Rothschild & Co
Annual Report 2020

Rothschild & Co

One Group organised around

3 businesses

- Global Advisory
- Wealth and Asset Management
- Merchant Banking

3,587 employees

62 locations

43 countries

Contents

Dear Shareholders,

At the end of what can only be described a tumultuous year, when the world faced unprecedented challenges, I would like to thank the Supervisory Board members for their continued support and engagement with Rothschild & Co. We all benefit hugely from their experience and wisdom both during and outside our Board meetings. This year, given the particular circumstances, the Board met on seven separate occasions, notably to review the impact of and responses to COVID-19.

Rothschild & Co's heritage and strong foundations give us a unique perspective at times of crises, and throughout our history we have built our reputation on providing sound advice for our clients. This pandemic is no different and the Managing Partner, represented by Alexandre de Rothschild, Executive Chairman, and the three Managing Partners, Marc-Olivier Laurent, Robert Leitão and François Pérol, have shown exceptional leadership under the most difficult and challenging of circumstances this year.

At the Annual General Meeting held on 14 May 2020, the shareholders approved the re-election of Éric de Rothschild and Suet-Fern Lee, and the appointment of Gilles Denoyel as members of the Supervisory Board for a period of three years. Angelika Gifford, retired from the Board and I would like to thank her for her dedication and insightful input that she brought to our Board meetings during the more than five years that she was a member.

François Henrot retired from his position as observer on the Board in May 2020. François first joined the Board of Rothschild & Co in 2010 and was appointed to be Vice-Chairman of the Board at the time of the Group's reorganisation in 2012. For the past ten years, he has been a loyal and wise counsel to us. François's immense contribution to the Board meetings will be missed and I would like to thank him, on behalf of the Board, for his dedication to the Group over this period.

Following the departure of Angelika Gifford, we were delighted to announce the nomination of Véronique Weill as Board member. Véronique Weill has enjoyed a highly successful career in financial services, including at both J.P. Morgan and AXA group. Her experience and in-depth understanding of finance, M&A, new technology and digital will be real assets to the Board. In December, Véronique was appointed to be a member of the Remuneration and Nomination Committee.

Gilles Denoyel's career spans both the public and private sector in France, and he is reputed as a leading financial expert. The Board has already benefitted from his expertise in the French and international banking sector, in particular with regard to risk and compliance, as well as his regular practice of relations with the regulatory authorities including the ACPR. Gilles has been appointed to be a member of both the Risk Committee and the Audit Committee.

We are delighted that both Véronique and Gilles have accepted our invitation to join the Board, and we are fortunate to enjoy already the benefits of working with them.

As I informed you in my message last year, a Board Committee has been set up to cover Corporate Responsibility. Lucie Maure-Aubert has accepted to act as Chairwoman of our Corporate Responsibility Committee, which is also made up of Carole Piwnica and Anthony de Rothschild.

In this annual report, as well as on the Company's website, you will find detailed information on the composition of the Supervisory Board and its specialised committees, as well as the other directorships held by the Board members.

In our Annual General Meeting (AGM) document to be published soon on our website, you will find the information about the members of the Board due to be re-elected at this year's Annual General Meeting.

Following the recommendations of our regulator, no dividend payment was made in 2020 and the dividend proposed to the AGM in May 2021 will be restricted, in spite of Rothschild & Co's strong performance. However, it is the Group's intention to make an exceptional interim dividend payment in respect of the 2021 financial year, if and when allowed by our regulator, in order to revert to a global payout more in line with our usual distribution policy.

Finally, I would also like to congratulate all the teams in our Group, in the 43 countries where we are present, who, despite the difficulties linked to the pandemic, have continued to provide their daily assistance effectively, thus contributing for a large part to the success of Rothschild & Co in 2020.

Last, but not least, I would like to thank our shareholders for their valuable support and express my sincere gratitude.

David de Rothschild
Chairman of the Supervisory Board of Rothschild & Co




Dear Shareholders,

2020 was a particularly challenging year for all our stakeholders. Our focus was on ensuring the welfare of all our colleagues who reacted swiftly and remained focused on our clients' needs during these unprecedented circumstances. Thanks to this strong commitment and collaboration on a global scale, the business continued to operate effectively and produced a robust set of results.

The results for our **Global Advisory** business were resilient. In Europe, we continue to advise on more M&A transactions than any of our competitors, a position we have held for more than 15 years. The business delivered revenue for the full year of €1,146 million, down 1% below 2019, despite the challenging market environment. We ranked 8th globally by advisory revenue[1] for the last twelve months to December 2020. Operating income for 2020, excluding ongoing investment in the development of our North American M&A franchise, was €178 million representing an operating margin of 15.6%.

M&A advisory revenue the year was €766 million, down 13% year-on-year, but in line with the decrease of 14% in value in the global M&A market. For 2020, we maintained our market leading position, ranking 2nd globally and 1st in Europe by number of completed transactions[2].

Financing Advisory revenue for the full year was €380 million, 33% above 2019 levels, which represents a record performance. Revenue was driven by demand from existing and new clients for advice around liquidity, financing and balance sheet repair matters, as well as restructuring activity. We ranked 2nd in Europe in 2020 by number of completed restructuring transactions and maintained our position as adviser on more European equity assignments than any other independent financial adviser[3].

During 2020, we promoted 20 new Managing Directors across the business, demonstrating our focus on growing talent from within. We continued our ongoing strategic investment in North America with a new Vice-Chairman of North America and one new MD focusing on the automotive sector. We recruited two new MDs into our Swiss and Middle Eastern businesses.

Despite volatile market conditions and a declining interest rate environment around the world, our **Wealth and Asset Management** business performed strongly with 2020 full year results marginally up compared to 2019. In December 2020, we announced the acquisition of Banque Pâris Bertrand, a renowned private bank headquartered in Switzerland, with c. CHF6.5 billion of AuM (€6 billion).

(1) Source: Company filings.
(2) Source: Refinitiv.
(3) Source: Dealogic.

Net New Assets (NNA) for 2020 were reasonable at €0.7 billion. Excluding outflows of €1.8 billion from our North American Asset Management business (AM US), NNA for 2020 were €2.5 billion. This is due to an excellent performance in Wealth Management, with net inflows of €2.9 billion, up 16%, in all our main geographies, partially offset by net outflows in Asset Management Europe of €0.4 billion.

Revenue for the full year 2020 was broadly flat at €499 million. However, Wealth Management revenue increased by 4% to €402 million whereas Asset Management revenue decreased by 13%, of which €10 million in relation to our AM US business. Operating income for 2020 was up 2% at €74 million, representing an operating margin of 14.9% (2019: 14.8%). Costs were tightly controlled, partly assisted by reduced travel and entertaining due to COVID-19, but not at the expense of long-term investment in the growth of the business.

Merchant Banking generated revenue for the full year, of €147.9 million, down 25% on prior year due to lower uplifts in valuations in 2020. When compared to the average full year revenue over the last three years, revenue was down 15%.

Despite lower investment performance revenue in 2020 compared to 2019, we anticipate this slowdown in the value accretion of our equity and debt portfolios to be largely transient, with no or limited impact to our long-term value creation prospects. Given our sector focus (Healthcare, Data & Software and Technology-Enabled Business Services) and the quality of our assets, we remain confident that our valuations will resume their strong growth trajectory as market conditions stabilise. Crucially, all the portfolio companies in our equity funds remained well capitalised during this challenging year and did not face any liquidity issues.

Operating income was €57.4 million, below the prior year, due to the reduction in investment performance revenue. This represents a total operating margin of 39%. However, the profitability margin of Merchant Banking's fund management activities reached a record high level of 20%.

Merchant Banking's total AuM as at 31 December 2020 was €15.7 billion, up 12%.

Corporate Responsibility and ESG

Corporate Responsibility and ESG integration continued to be key priorities for us in 2020.

The Group is now signatory to the UN Global Compact. Operationally our key areas of focus in 2020 were on (i) employee wellbeing and productivity in a remote working environment; (ii) gender and ethnic minority inclusion, with a clear ambition to increase female representation alongside other diverse profiles in our workforce; (iii) further reduction in operational GHG emissions.

A clear business priority was the continued integration of ESG risk and opportunity considerations in our investment businesses, all of which are now UNPRI signatories, and the development of dedicated responsible investment solutions.

Outlook

Despite the considerable uncertainty in the financial markets over the last 12 months, our three core businesses proved to be extremely resilient. This gives us the confidence to believe that we are well positioned for the continued unpredictable market conditions that we face in the forthcoming months. We have started 2021 in a strong position and we are convinced that our strategy of focussing on long-term performance and value creation positions us well for the next stage of our development.

Our business has been through many challenges during its 200 year history and it is at times like these that we realise the strengths of our experience, the ability of all our colleagues to pull together and work hard to ensure that business continues to function and our clients can still benefit from our leading advice. I would like to take this opportunity to express my sincere gratitude to all our colleagues across the world for their hard work in extreme conditions during this particularly challenging year.

Alexandre de Rothschild
Executive Chairman of Rothschild & Co Gestion

Marc-Olivier Laurent
Robert Leitão
François Pérol
Managing Partners of Rothschild & Co Gestion

Key figures 2020

Revenue
€1,799m

Net income – Group share[1]
€173m

(1) Excluding exceptional items. For more information, please refer to page 54.

1. Overview

Key figures for 2020 (versus 2019)

Revenue
€1,799m
-4%

EPS (Earnings Per Share)(1)
€2.37
-27%

Net income – Group share(1)
€173m
-26%

ROTE (Return On Tangible Equity)(1)
8.8%

Shareholders' equity – Group share
€2,303m
+3%

Global solvency ratio
20.1%

Number of employees
3,587
+1%

Global Advisory

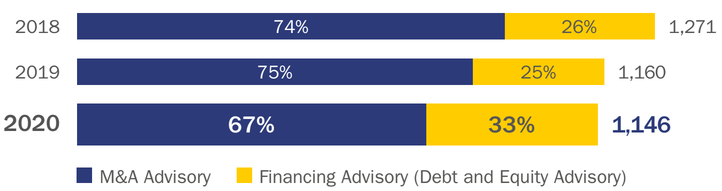
2 products:

- M&A and Strategic Advisory
- Financing Advisory
  - **Debt Advisory and Restructuring**
  - **Equity Advisory**
  - **Investor Advisory**
- Worldwide platform with a presence in over 40 countries
- c. 1,200 bankers, of which c. 250 are Managing Directors
- Adviser on c. 580 transactions with a total value of US$480 billion

2nd globally and 1st in Europe
by number of completed M&A transactions(2)

8th globally by revenue
(12 months to December 2020)

Revenue
(in millions of euros)



(1) Excluding exceptional items. For more information, please refer to page 54.
(2) Source: Refinitiv.

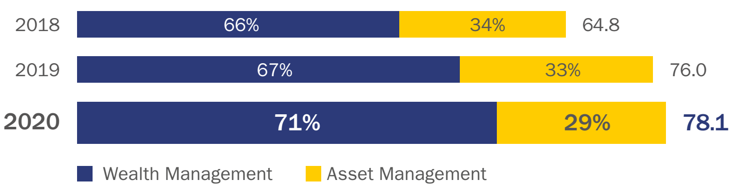
Wealth and Asset Management

2 business lines:

- Wealth Management
- Asset Management
- Strong European presence
- 245 client advisers for Private Wealth
- 53 investment managers for Asset Management

€78.1bn
Assets under Management
(as at 31 December 2020)

Assets under Management
(in billions of euros)



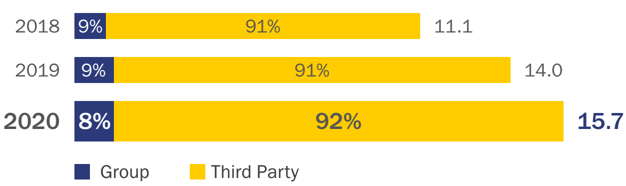
Merchant Banking

4 strategies:

- Private Equity
  - **Corporate private equity**
  - **Secondaries, multi-manager funds and co-investments**
- Private Debt
  - **Direct lending**
  - **Credit management**
- Solid position in Europe
- 97 investment professionals

€15.7bn
Assets under Management
(as at 31 December 2020)

Assets under Management
(in billions of euros)



Our purpose

With over 200 years of experience, we provide a distinct perspective that makes a meaningful difference to our clients' business and wealth.

Values-driven culture

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

Thoughtful
Considered
Strategic
Long-term

Principled
Responsible
Empathetic
Committed

Creative
Innovative
Collaborative
Entrepreneurial

Three established businesses

One Group consisting of three established businesses

Global Advisory

We provide advice in M&A, Strategic Advisory and Financing Advisory, encompassing: Restructuring, Debt Advisory and Equity Advisory. Our clients include corporations, private equity, families, entrepreneurs and governments.

Merchant Banking

We are the investment arm of the Group deploying the firm's and third parties' capital in private equity and private debt opportunities, alongside a select set of leading institutional and private investors.

Wealth and Asset Management

We invest, structure and safeguard assets, creating innovative investment solutions to preserve and grow our clients' wealth.

