	Number of strategies for all listed asset classes which apply an RI approach	3	4	3	3
Asset Management	Assets under management at Edmond de Rothschild Asset Management covered by RI strategies (excluding mandates) (in millions of CHF)	1,804	1,787	1,702	2,055
Asset Management	Assets under management in institutional mandates covered by RI strategies (in millions of CHF)	1,690	1,926	1,954	2,442
Asset Management	Percentage of assets under management at Edmond de Rothschild Asset Management (France) covered by an RI strategy	12.7%*	15%*	15%*	14%
Asset Management	Percentage of assets under management at Edmond de Rothschild Asset Management covered by an RI strategy	-	8%*	8%*	8%
Asset Management	Percentage of assets under management at Edmond de Rothschild Asset Management (France) covered by a carbon footprint	-	16%	24%	24%**
Private Equity	Number of Private Equity strategies applying an RI approach	6	7	9	9
Private Equity	Assets under management at Edmond de Rothschild Private Equity covered by an RI strategy	1,628	1,812	2,677	3,468
Private Equity	Of which assets under management at Edmond de Rothschild Private Equity covered by an impact investing strategy (in millions of CHF)	165	178	315	335
Private Equity	Percentage of assets under management at Edmond de Rothschild Private Equity covered by an RI/impact investing strategy	59.0%	77.7%	92.8%	94%
Group	Total Group assets under management covered by RI strategies (in millions of CHF)	5,122	5,526	6,332	7,966
Group	Percentage of the Group's assets under management covered by RI strategies	3.1%	3.4%	3.8%	4.4%
Group	Percentage of requests for proposals including ESG/RI or sustainability criteria, to which Edmond de Rothschild Asset Management responded	31%	14%	12%	22%
Group	Percentage of due diligence processes in which Edmond de Rothschild Asset Management has taken part, including ESG/RI or sustainability questions	-	15%	25%	25%

* This scope excludes the activities of Asset Servicing, Overlay, EMTN and FSP, to which it is not possible to apply responsible investment strategies.
** In 2017, the scope of assets under management covered by a carbon footprint was extended to SRI mandates.

In 2017 our assets under management covered by responsible investment strategies amounted to 7.9 billion CHF compared with 6.3 billion CHF in 2016. This rise was mainly due to increased participation in our responsible investment strategies. Concerning Edmond de Rothschild Asset Management, overall participation in SRI open-end funds and institutional mandates increased by 13% between 2016 and 2017. Managed assets in the Responsible Investment category at Edmond de Rothschild Private Equity increased by 17% between 2016 and 2017. The calculations explaining these increases between 2016 and 2017 do not take account of the EUR/CHF exchange rate. The total figure for the Group's responsible investments in CHF was affected by the rise in the value of the Euro at 31/12/2017.

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

7.9
billion CHF

of the Edmond de Rothschild Group's assets under management are covered by responsible investment strategies.

94%

of Edmond de Rothschild Private Equity's assets under management are covered by responsible investment strategies.

14%

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

Source: Edmond de Rothschild at 31.12.2017



RESPONSIBLE INVESTMENT IN OUR ASSET MANAGEMENT ACTIVITIES

2020 objectives - Edmond de Rothschild Asset Management	Progress follow-up
Adopt a 2017-2020 Responsible Investment (RI) Strategy for all types of investment expertise at Edmond de Rothschild Asset Management	●●●●
PROGRESS MADE BETWEEN 2015 AND 2017	NEXT STEPS
<ul style="list-style-type: none"> 2017-2020 RI strategy defined and validated RI action plan defined and 3 advanced ESG integration projects completed in 2017 New SRI Label³ obtained for our SRI equities and corporate credit funds Formalisation of an advanced ESG integration process for the selection of external funds (Multi-asset department), for use by Asset Management and Private Banking entities 	<ul style="list-style-type: none"> Implementation of the RI strategy and action plan across all investment lines Continuous improvement of the ESG integration process and selection of more RI funds
Define an RI action plan and a "2-degree" Climate Roadmap to manage climate risk for the 2017-2020 period	●●●●
<ul style="list-style-type: none"> "2-degree" roadmap initially applied to equity/bond investments, in line with TCFD recommendations⁴ Carbon footprint applied to 16 investment funds and SRI mandates representing 24% of the assets managed by Edmond de Rothschild Asset Management (France) at 31/12/2016 	<ul style="list-style-type: none"> Implementation of the "2-degree" Roadmap Cover all equity/bond investment strategies with a carbon footprint
Extend the scope of ESG analysis to all equity, corporate debt and sovereign debt strategies (2014: 295 companies)	●●●●
<ul style="list-style-type: none"> Application of the internal proprietary methodology to an extended universe of European issuers Signing of a new Group agreement with the Sustainalytics rating agency to gain access to the ESG analysis of 6,000 companies (world scope) 	<ul style="list-style-type: none"> Continuous improvement to ensure the evolution of the internal ESG analysis methodology
Establish an "advanced" ESG integration process for European equities management	●●○○
<ul style="list-style-type: none"> Strengthening of ESG integration processes for the management of European equities Completion of 3 dedicated ESG integration projects 	<ul style="list-style-type: none"> Continue to refine the ESG integration approach
Train 100% of internal equity and bond investment teams in RI/ESG	●●○○
<ul style="list-style-type: none"> Launch of 10 ESG projects (of which 3 were completed) in close collaboration with investment teams Development of an e-learning course on responsible investment in collaboration with Swiss Sustainable Finance 	<ul style="list-style-type: none"> Deploy the responsible investment e-learning course to all investment and sales teams
Establish "advanced" ESG integration processes for our strategies on infrastructure debt and on direct investment in Swiss real estate	●●●○
<ul style="list-style-type: none"> Infrastructure debt: Development of an advanced ESG integration process for the entire platform, including its new compartment on the theme of the energy transition (launch in 2018) Swiss real estate: Progressive formalisation of the ESG integration process: 63% of the portfolio consists of new or Minergie-certified buildings⁵ and 17% of the portfolio's residential rental buildings correspond to controlled rents 	<ul style="list-style-type: none"> Application of the new ESG process to the infrastructure debt platform and certification of its energy transition-themed compartment to the French EETC⁶ standard Launch of a new reporting tool on the energy efficiency of buildings

“ Our Responsible Investment strategy for the 2017-2020 period serves as a framework to guide the activities of Edmond de Rothschild Asset Management teams. This is a group effort involving everyone - in fund management and marketing and sales, internal control, compliance and communications. It will enable us to integrate ESG criteria in a relevant and appropriate way across all our equity/bond strategies by 2020, thus providing our clients with a product offering that meets their expectations in terms of responsible and financial performance. We need to take ESG risks into account, as well as identify investment opportunities arising from sustainability challenges.



Philippe Uzan
Chief Investment Officer,
Edmond de Rothschild
Asset Management

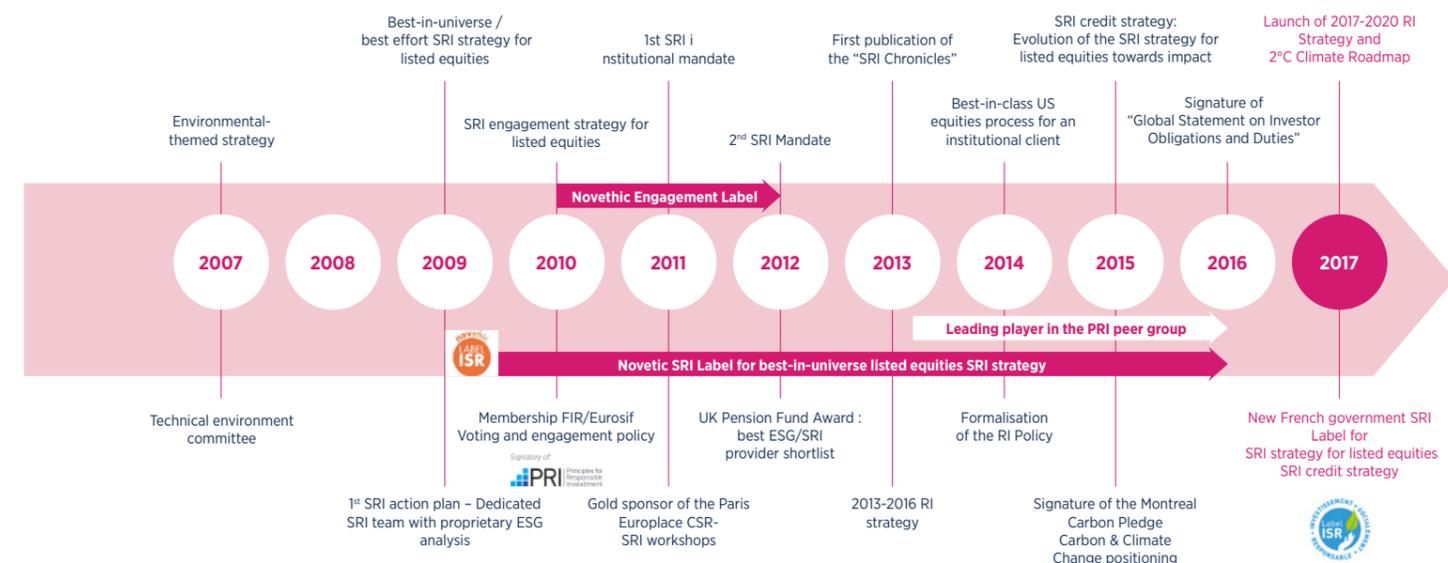
Overall, 2017 was a particularly busy year, with major achievements such as the definition of our "2-degree" Climate Roadmap validated by the Asset Management Executive Committee and the renewal of our Euro equities SRI mandate by ERAFP in France. 2018 is set to be an equally dynamic year, including in dialogue and collaboration with other Group entities on responsible investment. ”



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

“ We are approaching the deployment of the 2017-2020 RI strategy in a very pragmatic way, taking into account the specificities of the different lines of expertise. We have already launched ten ESG projects, all of which have been defined and developed in collaboration with the investment teams concerned. In 2017, we completed several structural projects, such as the improvement of our proprietary ESG model (measurement of intangible assets, impacts on financial valuation, integration of the UN's Sustainable Development Goals in the analysis of sovereign debt, etc.) and certification to SRI labels in France. In addition, we shared these developments both in-house and externally, and spoke out publicly on a number of occasions on sustainability-related issues. ”

The evolution of responsible investment at Edmond de Rothschild Asset Management (France) since 2007



Financing of the Chair of Responsible Finance & Sustainable Investment at the Ecole Polytechnique in Paris and the Toulouse School of Economics. Involvement in the SRI work of the Association Française de la Gestion Financière (AFG), SIF and Eurosis

³ See, [French government SRI label](#)

⁴ See, [TCFD recommendations](#)

⁵ See, [Swiss construction quality and energy efficiency certification: Minergie](#)

⁶ See, [EETC](#)



Main elements of the Edmond de Rothschild Asset Management 2017-2020 Responsible Investment Strategy

<p>1 Mitigate risks and identify opportunities</p> <ul style="list-style-type: none"> ESG analysis focusing on reducing risk / finding sustainable solutions SRI management and ESG integration 	<p>2 Strengthen dialogue - ESG engagement with issuers</p> <p>Shareholder responsibility and fiduciary duty</p>	<p>3 Ensure RI governance in an accountable and traceable manner</p> <ul style="list-style-type: none"> Organisation Reporting Control Internal approach to Corporate Responsibility (CR) 	<p>4 Improve marketing and visibility of our RI solutions</p> <ul style="list-style-type: none"> Innovative solutions Sales Brand image
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Since 13 September 2017, the 2017-2020 RI strategy is being implemented by investment teams with the help of all support functions. It is overseen by the Edmond de Rothschild Group's Asset Management Executive Committee and co-ordinated by an RI Steering Committee consisting of 24 RI correspondents from all operational departments. These correspondents are actively helping to implement the actions included in the 2017-2020 RI Roadmap, which are prioritised within their departments each year. (For further information on responsible investment governance, see the [«Management Approach» appendix](#)).

FOCUS: A "2-DEGREE" ROADMAP FOR THE GRADUAL REDUCTION OF OUR INVESTMENT PORTFOLIOS' CARBON FOOTPRINT

In 2017, Edmond de Rothschild Asset Management formalised a climate strategy which includes a "2-degree" roadmap, reinforcing its commitment as signatory to the United Nations' Montreal Carbon Pledge⁷ to contribute to the energy and environmental transition of a European and global economy dominated by fossil fuels to a low-carbon economy with the aim of limiting global warming to less than 2°C.



▶ HOW DID YOU DEVELOP THIS CLIMATE ROADMAP AND WHAT DOES IT INVOLVE?

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

“ The roadmap was developed using in-house expertise, particularly that of the RI team and the Equity Commodities/Infrastructure investment team, based on the final recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the International Energy Agency's 450 Scenario. This roadmap is primarily being applied to the Equity and Bond asset classes. We have developed a proprietary in-house rating model to quantify the main climate risks and opportunities within economic sectors and sub-sectors over three different periods – short term (2017-2020), medium term (2020-2030) and long term (2030-2040). This enables us to remain focused on the 10% of issuers present in less than ten economic sectors, in which 90% of the climate risks are concentrated. Reviews focusing on the four main categories of risk - Policy and Legal, Technology, Market and Reputation - helped us identify ten high-level risks including five for the 2017-2020 period, starting with the coal industry. Subsequently, reviews focusing on five aspects – Resource Efficiency, Energy Source, Products and Services, Markets, and Resilience – enabled us to identify 20 high-level opportunities including 11 which are already applicable today, notably energy efficiency. ”

⁷ See, [Montreal Pledge](#)

▶ HOW WILL YOU APPLY THIS ROADMAP TO YOUR EQUITY AND CREDIT INVESTMENTS?

