



Rothschild & Co: Wealth & Asset Management and Merchant Banking

Exclusion policy relating to Fundamental Principles

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As engaged investors we want to play an active role in influencing business practices and drive investment flows towards the most sustainable players. As part of the group's ESG investment integration framework, we are implementing an exclusion policy relating to Fundamental Principles.

This policy is part of a comprehensive Responsible Investment framework for Wealth & Asset Management* and Merchant Banking activities and is:

- aligned with our approach to ESG criteria integration among our investment strategies;
- part of a response to the risks induced by ESG controversies for our investors;
- representative of our desire to contribute to the transition to a more sustainable economy.

The exclusion policy relating to Fundamental Principles applies to our various discretionary listed and unlisted investment activities in:

- Private equity
- Private banking
- Asset management*

This exclusion policy relating to Fundamental Principles does not cover assets under advice or execution only accounts nor does it apply to dedicated discretionary funds or managed accounts. The policy also does not apply to index-linked instruments nor index-linked structured products.

Defining Fundamental Principles breaches

This exclusion policy deals with investments that we make on our own behalf or on behalf of clients in companies.

We may exclude companies directly exposed to:

- Serious human rights violations;
- Serious violations of the rights of individuals in situations of war or conflict;
- Severe environmental damage, including unacceptable greenhouse gas emissions;
- Gross corruption;
- Other particularly serious violations of fundamental ethical norms. Identified by credible third-party sources.

This exclusion policy, which was designed to reflect our convictions and to protect the interests of our investors, will be implemented as of 8 March 2021.

Where we conclude that exclusion is appropriate we will act according to the following rules

• Listed assets under direct management**

- No new investment will be made, and no lending provided to companies involved in a Fundamental Principles breach.
- Where companies we are already invested in are exposed to a Fundamental Principles breach; we will:
 - Start engaging with companies on the specific controversy case and more generally on their business practices and;
 - Cease to invest in or lend to companies which, following our engagement, are still exposed to a Fundamental Principle breach.

• Non-listed assets under direct management

In relation to unlisted investments, divestment is more complex and our policy needs to be slightly different

1. In relation to companies in which we have existing investments:

- Where companies are involved in a Fundamental Principles breach, we will:
 - Start engaging with companies on the specific controversy case and more generally on their business practices and;
 - Cease to make further investments in or offer further lending to companies which, following our engagement, are still exposed to a Fundamental Principles breach.

2. In relation to companies in which we do not have existing investments:

- No investment will be made, and no lending provided to companies involved in a Fundamental Principles breach.

• Assets managed by external financial managers and listed and non-listed funds or funds of funds

- For assets managed by external financial managers, our exclusion policy applies to the delegated management company for the part of the portfolio management delegated to it.
- Where we do not invest in individual companies but rather in third-party funds or funds of funds the implementation of this exclusion policy will require to:
 - Integrate the analysis of the exclusion policy relating to Fundamental Principles implemented by third party fund managers into our funds selection process;
 - Specifically review all allocations, to third-party funds where the manager of those funds has not established an exclusion policy relating to Fundamental Principles.

We believe that engagement in dialogue with companies about their business practices can encourage them to take action to improve their impacts on society and the environment.

Engagement policies are implemented at the level of individual companies within the Rothschild & Co Group reflecting the different nature of our investment businesses but all follow the Group's general approach based on dialogue with management and an active voting policy.

** The implementation process had to be slightly adapted to meet the specific constraints of sector funds compared to a highly concentrated index