Global Reach
Local Presence
Family Controlled

43
countries

62
locations

3,587
employees

Key differentiators

Long-term view

We are a long-standing and trusted partner to large institutions, families, individuals and governments:

- We are an independent, family-controlled business and our focus is on long-term growth
- We are unconstrained by short-term thinking and can take a long-term view in order to deliver the objectives of each client and offer sustainable shareholder return

Enduring relationships

Talented and motivated employees are the lifeblood of our business and the foundation of everything we provide to our clients:

- We focus on creating an inclusive culture that encourages the highest standards of quality, professionalism and ethics. Our culture is built on the quality of our people, who embody our values
- The dedication and knowledge of our workforce enables us to create real value for all our stakeholders

Culture of responsible business

We encourage a culture of responsible business and proactively take responsibility for the impact we have as a business on our:

- People
- Industry
- Environment
- Communities

Business aligned strategy

Sustainable value creation

Three established businesses with strong synergies between them focused on long-term growth

Balanced growth

Stable growth across our three businesses mitigating the effects of cyclical markets

Shareholder returns

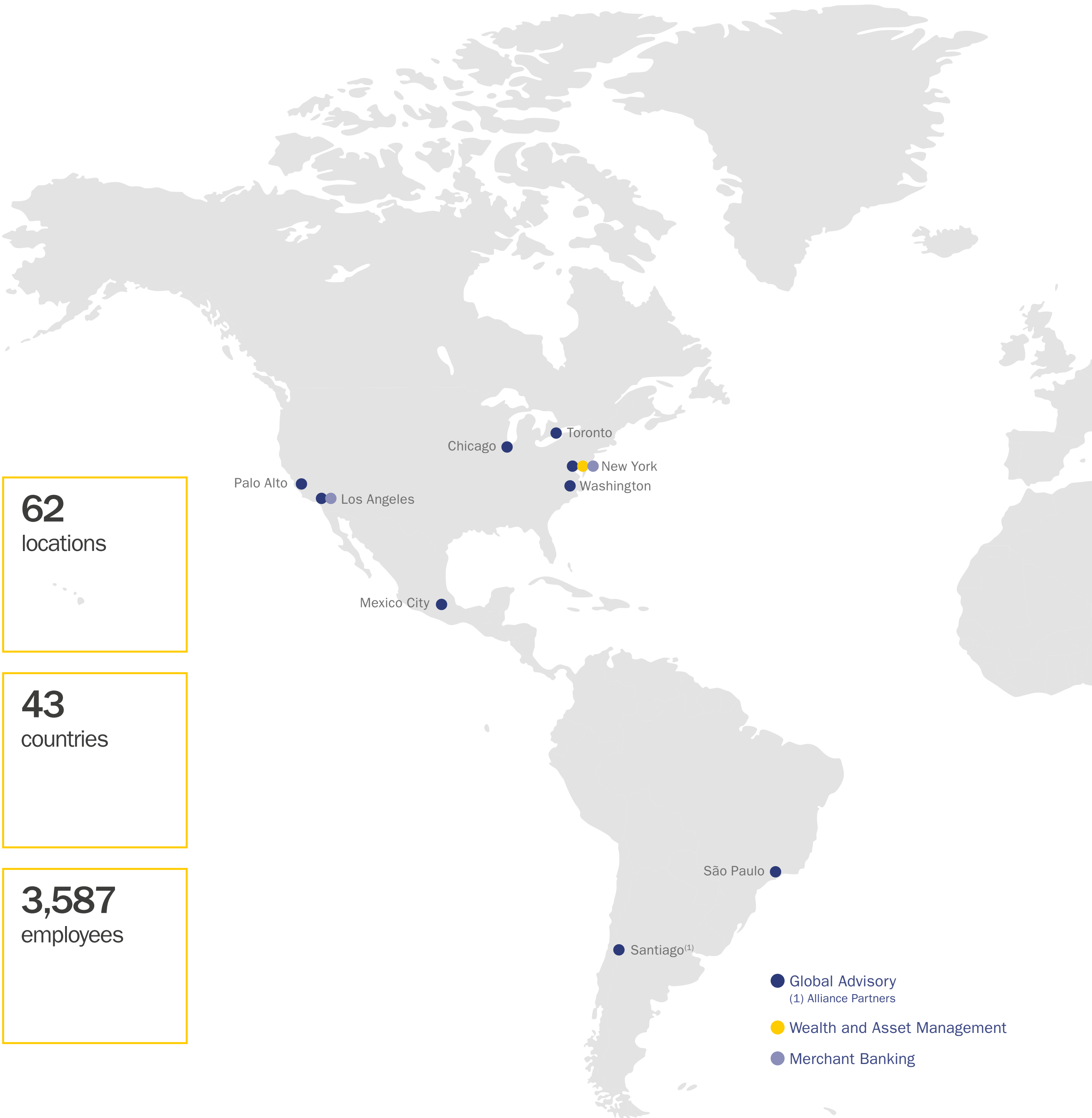
By focusing on an efficient use of capital, we generate a sustainable profit and can ensure a progressive dividend policy

An unrivalled network of specialists at the centre of the world's financial markets, combining scale with deep local knowledge.

62
locations

43
countries

3,587
employees




Stockholm
Tallinn(1)
Riga(1)
Moscow
Copenhagen
Vilnius(1)
Minsk(1)
Leeds
Manchester
Birmingham
Amsterdam
Warsaw
London
Düsseldorf
Brussels
Frankfurt
Guernsey
Luxembourg
Prague(1)
Kiev(1)
Paris
Zurich
Lyon
Geneva
Milan
Bordeaux
Aix-en-Provence
Marseille
Monaco
Sofia(1)
Istanbul
Madrid
Lisbon
Athens
Tel Aviv
Beijing
Seoul(1)
Tokyo
Shanghai
Doha
Dubai
Abu Dhabi
Hong Kong
Mumbai
Manila
Kuala Lumpur
Singapore
Jakarta
Johannesburg
Sydney
Melbourne
Auckland(1)
Wellington(1)

Managing Partner

Rothschild & Co Gestion is the Managing Partner (*Gérant*) and legal representative of Rothschild & Co SCA, the Group operational holding company. As Managing Partner, Rothschild & Co Gestion is responsible for the overall management of the Company.

This includes, among other things, establishing the strategic direction of the business, supervising the accounting and financial information as well as directing the internal control framework, determining the regulatory capital for Rothschild & Co SCA and the Group entities on a consolidated basis.

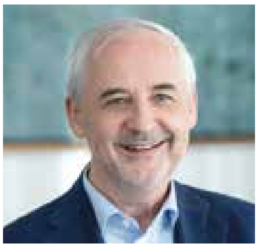
The Executive Chairman of the Managing Partner relies on the Management Board in the performance of his duties.

The Management Board comprises:

Alexandre de Rothschild
Executive Chairman

Marc-Olivier Laurent
Managing Partner

Robert Leitão
Managing Partner
Co-Chairman of the
Group Executive Committee



François Pérol
Managing Partner
Co-Chairman of the
Group Executive Committee

Group Executive Committee

15
members

The Group Executive Committee is the senior executive committee of Rothschild & Co whose members are the most senior corporate officers of the Group's business divisions and support functions.

The Group Executive Committee role is to propose strategic orientations to the Managing Partner and to assist the Managing Partner in overseeing the implementation of the strategy across the Group and the operational management of the Group.

Co-chaired by Robert Leitão and François Pérol, the Group Executive Committee comprises:

Robert Leitão
Managing Partner
Co-Chairman of the Group Executive Committee

François Pérol
Managing Partner
Co-Chairman of the Group Executive Committee

Paul Barry
Group Human Resources Director

Grégoire Chertok
Head of Global Advisory, France
Deputy Head, Global Advisory

Mark Crump
Group Chief Financial Officer
Group Chief Operating Officer

Laurent Gagnebin
Head of Rothschild & Co Bank AG
Co-Head, Wealth Management

Javed Khan
Head of Merchant Banking
Chairman of the Merchant Banking Management Committee

Marc-Olivier Laurent
Managing Partner
Executive Chairman of Merchant Banking

Alain Massiera
Head of France Wealth and Asset Management

Jimmy Neissa
Head of Rothschild & Co, North America
Deputy Head, Global Advisory

Gary Powell
Executive Chairman of Wealth Management

Martin Reitz
Head of Rothschild & Co, Germany
Deputy Head, Global Advisory

Emmanuelle Saudeau
Group Chief Digital Officer

Helen Watson
Head of Wealth Management, UK
Co-Head, Wealth Management

Jonathan Westcott
Group Head of Legal and Compliance

Supervisory Board and specialised committees

The Supervisory Board carries out the ongoing supervision of the Company's management by the Managing Partner, including notably the Company's financial and accounting reporting system and its internal control mechanisms applicable to risk, compliance and internal audit. The Supervisory Board is assisted by four specialised committees: the Audit Committee, the Remuneration and Nomination Committee, the Risk Committee and the Corporate Responsibility Committee.

The composition of the Supervisory Board and its specialised committees is as follows:

Members	Supervisory Board	Specialised committees: Audit Committee	Remuneration and Nomination Committee	Risk Committee	Corporate Responsibility Committee
David de Rothschild – French	Chairman/Chairwoman, Non-independent member				
Éric de Rothschild – French	Vice-Chairman/Vice-Chairwoman, Non-independent member				
Lucie Maurel-Aubert – French	Vice-Chairman/Vice-Chairwoman, Non-independent member				Chairman/Chairwoman, Non-independent member
Adam Keswick – British	Vice-Chairman/Vice-Chairwoman, Independent member				
Dr. Daniel Daeniker – Swiss	Independent member				
Anthony de Rothschild – British	Non-independent member				Non-independent member
Gilles Denoyel – French	Independent member	Independent member		Independent member	
Sir Peter Estlin – British	Independent member	Chairman/Chairwoman, Independent member	Independent member	Independent member	
Sylvain Héfès – French	Non-independent member		Chairman/Chairwoman, Non-independent member		
Suet-Fern Lee – Singaporean	Independent member	Independent member		Independent member	
Arielle Malard de Rothschild – French	Non-independent member	Non-independent member		Non-independent member	
Carole Piwnica – Belgian	Independent member		Independent member		Independent member
Sipko Schat – Dutch	Non-independent member	Non-independent member		Chairman/Chairwoman, Non-independent member	
Luisa Todini – Italian	Independent member		Independent member		
Véronique Weill – French	Independent member		Independent member		

Chairman/Chairwoman
Vice-Chairman/Vice-Chairwoman
Independent member
Non-independent member

15
members

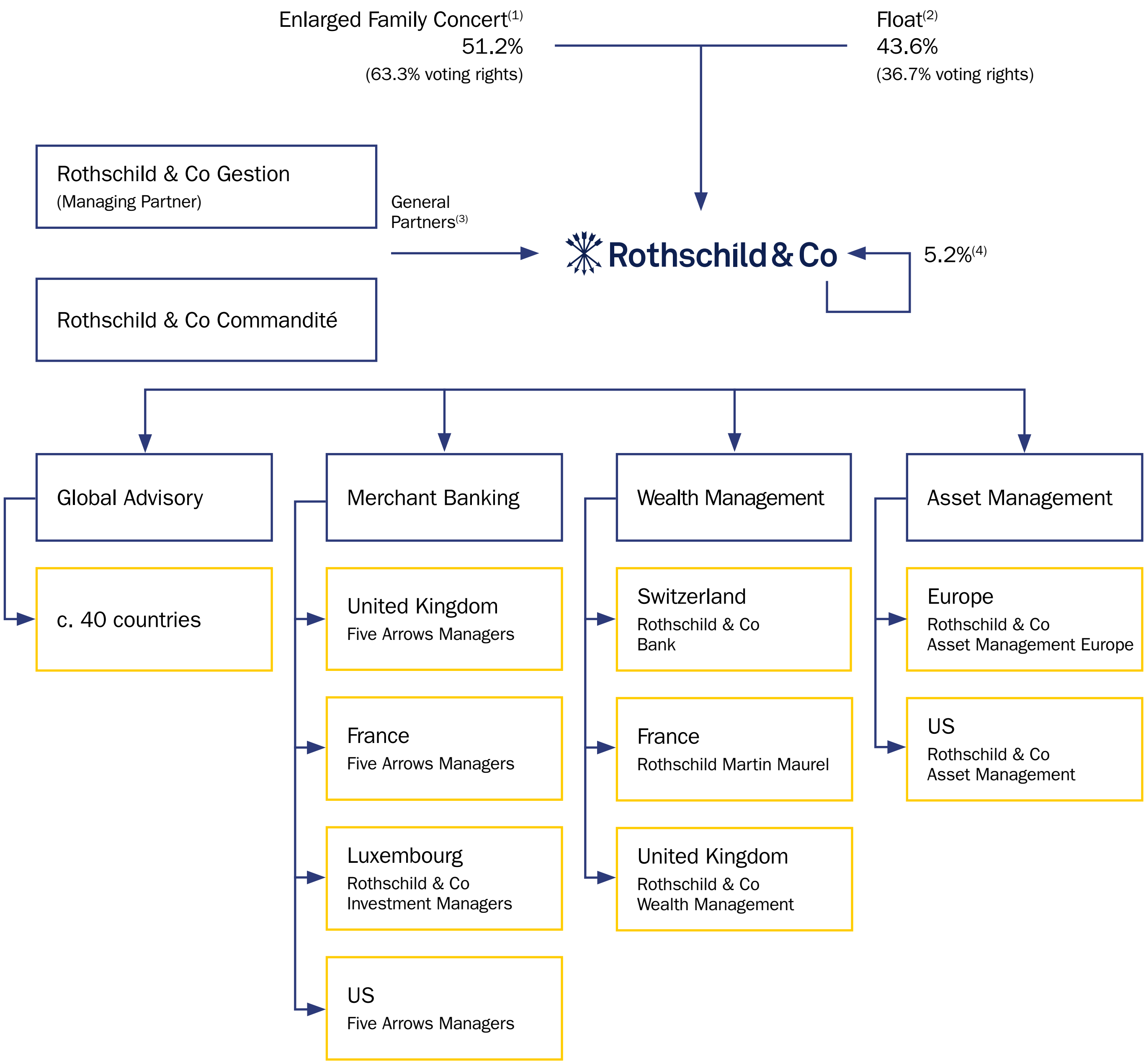
8
independent members

7
nationalities

40%
of women

60%
of men

Organisation chart as at 31 December 2020



(1) Please refer to page 63 onwards of this report for more information.
(2) Including Jardine Matheson group.
(3) Controlled by the Rothschild family.
(4) Treasury shares and controlling shares, excluding the shares held by N.M. Rothschild & Sons Limited which are aggregated in the Enlarged Family Concert.

We encourage a culture of responsible business and proactively take responsibility for the impact we have as a business on our people, our industry, our communities and our planet.