“ We have identified 180 issuers worldwide with the highest climate risks. Edmond de Rothschild Asset Management (France) holds equities and bonds from some sixty of these issuers. This work on risks serves as a basis for our internal exchanges with the teams involved and, externally, to prioritise our dialogue and engagement with companies in all geographical areas. At the same time, we have increased our collaboration with certain investment teams, especially for low-carbon investments, through a virtual global equity strategy which has been delivering highly satisfactory financial performance since 2016⁸. We have also been applying our roadmap to our energy investment strategy, which has as a result been refocused in terms of fund management and repositioned to highlight its contribution to the progress made by issuers in this sector. We will continue our awareness-raising efforts and our close collaboration with investment teams in this area, which is a priority for us. We are also continuing to gradually improve the carbon footprint of our investment strategies, which currently covers 24% of our assets under management⁹. ”



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

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

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

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

⁸ See, [AM League](#)

⁹ Carbon footprint information, which was published for the first time on 1 December 2015, can be accessed on our website at the following link: [carbon footprint](#)

THE DEVELOPMENT OF OUR RESPONSIBLE INVESTMENT EXPERTISE IN REAL ASSETS

In 2017, in line with our 2020 objectives, we made significant progress in the formalisation of an advanced ESG integration process for our strategies on infrastructure debt and direct investment in Swiss real estate. This progress will be reflected in our future accounting of these assets under management within the Responsible Investment category.

FOCUS: THE CONTRIBUTION OF OUR INFRASTRUCTURE DEBT PLATFORM TO THE ENERGY TRANSITION



“ With assets under management in our infrastructure debt strategy reaching a total of €1.2 billion at 31 December 2017, having grown sharply over the last three years, our expertise naturally makes us a major player in this market. €1.2 billion has already been invested in six different sectors in seven EU countries.



Jean-François Dusch
CEO Edmond de Rothschild Asset Management (UK), CIO BRIDGE¹⁰

2017 saw a particularly large number of RI developments within our infrastructure debt business line. We are continuing to invest in projects with a positive environmental and social impact, in particular through the financing of renewable energy projects involving biomass, wind turbines or solar facilities, as well as projects with a positive social impact such as retirement homes. In line with our RI roadmap, we also defined an ESG analysis matrix for our investments in order to improve our reporting and monitoring of social, environmental and governance risks at the project and overall portfolio levels. This work to establish and formalise an advanced ESG integration process for our investment platform will take place in two stages:

1. Application of the ESG integration process within a new investment compartment of the infrastructure debt platform focused on financing the energy transition. This environmentally-themed strategy will be launched in 2018 and will be certified with the French government's EETC¹¹ label.

2. Gradual extension, from 2018, of the ESG integration process to the whole platform and all new investments, along with retroactive ESG analysis for all the projects in which we have already invested, depending on our access to the relevant data. As well as carrying out ESG analysis on our investments, the approach includes an engagement strategy aiming to develop a constructive, collaborative ESG dialogue with entities seeking to borrow money to finance infrastructure projects but also with arrangers and sponsors/shareholders, in order to increase the transparency of ESG information. In 2018, we will start to include the assets under management of the infrastructure debt platform in the Group's Responsible Investment category according to the scope to which the ESG integration process has been applied. ”

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

SDG	Contribution	Infrastructure debt strategy: Consolidated results for our portfolio investments of €1.1 billion at 31/12/2017 or indicators planned for future ESG reporting
13 Climate action	Climate action	<ul style="list-style-type: none"> • 33% of portfolios invested in renewable energy projects • 809 MWh renewable energy production (this figure will rise by around 700 MWh upon completion of two projects currently underway) • Scope 3 and avoided CO₂ emissions (tonnes CO₂ equivalent) • €190m of capital invested in "greenfield" projects • €233m of capital invested in social infrastructure projects • Around 4,000 elderly people cared for in retirement homes • 33,935 new FTTH* sockets available to the public • Creation of over 1,500 jobs (full-time equivalent) • Growth in counterparty revenue (EUR million)
7 Clean, affordable energy	Clean, affordable energy	
8 Decent work and economic growth	Decent work and economic growth	
9 Industry, innovation and infrastructure	Industry, innovation and infrastructure	
11 Sustainable cities and communities	Sustainable cities and communities	
17 Partnerships for the goals	Partnerships for the goals	

* «Fibre to the Home»

¹⁰BRIDGE is the name of the Edmond de Rothschild Group's infrastructure debt platform: Benjamin de Rothschild Infrastructure Debt Generation.

¹¹ See [Ministère de la Transition écologique et solidaire](#)

FOCUS: OUR PROGRESS IN ESTABLISHING A FORMAL ESG INTEGRATION PROCESS FOR SWISS REAL ESTATE



“ As part of our strategies for direct investment in Swiss real estate, we manage around CHF 1.8 billion in collective investment vehicles or on behalf of institutional or private clients¹². We are thus positioned as a major player in direct real estate investment in Switzerland.

In 2017, we continued to apply our roadmap for the integration of ESG criteria, ensuring that social and environmental aspects were fully integrated in our investment strategy. For example, we acquired a plot for the construction of a five-building complex meeting Minergie¹³ standards, within the eco-district of "Les Vergers" in Meyrin. The eco-district was developed as a car-free district placing emphasis on green mobility and public transport. In order to obtain the Minergie certification, the complex will use all the latest techniques in terms of energy quality and sustainability, including remote-controlled heating, rooftop solar panels, heat recovery ventilation and sustainable cladding. In addition, the rents charged will be controlled by the Housing Office.



Emmanuelle Kilian-Barnet
Head of Portfolio Management, Direct Real Estate, Orox Asset Management S.A.

Within our existing portfolio, we completed the construction of a building located on Promenade des Artisans in the city of Meyrin. For this building, our strategy integrated both environmental and social criteria. We have given priority to social and inter-generational diversity within the building, in particular for the design of the apartments, which cater for elderly and/or reduced-mobility people (special fittings in bathrooms, individual call systems, etc.), and boast a sleek, modern style to also appeal to younger tenants. The affordability of these apartments, through attractive rents controlled by the Housing Office, is also a factor of social diversity. From an environmental viewpoint, the building meets the High Energy Performance classification requirements. We have been in close contact with the local authorities throughout the development of the project to ensure the best possible integration of the building in its district, and we will do the same with regard to the rental of the commercial premises, which we intend to match the needs of the types of tenant who will live in the building.

At the same time, we are striving to improve our reporting and monitoring of the portfolio's environmental and social risks. To this effect, we have set up a tool for the buildings' energy monitoring, the collection of the relevant data, the buildings' energy profiling, and the production of reports to identify and analyse any excessive consumption of thermal energy, solar power, water or electricity. This tool will be operational in 2018. ”

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

SDG	Contribution	Direct investment in Swiss real estate strategy: Consolidated results for our portfolio investments at 31/12/2017 or indicators planned for future ESG reporting
13 Climate action	Climate action	<ul style="list-style-type: none"> • 63% of the portfolio consists of new or Minergie-certified (high energy efficiency) buildings • Measurement of the buildings' energy efficiency (measurement unit to be defined) • 17% of the rental portfolio is under controlled rents (affordable housing) • Capital invested in the construction of new buildings (EUR millions) • Capital invested in renovation projects (EUR millions)
9 Industry, innovation and infrastructure	Industry, innovation and infrastructure	
11 Sustainable cities and communities	Sustainable cities and communities	
17 Partnerships for the goals	Partnerships for the goals	

¹² Here we are referring to the main strategy for direct investment in Swiss real estate managed by Orox Asset Management S.A. and not to the entire investment platform.

¹³ See [Minergie](#)



Material issues at stake:

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

Our 2020 objectives	Our situation in 2017*
Adopt a 2017-2020 Responsible Investment (RI) strategy for all types of investment expertise at Edmond de Rothschild Asset Management	<ul style="list-style-type: none"> • 11% growth in the assets under management in our two open-end SRI funds dedicated to equities and corporate debt, compared with 2016
Define an RI action plan and a "2-degree" roadmap to manage climate risk for the 2017-2020 period	<ul style="list-style-type: none"> • Identification of some 60 issuers in the equities and bonds portfolios which have the highest climate risks (out of some 180 issuers worldwide) • 24% of the assets under management are covered by a carbon footprint (open-end funds and SRI mandates)
Extend the scope of ESG analysis to all equity, corporate debt and sovereign debt strategies (2014: 295 companies)	<ul style="list-style-type: none"> • 309 companies in the corporate universe analysed every two years using our internal proprietary methodology (vs. 324 in 2016) • 6,000 companies in the global issuer universe rated by Sustainalytics accessible to all fund managers
Establish an "advanced" ESG integration process for European equities management	<ul style="list-style-type: none"> • 3 ESG integration projects completed out of the 10 projects launched • 144 companies analysed (vs. 111 in 2016 and 138 in 2015) • 115 meetings with companies (vs. 81 in 2016 and 39 in 2015) • 4 in-depth individual dialogue/engagement initiatives (vs. 2 in 2016) • 2 collaborative dialogue/engagement initiatives
Train 100% of internal equity and bond investment teams in RI/ESG	<ul style="list-style-type: none"> • 100% of the equity and bond investment teams took part in at least 1 of the 10 "advanced" ESG integration projects, thereby gaining in-depth knowledge on the subject

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

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

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



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

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

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

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

FOCUS: A ROBUST ESG INTEGRATION APPROACH RECOGNISED BY THE PRI INITIATIVE



Edmond de Rothschild Asset Management made significant progress in 2017, in line with its 2020 objectives, to extend the scope of its ESG analysis and make it increasingly systematic within its active and fundamental management.

Following the assessment of its 2017 report as signatory to the United Nations' Principles for Responsible Investment, Edmond de Rothschild Asset Management (France) confirmed its ranking among the leaders of its peer group for the third consecutive year. The creation of new tools and processes contributed to this progress, which was achieved in large part through close collaboration between the RI team and the investment teams working on the first three projects completed in 2017:

- 1. Project aimed at quantifying the impact on valuation of ESG research in equities and corporate bonds:** The impact of ESG ratings on the valuation of equities and bonds has been assessed using an internal methodology and validated by the equity and corporate bond management teams involved in the project. The positive or negative impact of ESG ratings is shown by a percentage change (upward or downward) in the share price or the improvement or deterioration in financial ratings (number of notches) in the case of bonds. This impact is now systematically recorded in all new issuer analyses and their updates, and the analysis results are provided to all equity and bond managers.
- 2. Project to integrate the Sustainable Development Goals (SDGs) in sovereign debt with a focus on risks:** As part of our bond management activities, analysis of sovereign issuers now takes account of all United Nations Sustainable Development Goals¹⁴ following the latest update of our ESG analysis methodology. In 2016, we monitored roughly 30 ESG indicators, covering 15 of the Goals. We added three new indicators in 2017 and are now covering all 17 SDGs.
- 3. Project to define Edmond de Rothschild Asset Management's "2-degree" roadmap and adapt its energy investment strategy** (see page 47 for more detail).

These projects enable fund managers to gain thorough knowledge of these issues by assessing, with the full support of the RI investment team, the material risks and opportunities arising from the issuers in their portfolios over a period of a few months or more.



The excerpt from this rating report presented here is partial and must be considered in the context of PRI methodology¹⁵. The full rating report is available on request.

Source : PRI Assessment Report 2017 Edmond de Rothschild Asset Management (France)

¹⁴ See [United Nations SDGs](#)

¹⁵ See [PRI](#)



Material issues at stake

- ▶ Shareholder activism: dialogue with companies and voting
- ▶ Innovation through our various responsible investment strategies

Shareholder activism at Edmond De Rothschild Asset Management (France)

Edmond de Rothschild Asset Management (France) has a voting policy¹⁶ applicable in France and abroad for all managed equity portfolios. Once the information provided by the issuer and depositaries is sufficient, this entity undertakes to vote in a uniform way for all the securities held within the portfolios (excluding external SICAV funds), irrespective of the nationality of the issuing companies, provided we hold 0.01% of the share capital.

In 2017, the internal Voting and Engagement Committee approved an amendment concerning its policy to increase the number of women on the Boards of Directors. Edmond de Rothschild Asset Management (France) will vote against a Director if his appointment brings down the gender parity ratio to less than 30%¹⁷. In 2017, intense voting activity was recorded, with voting at 494 General Meetings and an attendance rate of 91%. The percentage of votes “against” resolutions (including abstentions) remained high, at 24%. It should also be noted that Edmond de Rothschild Asset Management (France) voted on 170 external resolutions submitted by shareholders, including 16 environmental and social resolutions (with 2 votes “against”), accounting for 9% of external resolutions.

In 2017, we conducted 115 “simplified” engagements, including 6 ahead of General Meetings (with Renault, Thalès, Worldline, Cap Gemini, Saint Gobain and Vivendi) and 109 through 1-1 meetings dedicated to responsible investment with members of the management teams of the companies held in our investment portfolios. These meetings included the following: one with Total concerning their exploration project in Brazil with the risk of major pollution in this high-biodiversity ecosystem; one with BNP Paribas on the integration of a carbon price in the financing selection process; one with Eni concerning the improvement of their anti-corruption processes, compensation, and the implications of climate change.

In addition, our SRI-engagement equities strategy focused on European equities led 4 in-depth engagement procedures, with Atos, Crédit Agricole, Saint Gobain and SoLocal, as well as a collective engagement procedure with PhiTrust concerning Accor (governance). These engagements mainly focused on governance issues, but also involved social aspects. In 2017, Edmond de Rothschild Asset Management (France) also took part in a collective PRI initiative on the topic of methane.