Operational impact

Responsible business practices

- Impactful governance and oversight
- Effective compliance systems, risk management and technology
- Stringent anti-bribery and corruption standards
- Robust information security and safeguarding of confidentiality

>98% of employees completed anti-money laundering training

>95% of staff trained on information security

Responsible people culture

- Talent development opportunities and assignments to support career
- Balanced approach to work
- Equal opportunities at the heart of recruitment, reward and promotion strategy

135 graduates (28% female)

24% of female Assistant Directors+

c. 500 virtually delivered training modules

SUSTAINABLE DEVELOPMENT GOALS

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

5 GENDER EQUALITY

Business impact

Responsible Investment

- ESG integration in investment decisions to create long-term value for investors
- Innovative responsible investment solutions
- Engagement policy for a constructive dialogue with companies on ESG issues

All investment businesses UNPRI signatory

Responsibility for our environment

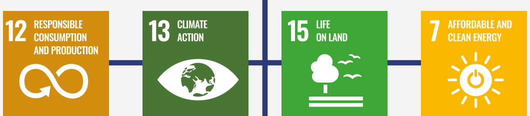
- Responsibly managing greenhouse gas emissions and proactively reducing our impact
- Championing responsible consumption and resource use

85% of electricity from renewable sources

62% reduction in GHG emissions per FTE from 2019

100% sustainable paper

27 offices unnecessary single-use plastic free

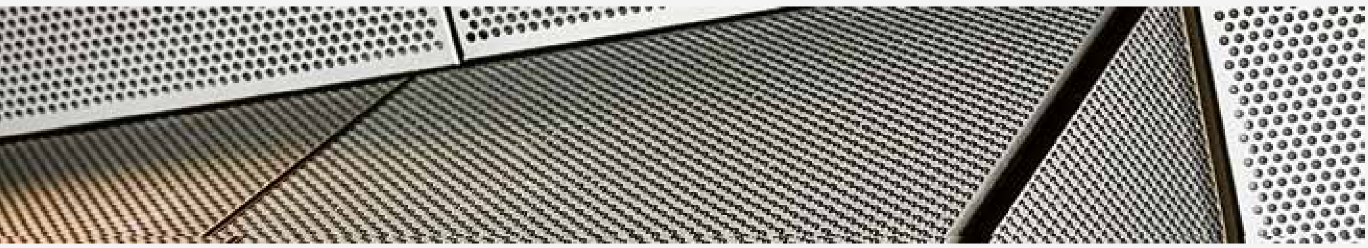


Responsibility for our communities

- Financial support to charities, social enterprises and individuals
- Professional expertise helping to drive change for young people
- Volunteering to help young people to succeed in life

34% employees engaged in volunteering and giving

75% increase in Pro-Bono Advisory mandates vs. 2019



Rothschild & Co achieves 'leadership' score in CDP climate reporting

Rothschild & Co was awarded an 'A-' rating for climate disclosure from CDP, a global non-profit organisation that runs the world's leading environmental disclosure platform, placing Rothschild & Co in CDP's leadership category with regard to implementing best practice.

Partnering with #10000BlackInterns

Rothschild & Co is offering positions within several of its UK business divisions and corporate functions as part of #10000BlackInterns, an initiative designed to attract talented black students to a career path in the British investment management industry with the aim to increase black talent.

Investment principles for the thermal coal sector published

Rothschild & Co published its investment principles for the thermal coal sector as a means to manage associated climate change exposure risk.

All investment business lines are UNPRI signatories

Signatory of: PRI Principles for Responsible Investment

Wealth Management Switzerland & Germany, Rothschild Martin Maurel and Asset Management US became new signatories in 2020, Asset Management Europe Governance & Strategy Score standing at A+.

Over
800,000
meals provided to vulnerable people

17,000
pieces of medical equipment – e.g. oxygen masks and infusion pumps – provided to hospitals

Over
400
ill and vulnerable children provided with one-to-one care and support

More than
2,200
pieces of PPE provided to frontline workers

Over
1,000
games and books provided to children living in shelters and refuges to keep them engaged and learning during lockdown

More than
2,000
grassroots charities supported

Community Investment: COVID-19 campaign

Targeted COVID-19 matched-giving campaign launched, engaging the global workforce to donate with company matching to charities and medical establishments, and charities working to mitigate issues affecting vulnerable people during lockdown.

Supporting employee wellbeing through global roll-out of Unmind app

The confidential service with clinically-backed and easy-to-use tools provides ongoing support for employees to manage impact on their health, from improving sleep, to mindfulness and stress management.

Global Female Sponsorship Programme launched

More than 50 female Assistant Directors and Directors were matched with senior leaders as part of the roll-out of the Global Female Sponsorship Programme providing deliberate influence to high-performing, talented women to support their career aspirations within the organisation.

Partnering with Cool Earth in the fight against tropical rain forest degradation

The project with Cool Earth is aimed at strengthening resilience of rainforest communities in Peru, addressing the lack of access to nutrition and basic healthcare. This support helps reduce local reliance on monetary income in exchange for their trees, and focuses on developing sustainable livelihood projects.

coolearth

Renewable electricity procurement

As part of its ambition to combat climate change, the Group has increased its renewable energy procurement in 2020 to 85%, up from 56% in 2019.

Expanding our Responsible Investment product offering

- Asset Management Europe: 4Change range of funds expanded, focusing on ESG issues identified by the UN in its Sustainable Development Goals
- Wealth Management UK: c. 12x growth in assets in its Exbury strategy
- Rothschild Martin Maurel: 4Change mandates launch across the French business

Supporting growth of clean and renewable energy

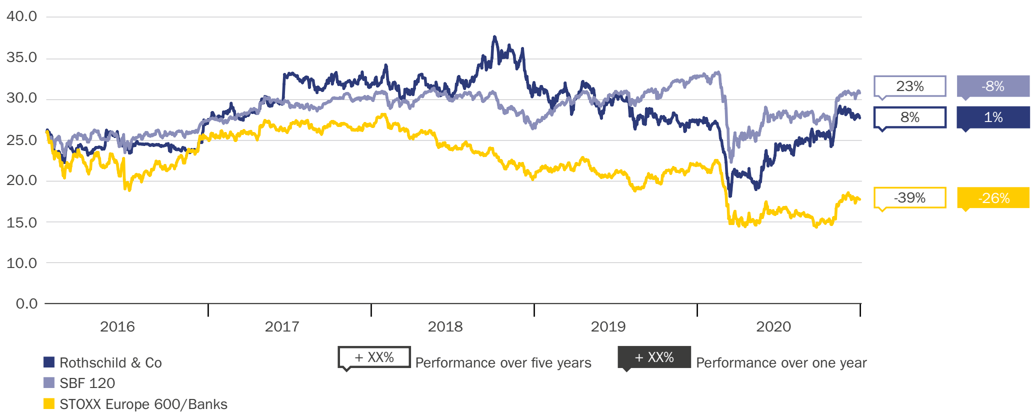
Rothschild & Co's Global Advisory business worked on offshore wind projects worth over c. US$30 billion (over 25% of the global installed offshore wind) in the last ten years, taking a leading role in raising financing for renewable projects and making green projects investible.

Market data

Key share data

	2016/17 (12 months to March)	2017 (12 months to December)	2018 (12 months to December)	2019 (12 months to December)	2020 (12 months to December)
Market capitalisation (in millions of euros)	2,077	2,364	2,391	1,987	**2,011**
Share price (in euros)					
At the end of the financial year	26.9	30.5	30.9	25.6	**25.9**
Maximum	28.0	32.5	37.3	31.0	**27.6**
Minimum	20.2	25.6	28.4	24.0	**15.0**
Yearly average	23.3	29.2	31.6	27.5	**22.2**
Number of shares					
Issued	77,290,012	77,407,512	77,512,776	77,617,512	**77,657,512**
Of which treasury shares	*1,054,574*	*909,770*	*3,023,132*	*4,151,321*	***3,476,731***
Share capital (in euros)	154,580,024	154,815,024	155,025,552	155,235,024	**155,315,024**
ISIN Code					FR0000031684

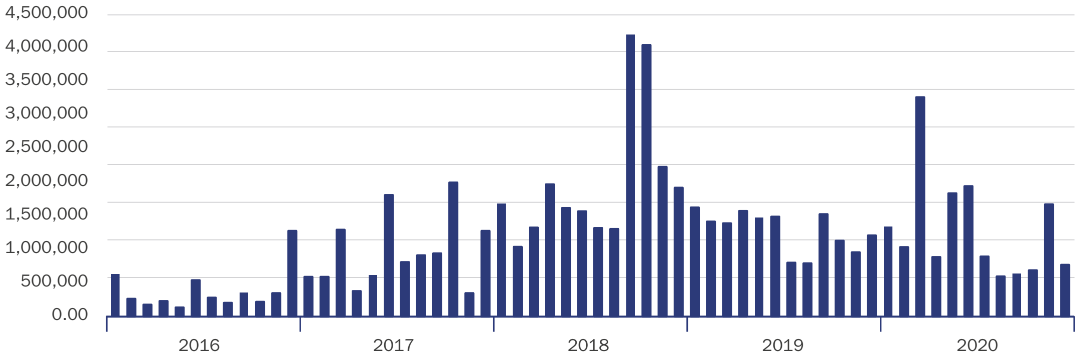
Rothschild & Co share price evolution over five years



Shareholder scorecard

	2016/17 (12 months to March)	2017 (12 months to December)	2018 (12 months to December)	2019 (12 months to December)	**2020 (12 months to December)**
Dividend per share (in euros)	0.68	0.72[1]	0.79	–[2]	**0.70[2]**
Earnings Per Share (EPS) (in euros)	2.64	3.18	3.88	3.38	**2.20**
EPS excluding exceptionals (in euros)	2.74	3.33	4.10	3.24	**2.37**
Market data					
Total value traded (in millions of euros)	151.2	355.1	773.3	451.2	**344.7**
Total trading volume	6,369,137	12,056,919	23,934,305	15,056,967	**16,325,613**
Average daily traded volume	24,497	47,279	93,860	59,481	**58,408**
% traded on Euronext	*46%*	*49%*	*36%*	*38%*	***42%***
% traded on other platforms and OTC	*54%*	*51%*	*64%*	*62%*	***58%***
Excluding exceptional trade blocks over the period[3]					
Total value traded (in millions of euros)	117.3	312.7	722.5	451.2	**344.7**
Total trading volume	4,942,137	10,568,848	22,434,305	15,056,967	**16,325,613**
Average daily traded volume	19,008	41,446	87,978	59,481	**58,408**

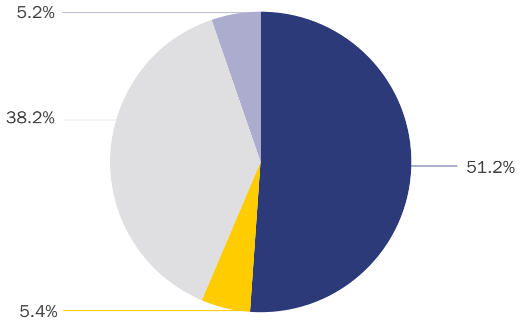
Rothschild & Co monthly volume evolution over five years



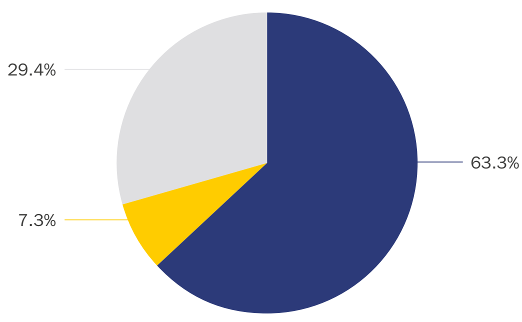
(1) This amount is the *pro forma* equivalent dividend on a full year basis for 2017, in relation to the shorter financial year of 2017 following the change of year end from March to December.
(2) Rothschild & Co would normally have proposed for approval at the respective General Meetings a dividend of €0.85 per share in respect of our 2019 results and €0.89 per share in respect of our 2020 results. However, following the recommendations of the ACPR during 2020 and 2021, no dividend was paid in 2020 and the dividend we will propose to the General Meeting on 24 May 2021 will be restricted to €0.70 per share. It is, however, the intention to pay the remaining amount of €1.04 per share in the form of an exceptional interim dividend in respect of the 2021 financial year, as and when the regulator so allows, which the Group currently expects to be in fourth quarter of 2021, in the absence of materially adverse developments.
(3) Exceptional block trades over 500,000 shares.

Shareholding structure as at 31 December 2020

Share capital



Exercisable voting rights



Enlarged Family Concert[1] | Jardine Matheson group | Float | Treasury and controlling shares[2]

Financial communication

Throughout the year, Rothschild & Co provides information in French and English on its activities, results and outlook through releases on the publication of the annual and half-yearly results, quarterly revenues or any other major event concerning the Group in accordance with regulations and practices for publication.

Rothschild & Co's press releases, financial reports and presentations are available in the "Investor Relations" section on the Group's website www.rothschildandco.com.

Relationship with institutional investors and financial analysts

To ensure good relations with the financial community, the Investor Relations department regularly participates in events to enable institutional investors and financial analysts to meet with management. In 2020, Rothschild & Co organised approximately 150 virtual meetings.

(1) More details are provided from page 63 onwards of this report.
(2) The controlling shares held by N.M. Rothschild & Sons Limited are not included as they are aggregated in the Enlarged Family Concert.

Calendar for financial communication

11 May 2021
First quarter information 2021

15 September 2021
Half-year results 2021

9 November 2021
Third quarter information 2021

Shareholders' timetable

20 May 2021
Annual General Meeting: 10:30 CET

24 May 2021
Ex-dividend date

25 May 2021
Dividend record date

26 May 2021
Dividend payment date

Registered shares

Service Titres nominatifs purs de la Société Générale
GSSI/GIS/NPO/NOM
32, rue du Champ de Tir
BP 81236
44312 Nantes Cedex 3
France

Investor relations

InvestorRelation@rothschildandco.com

Media

Groupmediaenquiries@rothschildandco.com

Global Advisory
c. 1,200 bankers
Over 40 countries

Merchant Banking
€15.7bn
Assets under Management

Wealth and Asset Management
€78.1bn
Assets under Management

2. Business review

Global Advisory offers an informed and impartial perspective to help our clients reach their goals through the design and execution of strategic M&A and financing solutions.

We provide impartial, expert advice to large and mid-sized corporations, private equity, families, entrepreneurs and governments. We design and execute strategic M&A and financing solutions for our clients and act as a trusted partner, taking a long-term and independent view on the challenges they face.

Our deep understanding of financial markets, the high volume of transactions we advise on and our unrivalled network of industry and financing specialists in over 40 countries allows us to achieve outstanding results for our clients, supporting realisation of their strategic goals and acting as their trusted advisers over the long term.

Global Advisory volume of transactions advised(1)

By value (in billions of US$)	2020	2019	% change
M&A transactions	262	331	(21%)
Financing Advisory transactions	218	149	46%
Total value	**480**	**480**	**0%**

By number	2020	2019	% change
M&A transactions	294	338	(13%)
Financing Advisory transactions	284	243	17%
Total transactions	**578**	**581**	**(1%)**

Our expertise was recognised in several leading industry awards

The Banker Investment Banking Awards, 2020
- Most Innovative in M&A

GlobalCapital, 2020
- Best Debt Advisory Firm for Corporate Bonds
- Best Adviser for Private Placements
- Best Corporate Finance Adviser
- Best Equity Capital Markets Adviser

Euromoney Awards for Excellence, 2020
- Western Europe Best Bank for Advisory

Mergermarket European M&A Awards, 2020
- 2020 UK Financial Adviser of the Year
- 2020 France Financial Adviser of the Year
- 2020 European Private Equity Financial Adviser of the Year

2nd globally and 1st in Europe
by number of completed M&A transactions(1)

8th globally
by advisory revenue(2)

c. 1,200
bankers
of which c. 250 Managing Directors

(1) Source: Refinitiv. Rothschild & Co analysis. Completed transactions/assignments (based on target values).
(2) Source: Company filings.

Financial results for 2020

Revenue for the full year 2020 was €1,146 million, only 1% below 2019 (€1,160 million), despite the challenging market environment. We ranked 8th globally by financial advisory revenue[1] for the last twelve months to December 2020. As expected, we saw a decline in M&A revenue during 2020 compared with 2019, with this decline mitigated by increased Financing Advisory activity. Overall, revenue was flat year-on-year excluding currency effects. During the second quarter, we saw several M&A situations put on hold as a result of the pandemic, but we also supported a meaningful proportion of our clients' ingoing well-advanced or announced transactions through to completion. During the third and fourth quarters, we experienced new M&A dialogues and activity returning, which in turn supported strong revenue performance in the final quarter of 2020.

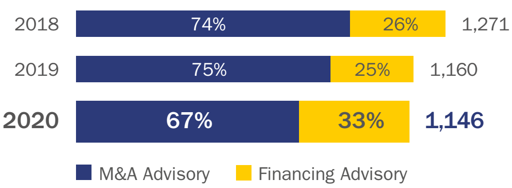
Operating income for 2020, excluding ongoing investment in the development of our North American M&A franchise, was €178 million (2019: €182 million) representing an operating margin of 15.6% (2019: 15.7%) and continues to be within our target range over the cycle. Including the effect of ongoing investment in senior hiring in North America, operating income was €169 million (2019: €166 million) with an operating margin of 14.7% (2019: 14.3%).

Total costs were down 2%, largely due to travel and certain other non-personnel costs being lower as a result of pandemic related restrictions on activity, whilst total compensation costs were broadly flat year-on-year. The compensation ratio, which includes total compensation, benefits and social taxes on an awarded basis shown as a percentage of revenue, was 67.3% in 2020 (2019: 64.9%), after adjusting for the effects of senior hiring in North America and leaver costs.

Our M&A business has remained resilient despite an uncertain and volatile market environment during the year, ranking 2nd globally by number of completed transactions for the twelve months to December 2020[2]. In Europe, we continue to advise on more M&A transactions than any of our competitors, a position we have held for more than 15 years. Full year 2020 M&A revenue was €766 million, down 13% year-on-year (€875 million in 2019) in line with the decrease of 14% in value in the global M&A market.

Financing Advisory revenue full year 2020 revenue was €380 million, 33% above full year 2019 levels (€285 million), which represents a record performance. Revenue was driven by demand from existing and new clients for advice around liquidity, financing and balance sheet repair matters, as well as restructuring activity. We ranked 2nd in Europe in 2020 by numbers of completed restructuring transactions and maintained our position as adviser on more European equity assignments than any other independent financial adviser[3].

Revenue
(in millions of euros)



Profit before tax – pre-US investment costs[4]
(in millions of euros)

(1) Source: Company filings.
(2) Source: Refinitiv.
(3) Source: Dealogic.
(4) Investments costs in the US were €22 million in 2018, €16 million in 2019 and €9 million in 2020.

M&A and Strategic Advisory

Our teams provide expert advice and execution services across all aspects of mergers and acquisitions, as well as strategic advice in areas such as joint ventures, corporate governance and sovereign advisory.

For 2020, we ranked 2nd among M&A advisers globally by number of completed transactions[1]. In Europe, we continue to advise on more M&A transactions than any of our competitors, a position we have held for more than 15 years[1].

We advised on c. 295 M&A transactions in 2020, including three out of the top 10 European M&A transactions by value and four out of the top 50 global M&A transactions by value.

Our global scale and network of relationships with key decision-makers continue to support our leading position as adviser in large, complex cross-border situations.

During 2020, we ranked 1st among M&A advisers globally by number of completed cross-border transactions, representing c. 50% of our total activity[1].

For the financial year, we held top five positions[1] in the majority of industry sectors globally and in Europe, being particularly active in the consumer, transport, business services and healthcare sectors. We were also the most active adviser on deals with financial sponsor involvement in Europe[1].

A list of notable completed M&A transactions on which we advised during the financial year is shown on the following page.

c. 295
M&A transactions for a value of c. US$260bn

more than
50%
of deals cross-border[1]

M&A league table rankings by region[1]

Region	By number 2020	By number 2019	By value 2020	By value 2019
Global	**2**	2	**16**	15
Global cross-border	**1**	2	**13**	10
Europe	**1**	1	**10**	7
Asia (incl. Japan)	**22**	16	**25**	16
North America	**14**	22	**19**	23
Rest of the world	**2**	2	**7**	14

(1) Source: Refinitiv, completed transactions.

Rothschild & Co advised the following clients on a number of significant M&A transactions during the year:

Abu Dhabi Power Corporation (United Arab Emirates)

- Adviser on its combination with TAQA (US$55 billion)
- Landmark transaction accelerating the transformation of the power and water industry in the United Arab Emirates and creating one of the largest listed companies on the ADX

Ingenico (France)

- Adviser on its combination with Worldline (€21 billion)
- Advised on all aspects of the transaction; long-standing relationship with Ingenico across a broad range of assignments

Consortium led by Advent, Cinven & RAG (Germany)

- Adviser on its acquisition of thyssenkrupp's Elevator Technology business (€17.2 billion)
- The largest European buyout since 2007, illustrating both our strong expertise in the industrial sector and in complex and high-profile large-cap transactions

Asahi Group Holdings (Japan, Australia and Belgium)

- Adviser on its acquisition of Carlton & United Breweries from Anheuser-Busch InBev (US$11.3 billion)
- Our ninth assignment for Asahi in ten years, involving close collaboration between teams in three different continents, demonstrating our truly global deal support

Snam, together with GIP, Brookfield, GIC, OTPP and NH (Italy and United Arab Emirates)

- Adviser on their acquisition of a 49% stake in Abu Dhabi National Oil Company's gas pipelines (US$10.1 billion)
- Confirms our leadership in the Italian gas infrastructure sector, and our position as adviser of choice on the Gulf Cooperation Council region's largest and most complex M&A deals

Builders FirstSource (United States)

- Adviser on its merger with BMC Stock Holdings (US$6.9 billion)
- Played an essential role in structuring the transaction, negotiating an initial cash-and-stock offer and ultimately pivoting discussions to an all-stock merger

Cobham (United Kingdom)

- Adviser on its recommended cash offer from Advent International (c. £4.2 billion)
- One of the largest UK take-privates of the last ten years, demonstrating our expertise in navigating the complexities of Government undertakings and associated issues relating to UK defence

Froneri (United Kingdom, United States)

- Adviser on its acquisition of Nestlé's US ice cream business (US$4 billion)
- Example of our truly global deal support, with close collaboration between teams in Europe and the US

CVC Capital Partners (France)

- Adviser on its disposal of ELSAN to KKR (c. €3.3 billion)
- Demonstrates our ability to orchestrate an efficient tailor-made process within a short time frame, despite the COVID-19 crisis

Ei Group (United Kingdom)

- Adviser on its recommended cash offer by Stonegate Pub Company (£3 billion)
- Provided strategic and tactical advice to Ei Group throughout all aspects of the deal negotiation, resulting in a premium multiple for the sector

José de Mello (Portugal)

- Adviser on its joint sale of an 81.1% interest in Brisa (equity value c. €3 billion)
- Highly complex transaction in an extremely challenging environment due to COVID-19; leveraged our global network and extensive sector relationships to connect our client to a large number of interested parties

Cision (United States)

- Adviser on its sale to Platinum Equity (US$2.74 billion)
- Landmark US public-to-private transaction in the technology sector

Lytx (United States)

- Adviser on its sale to a consortium led by Permira (US$2.55 billion)
- Represents our fifth advisory mandate for Lytx since 2012, illustrating our continued growth in the US and particularly the technology sector

Wumei (China, Germany)

- Adviser on the acquisition of an 80% stake in METRO China (€1.9 billion)
- One of the largest Chinese retail transactions to complete in 2020, demonstrating our expertise in carrying out high-profile and complex buyside mandates

Blackstone and Armacell (Luxembourg)

- Adviser on its sale of Armacell to PAI Partners and Kirkbi (€1.4 billion)
- Represent our third advisory mandate for Armacell, thanks to our existing relationships with Blackstone and Armacell; the third time we have advised Armacell

Boels (Netherlands and Finland)

- Adviser on its public offer for Cramo and associated underwritten senior loan financing (€1 billion)
- Provided debt advice to secure a fully underwritten all senior loan acquisition financing package representing one of the largest Term Loan B in Europe since the onset of COVID-19

Financing Advisory

Our Financing Advisory teams, encompassing Debt and Restructuring Advisory and Equity Advisory, provide advice to clients on financing strategy and solutions. On many occasions, they work alongside our M&A experts to deliver integrated, comprehensive advice to clients.

Debt Advisory and Restructuring

Our Debt Advisory and Restructuring teams provide strategic capital structure advice to deliver the best possible refinancing and restructuring solutions. During the financial year, we continued to be highly active in large and complex debt advisory and restructuring situations, providing independent advice to clients on c. 240 transactions with a total value of c. US$200 billion(1).

Our Debt Advisory capabilities include advice on capital raisings and refinancings across all markets and expertise across banks, bonds, ratings, derivatives and hedging. We are one of the world leaders in this field. Our track record in successfully helping clients to optimise both the sources of debt and terms of debt finance continues to drive our Debt Advisory business generation.

Our Restructuring capabilities include lender negotiations, recapitalisations, exchange offers, distressed M&A, in-court and out-of-court transactions and creditor representation. Our independence and the significant volume of deals we advise on across M&A and Financing Advisory place us in a unique position in terms of market knowledge and enable us to deliver client-focused advice without the conflicts of interests often faced by bulge bracket banks.

Clients continue to engage us on large and highly complex restructuring assignments. For restructuring assignments completed during the financial year, we ranked 4th by number of deals globally and 2nd in Europe(2).

Equity Advisory

Our Equity Advisory teams provide independent advice to clients on equity capital markets, including a wide range of capital-raising transactions such as initial public offerings (IPOs), secondary offerings, block trades, spin-offs and convertible instruments. The teams work in collaboration with our industry sector specialists to deliver integrated advice to our clients, including simultaneous dual-track disposal/IPO advisory.

We have an unparalleled global footprint and deeper resources than any other independent equity adviser, with specialist teams in key equity markets around the world including New York, Hong Kong, Sydney and throughout Europe.

During the year ended December 2020, we advised on c. 40 equity capital market transactions worldwide with a total value of c. US$20 billion(1) and, for the eleventh successive year, we advised on more European equity capital market transactions than any other independent adviser(3).

Our Investor Advisory team provides clients with expert advice across all areas of investor engagement. These services help clients to compete for capital as effectively as possible and to manage any shareholder engagement issues, including support around ESG as well as activist situations. During the year, the Investor Advisory business worked for over 80 clients across a number of geographies and advised on a wide range of situations across all sectors.

A list of notable completed financing transactions on which we advised during the financial year is shown on the page opposite.

c. 240
debt and restructuring transactions with a total value of c. US$200bn

Adviser on more European equity assignments than any other independent adviser in Europe(3)

Restructuring league table rankings by region(2)

	By number		By value	
Region	2020	2019	2020	2019
Global	4	6	6	5
EMEA	2	3	2	5

(1) Source: Internal data.
(2) Source: Refinitiv, completed transactions.
(3) Source: Dealogic.