Voting statistics, Edmond de Rothschild Asset Management (France) - G4-DMA FS12 / G4-FS10

	2013	2014	2015	2016	2017
Number of AGMs in which EdRAM France voted	759	679	717	654	494
Voting rate in the AGMs of equity investees	85%	75%	84%	75%	91%
Number of resolutions voted on	9,071	8,559	9,135	8,268	6,227
Proportion of votes “against” a resolution (including abstentions)	21%	20%	20%	25%	24%

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

Engagement actions of Edmond de Rothschild Asset Management (France) - G4-FS10

	2015	ESG Themes	2016	ESG Themes	2017	ESG Themes
Simplified individual dialogue-engagement actions	67	Mix of ESG themes	81	Mix of ESG themes	115	Mix de thèmes ESG
Comprehensive individual dialogue-engagement actions	3	Governance	2	Mix of ESG themes	4	Mix de thèmes ESG
Collaborative dialogue-engagement actions	1	Environment	1	Environment	2	Gouvernance; environnement

FOCUS: STRIVING FOR CONVERGENCE BETWEEN GROWTH STRATEGY AND POSITIVE SOCIAL IMPACT



In 2017, two investment strategies of Edmond de Rothschild Asset Management (France) obtained the new French government SRI label¹⁸, one for equities and the other for corporate debt. Both strategies include a stringent internal assessment of material ESG issues, thereby reducing portfolio risks, for example in the cases of controversies. Moreover, the SRI-certified equities strategy aims to identify and measure the positive impact of issuers whose growth directly benefits from the full integration of sustainability within the company’s business model and/or strategy.

Since 2015, we have devoted special interest to European companies whose growth models contribute to current and future solutions to sustainability. The challenge of searching for and measuring the impact of listed companies is made more complex due to a “dilution” effect stemming from the fact that large corporations with certain positive-impact products and services can also have other weaker or even negative aspects in their sustainability performance. Fund managers must identify issuers who combine all of the sought-after criteria: the best financial and non-financial performance, a proven positive social and/or environmental impact, along with the publication of robust, relevant data showing transparency in their ESG practices.

To meet this challenge, we have gradually enhanced our portfolio with high-growth companies who are pure players in their fields, such as: Naturex¹⁹ in natural additives, Carl Zeiss Meditec AG in medical equipment, Spie in energy efficiency solutions, “Smart Cities”, etc. Among the large caps in the portfolio, we can quote Valeo in the automotive sector, Schneider Electric in energy efficiency, and Philips and Novo Nordisk in healthcare.

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

	Climate action
	Responsible consumption and production
	Industry, innovation and infrastructure
	Good health
	Gender equality
	Decent work and economic growth

SRI strategy focused on the positive selection of equities, “sustainable growth” theme:
Consolidated results of the portfolio at 06/12/2017
Benchmark: MSCI EMU (NR)

- Score of **13.5/20** for “green impact” * vs. benchmark: 11.5
- Carbon footprint (kg/€1,000 invested): **133** vs. benchmark: 325
- Percentage of independent directors: **63%** vs. benchmark: 65%
- Percentage of signatories to the United Nations Global Compact: **71%** vs. benchmark: 83%
- Average accident frequency rate (per million hours worked): **7.5%** vs. benchmark: 4.1%
- Average absenteeism rate: **3.4%** vs. benchmark: 3.6%
- Percentage of women on Executive Committee: 13% vs. benchmark 12%

* Internal indicator based on a proprietary methodology

← Left page: ¹⁶ See [Edmond de Rothschild Asset Management \(France\) voting policy](#)
← Left page: ¹⁷ For more details on the voting campaign for 2017, see [2017 Voting Report](#)
¹⁸ See [French government SRI label](#)

¹⁹ The information on the securities should not be interpreted as an opinion of Edmond de Rothschild Asset Management (France) on the likely trend for said securities or, if applicable, the likely trend for the price of the financial instruments they issue. This information should not be interpreted as a recommendation to buy or sell these securities. The composition of the portfolio is likely to change over time.



RESPONSIBLE INVESTMENT IN OUR PRIVATE BANKING ACTIVITIES

2020 Objectives - Private Banking entities		Progress follow-up
Create a Responsible Investment (RI) Mandate for private clients / Put in place an "advanced" ESG integration process for the selection of external funds and individual stocks		
PROGRESS MADE BETWEEN 2015 AND 2017	NEXT STEPS	
<ul style="list-style-type: none"> Development of the fundamental processes to enable the RI mandate to be created (partnership between the Group's Asset Management and Private Banking entities in France and Switzerland) Strengthening of the process used to select external RI funds, with full ESG integration within the activities of the Multi-Asset department Strengthening of the ESG analysis and rating process for direct line securities, with signature of a Group contract giving access to the Sustainalytics ESG ratings across a global universe (6,000 companies) 	<ul style="list-style-type: none"> Gradually increase the range of ESG thematic products available to private clients Signature of a contract (renewable annually) with a partner specialised in dedicated RI reporting for the RI mandates Continue to raise awareness among investment teams of ESG integration and climate-related issues 	

Roll out the Responsible Investment Mandate in our main entities		Progress follow-up
<ul style="list-style-type: none"> Development of a toolbox to help private bankers talk to their clients about responsible investment Launch of the RI mandate by Edmond de Rothschild (France) and Edmond de Rothschild (Switzerland) and marketing of the product Significant increase in the participation of private clients in the equity and corporate debt in-house RI funds 		
<ul style="list-style-type: none"> Gradually widen the marketing scope of the RI Mandate within the main Private Banking entities Train all management teams using the e-learning course developed by the Edmond de Rothschild Group in partnership with Swiss Sustainable Finance 		

“ More and more private clients now share with institutional investors interested in Responsible Investment a desire to combine financial performance with a positive societal impact. However, sometimes these clients need a framework and language that is less technical than the language used by professional investors.

Mandate for private clients, in line with our brand positioning as "Bold Builders of the Future", to share our conviction and enable our clients to build a future that inspires them and enriches their life experience. ”

Further, the Responsible Investment product range must reflect as faithfully as possible both the values and the deep meaning our clients are looking for via their activities (entrepreneurship or philanthropy for example), and their investments. That is why we have created the Responsible Investment

WE HAVE CREATED THE RESPONSIBLE INVESTMENT MANDATE FOR PRIVATE CLIENTS, IN LINE WITH OUR BRAND POSITIONING AS "BOLD BUILDERS OF THE FUTURE", TO SHARE OUR CONVICTION AND ENABLE OUR CLIENTS TO BUILD A FUTURE THAT INSPIRES THEM AND ENRICHES THEIR LIFE EXPERIENCE.



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

OUR RESPONSIBLE INVESTMENT PHILOSOPHY APPLIED TO THE RESPONSIBLE INVESTMENT MANDATE

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



Martin Liebi
Deputy CEO, Edmond de Rothschild Asset Management (Suisse) S.A.

PRIVATE BANKERS, IN PARTICULAR, MUST LEARN TO MASTER A SUBJECT WHICH ON FIRST SIGHT IS FAIRLY COMPLEX, BUT PROVES TO BE FASCINATING ONCE WE START TO MAKE THE CONNECTION WITH OUR OWN VALUES AND FUTURE ASPIRATIONS.

“ The roll-out of the Responsible Investment Mandate, which we launched within Private Banking at Edmond de Rothschild (Switzerland) and Edmond de Rothschild (France) in 2016, is making steady progress, but it requires a major change in mind-set of those working in the financial sector. Private bankers, in particular, must learn to master a subject which on first sight is fairly complex, but proves to be fascinating once we start to make the connection with our own values and future aspirations. We are meeting this challenge with regular, thoughtful communication on the importance of this product offering for the Group's strategy, and in particular through the new e-learning course we have developed in partnership with Swiss Sustainable Finance to help investment professionals gain a deeper understanding of this subject. We will introduce this e-learning for all our teams in 2018. ”



Muriel Tailhades
CIO, Edmond de Rothschild (France)



FOCUS: AN E-LEARNING COURSE TO DEMYSTIFY RESPONSIBLE INVESTMENT



In 2017, the Edmond de Rothschild Group worked closely with Swiss Sustainable Finance (SSF) on the e-learning course, "Sustainable investment in a changing world". The aim was to demystify responsible investment and explain why it has become so important for financial institutions.

“ Long considered a niche market, Responsible Investment (RI) has come to the forefront in recent years, notably due to the increasing global awareness of the urgent need for a change of economic paradigm to meet sustainability challenges such as climate change, pollution, poverty, etc. **Instead of introducing RI in a "technical" way, as many training courses have already done, our intention was to present it as an alignment of the financial sector with profound changes in the economy and the world.** We have used compelling examples, such as the introduction of cars at the start of the 20th century, which brought about a stock market crash (the markets having heavily invested in the railways), as nobody had foreseen such a profound behavioural and cultural change. We ask the following question: are we about to experience a similar shock in the financial markets due to climate change and the application of the Paris Agreement?



Kate Cacciatore
Global Head of Sustainability,
Edmond de Rothschild Group



Jean Laville
Deputy CEO,
Swiss Sustainable Finance

We structured the e-learning according to the main elements of the financial sector's value chain, which illustrate the domino effect of this new global awareness:

- Institutional investors, such as the large pension funds, are driving this dynamic: aware of their responsibilities to their beneficiaries and to society, they are increasingly opting for RI and imposing their choice on asset managers. The success of the PRI¹ shows the extent of this movement;
- Institutional investors and asset managers are strongly encouraging companies to improve their sustainability practices and create products & services that provide solutions in this area. They are seeking to transform the best financial performance of these companies into a return on investment through their financial products;
- At the same time, private clients (citizens, entrepreneurs, millennials, etc.) have become increasingly sensitive to these issues and want to align their investments with their values.

We have set out to build the educational foundations that will ensure a deep understanding of the subject, while highlighting the business benefits. Our hope is that this training course will contribute to the efforts of the various financial players to remove barriers to this important market, making it possible to channel public and private capital flows towards sustainable, profitable solutions. ”

¹ See, [Principles for Responsible Investment](#), supported by the United Nations.

“ In 2017, I took over the management of the Responsible Investment Mandate portfolios, and I embarked upon a very steep learning curve on this exciting subject, working closely with my colleagues who manage the processes of the various components of these mandates.



Rose-Mary Lozano
Portfolio Manager,
Edmond de Rothschild (Suisse) S.A.

Right from the start, despite the fact that this was all new to me and despite the complexity of the subject, I very quickly felt at ease because of the very close alignment of this subject with my own values. I find it really rewarding and encouraging to be able to align our clients' investments with their vision in this area, while retaining a financial performance objective that is equivalent to a traditional portfolio. To do this, we put together portfolios drawing on our in-house RI funds, direct line securities with the best sustainability performance and the external RI funds recommended by our selection team.

Another thing which is very satisfying for me is to be able to visualise for clients the quality and the impact of the portfolio in terms of responsible investment in the reporting tool we now use as a result of our partnership with Conser Invest, an expert in this field. ”

“ Since 2016, I have been tasked, alongside two other portfolio managers, with implementing our Responsible Investment Mandate, concentrating on our seven regional offices. As the months passed, we noticed that our clients were becoming increasingly interested in responsible investment; religious congregations and young entrepreneurs are particularly sensitive to this type of investment.

I believe that the integration of our clients' specific objectives (exclusion of certain sectors such as weapons, for example, or the positive focus on environmental criteria) is essential in building our portfolios and reaffirms our commitment to respond closely to their sensitivities. I am convinced that, in a few years, the RI approach in asset management will become the norm and the fact that our investment house shares the same values as our clients in this area enables us to fully align our interests. ”



Laurent Artru
Portfolio Manager,
Edmond de Rothschild (France)

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

EXTERNAL RESPONSIBLE INVESTMENT STRATEGIES

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

EDMOND DE ROTHSCHILD'S RESPONSIBLE INVESTMENT STRATEGIES

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

SECURITIES WITH THE BEST ESG SCORES

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



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



RESPONSIBLE INVESTMENT IN OUR PRIVATE EQUITY ACTIVITIES

▶ WHAT ARE YOUR AMBITIONS FOR IMPACT INVESTING AND HOW DO YOU THINK YOU CAN MAKE THESE PRODUCTS MORE ACCESSIBLE, INCLUDING FOR PRIVATE CLIENTS?

“ Impact investing is a matter of conviction for Edmond de Rothschild Private Equity. Our long-standing experience and our high ambitions continuously drive us to combine innovation, positive impacts and financial performance. For a long time now, we have considered ESG (Environmental, Social, Governance) integration to be a driver for investment opportunities and an essential aspect of risk management. Far from penalising return on investment, we consider the integration of these criteria as a direct contribution to our products' financial value creation.



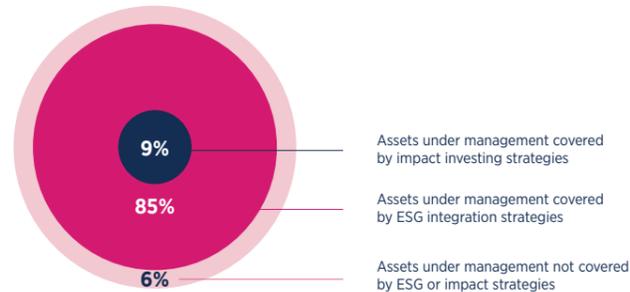
Johnny El Hachem
CEO, Edmond de Rothschild Private Equity

As a signatory of the PRI since 2016, we are constantly seeking to fine tune our procedures and our tools so as to offer our investment clients more resilient and, de facto, better performing, products. Our approach to reporting is concrete, simple and pragmatic. A major piece of work on harmonising our impact measurement was completed in 2017 with a view to optimising the way in which our non-financial performance is monitored and reported to clients.