Rothschild & Co advised the following clients on a number of significant Financing Advisory assignments during the year:

PG&E
(United States)

- Adviser to Ad Hoc Group of Insurance Subrogation Claimholders on PG&E's restructuring (US$52 billion)
- One of the most complex chapter 11 cases in recent history due to both its size and scope, with the case representing the fifth largest corporate bankruptcy in history by total assets

Finance Agency of the Federal Republic of Germany
(Germany)

- Adviser on its stabilisation package for Deutsche Lufthansa (€9 billion)
- Designed overall financing mix with the aim of protecting the investment of the German Government and enabling Lufthansa to regain access to capital markets

Nordic Aviation Capital
(United Kingdom)

- Adviser on its restructuring (US$5.9 billion)
- Implemented by way of an Irish scheme of arrangement and within an extremely short timeframe – three months from initial engagement

Rallye
(France)

- Adviser on its restructuring and signing of a back-up facility (€3.6 billion and €233 million, respectively)
- High-profile restructuring, unprecedented in size and level of sophistication in France

IAG
(Spain and United Kingdom)

- Adviser on its rights issue (€2.75 billion)
- Comprehensive advice including holistic analysis of balance sheet and funding options, resulting in the first ever rights issue by a Madrid/London dual-listed company, requiring the blending of Spanish and UK regulatory regimes

Hamburg Commercial Bank
(Germany)

- Adviser on its liability management exercise (€2.3 billion)
- Advised on all aspects of the negotiation with the litigation group

Nordex
(Germany)

- Adviser on the restructuring of its existing capital structure and raise of state guaranteed RCF (€1.8 billion and €350 million, respectively)
- Our third consecutive mandate for Nordex including the recent €402.5 million sale of Nordex European wind developments to RWE

Ministry of Finance of Ukraine
(Ukraine)

- Adviser on its capital markets transaction including a US$805 million switch tender offer and financial support from the official sector (US$2 billion)
- Part of our ongoing assignment as adviser to the Ministry of Finance of Ukraine, with eight transactions completed since 2017

The Hut Group
(United Kingdom)

- Adviser on its IPO on the London Stock Exchange (£1.9 billion)
- The largest UK IPO since 2015 and the largest ever UK technology sector IPO

Republic of Côte d'Ivoire
(Ivory Coast)

- Adviser on its Eurobond offering and tender offer (€1 billion and US$825 million, respectively)
- Long-standing experience with Ivory Coast; our eleventh financing transaction with the Ministry of Finance since 2014

Technicolor
(France)

- Adviser on its debt restructuring and new money (€1.5 billion and €420 million, respectively)
- Designed new money structure and restructuring transaction including significant debt to equity conversion in a pressured and extremely short time frame

Mitchells & Butlers
(United Kingdom)

- Adviser on its securitisation amendments and new Coronavirus Large Business Interruption Loan Scheme facilities (£1.6 billion and £100 million, respectively)
- Helped alleviate pressures caused by disruption to business during COVID-19 restrictions, achieving a number of amendments and new financing arrangements in a condensed timetable

Whitbread
(United Kingdom)

- Adviser on the 18-month waiver of its financial covenants in its £300 million USPP and £950 million RCF (£1.3 billion)
- Advised on how to best approach lenders and access the Bank of England's COVID Corporate Financing Facility

Mercury
(Italy)

- Adviser on its sell-down of a 13.4% stake in Nexi (€1.3 billion)
- The final of three sell-downs in 2020 raising a total of €2.6 billion, the last of which being the largest accelerated book building in Italy since 2015

Redexis Gas
(Spain)

- Adviser on the issuance of senior unsecured notes, club deal facility and tender offer on existing senior unsecured notes (€1.3 billion)
- Analysed the many refinancing alternatives available, creating a three-part transaction that raised proceeds, smoothed the debt maturity profile and increased flexibility

FirstGroup
(United Kingdom)

- Adviser on the amendment of its financial covenants (£1.1 billion)
- Helped the client gain enhanced flexibility and relaxation of its leverage and fixed charge covenants from its bank and lenders

Wealth Management offers its clients an objective long-term perspective on investing, structuring and safeguarding assets, to help them preserve and grow their wealth.

Asset Management offers innovative investment solutions in a variety of asset classes, designed around the needs of each client.

We serve a diverse client base from our offices in Aix en Provence, Bordeaux, Brussels, Düsseldorf, Frankfurt, Geneva, Guernsey, London, Lyon, Manchester, Marseille, Milan, Monaco, New York, Paris and Zurich. Rothschild & Co continues to develop its Wealth and Asset Management activities in line with the strategy to diversify its sources of income.

€78.1bn
Assets under Management

€0.7bn
Net New Assets in 2020

Financial results for 2020

2020 was a challenging year, with COVID-19 leading to dramatic changes in working practices, volatile market conditions and a declining interest rate environment around the world. Despite this, the business performed strongly with 2020 full year results marginally up compared with 2019. In December 2020, we announced the acquisition of Banque Pâris Bertrand, a renowned private bank headquartered in Switzerland, with c. CHF6.5 billion of Assets under Management. The completion is expected in the summer 2021, subject to regulatory approvals.

Net New Assets (NNA) for 2020 were reasonable at €0.7 billion. Excluding our North American Asset Management business' (AM US) outflows of €1.8 billion, NNA for 2020 were €2.5 billion. This is due to an excellent performance in Wealth Management, with net inflows of €2.9 billion, up 16% (2019: €2.5 billion), in all our main geographies, partially offset by net outflows in Asset Management Europe of €0.4 billion. Despite the impact of COVID-19, levels of activity have been very high as we remain in constant dialogue with clients in these difficult conditions.

The definition of Assets under Management (AuM) was refined to align better the definitions within the Group resulting in a net increase in AuM of €1.7 billion. Including this definition change, AuM grew by 3% at €78.1 billion as at 31 December 2020 (2019: €76.0 billion). Excluding AM US, AuM grew by 6% from €65.8 billion in 2019 to €69.9 billion in 2020, despite a change of perimeter of €0.3 billion due to the sale of our European alternative platform to Alma Capital.

AM US recorded net outflows of €1.8 billion, primarily arising from the departure of the team covering multi-employer defined benefit business ("Taft-Hartley" plans) and where our value-oriented investment philosophy has proved difficult in the current environment. However, the business won an important mandate of sub-adviser with Transamerica AM, a new distribution partner, for approximately $2.1 billion, which became effective in December 2020.

Revenue for the full year 2020 was broadly flat at €499 million (2019: €497 million). However, Wealth Management revenue increased by 4% to €402 million (2019: €386 million), whereas Asset Management revenue decreased by 13% (€14 million), of which €10 million in relation to our AM US business. Excluding AM US, revenue for the full year 2020 was up 3% at €470 million (2019: €458 million).

The broadly flat revenue reflects two opposing factors:

- a 4% increase in management fees supported by good NNA and investment performance, alongside an increase in commissions due to high levels of client activity,
- neutralising the lower net interest income (NII) driven by the declining interest rate environment. This caused our treasury revenue to decrease by 57% which more than offset the growth in interest income of 8% on our private client lending activities, resulting in a net decline in NII of 20%.

Revenue
(in millions of euros)

Profit before tax
(in millions of euros)

Operating income for 2020 was up 2% at €74 million (2019: €73 million), representing an operating margin of 14.9% (2019: 14.8%). Excluding AM US, operating income for 2020 was up 9% at €74 million from €68 million in 2019, representing an operating margin of 15.6% (2019: 14.8%). Costs were tightly controlled, partly assisted by reduced travel and entertaining due to COVID-19, but not at the expense of long-term investment in the growth of the business. This result is after a cost of risk on our lending book of €4 million (2019: credit of €2 million).

As a result of our conservative lending strategy, the private client loan book has proved resilient in the recent challenging market conditions. The relatively few margin calls have been rectified in accordance with normal procedures.

Overall, despite the impact of COVID-19, the business has performed well, with high levels of activity and a continued ability to attract new clients.

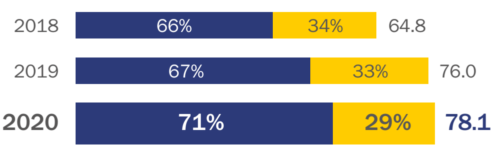
Responsible Investment

Responsible investment continues to be a very important development for the business. As professional investors, we know our decisions make a difference. We are committed to investing responsibly, not only because this approach allows us to deliver long-term sustainable returns for our clients, but because fundamentally it is the right thing to do. We want to help shape the future in a way that aligns with the causes and issues that are important to us all.

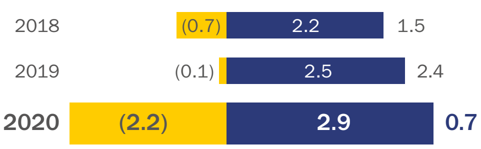
Our Wealth and Asset Management businesses have become signatories to the UNPRI, chosen a common ESG data provider and agreed on a common exclusion policy, including implementation of investment principles for thermal coal. We have further developed investment solutions to meet the needs of institutional and private clients looking to invest in environment, social and governance issues.

- Rothschild Martin Maurel launched the 4Change mandates across the French business in December 2020. The 4Change mandates go beyond the general ESG integration framework that is applied to all assets managed by Rothschild Martin Maurel, prioritising ESG criteria in order to optimise the ESG profile of the funds.
- Asset Management Europe has increased the 4Change range of funds, adding a Green Bond Fund and a Diversified Fund which obtained the Towards Sustainability Certification, an independently supervised quality standard. The 4Change funds aim to tackle some of the most pressing environmental, social and governance issues identified by the UN in its Sustainable Development Goals.
- Asset Management North America has hired a team to develop ESG investment solutions for launch in 2021

Assets under Management
(in billions of euros)



Net New Assets
(in billions of euros)



Wealth Management Asset Management

Wealth Management

Wealth Management provides a comprehensive range of services to some of the world's wealthiest and most successful families, entrepreneurs, foundations and charities. In an environment where short-term thinking often dominates, our long-term perspective sets us apart: we believe preservation-first is the right approach to managing wealth.

We understand the issues wealth owners must address and can help them protect their assets. We advise our clients in relation to all their financial and non-financial wealth. Our goal is to preserve and grow the real value of clients' wealth, with a focus on generating attractive investment returns and avoiding large losses along the way.

We have the scale, intellectual capital and resources to deliver, whilst still being able to provide a truly personal service. Our distinct perspective makes us a secure and enduring home for our clients' assets, safeguarding their legacy for generations.

Our investment approach, coupled with the stability that comes from our seventh generation of family-controlled ownership, continues to resonate with an increasing number of clients around the world, especially in the current economic environment.

Our Wealth Management business operates in Belgium, France, Germany, Guernsey, Italy, Monaco, Switzerland and the UK.

Despite the market turmoil in 2020 – we were witness to the fastest bear and bull markets in history – and the unexpected change in our working practices with the near overnight move to remote working, we were able to meet our clients' investment objectives and deliver exceptional client service.

During 2020, AuM increased to €55.8 billion, up 10% versus 2019 (31/12/2019: €50.5 billion). Net New Assets of €2.9 billion was extremely positive given the environment, in line with what was achieved in 2019 and with a positive contribution from each country in which we operate. After weathering the sharp market falls in Q1 2020 well and comfortably outperforming on average, discretionary portfolios continued to do well during the rest of 2020, keeping pace with competitors and controlling risk.

The end of 2020 finally saw the completion of the Brexit process. As a result of the plans put in place in 2019, we do not expect this to have any further impact on our business.

We continue to invest in the growth of our business. In December, we announced the acquisition of Banque Pâris Bertrand, marking another milestone in the sustained growth of the Wealth Management business and consolidating our strong position in the Swiss market. The transaction is expected to complete in summer 2021, subject to regulatory approvals and other customary conditions. Banque Pâris Bertrand is a renowned private bank with headquarters in Switzerland and offices in Geneva and Luxembourg. Banque Pâris Bertrand's client base consists of wealthy families, family offices and institutional investors, primarily from Switzerland, as well as other markets in Europe.

We also provide lending facilities for our clients. Our private client lending activity continues to grow, increasing by 12%. This was driven by an increase in Lombard lending secured on portfolios, which has been very resilient despite the market fluctuations during 2020. As at 31 December 2020, our total loan book was €3.5 billion (2019: €3.3 billion) of which €3.1 billion (2019: €2.8 billion) was private client lending, which is primarily Lombard loans and residential mortgages. The other lending of €0.4 billion (2019: €0.5 billion) relates to our clients' business activities and interests.

€55.8bn
Assets under Management

€2.9bn
Net inflows in 2020

245
Client advisors

Asset Management

Asset Management is a multi-expertise asset manager delivering bespoke investment management and advisory services to institutional clients, financial intermediaries and third-party distributors in Europe and North America.

Asset Management Europe

Across our complementary fields of expertise in active high-conviction management and open architecture, our business model is grounded in a deep understanding of each and every client's need. By combining multiple expertise and robust investment and operational processes, we offer a distinct perspective to our clients to make a meaningful difference to their assets in the long-term. In Rothschild & Co Asset Management Europe, assets moved from €20.7 billion in 2019 to €19.4 billion in 2020[1].

We continued the strategic repositioning of the division with the refocusing of our activities on long-only asset management and the disposal of non-core activities, respectively in alternative multi-management and distribution of alternative UCITS funds (InRIS platform). We also continued to increase the synergies with our Wealth Management business in France to develop better services and products for our clients.

During the year, we continued our efforts to reorganise our range of open-ended funds to make it clearer and more transparent in France and internationally in the European markets where we are established: Germany, Benelux, Italy, Spain and Switzerland. This repositioning of our range around four strong brands (Conviction, Thematic, Valor and 4Change) was also complemented by the launch of new funds to complete our offer: a thematic fund based on new consumer trends and a fund invested in green bonds.

We also adapted our organisation to increase our efficiency. On the one hand, our business development activities were regrouped in three zones: France, Northern Europe and Southern Europe. On the other hand, our financial and ESG-focused analysis teams were merged into a single team, enabling us to accelerate the transition of our management towards greater consideration of ESG criteria. These efforts have enabled us to obtain the SRI label for part of our 4Change range dedicated to taking environmental and social issues into account.

Asset Management North America

Headquartered in New York, Rothschild & Co Asset Management US Inc. manages investments in large-cap, small/mid-cap, small-cap and balanced strategies.

We seek to provide superior performance while controlling risk. Our seasoned teams of professionals use a disciplined investment philosophy and an integrated process focused on fundamentals.

We manage assets for a broad range of clients including: corporates, endowments, foundations, healthcare organisations, high-net-worth investors, public pension funds and sub-advisory relationships.

Active fundamental management

Despite highly volatile markets, we continue to attract new business from clients in particular an important sub-advisory mandate with Transamerica AM, new distribution partner, for approximately $2.1 billion, which came into effect in December 2020.

Assets under Management fell sharply in 2020 to US$9.4 billion (2019: US$11.3 billion). This was a result of poor market conditions and outflows of assets, primarily arising from the departure of the firm's Taft-Hartley team.

However, we are keen to develop our offering with the arrival of two new teams: one is dedicated to emerging-market equities product, the other to ESG strategies.

Active Risk-based solutions

Assets for our risk-based smart beta strategies held steady at US$1 billion in 2020. Our strategies performed well, providing investors with strong risk-adjusted returns.

Our relationships with National Bank Investment in Canada and with Nationwide, a large US insurer, remain strong.

€22.3bn
Assets under Management

€2.2bn
Net outflows in 2020

53
Investment managers

(1) Of which €5 billion managed on behalf of Wealth Management clients.

Merchant Banking is the investment arm of the Rothschild & Co Group with global Assets under Management of €15.7 billion across Corporate Private Equity, Secondaries, Multi-Managers funds, Co-Investments, Direct Lending and Credit Management.

Since its foundation in 2009, Merchant Banking has grown its Assets under Management from c. €1.0 billion to c. €15.7 billion through the launch of a series of private equity and private debt funds. Our investment platform provides a comprehensive offering of products with investment strategies predominantly focused on Europe and the US. Overall, the business employs 104 front office professionals, of which 97 investment professionals across five offices (London, Paris, Luxembourg, New York and Los Angeles).

Our culture is shaped by the Rothschild family's investing tradition of consistently generating long-term value through an equal emphasis on both risk and return. This is driven by three intertwined principles which define who we are today:

- Passion for investing: The Rothschild family has an investing history dating back more than two hundred years – particularly backing entrepreneurs who the family felt were ahead of their times. At Merchant Banking, we celebrate this legacy, expending significant energy to ensure this remains at the heart of our culture.
- Respect for risk: Our investing ethos is centred on delivering attractive risk-adjusted returns for our investors. This approach is born out of a long-held Rothschild & Co philosophy of wealth preservation through active avoidance of capital impairment.
- Culture of partnership: We aim to form close, enduring relationships with each of our stakeholders: our investors, our managers, our people, our advisers and financiers, and the broader environment in which we operate. We invest significant amounts of capital alongside our investors in each of our funds. Our aspiration is to have a culture of partnership with a shared sense of collective purpose in every important decision we make.

As at 31 December 2020, our Assets under Management totalled €15.7 billion, comprising €6.8 billion in private equity and €8.9 billion in private debt:

- Corporate private equity, including Five Arrows Principal Investments (FAPI), Five Arrows Growth Capital (FAGC) and Five Arrows Capital Partners (FACP).
- Secondaries, multi-manager funds and co-investments, including Five Arrows Secondary Opportunities (FASO), Five Arrows Private Equity Programme (FAPEP) and Five Arrows Minority Investments (FAMI).
- Direct lending, including Five Arrows Credit Solutions (FACS), Five Arrows Direct Lending (FADL) and Five Arrows Debt Partners III (FADP III).
- Credit management (R&Co CM), including the Oberon and Elsinore strategies as well as CLO (Collateralised Loan Obligation) structures.

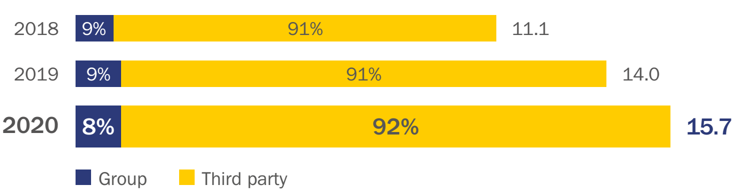
We are committed to environmental, social and governance (ESG) matters and are a signatory to the UNPRI (United Nations Principles for Responsible Investment). In 2020, Merchant Banking supported several NGOs and social enterprises mainly focusing on enhancing the prospects of disadvantaged young people globally through a partnership with Epic Foundation. Our partnership is based on individual commitments from our staff with a matching scheme from Rothschild & Co.

€15.7bn
Assets under Management

97
investment professionals

4
strategies

Assets under Management
(in billions of euros, as at 31 December)



Financial results for 2020

The division generated revenue of €148 million (2019: €197 million), down 25% compared with 2019 due to lower uplifts in valuations in 2020. When compared with the average year-on-year revenue for the last three years, revenue is down 15%.

The year-on-year revenue contraction reflects two opposing effects:

- recurring revenue of €114 million (which includes management fees net of placement fees) was up 24% (2019: €91 million); and
- investment performance-related revenue of €34 million (2019: €106 million), comprises:
  - €6 million of realised and unrealised carried interest, down 88% (2019: €48 million) ; and
  - €28 million of realised and unrealised investment gains and dividends, down 52% (2019: €58 million).

In a challenging environment, Merchant Banking continued to successfully execute its strategy to steadily increase its recurring revenue base through the expansion of its Assets under Management, as its most recent funds completed their fundraising processes and new funds were launched during the year. Recurring revenues have grown fourfold in the last six years, reaching a record-high of €114 million (2015: €27m), representing 77% of total revenue in 2020 (versus 39% in 2015).

The decline in investment performance-related revenue (carried interest and investment income) in 2020, compared with 2019, is primarily attributable to the reduced value accretion in Merchant Banking's private equity portfolio. This slowdown is expected to be transient, with no or limited impact to the long-term value of the portfolio. The investments have proven to be extremely resilient, with valuations at the end of 2020 closing higher than in December 2019.

Positive investment performance-related revenue (albeit lower than previous years), combined with record-high recurring revenue and careful cost management, allowed Merchant Banking to close 2020 with an operating income of €57 million, down 49% year-on-year (2019: €111 million), due to the contraction in investment performance-related revenue (€72 million year-on-year). This result represents a total operating margin of 39% down versus last year (2019: 56%). However, the profitability margin of Merchant Banking's fund management activities (which excludes investment performance related revenue) reached a record high level of 20% (2019: 5%).

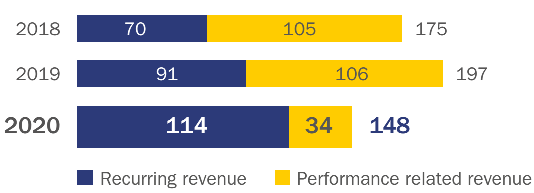
A critical indicator to measure the performance of Merchant Banking is Return On Risk Adjusted Capital ("RORAC"), a ratio comparing the adjusted profit before tax and an internal measure of risk capital invested in the business, on a rolling three-year basis. As at 31 December 2020, RORAC was 20% down versus last year (2019: 28%). The RORAC, however, continues to remain well above the division's stated target ("above 15% through the cycle").

The alignment of interests between the Group and our third-party investors remains a key differentiator. During 2020, the Group's share of capital deployed by the division amounted to €120 million. Disposals generated proceeds of €89 million for the Group.

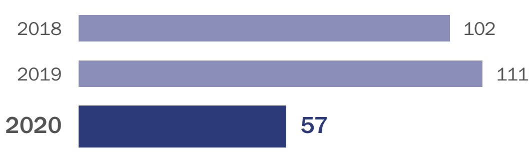
The largest disposal was completed by FAMI which exited Response Invest, a provider of interior design solutions to retail outlets, originating a cash inflow of €15 million for the Group. In addition, FAMI received distributions of c. €10 million from its portfolio of third-party private equity funds. FAPI I, the first generation European private equity fund, completed the exit of Dominque Dutscher (a French distributor of laboratory supplies) achieving a MOIC of 1.56x[1]. Successful exits were also completed by the division's debt funds: FACS, Merchant Banking's first generation direct lending fund, completed the successful exit of Exemplar (a UK healthcare provider of nursing and rehabilitation services), achieving a gross IRR of 10.2%; FADL, the division's second-generation direct lending fund, exited BFCC (a French distributor of dental prostheses) and Arachas (an Irish commercial insurance broker), achieving gross IRRs of 9.8% and 10.0% respectively.

Merchant Banking's AuM were €15.7 billion as at 31 December 2020 (31 December 2019: €14.0 billion), up 12%, mainly due to new fund launches (FADP III and FAGC I), additional fund closings (FAPEP II) and new CLO vehicles in Europe and in the US.

Revenue
(in millions of euros)



Profit before tax
(in millions of euros)



(1) MOIC: Multiple Of the Invested Capital.

New business initiatives in 2020

During 2020, Merchant Banking continued to develop its business activities in private equity and private debt, by launching new funds and holding additional closings for fundraising initiatives already in place at the start of the year.

In corporate private equity, the division launched its first growth capital fund, FAGC I. The fund will invest in European small-cap companies active in Healthcare, Data & Software and Technology-Enabled Business Services. In 2020, FAGC I held three closings, securing commitments of c. €220 million at year-end.

Additionally, the division entered into a strategic partnership with a newly founded private equity manager in Greater China, Auster Capital Partners, in which it holds a minority interest in the manager in addition to a commitment to the fund, Auster Fund I. The vehicle will invest in either foreign companies looking to expand in Greater China or in Chinese companies looking to expand internationally.

In the multi-strategy space, Five Arrows Private Equity Programme II (FAPEP II), the division's second-generation multi-strategy fund, secured additional commitments during the year, finishing 2020 with €440 million of committed capital, materially above its initial target.

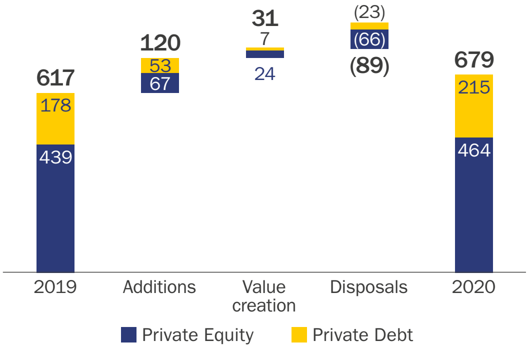
In direct lending, Merchant Banking launched the fundraising for its third fund, Five Arrows Debt Partners III (FADP III). In 2020, this fund secured commitments of c. €640 million and was able to also deploy c. €250 million of capital.

Finally, in credit management, Five Arrows Global Loan Investments (GLI), the division's investment company investing in the subordinated tranches of CLOs, held its second closing and secured commitments of €230 million. During 2020, GLI was crucial to enable R&Co CM to price and close three new CLOs in the US and one new CLO in Europe.

Net Asset Value (NAV) of the Group's investments in Merchant Banking products

in millions of euros	2020	2019	Assets under Management (in €bn) 2020
Private equity	**464**	**439**	**6.8**
Primary (inc FAPI/FACP)	282	244	3.8
Secondaries (inc. FASO/FAPEP)	72	69	2.4
Five Arrows Minority Investments (FAMI) and others	110	126	0.6
Private debt	**215**	**178**	**8.9**
Direct Lending (inc. FACS/FADL)	80	59	1.7
Credit Management (inc. Oberon/CLOs)	135	119	7.2
Total AuM	**679**	**617**	**15.7**

Change in Net Asset Value (NAV)
(in millions of euros)



Private equity

In private equity, we manage €6.8 billion with a team of 62 investment professionals across two different business lines:

- Corporate private equity
- Secondaries, multi-manager funds and co-investment

Corporate private equity

Five Arrows Principal Investments (FAPI)

Launched in 2010, FAPI is our flagship initiative built on Rothschild & Co's successful European mid-market investing strategy over the past two decades.

FAPI concentrates on expansion and buyout deals in the mid-market segment across Europe. The investment team has adopted a highly selective investment strategy focused on companies with highly defensible market positions; business models with high visibility of organic unit volume growth and strong free cash flow conversion; strong management teams; and multiple operational levers to unlock latent value. Sectors are limited to data and software, healthcare and education, and technology-enabled business services. Three funds are currently managed: FAPI I, which raised €583 million in 2010, FAPI II, which raised €781 million in 2015, and FAPI III, which raised €1.28 billion in 2019. The investment teams are based in Paris and London.

Five Arrows Capital Partners (FACP)

FACP is the US-based version of FAPI: the fund's investment strategy targets lower mid-market companies valued between US$75 million and US$500 million with the same sector focus as FAPI: healthcare and education, data and software, and technology-enabled business services. FACP's primary geographic mandate is for companies that are either headquartered or that sell into the US and Canada. In line with FAPI, FACP invests in: franchises with dominant market positions and outstanding management teams; business models with high revenue and earnings visibility; and multiple operational levers to unlock latent value.

Typically, FACP targets equity tickets of US$30 million to US$70 million per transaction with the ability to commit significantly larger amounts in conjunction with the Fund's limited partners. The investment team is based in New York.

SOFTWAY MEDICAL

In January 2020, FAPI III completed the acquisition of Softway Medical, the leading software publishing and hosting services provider for health institutions in France. The company develops and provides medical and administrative information systems for health institutions and radiology practices across the country. The investment in Softway Medical leverages FAPI's experience in the healthcare IT sector developed through its investments in RLDatix and CBA. The company is ideally positioned to benefit from digitalisation of patient management information systems, as well as from the reform of the public health segment currently undergoing in France. Softway Medical is headquartered in the south of France, operates from ten locations across the country and employs c. 530 staff.

JUVARE

In July 2020 FAPI III and FACP jointly acquired Juvare, a global leader in critical incident management and emergency preparedness software. The company's solutions streamline data into a common operating picture, enabling government agencies, corporations, healthcare facilities, academic institutions and public health departments to prepare for and respond to critical events. Juvare is headquartered in the US (Atlanta), but has a compelling growth potential in Europe where it already has significant software development operations. Merchant Banking's ability to offer a trans-Atlantic solution, with the FAPI and FACP teams, was a critical success factor to secure the asset. The company employs c. 170 staff, of which c. 110 are based in the US, c. 50 in Europe and c. 10 in Australasia.

Five Arrows Growth Capital (FAGC)

FAGC is a highly complementary and synergistic strategy in Merchant Banking's corporate private equity offering. It is focused on investing in attractive European companies – in the same key focus sectors as FAPI and FACP – with Enterprise Values of less than €100 million. We think this size segment is particularly dynamic, offering significant value creation opportunities for Merchant Banking's investors, but in companies that are too small for FAPI.

The fund secured c. €220 million of commitments in 2020 and is actively assessing investment opportunities in the market. FAGC's fundraising process is ongoing and will be completed in 2021. The investment teams are based in London and Paris.

Corporate private equity investment activity in 2020

In 2020, FAPI I completed the successful exit of Dominique Dutscher for a gross MOIC of 1.56x. The fund will enter its liquidation period in 2021 with principally only two positions left in its portfolio. Whilst these assets have additional value creation potential over the coming years, in order to give existing investors a liquidity option, the FAPI team structured a continuation vehicle with new investors. This transaction will close in Q1 2021.

FAPI II's investment period ended in 2019 and in 2020 the fund did not look to make any exits as the fund is still in its value creation phase. The performance of the portfolio remained resilient during 2020 with positive unrealised value accretion from existing investments.

FAPI III and FACP completed two joint investments in 2020, acquiring Juvare, a US-based crisis management technology platform with significant growth opportunities in North America and Europe, and Texthelp, a global leader in learning analytics and assistive technology for educational needs headquartered in the UK. Additionally, in Q1 2020 FAPI III acquired Softway Medical, a cloud-based software provider for health institutions in France.

As at 31 December 2020, the Net Asset Value of the Rothschild & Co Group's investment in corporate private equity funds[(1)] was €240 million for FAPI and €42 million for FACP.

(1) As at the end of 2020, FAGC had not called capital yet, so its NAV is immaterial.

Secondaries, multi-manager funds and co-investments

Five Arrows Secondary Opportunities (FASO)

The FASO team specialises in European small and mid-cap secondary direct transactions. FASO acquires assets from sellers seeking liquidity or divesting non-core assets, as well as from fund managers rebalancing their portfolios.