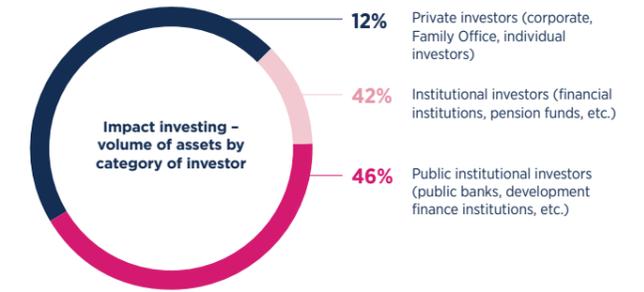
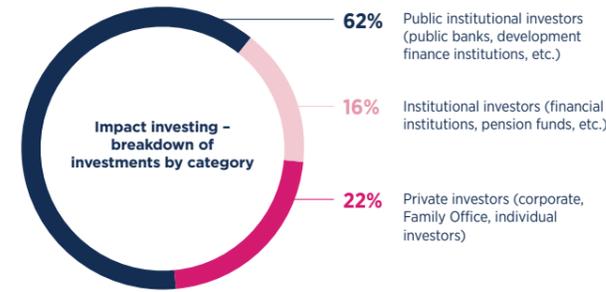
Since 2015, assets under management under impact investing strategies have more than doubled. We want to continue these efforts by proposing new impact strategies, for example, in 2018, on the theme of environmental infrastructures. It is important to us to make these products more accessible to our private clients, so we have developed specific investment vehicles designed to enable smaller investments to be aggregated, thereby giving greater access to this asset class, which until now has been reserved for major investors. ”

94% of the assets managed by Edmond de Rothschild Private Equity are covered by Responsible Investment strategies G4-FS7 / G4-FS11 (31.12.2017)

3,695 MILLION CHF
Edmond de Rothschild Private Equity total assets under management



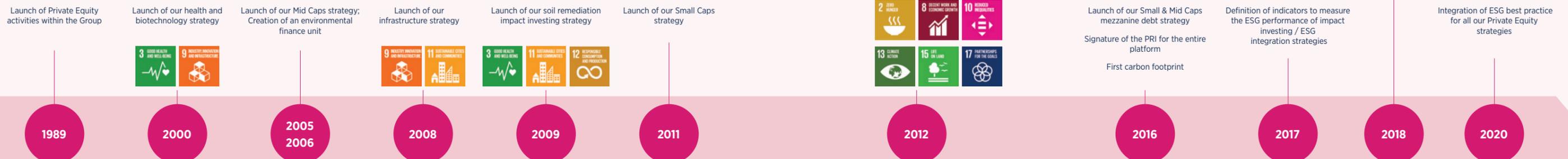
Innovation, which drives the development of our product range, enables us to offer our investor clients, both private and institutional, opportunities to contribute to investment models that bring solutions to sustainability challenges. At 31 December 2017, 94% of our Private Equity assets under management were covered by impact ESG integration strategies, up 1 percentage point on the previous year. This growth is in line with our objectives, however it was less pronounced in 2017 compared with previous years due to our focus on developing new investment strategies, and as a result of the natural rhythm of fund-raising cycles for products in this asset class. This growth should prove stronger from 2018, particularly due to fund-raising for new impact and ESG integration strategies.



2020 objectives - Edmond de Rothschild Private Equity	Progress follow-up
Convert a new strategy to the best ESG practices each year, with 100% of the strategies covered by 2020	●●●○
PROGRESS MADE BETWEEN 2015 AND 2017	NEXT STEPS
<ul style="list-style-type: none"> At 31.12.2017, 94% of our strategies were covered by impact investing or ESG integration Systematic integration of ESG considerations for each new investment strategy and at the level of the asset management company's risk management policy Regular discussion meetings or workshops with partners Systematic PRI and France Invest' reporting 	<ul style="list-style-type: none"> Cultivate good reflexes in line with our brand positioning in our innovation processes Take advantage of the launch of new strategies or new vintages to convert the entire strategy to ESG integration Continue to raise investment teams' awareness of ESG integration
Measure the impact across all impact investment funds and mainstream funds which apply ESG integration methodologies, by 2017	●●●○
<ul style="list-style-type: none"> Harmonisation of policies and impact measurements of all impact strategies Integration of impact indicators in the reporting of ESG integration strategies 	<ul style="list-style-type: none"> Ensure comprehensible and consistent impact reporting across all investment strategies Integrate climate risk in risk analysis
Increase the assets under management in our impact funds by 20% a year until 2020.	●●●○
<ul style="list-style-type: none"> The percentage of assets covered by our impact investing strategies increased by an average of 55% a year between 2015 and 2017, notably as a result of the launch of the second vintage of our soil remediation strategy Development of a new impact investing strategy in 2017, focusing on the themes of water, waste and energy Facilitation of access to responsible investment products for private clients via specific investment vehicles 	<ul style="list-style-type: none"> Fund-raising for our new impact investing strategies and for existing strategies that launch new vintages

¹ See, [France Invest](#)

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



Launch of our investment strategy focusing on Africa



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

Launch of our real estate ESG integration strategy
Integration of climate risk in risk analysis process



INNOVATION IN OUR IMPACT INVESTMENT STRATEGIES

A new impact investing strategy focusing on European environmental infrastructures

Against a backdrop where resource management (water, energy, waste) has become a priority affecting every aspect of our economy (limited resources due to growing demand from every sector), this new impact investing strategy steps in as an experienced partner, offering European companies and local authorities turnkey solutions for managing water resources, producing renewable energy, energy efficiency, recycling or even waste recovery.



Thanks to the contributions of an experienced team of eleven people and a strong environmental commitment demonstrated by compliance with the most rigorous standards and labels (PRI², EECT³), this new impact investment strategy brings in flexible financing, technical expertise, project management skills and an excellent knowledge of the ecosystem to provide its partners with a new type of long-term solution for their environmental infrastructures.



► HOW DID YOUR THINKING DEVELOP WHEN DEVISING THIS INVESTMENT STRATEGY AND WHAT ARE THE EXPECTED IMPACTS?

“ This strategy is the result of two years’ work which began with meeting experienced utilities professionals. Being aware that major changes were afoot in the management and financing of environmental infrastructures, together we decided on the solution offering the greatest added value, based on the numerous investment opportunities that we came across.

Martin Perrier

Head of ESG and Impact Finance,
Edmond de Rothschild Private Equity

Our aim is to turn the constraints relating to environmental financing faced by European industrial players into opportunities. Our strategy enables us to both reduce their environmental footprint and protect or create jobs, whilst delivering a risk-adjusted return to investors. Taking this approach, we introduced simple and comprehensible

indicators which can be used to monitor and optimise impacts across the entire investment process. ”

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

	Climate action	<ul style="list-style-type: none"> Greenhouse gas emissions (tonnes CO₂ equivalent) Production of renewable energy (MWh)
	Clean, affordable energy	
	Clean water and sanitation	<ul style="list-style-type: none"> Volume of water treated and recycled (m³) Waste prevented from going to landfill (tonnes)
	Responsible consumption and production	
	Decent work and economic growth	<ul style="list-style-type: none"> Job creation and protection (number of full-time equivalent jobs) Accident frequency rate (%) Net internal rate of return (%) Multiple on capital invested (%) Capital invested in greenfield projects (EUR million) Growth in counterparty revenue (EUR million)
	Good health and well-being	
	Industry, innovation and infrastructure	
	Sustainable cities and communities	

Impact investment strategy for European Environmental Infrastructures: Indicators for measuring impact

Soil remediation and renovation of polluted former industrial sites in Europe

Europe has many polluted former industrial sites which have now been abandoned. Since 2009, this fact, combined with the environmental and social issues created by an increasingly widespread urban sprawl, has led Edmond de Rothschild Private Equity to seize the opportunity to invest in soil remediation and space reallocation projects and to develop mixed property complexes (commercial and residential) meeting the highest sustainability standards. The Canopéa project in the Gerland district of the city of Lyon, is a testament to the success of this strategic vision.



The vestiges of an industrial past have been replaced by a community project characterised by an abundance of plants and trees on the ground and lining the buildings. Ecological pathways will link public green spaces and tree-lined roads with buildings spaced sufficiently apart to allow natural light to circulate. One of the greenest roads, lined with tall trees, will provide a ‘canopy’ effect for heat regulation whilst acting as an “ecological corridor”.

In the future, operators wishing to set up in this new neighbourhood will have to demonstrate which additional labels they envisage for their projects, as well as the environmental or social uses to be made of the 5th facades (rooves). Development initiatives already include a 3,500 m² rooftop city farm.

The Canopéa project in figures:



- Sustainable recycling solutions for existing materials
- Recycled materials used for the construction of buildings
- Integration of urban farms in the development projects

These measures contribute to the creation of a circular economy system and make it possible to obtain sustainability labels such as BREEAM⁴.

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

	Good health and well-being	<ul style="list-style-type: none"> 663,400 m² remediated land⁵ 294,248 m² earmarked for residential use 53,200 m² earmarked for social housing⁶ 118,429 m² earmarked for office space
	Sustainable cities and communities	
	Responsible consumption and production	
	Life on land	

Soil remediation impact investing strategy: Consolidated results for 14 portfolio investments (Investment phases I & II)

² Principles for Responsible Investment (UN)

³ The French government's Energy and Ecological Transition for Climate (EECT) label

⁴ See BREEAM

⁵ Generally speaking, we talk about the volume of soil remediation rather than the surface area of remediated land.

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



INNOVATION IN OUR IMPACT INVESTING STRATEGIES

Agroforestry impact investing strategy

Created as a result of growing awareness of the issues raised by the deterioration of agricultural land, our agroforestry impact investing strategy, launched in 2012, in partnership with ONF International (international subsidiary of the Office National des Forêts français), now has five investments in Latin America and Sub-Saharan Africa. These investments have, in particular, made possible:

- 1. In Nicaragua:** the regeneration of degraded smallholdings spanning 2,000 hectares of agricultural land, regenerated in line with agroforestry principles;
- 2. In Belize:** the construction of an HPP⁷ plant (to process locally-grown produce) as well as the restructuring of the country's coconut water and lime value chain;
- 3. In Benin** support for the leading cashew nut processor, with major involvement from small local producers, resulting in the first organic, fairtrade roasted cashew nuts to be 100%-produced in West Africa;
- 4. In Kenya:** the introduction of land mortgage banks to promote the reforestation of underused community land in Kenya; and
- 5. In Brazil:** expansion of operations on the investee farm and the construction of bottling facilities. The suppliers' network has also been developed with a view to extending this model across the entire country.



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

	No poverty	<ul style="list-style-type: none"> • 1,565 job opportunities created in rural areas • 6,535 farmers impacted positively in poor and vulnerable regions • USD 39 million injected into the local economy since 2015
	Reduced inequalities	
	Gender equality	<ul style="list-style-type: none"> • 27% of employees of investee companies and 31% of farmers are women. This helps to make women more independent in sectors where they are often excluded
	Responsible consumption and production	<ul style="list-style-type: none"> • a total of 3,269 ha of land managed sustainably • 4,242 ha of land regenerated • 5 million trees have been planted since 2015 • Contribution to the 20x20⁸ initiative as well as to AFR100⁹
	Climate action	
	Life on land	

Agroforestry impact investment strategy: Consolidated results for five portfolio investments

INTEGRATION OF ESG CRITERIA INTO FINANCIAL ANALYSIS & INVESTMENT DECISIONS

Investment strategy in support of emerging countries

As a result of improvements to its political and economic situation, Africa now offers many investment opportunities. These opportunities cannot, however, be envisaged without integrating environmental and social concerns.

Since its launch, our investment strategy focusing on Africa has rolled out 16 investments across six countries. These investments have made it possible to improve the conditions for access to employment through the creation of over 3,500 jobs, meeting decent employment and gender equality requirements. Our investments integrate specific action plans promoting good governance practices, the improvement of working conditions and training for workers. In the industrial sector, our equity investments are generally supported by energy efficiency programmes. When we invest in financial sector companies, we develop tools enabling access to financial services, such as microfinance. Given the success of this investment strategy, both in economic and environmental and social terms, a second investment phase was launched in 2017 with a view to continuing to drive the sustainability agenda across the African continent.



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

	Decent work and economic growth	Investment strategy for Africa with ESG integration: Consolidated results for 16 portfolio investments
	Gender equality	
	Quality education	
		3,559 full-time jobs created and 16 investee companies since the investment strategy was launched
		Women account for 36% of the salaried workforce of portfolio companies (compared with an average of 28% ¹⁰ continent-wide)
		11,062 training days delivered to employees of portfolio companies



European real estate investment strategy

► HOW HAVE YOU TACKLED ESG INTEGRATION IN THE DEVELOPMENT OF YOUR REAL ESTATE INVESTMENT STRATEGY?

Caroline Demol
Partner, Real Estate investment strategy
Orox Asset Management, S.A.

“At first, I was focused on other aspects of our European real estate investment strategy. However, in discussions with my colleagues responsible for impact investing and ESG integration for Edmond de Rothschild Private Equity, as well as with the Group's Sustainability team, I realised that although we did not intend to create an impact investing fund, it was vital to go further than I had initially imagined.”

“Bold Builders of the Future” started to make total sense during the creation of this investment strategy and served as a reference framework to help us to imagine how it would be perceived on the market within the context of the Group's new brand positioning. This desire to build a responsible real estate strategy enabled us to ensure a high level of consistency between an investment process integrating ESG aspects on the one hand, and fund marketing on the other. To respond to sustainability challenges and to create shared value, our strategy will select forward-looking, innovative, sustainable and resilient assets to energise the cities of the future, reduce the environmental footprint and generate well-being and productivity whilst protecting the capital invested by our investors. ”

⁷High Pressure Processing.

⁸ See: [World Resources Institute](#)

⁹ See: [World Resources Institute](#)

¹⁰ See: [ILO](#)

MANAGEMENT OF OUR ENVIRONMENTAL IMPACT



IMPORTANT ISSUES

→ CO₂ EMISSIONS FROM ENERGY CONSUMPTION

→ CO₂ EMISSIONS FROM EMPLOYEES' PROFESSIONAL TRAVEL

→ PAPER CONSUMPTION

→ WASTE MANAGEMENT

▶ In terms of their own environmental impact, companies in the financial sector must progressively reduce their carbon footprint and offset their CO₂ emissions, reduce their consumption of recycled paper or paper from sustainably-managed forests and recycle their waste responsibly. The management of buildings in general and improving the energy efficiency of buildings are particularly important in this context.

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

▶ Through their responsible investment initiatives, financial institutions have a major role to play with regard to the environmental performance of the companies in which they invest. See the chapter "Innovation in Responsible Investment" on page 40.

2020 Objectives	Progress follow-up
Reduce the carbon footprint per employee by 15% GRI 305-4 (reference year 2014: 2.9 tonnes of carbon equivalent/employee)	
PROGRESS MADE BETWEEN 2015 AND 2017	NEXT STEPS
<ul style="list-style-type: none"> • Introduction of a comprehensive, Group-wide carbon footprint, in line with the best practices of Edmond de Rothschild (France), enabling a detailed analysis of areas for improvement • Close attention paid to professional travel, and efforts made to reduce it, particularly for intra-Group meetings • Video-conference equipment installed in all of the Group's main entities 	<ul style="list-style-type: none"> • Continue to educate employees about their contribution to reducing the Group's environmental impact
Reduce the energy consumption per employee by 10% GRI 302-4 (reference year 2014: 6.4 MWh/employee)	
<ul style="list-style-type: none"> • Gradual renovation and fitting out of Group-owned buildings to improve their energy efficiency • Renewable energy contracts for the Group's main entities 	<ul style="list-style-type: none"> • Continuous improvement • Gradual awareness-raising within the Group's small and medium-sized entities
Compensate our GHG Protocol* scope 1 and 2 CO₂ emissions using "insetting" programmes GRI 305-1 / 305-2	
<ul style="list-style-type: none"> • Contract signed with the NicaFrance Foundation in Nicaragua to offset 2,700 tonnes of CO₂ annually over a four-year period in the value chain of our agroforestry impact investing strategy 	<ul style="list-style-type: none"> • Look into the possibility of extending the offsetting of CO₂ emissions to other agroforestry projects
Reduce paper consumption per employee by 25% GRI 301-1 (reference year 2014: 84.9 kg/employee)	
<ul style="list-style-type: none"> • Installation of multifunction machines at the Group's main entities • Double-sided printing set as default 	<ul style="list-style-type: none"> • Continue to raise awareness of employees about their contribution
Use 100% recycled or FSC/PEFC certified paper GRI 301-2 (reference year 2014: 85%)	
<ul style="list-style-type: none"> • Harmonisation of best purchasing practices for recycled or FSC/PEFC certified paper in the main entities 	<ul style="list-style-type: none"> • Harmonisation of best purchasing practices for recycled or FSC/PEFC certified paper in the main entities

*GHG Protocol

FOCUS : OUR COMMITMENT TO BIODIVERSITY



Preserving biodiversity is regarded as a key element of sustainability. The disappearance of species is very often the most visible sign of declining biodiversity. Bees are one of the species under the greatest threat and play a vital role in pollination, which is necessary for many plants to reproduce (80% of the world's flowering plants depend on pollination). Bees are a key indicator of environmental change. Since 2012, four beehives have been installed outside one of the buildings of Edmond de Rothschild (France) in Paris. Around 140,000 bees are now enjoying the diverse range of plants and flowers present in Paris all year long. Since 2016, Edmond de Rothschild (France) has also pursued its commitment to biodiversity by installing two insect hotels. Working with an environmental consultancy company, these shelters are made from the Rothschild family's wooden wine cases and have been installed in the Bank's gardens. The insect hotels attract insects and arachnids, which help bees survive the winter (as they are predators of parasites and pests). In summer, they are a place for species like mason bees to lay eggs. Several nesting boxes and feeders have also been installed to provide food and shelter for animals that are useful for the gardens. For more information about actions taken by Edmond de Rothschild Heritage to protect biodiversity and bees at its various sites, see page 85. **GRI 304-3**



FOCUS : OFFSETTING CO₂ EMISSIONS IN OUR VALUE CHAIN

GRI 305-5



2017 marks an important step in the "insetting"¹ project launched by the Edmond de Rothschild Group in 2016 to compensate scope 1 and 2² CO₂ emissions of its carbon footprint. This project was defined in partnership with key players in the Edmond de Rothschild Private Equity agroforestry impact investing strategy, notably the Moringa Partnership and NicaFrance Foundation. One of the objectives of the investment strategy in question is to share the NicaFrance best agroforestry practices in La Cumplida (Nicaragua) with local large and medium-sized farmers. Thanks to the insetting project, these practices can be extended to small coffee producers in the region. The insetting project supplies the trees which provide shade for the coffee and produce fruit and precious wood. To increase the synergies between the different parts of this project, the ATAF (which provides technical assistance for the investment strategy and is funded mainly by the French Fund for the Global Environment [Fonds Français pour l'Environnement Mondial]), the coffee producer NicaFrance Outgrowers and exporter Exportadora Atlantic co-finance the creation of coffee plots and the training of producers in the best farming and forestry practices.

The insetting project aims to generate many positive social, economic and environmental impacts for rural communities in Nicaragua. The 2017 objective of planting 10,704 trees was achieved and exceeded, with 14,218 trees planted of different varieties suitable for coffee growing in the agroforestry system. This planting offset 3,554 tonnes of the Edmond de Rothschild Group's CO₂ emissions. The external verification of the plantations and the calculation of the carbon sequestered is performed by an independent expert (ONF International³). The local varieties of precious wood planted also contribute to the economic growth of the region as they increase the value of the farms of small coffee producers. 67 producers from six local communities took part in the project. The trees they received were financed by the project and they are responsible for maintaining the plantations and ensuring their conservation. 28 coffee producers attended four training sessions in best farming practices and climate change awareness. The project also includes 33% of female producers in a region where 90% of women are unemployed.

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

	No poverty	<ul style="list-style-type: none"> • 67 families in six communities benefited from the project • 28 coffee producers attended 4 training sessions in best farming practices and climate change awareness
	Reduced inequalities	
	Gender equality	<ul style="list-style-type: none"> • 33% of women among the producers who benefited from the project in a region where 90% of women are unemployed
	Responsible consumption and production	<ul style="list-style-type: none"> • 14,218 trees planted, of which 5 species of fruit tree and 5 species of precious wood • 50 ha reforested • 3,554 tonnes of CO₂ compensated
	Climate action	
	Life on land	

Insetting project on the periphery of our agroforestry impact investing strategy: Consolidated results since the start of the project

Photos commissioned by FMO, the Dutch development bank and taken by Opmeer Reports

¹ The term "insetting" refers to a company's carbon emissions reduction programmes in place within its own supply chain, as opposed to offsetting programmes, which are decoupled from the company's operations.

² Scopes 1 and 2 correspond to the different energy consumptions (direct and indirect). For a definition of scopes 1, 2 and 3 of the Greenhouse Gas Protocol, see: [Greenhouse Gas Protocol](#).

³ See: [ONF International](#)





FOCUS : UB3 : BUILDING A FUTURE TOGETHER



Gathering all employees together under one roof: this real estate project has now been launched in Luxembourg with the aim of moving the teams into a new building within the next two to three years. By ensuring employees do not have to constantly travel from one building to another and creating spaces which are more open, the bank will facilitate collaboration and collective intelligence and ultimately become more efficient.

Integration

The fact that the Edmond de Rothschild Group relentlessly advocates greater integration and closer cooperation between its lines of business, promoting its wish to think outside of the box and continuously reinvent itself, and sharpens its "Bold Builders of the Future" image, speaks volumes. Led by several members of management at Group and local level, this project is supervised by a Steering Committee composed of representatives of all of the banks' lines of business and departments. Some 10 working groups have been formed to look into the different aspects of the project. The "Space Planning and Fitting Out" group will, for instance, concentrate on adapting the premises to our working practices and fostering dialogue. It will also make sure that the employees are happy in their new environment.

Mobility and sustainability

The "Mobility and Sustainability" group will, on the other hand, conduct a mobility analysis, ensure improved accessibility for employees, clients and partners and support the societal and environmental commitment of this initiative. A project manager has been appointed but a "participative leadership" approach will be adopted. Employees were also asked to suggest a name for the project, which encompasses the concepts of unity and cohesion. Almost 100 suggestions, such as House, Concordia, Unity and BeOne, were received. They were examined by the Steering Committee and UB3 was chosen.

Management of our environmental impact

The Edmond de Rothschild Group is dedicated to implementing a coherent and relevant environmental strategy to gradually improve its performance. It focuses on the one hand on implementing an Environmental Policy which aims to reduce its direct impact on the environment and on the other on its Responsible Investment Policy (see pages 40-63). [GRI 102-15](#)

Our Group's environmental performance in 2017

When reviewing the Group's key environmental issues in 2016, the Sustainability Department, in agreement with the external auditors of the sustainability reporting, decided to reduce the scope of its environmental reporting. The reduction concerns indicators related to other indirect emissions (scope 3), on which we have much less influence to reduce their environmental impact and which are less relevant for our sector: The following indicators are therefore no longer reported:

- ▶ IT hardware acquired during the reporting year (excluding ink cartridges and toner);
- ▶ purchase of goods and services;
- ▶ employee home-work travel;
- ▶ business travel by train, private car, taxi and hire car.

All results have been recalculated for previous years to allow an analysis based on an equivalent reporting scope. Our 2017 environmental results reflect the continuous activities within our main entities in France, Luxembourg and Switzerland to achieve our 2020 objectives, especially the efforts of the General Services teams who are heavily involved in projects which are helping to reduce our impact. Our employees, who are increasingly aware of the sustainability issues at stake, also contribute significantly to our results and our quest to find innovative solutions in this area. See the "[Management Approach](#)" appendix for more information about our environmental management procedures. [GRI 102-49](#)



Our 2017 results: [GRI 305-4](#) / [302-4](#) / [305-1](#) / [305-2](#) / [301-1](#) / [301-2](#)

2020 OBJECTIVES	Our situation in 2017
Reduce the carbon footprint per employee by 15%	• 2.7 tonnes of CO ₂ equivalent (2.9 in 2014, a reduction of 7%)
Reduce the energy consumption per employee by 10%	• 6.5 MWh per employee (6.4 MWh in 2014)
Offset our GHG Protocol scope 1 and 2 CO ₂ emissions using insetting programmes	• 14,218 trees planted (objective 10,704) • 3,554 tonnes of CO ₂ offset
Reduce paper consumption per employee by 25%	• 62.4 kg per employee (26% less than in 2014)
Use 100% recycled or FSC/PEFC certified paper	• 88% (3% more than in 2014)

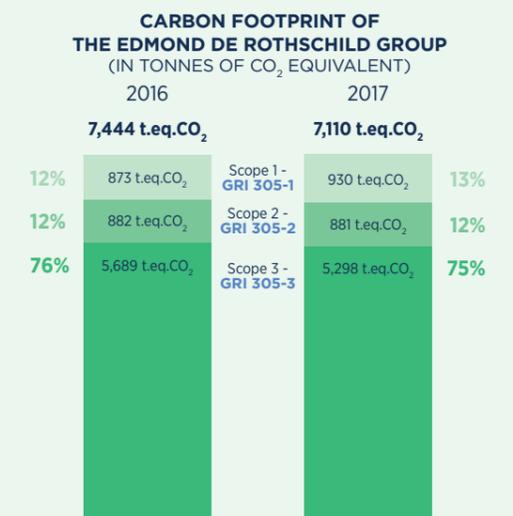
The Group's results are consolidated at the level of our three parent companies, including all the subsidiaries affiliated to them:

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

As mentioned on page 3, the geographical scope of our environmental reporting has been slightly reduced.

Greenhouse gas emissions

The Group's 2017 carbon footprint decreased by 4.5% compared to 2016. It has been entirely recalculated for 2016 and 2014 to allow a comparison based on equivalent scope and evaluate the changes compared to our reference year. The per-employee footprint shows little change at 2.9 tonnes of CO₂ equivalent (2.8 in 2016) but is still moving in the right direction with a 7% reduction on the 2014 figure, largely due to the gradual reduction in professional air travel. The items retained in scope 3 (air travel and company cars, waste, paper and water) now account for 75% of our emissions (76% in 2016). In 2017, Edmond de Rothschild (France) reduced its carbon footprint by a further 15%. This entity, which has the obligation to perform an annual Bilan Carbone®, continues to take many steps to limit its impact in terms of CO₂ emissions. [GRI 305-5](#) / [102-48](#) / [102-49](#)



Energy

Our energy use fell by 4% as an absolute value in 2017 compared to 2016. Average consumption per employee fell 1% compared with 2014, the reference year for our objective to reduce this indicator by 10% by 2020. Electricity consumption, which still accounts for the highest proportion (63%) of our energy consumption, is stable to that of 2016. The portion of our electricity from renewable sources increased slightly (+4%) in 2017, accounting for 56% of our total electricity. [GRI 302-1](#) / [302-4](#)



Professional travel by employees

The Group's travel policy encourages employees to consider cost, environmental impact and work-life balance. Professional travel requests are examined in detail and the use of video-conferencing rooms is strongly encouraged. In 2017, 98% of our employees worked at entities with a video-conferencing facility, as in 2016, but the number of meetings held by video-conference increased by 51%. The total number of kilometres travelled (by air and company car) was similar to the 2016 figure (-1%). More use was made of company cars in 2017 (+4%). [GRI 305-03](#)

Paper consumption

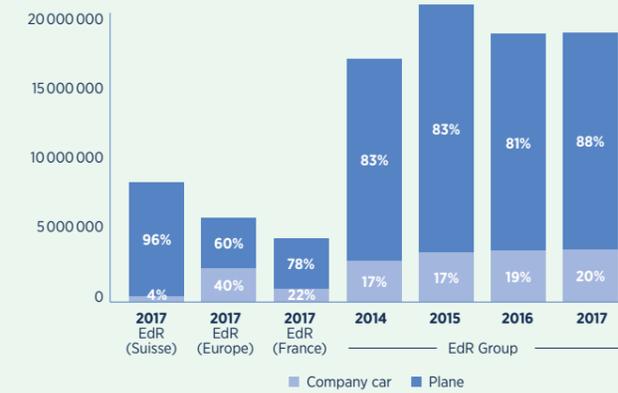
The Group's total paper consumption fell by 9% between 2016 and 2017, which no doubt reflected the installation of multifunction machines in all the main entities. The Group's Communications department also played its part by reducing its paper consumption by 37% in 2017. Since 2014, per-employee paper consumption has fallen by 26%. Recycled paper or FSC (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification schemes) certified paper accounted for 88% of all paper used (89% in 2016), 17% of which was recycled paper. [GRI 301-1 / 301-2](#)

Waste management

We continue to monitor the percentage of employees in an entity with a waste sorting system and encourage our subsidiaries to increase this percentage. Paper remains our main source of waste and 91% of employees have access to a paper recycling system. Our electronic waste is always treated separately. 95% of our computers at the end of their useful life were recycled in 2017. [GRI 306-2](#)