Following FASO III, raised in 2012, and FASO IV, raised in 2016-2017, FASO V completed its successful fundraising at €1.0 billion in 2019, well above its original target size of €700 million.

The FASO team has completed more than 40 secondary transactions to date across its three funds, with diversified portfolios in Europe, and most recently with FASO V, also in the US.

The FASO team has continued to grow in 2020, with two investment professionals now based in New York, and two secondary transactions now closed in the US for FASO V. As at December 2020, FASO V had completed six transactions in total (Europe and US), deploying 41% of its capital.

At the end of 2020, the Net Asset Value of the Group's investment in FASO funds represented €63 million.

Five Arrows Private Equity Programme (FAPEP)

FAPEP is Merchant Banking's global multi-manager private equity platform. FAPEP capitalises on the Group's private equity expertise, investing globally across different segments of the private equity asset class: primary fund investments, secondaries and co-investments. This investment strategy provides highly diversified access to private equity in a well-structured solution.

FAPEP I (formerly Arolla) committed 98% of its €195 million capital into 34 transactions across Europe, the US and emerging markets. During 2019, the fund made its last two investments and closed its investment period.

In 2020, the second-generation fund of this strategy, FAPEP II, continued to raise capital and secured commitments of €440 million as at December 2020.

FAPEP II has also been very active on the investment front in 2020, having completed 21 transactions, committing 45% of its capital to date.

As at 31 December 2020, the Net Asset Value of the Group's investment in FAPEP I and FAPEP II represented €9 million.

VIA equity

In June 2020, FASO V acquired a 49% stake in VIA Equity II and VIA Equity III from two public pension funds in Denmark. As part of the transaction, FASO V also committed capital to the successor fund, VIA Equity IV. VIA Equity is a Danish private equity firm investing in small-cap companies operating in Scandinavian countries, mainly in the TMT/ICT and business services industries. As a result of the transaction, FASO V gained exposure to a diversified portfolio of 13 companies operating in resilient business services niches in the Nordic region, with an average EBITDA margin above 20% and low leverage levels.

ENGINEERING

Engineering is a leading Italian provider of IT services, software development and digital platforms, supporting clients across the country in digital transformation projects. The company works with blue-chip customers in five different verticals and operates in three main areas: application transformation, proprietary solutions and managed services. Engineering's growth has outpaced the market in recent years and the company has successfully integrated a number of smaller players. Both FAPEP II and a special purpose vehicle created as part of the FAMI III investment programme co-invested in Engineering in July 2020, alongside the main sponsors Neuberger Berman and Bain Capital.

Five Arrows Minority Investments (FAMI)

FAMI is the division's co-investment strategy, investing alongside a proprietary network of international fund managers. It has deployed over €500 million of capital in more than 80 transactions since the 1990s, mainly in growth capital and buy-out opportunities across North America, Europe and emerging markets.

In conjunction with the investment activities carried out directly on the Group's balance sheet, the FAMI team also manages three co-investment programmes (R&Co Private Opportunities I & II, and FAMI III) structured as investment clubs. These programmes were originally launched in 2013 as a joint initiative between the Merchant Banking and Wealth Management divisions of Rothschild & Co for the exclusive benefit of key relationships of the Group.

In 2020, the team completed the first two transactions of its third co-investment programme, FAMI III. The first transaction was a minority stake in Engineering, an Italian IT systems integrator and software provider. In Q4 2020, the team completed the second transaction, acquiring a stake in Softway Medical, through the syndication of a minority holding held by Naxicap Partners.

As at 31 December 2020, the Net Asset Value of the Group's investments in FAMI was €110 million.

AvePoint

In June 2020, FAMI team completed the disposal of minority stake in Ave Point, the leading US provider of data governance, protection and migration solutions for Office 365 and Sharepoint. FAMI originally invested in Ave Point in October 2014 as part of its first co-investment programme, Rothschild & Co Private Opportunities I (R&Co PO I), and joined a syndicated transaction sponsored by Goldman Sachs. The transaction generated a gross MOIC of 2.2x for the R&Co PO I investors.

Private debt

Our private debt activities account for over €8.9 billion of Assets under Management and our team comprises 35 investment professionals.

We are active through two different business lines:

- Direct lending
- Credit management

Through our private debt activities, we are able to offer our investors access to both the European mid-size corporate credit market and the large-cap, broadly syndicated European and US LBO credit markets. These asset classes are currently attracting strong demand, as investors look to diversify away from lower-yielding, traditional fixed-income products.

Direct lending

Five Arrows Credit Solutions (FACS)

FACS, the division's first direct lending fund, closed in 2014 with €415 million of commitments and is focused on originating and structuring customised junior/subordinated financing solutions for mid-market companies. The fund supports private equity sponsors, entrepreneurs and family-owned businesses in a broad range of financing needs, including leveraged buy-outs, expansion and acquisition financings, as well as recapitalisations and refinancing.

The fund has been fully deployed into 16 transactions, investing a total of €494 million, representing 119% of its original committed capital, following the re-deployment of capital realised from certain successful early exits. FACS has consistently generated a strong cash yield in line with its investment mandate and, as of December 2020, has distributed approximately 0.71x of its invested capital to investors[1]. The fund's eight successful exits have in aggregate delivered an attractive 14.4% gross IRR.

As at 31 December 2020, the value of the Group's investment in FACS represented €38 million.

Five Arrows Direct Lending (FADL)

Launched in 2017, the fund held its final closing in 2018, securing total commitments of €657 million. FADL provides senior secured loans to mid-market corporates, building on Merchant Banking's existing direct lending expertise, franchise and track record to develop financing solutions across the debt capital structure.

As of 31 December 2020, the fund completed 18 transactions (including three in 2020 as a co-investor alongside Five Arrows Debt Partners III), investing 103% of its committed capital and has exited three investments realising a 9.9% gross IRR.

As at 31 December 2020, the value of the Group's investment in FADL represented €20 million.

Exemplar Health Care

In November 2020, a secondary buyout of Exemplar was completed by a new private equity sponsor, triggering the full repayment of the financing package provided by FACS. The fund originally invested in Exemplar in July 2016 to help finance a primary buyout of the business, and during the life of the transaction provided significant follow-on capital to support the company's ambitious organic growth strategy. Exemplar was the eighth exit from the fund, which is now deep in its divestment phase, and generated a 10.2% gross IRR and a 1.36x gross MOIC. Exemplar is a leading UK provider of care services principally to adults with long-term degenerative conditions.

Dutscher

In July 2020, FADL provided a unitranche financing package to Dominique Dutscher, a leading distributor of medical equipment and consumables to R&D laboratories across Europe. The financing was provided to support the acquisition of the business by a French private equity sponsor, with additional facilities committed to finance future acquisitions. The company serves attractive, non-cyclical markets which have proven to be extremely resilient during the COVID-19 pandemic, has a highly recurring and well-diversified customer base across multiple European markets and a strong track record of market share growth.

(1) This is equal to 0.85x of committed capital, since FACS invested capital exceeds the fund's total commitments.

Five Arrows Debt Partners III (FADP III)

In Q4 2019, the team started the fundraising process for its third European direct lending fund, FADP III. During 2020, the fund had secured c. €640 million of commitments with fundraising still ongoing.

FADP III is highly complementary to FACS and FADL and capitalises on the significant debt financing appetite of mid-sized corporates, as banks continue to retreat from the market due to regulatory and capital constraints.

The strong market demand, combined with the extent of the team's sourcing network and deal flow, has allowed FADP III to deploy its capital rapidly in 2020: to date the fund has invested 39% of its committed capital in six transactions, three of which were completed in conjunction with FADL.

As at 31 December 2020, the value of the Group's investment in FADP III was €22 million.

Totalmobile

In November 2020, FADP III provided an £85 million (c. €96 million) unitranche loan to support the secondary LBO of Totalmobile by a UK mid-market private equity sponsor. Totalmobile is a leading UK provider of field service management software with an attractive subscription-based revenue model characterised by multi-year contracts and minimal customer churn. The company has an outstanding financial track record, a blue-chip customer base across different industry verticals and a best-in-class product suite delivering material productivity gains to customers managing large remote workforces.

Credit management (R&Co CM)

R&Co CM is Merchant Banking's strategy active in the European and US leveraged loan markets. It has €7.2 billion of AuM across CLOs, senior secured credit and multi-strategy credit funds, and managed accounts. At the heart of R&Co CM's investment philosophy is capital preservation based on fundamental credit analysis combined with active portfolio management.

As at 31 December 2020, the Group's investment in R&Co CM products represented €135 million.

CLO management business

In 2019, R&Co CM launched Five Arrows Global Loan Investments (GLI), which invests in the equity tranche of Rothschild & Co managed CLOs in Europe and the US. This investment entity has secured €230 million of commitments to date, including capital from the Rothschild & Co Group. GLI enhances our established CLO platform, while aligning the interests of the Group and Merchant Banking's investors in this business area.

During 2020, GLI invested capital in Contego VIII, Ocean Trails 8, Ocean Trails IX and Ocean Trails X, all new CLO vehicles priced by R&Co CM during the past year. In addition, the entity provided equity capital to two CLO warehouse structures launched last year.

In the CLO space, the combined European and US teams currently manage fourteen CLOs, representing €4.3 billion of AuM, which comprise:

- seven Contego CLOs invested in European assets
- seven Ocean Trails CLOs invested in US assets

These vehicles are consistently ranked at the top of the European rankings and display very low default rates. This is the result of deep fundamental credit analysis, conservative portfolio construction and highly experienced teams.

As mentioned above, during 2020, R&Co CM took advantage of favourable market conditions and priced four new CLOs: one in Europe, Contego VIII with assets of c. €300 million, and three in the US, Ocean Trails 8, Ocean Trails IX and Ocean Trails X, each with assets of c. US$300 million.

Oberon strategy

Oberon is a family of unlevered senior credit funds and managed accounts invested in a portfolio of senior secured debt across a diverse selection of large cap Western European and North American corporate borrowers. During 2020, the Oberon strategy's AuM remained broadly stable, and closed 2020 at €2.8 billion (in 2019, €2.9 billion). This figure includes Oberon USA, an open-ended fund investing in US assets.

The Oberon strategy continues to deliver predictable quarterly cash yields to its investors and to outperform since inception the Credit Suisse Western European Leveraged Loan Index benchmark.

Elsinore multi-strategy credit

Launched in 2017, Elsinore offers investors a unique proposition: a careful combination of some of Merchant Banking's most successful credit solutions in a single, actively managed portfolio. With allocations across a range of credit strategies, including senior loans, high yield bonds and structured products, Elsinore aims to deliver attractive returns within and across asset classes. This strategy has total AuM of €184 million at the end of 2020 in funds and managed accounts.

UPC

- Leading telecommunication operator in Switzerland
- CHF3.2 billion senior secured loan to finance the acquisition of Sunrise Telecommunication and create the second largest telecom operator in Switzerland

Thyssen Krupp Elevators

- Leading international manufacturer of elevators and escalators
- €8.25 billion senior secured loans and bonds, and unsecured bonds to finance the acquisition of Thyssen Krupp Elevators by a consortium of private equity funds

Zayo

- Leading provider of bandwidth infrastructure in the US, Canada and Europe
- US$8.5 billion senior secured and unsecured debt facilities to support the acquisition by new private equity owners

Inovie

- Third largest private laboratory testing player in France
- €772 million senior secured term loans to finance the acquisition of the company by a major European private equity fund

Adevinta

- Global online classifieds company
- €2.5 billion senior secured debt facilities to refinance debt and fund the acquisition of eBay Classifieds Group

Cheplapharm

- European company with well-established brand legacy and niche drugs
- €2.5 billion senior secured loans and bonds raised to finance the acquisitions of off-patent drug portfolios

A family controlled Group

A strong governance with an accomplished management team

A culture of responsible business

3. Management report

1 Group activities, results and financial position

1.1 Consolidation scope

Rothschild & Co SCA is the holding company of the Group. "Group" means Rothschild & Co SCA and its consolidated subsidiaries. The consolidation scope as at 31 December 2020 is set out in Note 36 of the Consolidated Financial Statements for 2020.

1.2 Key financial figures

The tables below should be read in connection with the consolidated financial statements for the year ended 31 December 2020 which are set out on pages 172 onwards of this report (the "Consolidated Financial Statements for 2020"). Unless otherwise stated, all amounts in this report are expressed in euros. Such amounts may have been rounded. Rounding differences may exist, including for percentages.

Summary consolidated income statement

In millions of euros	2020	2019	2018
Revenue (Net banking income)	**1,799**	**1,872**	**1,976**
Staff costs	(1,096)	(1,065)	(1,098)
Administrative expenses	(255)	(289)	(309)
Depreciation and amortisation	(67)	(66)	(30)
Cost of risk	(7)	(6)	(4)
Operating income	**374**	**446**	**535**
Other income / (expense) (net)	(5)	19	(4)
Profit before tax	**369**	**465**	**531**
Income tax	(60)	(68)	(77)
Consolidated net income	**309**	**397**	**454**
Non-controlling interest	(148)	(154)	(168)
Net income – Group share	**161**	**243**	**286**
Adjustments for exceptionals[(1)]	12	(10)	17
Net income – Group share excl. exceptionals[(2)]	**173**	**233**	**303**
Earnings Per Share (EPS)[(3)]	€ 2.20	€ 3.38	€ 3.88
EPS excl. exceptionals[(2)(3)]	**€ 2.37**	**€ 3.24**	**€ 4.10**
Return On Tangible Equity (ROTE)	8.2%	13.2%	17.0%
ROTE excl. exceptionals[(2)]	**8.8%**	**12.6%**	**18.0%**

(1) For more information, please refer to Section 1.6.2 "Exceptionals" below.
(2) Alternative performance measure. For more information, please refer to Section 1.6 "Alternative performance measures" below.
(3) Earnings per share – Group share diluted is €2.19 (2019: €3.35). For more information, please refer to Note 35 of the Consolidated Financial Statements for 2020.