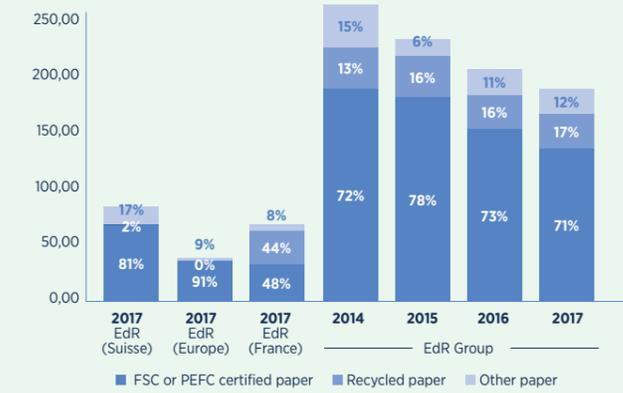
The Edmond de Rothschild Group's business travel in 2017

(in km and % by mode of transport) [GRI 305-3](#)



The Edmond de Rothschild Group's paper consumption in 2017

(in tonnes and % per category) - [GRI 301-2](#)



OUR EMPLOYEES' ENVIRONMENTAL IMPACT [GRI - 305-4](#)

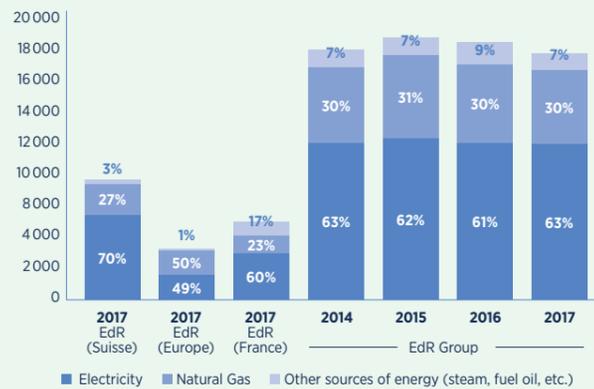
	2014	2016	2017
GHG emissions per employee and per year (t.eq.CO ₂) GRI 305-4	2.9	2.8	2.7

Our employees' environmental impact

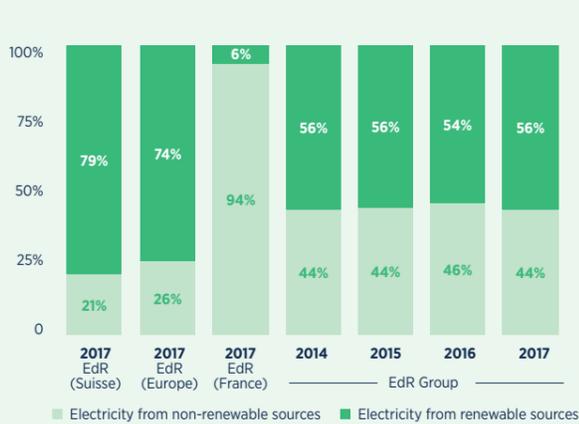
	2014	2015	2016	2017
Energy consumption per employee and year (MWh) - GRI 302-3	6.4	6.4	6.5	6.5
Paper consumption per employee and year (kg) GRI 301-2	84.9	71.4	65.8	62.4
Water consumption per employee and year (m ³)	-	41	42	48
Number of km per employee and year (professional travel)	5,241	6,137	5,702	5,941
Number of km by plane per employee and year	11,641,766	14,234,906	12,478,862	12,414,826

The Edmond de Rothschild Group's energy consumption in 2017

(in mwh and % by energy type) - [GRI 302-1](#)

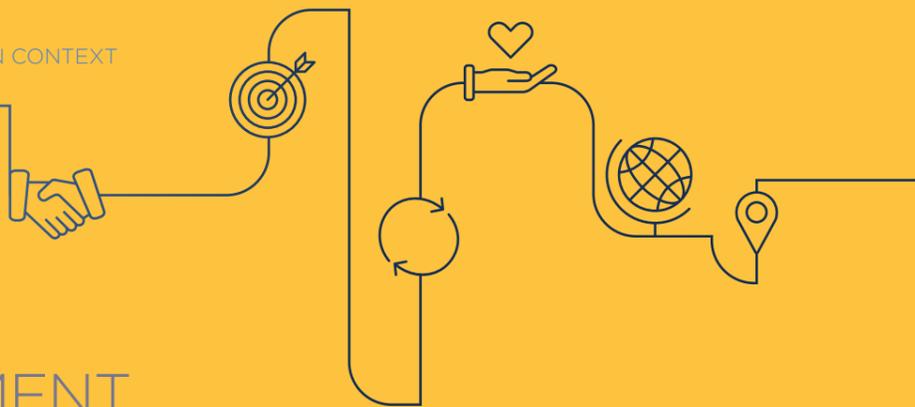


PERCENTAGE OF ELECTRICITY CONSUMPTION FROM RENEWABLE ENERGY IN 2017 - [GRI 302-1](#)



Additional environmental indicators

	2016	2017
WASTE RECYCLING SYSTEMS - GRI 306-2CI		
% of employees with access to a paper recycling system	93%	91%
% of employees with access to a plastic recycling system	59%	57%
% of employees with access to an aluminium recycling system	58%	57%
% of employees with access to a glass recycling system	57%	54%
% of employees with access to a cardboard recycling system	34%	33%
% of employees with access to an organic waste recycling system	25%	24%
WATER CONSUMPTION - GRI 303-1AV		
Water consumption (in m ³)	113,284	126,242



OUR COMMITMENT FOR A SUSTAINABLE SOCIETY

IMPORTANT ISSUES

→ STAKEHOLDER ENGAGEMENT

→ PHILANTHROPIC ACTIVITIES

► **Stakeholder engagement:** the transition to a sustainable and low-carbon economy and financial system requires unprecedented collaboration between different stakeholders and collective governance. United Nations Sustainable Development Goal number 17: "Partnerships for the Goals" reflects this need. In this context, we consider that it is not only our responsibility, but rather a strategic priority, alongside our various stakeholders, to support the progress of the global community in line with our convictions and our expertise. Here, our main focus is responsible investment, this being the area where we have the greatest influence and the most resources to contribute. We also encourage our suppliers to make progress in their sustainability initiatives and we actively support the United Nations Global Compact, of which the Group is a signatory¹.

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

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

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

¹ See the [UN Global Compact](#)

2020 Objectives	Progress follow-up
Identify and participate in the most relevant initiatives and events linked to responsible investment GRI 102-12	
PROGRESS MADE BETWEEN 2015 AND 2017	NEXT STEPS
<ul style="list-style-type: none"> • Involvement in numerous initiatives in Europe to promote responsible investment • Active involvement with Swiss Sustainable Finance in its Education working group, with the creation of an e-learning course on responsible investment 	<ul style="list-style-type: none"> • Continue to support these initiatives
Implement an evaluation and engagement process with suppliers as part of our Responsible Purchasing Policy GRI 102-9	
<ul style="list-style-type: none"> • Creation and approval by the Executive Committee (June 2017) of a Group Responsible Purchasing Policy • Deployment of the Policy at Edmond de Rothschild (France), with the Responsible Purchasing Charter sent to its suppliers 	<ul style="list-style-type: none"> • Send the Charter out again to suppliers in France who have failed to respond • Implement the Policy across the other main entities
Roll-out the Community Engagement Charter and encourage sites to put in place philanthropic programmes GRI 102-43 / 413-1	
<ul style="list-style-type: none"> • Creation of a Community Engagement Charter • Coordination, on an annual basis, of four philanthropic initiatives enabling employees to share their expertise • Review of philanthropic initiatives and options to expand the scope of operations 	<ul style="list-style-type: none"> • Deploy the Community Engagement Charter in the Group's main entities
Review the mapping of the Group's main stakeholders and the list of stakeholder engagement activities each year GRI 102-42 / 102-43	
<ul style="list-style-type: none"> • Regular review of changes in stakeholder mapping according to strategic priorities and ongoing initiatives 	<ul style="list-style-type: none"> • Continuous improvement • In-depth reflection with a view to the next cycle of the sustainability strategy

Full details of our engagement with our stakeholders are provided in the "[Management Approach](#)" appendix.

For more information on our commitment for a sustainable society, see the dedicated [Management Approach annex](#).

“ Regular discussions with our stakeholders, i.e. clients, employees and their representatives, suppliers and subcontractors, national and financial authorities, and other economic players, are a top priority for the Group. In fact, this dialogue is vital not only in order to achieve our corporate objectives but also to enable us to take up the numerous challenges and changes that we encounter as an economic and social player. ”



Sabine Rabald
COO, Edmond de Rothschild Group



Collaboration with responsible investment stakeholders

See pages 15 and 51 for further details on our collaboration with stakeholders on responsible investment. [G4-DMA FS4](#)

FOCUS ON THE DEPLOYMENT OF THE RESPONSIBLE PURCHASING CHARTER IN FRANCE



In 2017, a campaign to distribute the new Responsible Purchasing Charter was launched at Edmond de Rothschild (France) to let our suppliers know about our commitment. The intention is for this Charter to be co-signed by suppliers to demonstrate their commitment to issues relating to human rights, the environment and ethics. The Charter was sent to 525 suppliers. Of the suppliers that have received the Charter, 33% have signed and returned it. The Charter will be sent again in 2018 to suppliers that have failed to respond. The programme has enabled us to update our supplier database and to consider the next steps to be taken in this project. [GRI 102-43](#)

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

The Edmond de Rothschild Foundations² are family foundations managed completely independently from the Edmond de Rothschild Group. However, bridges have been built between the two so that skills and experience can be shared in the context of specific programmes. This is the case with the Scale Up and CRECE programmes, described below, which enable our employees to support impact entrepreneurs. For more information on the Foundations, see pages 76-81. [GRI 413-1](#)

Scale up

The Scale Up programme³ was created jointly in 2010 by the Edmond de Rothschild Foundations and the ESSEC Business School, to support socially innovative businesses to scale up. Selected companies are sponsored for one year by some of the Group's employees, who share their expertise on strategy, finance, fundraising and communication. In its seventh year, the seven companies that completed the programme in 2017 - JEM, SOLTISS, POP School, Poiscaille, Hopen Family, Les talents d'Alphonse and Citizenfarm - were supported, on an individual basis, by nine Group experts from various business lines, i.e. business advisory, Private Equity and wealth management. Since its creation, the Programme has supported 40 businesses which have raised over €17 million and created over 600 jobs. [GRI 413-1](#)

FOCUS: SCALE UP - TESTIMONIES



Dorothée Contour
Scale Up participant and Founder,
JEM-Jewellery Ethically Minded

“It was a thrilling experience! We quickly realised that we were all facing similar problems. As entrepreneurs, we have our “noses to the grindstone” on a day-to-day basis and the Scale Up seminars are an opportunity to step back and gain a different perspective, for example on impact measurement. We also benefited from leadership and management training sessions led by ESSEC professors. In short, the Programme is very effective and highly relevant: it's not just theory, like in school. The Programme provides us with very practical solutions as well as access to a community of committed entrepreneurs who are at the same stage of development as us.”

² [Edmond de Rothschild Foundations.](#)

³ For more information, see [Scale Up.](#)

→ Right page:

⁴ For more information, see pages 77-78 of the [2017 Edmond de Rothschild \(France\) annual report.](#)

“Being a mentor in the Scale Up programme was a very positive experience. It began with the discovery of Dorothée Contour's fantastic project, JEM. Her project was already highly structured and she had a very clear vision. So we focused mainly on supporting her fund-raising activities. We initially talked about “crowd funding”, a solution that was not immediately retained, but in the end, Dorothée launched a crowd equity campaign.”



Carole Tanguy Lepy
Dorothée Contour's Scale Up Mentor
Private Banking Portfolio Manager
Edmond de Rothschild (France)

CRECE / UNLTD SPAIN

Banking on a new generation of committed and socially responsible entrepreneurs, the CRECE programme was created as a solution to the Spain of the future. It was jointly created by UnLtd Spain and the Edmond de Rothschild Foundations, who are together betting on entrepreneurship in the interest of inclusive growth. The programme is committed to supporting Spanish “game changers” to scale up, offering support tailored to meet the needs identified: collective and individual training sessions, strategic and financial mentoring by Edmond de Rothschild Group employees, peer to peer learning and funding. The programme was adapted in 2017 to offer two separate sectoral tracks: “sustainable food systems” and “sustainable cities”. Five companies, supported by six Group employees, were selected to take part in the programme this year. [GRI 413-1](#)

Philanthropic programmes involving Edmond de Rothschild Group employees

SUPPORTING DIVERSITY WITH PASSERELLES⁴

For the seventh consecutive year, Edmond de Rothschild (France) supported the professional integration programme PasserElles, run by the non-profit recruitment agency, Mozaïk RH. This programme, aimed at young female graduates from diverse backgrounds looking for employment, combines collective workshops, individual coaching by recruitment professionals and one-to-one mentoring by a company employee. For the 2016-2017 programme, 17 employees in France volunteered to be mentors. Overall, 104 mentors have helped 116 young women in the six years since the programme began. Of these, 86 are currently still employed. [GRI 413-1](#)

COMMUNITY SUPPORT FOR YOUNG PEOPLE WITH OPEJ⁴

The OPEJ-Baron de Rothschild Foundation (Œuvre de Protection de l'Enfance et de la Jeunesse) was created in 1945 to help orphans of the Second World War. OPEJ carries on its good work to this day, receiving children and teenagers from 27 different cultures. In 2017, Edmond de Rothschild (France) focused its support for OPEJ on sales or collections to raise money for the Foundation, organised mainly by the General Services department. The mentorship aspect of the programme was put on hold in 2017 due to internal restructuring, but mentors and young mentees continued their existing relationships. [GRI 413-1](#)

Our involvement in the various community engagement programmes - [GRI 413-1](#)

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Total
PASSERELLES PROGRAMME								
Number of mentors	NA	11	22	30	24	17	7	104
Number of mentees	NA	11	22	36	30	17	7	116
Number of young women employed	NA	6	15	24	24	17	7	86
SCALE UP PROGRAMME								
Number of companies selected for the programme	3	5	5	8	6	7	7	41
Number of employees involved in supporting these companies	4	5	7	14	10	11	9	60
UNLTD SPAIN PROGRAMME								
Number of companies selected for the programme	NA	NA	NA	5	5	6	5	21
Number of employees involved in supporting these companies	NA	NA	NA	8	8	11	6	33
OPEJ								
Number of mentors	NA	NA	NA	NA	20	16	0	36
Number of mentees	NA	NA	NA	NA	20	16	0	36

⁴The PasserElles programme used to be held over an academic year (September to September) but is now held over a calendar year, so 2017 data has been returned to zero to avoid duplicating the results.



EDMOND DE ROTHSCHILD FOUNDATIONS

INTRODUCTION

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

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

- ▶ ARTS
- ▶ ENTREPRENEURSHIP
- ▶ HEALTHCARE
- ▶ BEST PRACTICES IN PHILANTHROPY

In 2017, some thirty projects were supported, several of which are presented here.

“ The Edmond de Rothschild Foundations are investing in women and men who consider the significant changes in the world as a call to change along with it. They assert their commitment to a diverse society, based on inclusion, collaboration and empowerment. Along with diversity, they foster social involvement, respect for differences and transformation. ”



Firoz Ladak
CEO,
Edmond de Rothschild Foundations

ENTREPRENEURSHIP

SUSTAIN, TRANSFORM, CONVERGE

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

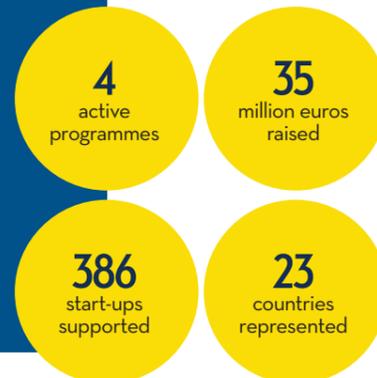


MISSION



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

KEY FIGURES



FOCUS: ARIANE DE ROTHSCHILD FELLOWSHIP



The Ariane de Rothschild Fellowship (www.adrf.org) is a unique programme for the resolution of intercultural conflicts and empowerment of minorities in Europe and North America, in particular through entrepreneurship. It aims to promote more collaborative and inclusive societies in the Western world.

AdRF was born in 2009 out of a three-fold observation:

- ▶ **There is an urgent need for innovation in the field of intercultural dialogue;**
- ▶ **In entrepreneurship, training and co-working are important drivers of social cohesion and emancipation;**
- ▶ **Introducing entrepreneurs to social science knowledge and analysis gives them a better understanding of today's societal challenges.**

In support of the most prestigious universities - initially Columbia in New York, followed by Cambridge in the UK - the programme has developed unique content linking business, social sciences and leadership. AdRF has also built an impressive community of fellows whose scope is international. In 2017, for the first time in its history, the AdRF summer university was invited to the Royal Palace of Windsor. The programme was further enhanced, in particular with a course on fund raising with the support of the Edmond de Rothschild Group's private equity team, and with discussions on the topic of refugees in Europe. Following the Windsor event, a "bootcamp" will be held in Lisbon in March 2018 in collaboration with the prestigious Calouste Gulbenkian Foundation.

HEALTH

SEE, THINK, RESEARCH

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



KEY FIGURES



MISSION



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

FOCUS: FOR HUMANITARIAN COOPERATION ACTIVITIES



In 2017, the FOR continued to develop its international cooperation activities via:

- ▶ **The set-up of a coordination framework to support FOR's action in the field of international cooperation and development, with three phases:**
 - ▶ The recruitment of a dedicated team;
 - ▶ Organising on-site visits by experts to establish a benchmark;
 - ▶ The creation of an e-learning platform.
- ▶ **Ongoing support for the Vision For a Nation project initiated in 2016 in partnership with the Kabgayi hospital in Rwanda:**
 - ▶ Training in FOR premises: two doctors enrolled on an ophthalmology-paediatrics diploma course, and signing of a mobility agreement between the Paris Diderot 7 University and the University of Rwanda; et signature d'une convention de mobilité entre l'Université de Paris Diderot 7 et l'University of Rwanda;
 - ▶ On-site training: two on-site training sessions on surgery of the retina, and orbit/eyelid practices.
- ▶ **Training in FOR premises for a growing number of doctors from Africa and the Middle East engaged in post-doctoral studies.**

ARTS

UNVEIL, UNITE, INCLUDE

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

MISSION



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

KEY FIGURES



FOCUS: "1^{ER} ACTE"



The goal of the "1^{er} Acte" programme - a bold initiative co-developed by the Théâtre National de Strasbourg, the Edmond de Rothschild Foundations and the SNCF Foundation - is to promote the professional integration of young actors from diverse social, cultural and ethnic backgrounds.

Since theatre is the reflection of our society, the French performing arts scene needs to be constantly renewed and include actors from diverse backgrounds. The Edmond de Rothschild Foundations actively contribute to this drive for change, by recognising and supporting new talents with whom the younger generation identifies.

Through various workshops led by top professionals, 1^{er} Acte undertakes to promote equal opportunities in performing arts by enabling young actors, irrespective of their origins, to play the role of their life and become inspiring models. It invites multiculturalism on French stages by raising the awareness of the theatre world to progress-oriented visions and inclusive practices. It sparks and stimulates actors' vocations by combating all forms of discrimination that impede access to art and culture.

BEST PRACTICES IN PHILANTHROPY

INSPIRE, UNITE, COLLABORATE

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

KEY FIGURES



MISSION



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

FOCUS: ERFIP

Created in 2013 at the initiative of the Edmond de Rothschild Foundations, Empower Families for Innovative Philanthropy (ERFIP) is a unique platform whose goal is to promote the knowledge and voice of donors from emerging countries in Africa, Asia, Latin America and the Middle East. Its aim is to transform the global discourse on economic development by bringing together families and professionals to share their experiences, their challenges and their approaches in areas such as education, healthcare and nutrition. From South Africa to Morocco, from Turkey to Pakistan, and from Colombia to Hong Kong, the goal is to promote dialogue among ERFIP members, strengthen the ties of this great community with major economic development players, and catalyse collaboration opportunities.

In 2017, through the ERFIP network, the Edmond de Rothschild Foundations achieved the following:

- ▶ the creation of an international network of philanthropists, foundations and project leaders from over 20 countries;
- ▶ the organisation of 5 annual meetings since 2013, in France and then in South Africa;
- ▶ the write-up of 15 case studies and the publication of two research papers - "Frontier Philanthropies: Around the world in selected case studies", volumes 1 and 2 co-published by the Edmond de Rothschild Foundations and the Philanthropy Chair of the ESSEC Business School;
- ▶ the dissemination of the ERFIP case studies through a dedicated digital platform;
- ▶ the presence of ERFIP in various international forums on philanthropy and/or international development.





A SHARED WAY OF LIFE



**EDMOND
DE ROTHSCHILD
HERITAGE**

WINES • HOSPITALITY • NATURE

EDMOND DE ROTHSCHILD HERITAGE



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

Edmond de Rothschild Heritage ensures that a coherent and relevant environmental approach is taken with regard to its development projects, whatever the business sector in question.

Whether it is through the production and sale of wine, hotel and restaurant construction and management or the production of farmhouse cheeses, all our teams are committed to showing that a company's performance is perfectly compatible with a responsible environmental and social approach.

“ The new family hotel, the Four Seasons Hotel Megève, on the slopes of Mont d’Arbois, is a symbolic milestone in the history of Edmond de Rothschild Heritage as well as in the economic development of Megève. Following close collaboration with all the local institutions and regional partners for nine years, we are proud to have been able to boost the growth of one hundred or so local companies during the three-year construction period. This snow palace also enables us to create close to 200 jobs every season.

True to our philosophy, we are making sure that we continue to have a positive economic impact on the local community and are committed to using the goods and services of local business people and producers as a priority. These relationships of mutual trust, built over time, support our desire to share and pass on our knowledge and so enable all our clients to take full advantage of the Edmond de Rothschild art of living. ”



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



A NEW HOTEL WITH THE HQE LABEL

Besides being sumptuous and luxurious, the Four Seasons Hotel Megève is also exemplary in its environmental design. In order to obtain the HQE (High Environmental Quality¹) label, the building had to meet the 14 criteria defined by the HQE Association, whose mission is to create a satisfactory internal environment (comfort and good health of residents) while controlling any impacts on the external environment (environmentally-friendly construction and day-to-day operation) with, in particular:

- ▶ the use of local materials: wood (over 600 m³), lauze from local quarries, granite and copper;
- ▶ the use of specific infrastructures: dual-flow ventilation, optimised air conditioning with the most efficient insulation, and 90% LED lighting;
- ▶ the installation of 200 m² of solar panels, providing over 30% of the hot water produced;
- ▶ nearly 12,000 plants in the hotel gardens;
- ▶ the commitment to recover 75% of the construction waste in local treatment plants.



Built over six floors to respect the line of the mountain, the 55 bedrooms, three restaurants and Spa were designed to have low energy requirements and to use resources efficiently.

With the same desire to reduce the carbon footprint and support the local economy, Julien Gatillon, Head Chef of the Le 1920 restaurant (two Michelin stars) within the new hotel, ensures that produce is locally sourced. Using fully-ripened, seasonal produce, all the fruit and vegetables on the menu are direct from the supplier and do not go through any intermediaries.

EMPLOYEES' HEALTH AND WELL-BEING

To support the Mont d'Arbois development, Edmond de Rothschild Heritage has had two 90-room chalets built to accommodate all the seasonal workers hired by the three hotels for the winter and summer seasons. Located on the way into Megève, these chalets, which are for use by employees, make it easier for workers to settle in and minimise travel time which is generally a cause of tiredness and stress. Equipped with a canteen and sports halls, these two buildings offer all the facilities and comfort needed to enjoy a balanced lifestyle and cope with spikes in the tourism business.



¹ See [HQE](#)

→ Right page:

² See [ISO 14001](#).

³ See the [HVE certification](#).

A STRONG AND SYMBOLIC COMMITMENT

In 2003, when Château des Laurets was acquired, Benjamin de Rothschild saw the untapped potential of the vineyard: wine, sold in bulk to stores in Bordeaux, was not in step with the extraordinary nature of the local region. Major work was undertaken and yields were reduced to obtain a Château des Laurets which ranks as one of the most promising young Saint-Émilion vintages. An unfailing commitment to a more global and sustainable approach is intrinsic to the ongoing improvement of Château des Laurets. Accordingly, the vineyard joined the *Système de Management Environnemental du vin de Bordeaux (SME)* in April 2017. The aim of this collective approach, which covers an entire region and is based on volunteering and pooling and sharing experience, is to support the environmental transition and accelerate the pace of change of Bordeaux wine-growing practices.

Château des Laurets has set itself eight objectives with the aim of obtaining ISO 14001² and HVE 3³ certifications in June 2018:

- ▶ Control and reduce its water and energy consumption
- ▶ Improve protection of employee health and safety
- ▶ Improve the sorting and recycling of waste
- ▶ Preserve the environmental integrity supporting wine production
- ▶ Reduce the use of agricultural chemicals
- ▶ Improve pest control methods



SUPPORTING POLLINATION

 Bees maintain the balance of our ecosystems and agriculture since they are key to the pollination process, especially for vines and fruit trees. Today, however, they are very much under threat: crop protection products, global warming, lack of biodiversity in crops and the expansion of urban sprawl have led to the loss of 100,000 hives in France in twenty years.

In order to address this situation at its own level, Edmond de Rothschild Heritage is committed to increasing the number of bee hives on each of its sites: in France (Paris, Trente Arpents farm, Château Clarke, domaine du Mont d'Arbois), as well as in Switzerland, South Africa, Israel and Cameroon. Although honey production was just a few kilograms five years ago, it now looks set to reach 675kg in 2018. (See page 65 for the Edmond de Rothschild Group's biodiversity initiatives.)



GITANA, THE PIONEERING SPIRIT



140 YEARS OF MARITIME HERITAGE and passion

The name Gitana immediately brings to mind a long line of boats through the generations and bears witness to the all-consuming passion of a family that has always had a taste for excellence and been associated with a refined sense of style: the Rothschilds.

This unique family maritime saga, began on 21 September 1876, on the shores of Lake Geneva. Fitted out by Baroness Julie de Rothschild, La Gitana, a 24-metre steam schooner designed to break speed records, took its maiden voyage. This first vessel embodied all the daring and modernity of its creator.

The Franco-Swiss branch of the Rothschild family was to pass this passion down five generations, each one leaving its singular mark and embarking upon its own quest for innovation and performance, driven by a team spirit and pursuit of excellence. The Gitana sailed in freshwater before crossing the oceans with Edmond de Rothschild then his son Benjamin who founded the Gitana Team in 2000 – a first class racing team – always using architects and sailors known for their exceptional crafts.

To date, twenty-eight vessels have flown the blue and yellow of the Rothschild family coat of arms and the emblematic five arrows. The youngest member in this family line – *Maxi Edmond de Rothschild* – aims to literally fly across all of the world's oceans. The adventure continues, inspired by the very same values upon which the success of the Rothschilds has been based for over two centuries: boldness and performance.

MAXI EDMOND DE ROTHSCHILD: the first flying ocean racing maxi-trimaran

- ▶ **Length:** 32 metres
- ▶ **Breadth:** 23 metres
- ▶ **Weight:** 15.5 tonnes
- ▶ **Air draught:** 37 metres
- ▶ **Appendices:** 6 including 2 T float rudder blades, 2 L foils, one central hull drift rudder blade with hoist, 1 T central hull rudder blade
- ▶ **Height of the foils:** 5.40 metres – the largest built to date
- ▶ 170,000 hours of building work including 35,000 hours of studies
- ▶ 20 months to build
- ▶ 250 people involved in designing and building this vessel

Main sporting objective:

To take part solo in the 1st "Ultimes" world tour – leaving from Brest (Brittany) on 29 December 2019.

A CHAIN OF SKILLS to boost performance

The podiums and the victories highlight the sportsman who has just made the accomplishment. However, we must not forget that behind this individual achievement, men and women have been working day in, day out to shape these future performances. Although everything comes together at sea, it is on land that the seeds of this success are sown. In sailing, a mechanical sport par excellence, and even more so for offshore racing, where discipline is confronted with the challenges of the open sea, this teamwork is of prime importance and begins in the very first hours of the project.

With the *Maxi Edmond de Rothschild*, the newest in the Gitana line, the Gitana Team has seen its ambition through to the end: designing then making the first seafaring maxi-multihull able to fly around the world. From the first architectural studies to the first hull designs and appendages, not forgetting the crucial large-scale sea test phases on board the *Multi70 Edmond de Rothschild*, nothing was left to chance. Three years passed between the first outlines and initial discussions of September 2014, and the launch of 17 July 2017, bringing *Maxi Edmond de Rothschild's* dream to life; over 170,000 hours of work requiring the involvement of almost 250 people comprising ship builders, suppliers, engineers, technicians and architects, without of course forgetting the Gitana Team.

But beyond the figures, it is the wide array of skill profiles that brought this project to fruition that is truly remarkable.



COLLECTIVE INTELLIGENCE

“ *The Gitana Team is an open sea racing team with sixteen permanent crew members. These include experts in a wide range of fields necessary to build, prepare and navigate the Gitana vessels – navigators, engineers, architects, performers, composite materials specialists, hydraulics specialists, etc. One of the strengths of our team is having kept a controlled, human size thanks to the flexibility and commitment of each crew member. In the same way as any other structure, we have an organisation chart for each skill set, but everything is discussed very freely and informally, as I am convinced that we make the best progress when we discuss things and respect each other.*

In our sport, team spirit, helping one another and the ability of each crew member to work together are the keys to success. With Maxi Edmond de Rothschild, Sébastien Josse, our skipper, is committed to a sporting programme which is essentially focused on single-handed racing (Route du Rhum, World Tour, etc.). But his individual

successes are fully dependent on a major team effort. A team of specialists have worked hard, applying all their technological and architectural expertise to produce this maxi-trimaran and help the sailor to victory.

It is only together that we can be better and perform better. Each link in the chain is essential to produce results, and all the links are equally important.

Within the team, we have periods of intense activity that are very demanding and entail heavy workloads. The passion that we all have for this endeavour is an incredible leitmotiv! ”



Cyril Dardashti
General Manager, Gitana Team



GENERAL STANDARD DISCLOSURES			
General Standard Disclosures	Page Number (or Link)	External Assurance	Link with the United Nations Global Compact Principles
STRATEGY AND ANALYSIS			
G4-DMA	"Management Approach" Annexe	No	
GRI 102-14	7	No	
GRI 102-15	16, 68	No	
ORGANIZATIONAL PROFILE			
GRI 102-1	4	No	
GRI 102-2	37	No	
GRI 102-3	4	No	
GRI 102-4	4, 8	No	
GRI 102-5	4	No	
GRI 102-6	8, 9, 12	No	
GRI 102-7	38	✓	
GRI 102-8	38, 39	✓	Principle 6
GRI 102-41	39	No	Principle 3
GRI 102-9	9, 12, 73	No	
GRI 102-10	4	No	
GRI 102-11	Given the nature of our activities, the principle of precaution is not applicable to our organization	No	
GRI 102-12	19, 73	No	
GRI 102-13	19	No	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
GRI 102-45	4	No	
GRI 102-46	4, 16	No	
GRI 102-47	11, 14, 17	No	
GRI 103-1	DMA of each material subject	No	
GRI 102-48 / GRI 102-49	4, 69	No	
STAKEHOLDER ENGAGEMENT			
G4-DMA	"Management Approach" Annexe		
GRI 102-40 / GRI 102-42	11, 18, 73	No	
GRI 102-43 / GRI 102-44	16, 19, 73, 74	No	
REPORT PROFILE			
GRI 102-50 / GRI 102-51	4	No	
GRI 102-52 / GRI 102-53	4	No	
GRI 102-54 / GRI 102-55	4	No	
GRI 102-56	4, 92	No	
GOVERNANCE			
GRI 102-18 / GRI 102-19	25	No	
GRI 102-20 / GRI 102-21	24	No	
GRI 102-22	25, 39	No	
GRI 102-23 / GRI 102-24 / GRI 102-25	"Management Approach" Annexe		
GRI 102-26	24	No	
GRI 102-27 / GRI 102-28	DMA	No	
GRI 102-29 / GRI 102-31	24	No	
GRI 102-30	28	No	
ETHICS AND INTEGRITY			
GRI 102-16	38	No	Principle 10
GRI 102-17	"Management Approach" Annexe	No	

DMA: Disclosure on Management Approach (see [GRI](#))

SPECIFIC STANDARD DISCLOSURES FOR MATERIAL ASPECTS				
DMA and Indicators	Page Number (or Link)	Omission(s)	External Assurance	Link with the United Nations Global Compact Principles
CATEGORY: ECONOMY				
MATERIAL ASPECT: ECONOMIC PERFORMANCE				
G4-DMA			No	
GRI 201-2	16		No	Principle 7
CATEGORY: SOCIAL				
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK				
MATERIAL ASPECT: EMPLOYMENT				
G4-DMA	"Management Approach" Annexe		No	
G4-LA1	37, 38		✓	Principle 6
MATERIAL ASPECT: TRAINING AND EDUCATION				
G4-DMA	"Management Approach" Annexe		No	
G4-LA9	39		✓	Principle 6
G4-LA11	38, 39		✓	Principle 6
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY				
G4-DMA			No	
G4-LA12	38, 39		✓	Principle 10
SUB-CATEGORY: SOCIETY				
MATERIAL ASPECT: ANTI-CORRUPTION				
G4-DMA	"Management Approach" Annexe		No	
GRI 205-2	54		✓	Principle 10
SUB-CATEGORY: PRODUCT RESPONSIBILITY FOR THE FINANCIAL SERVICES SECTOR				
MATERIAL ASPECT: PRODUCT PORTFOLIO				
G4-DMA	52, 74, "Management Approach" Annexe		No	
G4-FS4	74			
G4-FS7	43		✓	
G4-FS8	43		✓	
MATERIAL ASPECT: ACTIVE OWNERSHIP				
G4-DMA	Voting Policy and Annual Report		No	
G4-FS7 / G4-FS12	43, 52			
G4-FS11	43, 50		✓	
SPECIFIC STANDARD DISCLOSURES FOR NON-MATERIAL ASPECTS				
CATEGORY : SOCIAL				
SUB-CATEGORY: SOCIETY				
G4-DMA	"Management Approach" Annexe (Asset Management)		No	
NON-MATERIAL ASPECT: LOCAL COMMUNITY				
GRI 413-1	73, 74, 75, 76		No	Principle 1
CATEGORY: ENVIRONMENT				
G4-DMA	"Management Approach" Annexe		No	
NON-MATERIAL ASPECT: MATERIALS				
GRI 301-1	65, 69, 70		✓	Principle 7 / Principle 8
GRI 301-2	65, 69, 70,71		No	Principle 8
NON-MATERIAL ASPECT: ENERGY				
G4-LA9	39		✓	Principle 7 / Principle 8
G4-LA9	39		No	Principle 8
G4-LA9	39			Principle 6
NON-MATERIAL ASPECT: WATER				
GRI 303-1AV	71			
NON-MATERIAL ASPECT: BIODIVERSITY				
GRI 304-3	65			
NON-MATERIAL ASPECT: EMISSIONS				
GRI 305-1	65, 69		No	Principle 7 / Principle 8
GRI 305-2	65, 69		No	Principle 7 / Principle 8
GRI 305-3	69		No	Principle 7 / Principle 8
GRI 305-4	65, 70			
GRI 305-5	66, 69			
NON-MATERIAL ASPECT: WASTE				
GRI 306-2	70		No	Principle 8
GRI 306-2CI	71			

VERIFICATION REPORT COVERING A SELECTION OF SUSTAINABILITY INDICATORS IN EDMOND DE ROTHSCHILD GROUP'S 2017 SUSTAINABILITY REPORT GRI 102-56

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

Further to the request of the Edmond de Rothschild Group, we have carried out work for the purpose of enabling us to express limited assurance on a selection of sustainability indicators published in the 2017 Sustainability Report of the Edmond de Rothschild Group.

The following sustainability indicators, labelled with  in the 2017 Sustainability Report, were selected by the Edmond de Rothschild Group for the purpose of the review:

Business Ethics and Compliance

- Total training hours on business ethics and compliance, Total number of participants, Number of employees having attended at least one training session on business ethics and compliance

Human Resources

- Headcount as of December 31, 2017, breakdown by gender and geography, percentage of permanent contracts
- Recruitments and termination of employment contracts by type, internal mobility, and promotions
- Gender equality – percentage of women in senior management
- Number of training hours, Percentage of employees who attended at least one training course, and Women as a percentage of employees trained
- Percentage of employees having taken part in the annual performance review, percentage of employees having completed their review

Responsible Investment

- Total Group assets under management covered by responsible investment strategies, Percentage of Group assets under management by a responsible investment strategy
- Number of strategies for all listed asset classes which apply a responsible investment approach
- Assets under management at Edmond de Rothschild Asset Management covered by a responsible investment strategy (million CHF and percentage)
- Percentage of assets under management at Edmond de Rothschild Asset Management (France) covered by a responsible investment strategy and Percentage of assets under management at Edmond de Rothschild Asset Management (France) covered by a carbon footprint

Environment

- Energy consumption in the Edmond de Rothschild Group by source (in MWh), renewable energy consumption, and energy consumption per employee
- Edmond de Rothschild Group's business travel by air
- Greenhouse gas emissions for the Edmond de Rothschild Group (Scopes I, II, and III) and GHG footprint per employee
- Consumption of paper per category of paper and per employee

Society and Community

- Employee involvement in philanthropic / community engagement programmes

These sustainability indicators and issues were prepared under the responsibility of the Sustainability Department in accordance with the Group's "2017 social reporting protocol" and "2017 environmental and societal reporting protocol" (hereinafter "the Guidelines"), summarised in the 2017 Sustainability Report and available on request from Edmond de Rothschild Group's

Sustainability Department.

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

NATURE AND SCOPE OF OUR WORK

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

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

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

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

- » French Hub: Edmond de Rothschild (France) in Paris;
- » Swiss Hub: Edmond de Rothschild (Suisse) S.A. in Geneva and Edmond de Rothschild (Israel) in Tel-Aviv;
- » Luxemburg Hub: Edmond de Rothschild (Europe) in Luxemburg.

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

With regard to the selected entities:

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

The contribution of these entities to the Group's consolidated indicators represents 89.7% of headcount and in average 85.4% of consolidated environmental indicators.

CONCLUSION

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

Neuilly-sur-Seine, June 21, 2018
PricewaterhouseCoopers Advisory

Sylvain Lambert
Partner
Sustainable Development Department




On the front cover of this report, a photo of one of the 120 works of art created by Thierry Bruet to decorate the Four Seasons Hotel Megève.
Photo credits: [®]AINOS

This colourful triptych, located in the lobby area, separates the Reception from the Lounge, maintaining a harmonious intimacy within each space.
Photo credits: [®]François du Chatenet



Images extracted from the film on Edmond de Rothschild Group's brand positioning, "Bold Builders of the Future".
Credits: [®]TBWA Group

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

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Thanks to: Sandra Abderhalden, Li Yin Adrien, Anthony Aleu-Roca, Mauro Allegra, Laurent Artru, Isabelle Baradon, Céline Baschiera, Christophe-Edouard Bayard, Emeline Belin, Sandrine Bernasconi, Sylvain Blondel, Marie-Charlotte Bonnassieux, Mélanie Bordeaux, Maourane Bouchriha, Estelle Brahinski, Serge Bruck, Roberto Castiglioni, Andrés Castro, Federica Catalani, Marie-Delphine Chardaire, Timothée Clapin, Ombeline de Clermont Tonnerre, Sonia Costa Pons, Emmanuel Courant, Laurence Cecconi, Jérôme Comment, Marina Cornu, Julien Currat, Roberto Da Fonseca, Audrey Daumain, Mélanie De Luca, Jean-François Delessert, Caroline Demol, Jean-Philippe Desmartin, Avriila Diamanti, Jean-François Dusch, Aurélie Eldin, Delphine Engrand, Frederique Ernst de la Graete, Laëtitia Guillot-Tantay, Fabien Falzani, Maria Farias, Sébastien Flouquet, Laurent Forestier, Sophie Gadi, Caroline Gardiner, Jean-Luc Giustina, Stéphanie Guardiola, Camille Gueritte, Karen Guzman, Isabelle Heilmann, Arnaud Heymann, Patricia Joris, Emmanuelle Kilian-Barnet, Joanna Kwong, Cédric Leynon, Luigi Liotti, Valérie Lombardi, Martin Liebi, Rose-Mary Lozano, Thierry Mangin, Audrey Martin, Jolly Mathews George, Stefania Mercuri, Roger Merminod, Anne Montfort, Clémence Moullot, Patrick Moutton, Sam Muon, Rocio Navarro Herrero, Sylviane Nouet, Davide Paganoni, Romy Pauwels, Martin Perrier, Daniela Petringa, Alain Porchet, Eric Pruvost, Sarah Ricci, Nathalie Riot, Elodie Rose, Sylvain Rostettler, Matthieu Rubino, Caroline Siekmann, Christine Southgate, Martin Spyrakos, Jacqueline Stücki, Carole Tanguy-Lépy, Adeline Terrazzino, Sam Thomé, Victoria Thompson, Matthieu Tinti, Corinne Tournon, Damien Trione, Daniella Van Rooij, Laure Villeret, Pierre Voos, Sonia Demeautis.

Production: Maven Sàrl

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Translation: Labrador Translations

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