Summary consolidated balance sheet

In billions of euros	31/12/2020	31/12/2019	31/12/2018
Cash and amounts due from central banks	4.7	4.4	4.7
Loans and advances to banks	2.3	2.0	2.0
Loans and advances to customers	3.5	3.3	2.9
of which Private client lending	*3.1*	*2.8*	*2.5*
Debt and equity securities	2.7	2.8	2.1
Other assets	1.5	1.7	1.5
Total assets	**14.7**	**14.2**	**13.2**
Customer deposits	9.9	9.5	8.7
Other liabilities	2.1	2.1	2.0
Shareholders' equity – Group share	2.3	2.2	2.0
Non-controlling interests	0.4	0.4	0.5
Total capital and liabilities	**14.7**	**14.2**	**13.2**

1.3 Consolidated financial results

1.3.1 Revenue

For 2020, revenue was €1,799 million (2019: €1,872 million), representing a decrease of €73 million or 4%. This was largely due to Merchant Banking where revenue decreased by €49 million. The translation effect of exchange rate fluctuations decreased revenue by €17 million.

1.3.2 Operating expenses

Staff costs

For 2020, staff costs were €1,096 million, up 3% or €31 million (2019: €1,065 million), which reflects the good underlying performance of the Group's businesses in a very challenging year. The translation impact of exchange rate fluctuations resulted in a decrease in staff costs of €14 million.

The adjusted compensation ratio, as defined in Section 1.6 "Alternative performance measures" below, was 67.1% as at 31 December 2020 (31 December 2019: 62.8%). When adjusting for the effects of senior hiring in the US for the advisory business and exchange rates; the ratio is 66.7% (31 December 2019: 61.8%). Further, if adjusted for the deferred bonus effect, the ratio is 66.6% (31 December 2019: 61.6%).

The 2020 compensation ratio has been negatively impacted by lower investment performance revenue from Merchant Banking (average of €112 million for the last three years) on which bonuses are not payable. If we calculate a pro forma ratio including an equivalent amount of investment revenue as in the last three years (€112 million), the compensation ratio would be 63.8%, slightly above 2019 ratio of 61.8%.

Administrative expenses

For 2020, administrative expenses were €255 million (2019: €289 million) representing a decrease of €34 million. The translation impact of exchange rate fluctuations resulted in a decrease in administrative expenses of €2 million.

As mentioned in the 2019 annual report of Rothschild & Co, the Group moved to a new IT infrastructure supplier to enable it to accelerate the implementation of its operational programmes. This has resulted in a one-off transition and transformation charge of €15 million in 2020.

The administrative expenses reduction reflects the impact of COVID-19, which resulted in savings, mainly in travel and entertaining, of around €35 to 40 million.

Depreciation and amortisation

For 2020, depreciation and amortisation were €67 million (2019: €66 million), representing an increase of €1 million. The translation impact of exchange rate fluctuations had no impact on depreciation and amortisation.

Cost of risk

For 2020, cost of risk was €7 million (2019: €6 million). This comprises provisions on the lending book, on certain GA receivables and other provisions. In 2020, cost of risk mainly included:

- a €4 million charge (2019: credit €2 million) relating to lending, mainly due to provisions for the corporate loan book in France. 2019 benefited from a number of provision recoveries;
- a €3 million charge relating to GA receivables (2019: €9 million).

1.3.3 Other income/(expenses) (net)

For 2020, other income and expenses resulted in a net cost of €5 million (2019: net income of €19 million) reflecting decreases in value of legacy assets. In 2019, it mainly comprised net capital gains on property transactions.

1.3.4 Income tax

For 2020, the income tax charge was €60 million (2019: €68 million) comprising a current tax charge of €57 million and a deferred tax charge of €3 million, giving an effective tax rate of 16.2% (2019: 14.6%).

1.3.5 Non-controlling interests

For 2020, the charge for Non-controlling interests was €148 million (2019: €154 million). This mainly comprises interest on perpetual subordinated debt and profit share *(préciput)* payable to French partners in line with the performance of the French GA and WAM businesses.

1.4 Business activities

Please refer to Chapter 2. "Business review" of this report.

1.5 Financial structure

Rothschild & Co, as a financial holding company (*compagnie financière holding*), is supervised by the ACPR on a consolidated basis. The Group has a solid balance sheet with Shareholder's equity – Group share as at 31 December 2020 of €2.3 billion (2019: €2.2 billion). This increase reflects the retained profit for the year partly offset by losses in reserves relating to actuarial valuations and translation losses from exchange rate fluctuations.

The CET 1 ratio was 20.1%[1] as at 31 December 2020 which reduced from prior year (2019: 20.2%) The fully loaded Common Equity Tier 1 capital is calculated in accordance with applicable CRR/CRD4 rules. The fully loaded solvency ratios are presented *pro forma* for current profits[2], net of dividends, for the current financial year, unless specified otherwise.

	2020	2019	Full Basel 3 minimum with the CCB(*)
Common Equity Tier 1 ratio (CET 1)	20.1%	20.2%(**)	7.0%
Global solvency ratio	20.1%	20.2%(**)	10.5%

(*) CCB: Capital Conservation Buffer.
(**) The ratios as at 31 December 2019 have been recalculated to reflect the cancellation of the 2019 dividend, in accordance with the ACPR's recommendation.

High levels of liquidity are maintained with cash and treasury assets accounting for 59% of the total assets of €14.7 billion (2019: 59%). Lending remains conservatively funded by customer deposits with a loan to deposit ratio of 35% as at 31 December 2020 (2019: 34%).

Cash generation remains good with Operating Cash Flow (OCF)[3] of €90 million (2019: €116 million). The reduction versus 2019 is due to the significant cash inflow generated on property disposals during 2019. It should be noted that the OCF is particularly dependent on the level of realisations and investments within the Merchant Banking business in any particular year. OCF excluding Merchant Banking investment activities was €121 million (2019: €138 million).

Net book value per share was €31.90 (2019: €31.23) and net tangible book value per share was €27.67 (2019: €27.07).

1.6 Alternative performance measures

To enhance the presentation of its operating performance, Rothschild & Co uses the following alternative performance measures in its communication.

(1) The ratio submitted to ACPR as at 31 December 2020 was 19.5%, which excludes the profit of the second half of the year.
(2) Subject to the provisions of article 26.2 of Regulation (EU) No 575/2013.
(3) Alternative performance measure, for more information please refer to Section 1.6 "Alternative performance measures" below.

1.6.1 Definition and reason for use

Alternative performance measures	Definition	Reason for use	Reconciliation
Net income – Group share excluding exceptionals	Net income attributable to equity holders excluding exceptional items.	To measure Net income – Group share excluding exceptional items of a significant amount.	Please refer to Section 1.6.2 “Reconciliation” below.
EPS excluding exceptionals	EPS excluding exceptional items.	To measure Earnings Per Share excluding exceptional items of a significant amount.	Please refer to Section 1.6.2 “Reconciliation” below.
Adjusted compensation ratio	Ratio between adjusted staff costs divided by consolidated revenue of Rothschild & Co. Adjusted staff costs represent: 1. staff costs accounted in the income statement (which include the effects of accounting for deferred bonuses over the period in which they are earned as opposed to the “awarded” basis); 2. to which must be added the amount of profit share *(préciput)* paid to the French partners; 3. from which must be deducted redundancy costs, revaluation of share-based employee liabilities and business acquisition costs treated as employee compensation under IFRS; **– which gives total staff costs in calculating the basic compensation ratio** 4. from which the investment costs related to the recruitment of senior bankers in the United States must be deducted; and 5. the amount of adjusted staff costs is restated by the exchange rate effect to offset the exchange rate fluctuations from one year to the next one, **– which gives the adjusted staff costs for compensation ratio.**	To measure the proportion of revenue granted to all employees. Key indicator for competitor listed investment banks. Rothschild & Co calculates this ratio with adjustments to give the fairest and closest calculation to the one used by other comparable listed companies.	Please refer to Section 1.3.2 “Operating expenses” above.
Business’s Operating margin	Each business’s Operating margin is calculated by dividing Profit before tax relative to revenue, business by business. It excludes exceptional items.	To measure the business’ profitability.	Please refer to pages 25, 35 and 39 in Chapter 2. "Business Review" of this report
ROTE excluding exceptionals	Ratio between Net income – Group share excluding exceptional items and average tangible equity Group share over the period. Tangible equity corresponds to total equity Group share less intangible assets (net of tax) and goodwill. Average tangible equity over the period equal to the average between tangible equity as at 31 December 2019 and 31 December 2020.	To measure the overall profitability of Rothschild & Co excluding exceptional items on the equity capital in the business.	Please refer to Section 1.6.2 “Reconciliation” below.
Return on Risk Adjusted Capital (RORAC)	Ratio of an adjusted profit before tax divided by an internal measure of risk adjusted capital deployed in the business on a rolling three-year basis. The estimated amount of capital and debt which management believes would be reasonable to fund the Group’s investments in Merchant Banking products is consistent with its cautious approach to risk management. Based on the mix of its investment portfolio as of the reporting dates, management believes that this RAC amounts to c. 70% of the Group’s investments net asset value and that the remainder could be funded by debt. This percentage broadly represents the weighted average of 80% for equity exposures, 50% for junior credit exposures, 40% for CLO exposures in vertical strips and 33% for senior credit exposures. To calculate the RORAC, Merchant Banking profit before tax is adjusted by a notional 2.5% cost of debt, computed as per the above (i.e. 30% of the Group’s investments NAV(1), divided by the RAC. Disclosed RORAC is calculated on a three-year rolling period average to account for the inevitable volatility in the financial results of the business, primarily relating to investment income and carried interest recognition.	To measure the performance of the Merchant Banking business.	Please refer to page 39 in Chapter 2. "Business Review" of this report and Section 1.6.2 "Reconciliation" below".
Operating Cash Flow (OCF)	Amount of cash generated by the Group’s normal business operations in the current financial year. The calculation is done via the indirect method, from the Profit before tax.	To measure the amount of cash generated by the Group’s normal business operations	Please refer to Section 1.6.2 “Reconciliation” below.

(1) NAV: Net Asset Value.

1.6.2 Reconciliation

Exceptionals

in millions of euros	2020			2019		
	PBT[1]	PATMI[2]	*EPS*	PBT[1]	PATMI[2]	EPS
As reported	**369**	**161**	***€2.20***	**465**	**243**	***€3.38***
Net profit on legacy assets	–	–	–	18	10	*€0.14*
IT transition costs	(15)	(12)	*(€0.17)*	–	–	–
Total exceptional (expenses) / income	**(15)**	**(12)**	***(€0.17)***	**18**	**10**	***€0.14***
Excluding exceptional	**384**	**173**	***€2.37***	**447**	**233**	***€3.24***

(1) PBT: Profit before tax.
(2) PATMI: Profit after tax and minority interest.

ROTE

	2020	2019
Net income - Group share excluding exceptionals	**173**	233
Shareholders' equity – Group share – opening	2,239	2,039
– Intangible fixed assets	(158)	(172)
– Goodwill	(140)	(124)
Tangible shareholder's equity - Group Share - opening	**1,941**	1,742
Shareholders' equity – Group share – closing	2,303	2,239
– Intangible fixed assets	(170)	(158)
– Goodwill	(135)	(140)
Tangible shareholder's equity - Group share - closing	**1,997**	1,941
Average Tangible equity	**1,969**	1,842
ROTE excluding exceptionals	**8.8%**	**12.6%**

RORAC

	2020	2019
PBT 2020	57	
PBT 2019	111	111
PBT 2018	102	102
PBT 2017	–	120
Average PBT rolling 3 years	**90**	**111**
NAV 31/12/2020	679	
NAV 31/12/2019	617	617
NAV 31/12/2018	515	515
NAV 31/12/2017	–	526
Average NAV rolling 3 years	**604**	**553**
Debt = 30% of average NAV	181	166
Notional interest of 2.5% on debt	(5)	(4)
Average PBT rolling 3 years adjusted by the cost of debt interest	**85**	**107**
Risk adjusted capital = 70% of average NAV	**423**	**387**
RORAC	**20%**	**28%**

Operating Cash Flow

	2020	2019	2018
Consolidated Profit before tax	**369**	**465**	**531**
Non cash items	38	(55)	(65)
Profit before tax and non cash items	**407**	**410**	**466**
Acquisition of MB investments	(120)	(126)	(81)
Disposal of MB investments	89	104	200
Net (acquisition)/disposal of property, plant, equipment and intangible assets	(22)	26	(21)
Tax paid	(52)	(69)	(64)
Net cash inflow/(outflow) relating to other operating activities(1)	(212)	(229)	(185)
Operating Cash Flow (OCF)	**90**	**116**	**315**
OCF excl. MB investment activities	**121**	**138**	**196**

(1) includes payment in respect of French profit share *(préciput)*, rental payments, movement in working capital and interest on perpetual debt

2 Company activities, results and financial position

2.1 Results and financial position of the Company

These tables should be read in connection with the Company financial statements for the year ended 31 December 2020 which are set out on pages 239 onwards of this report (the "Parent Company Financial Statements for 2020").

Key figures of the Company's Income statement

In millions of euros	31/12/2020	31/12/2019
Current income before tax	100	319
Income from capital transactions	(18)	(20)
Net income(1)	**84**	**309**

(1) Net income is post tax. For more information on tax, please refer to Note 20 of the Parent Company Financial Statements for 2020.

Key figures of the Company's Balance sheet

In millions of euros	31/12/2020	31/12/2019
Non-current assets	1,827	1,864
Current assets	396	299
Total assets	**2,224**	**2,163**
Shareholders' equity	2,040	1,958
Borrowings and other financial liabilities	–	70

The main change in the Company's assets between 2019 and 2020 concerns the receipt of €121.8 million of dividends in the year, which has helped the cash balance to rise by €100 million.

The main changes in the Company's liabilities between 2019 and 2020 concern:

- the repayment of €70 million of loans; and
- an additional provision for contingencies, which relates to a possible expense of €11.4 million linked to the exercise of stock options.

The Company received dividends of €121.8 million from its French subsidiaries (Paris Orléans Holding Bancaire: €73.9 million; K Développement: €38.6 million; Martin Maurel: €7.3 million and Rothschild Martin Maurel: €2.1 million), versus €345.2 million in 2019.

The increase in operating income of €1.4 million mainly corresponds to recharged operating expenses. The increase in operating expenses mainly corresponds to higher general and administration costs of €4.1 million. Lastly, the loss from capital transactions of €18.1 million is mainly explained by the €11.4 million provision for contingencies, net losses on Rothschild & Co treasury shares relating to the Equity Schemes of €1.7 million, and impairment of portfolio investments of €4.6 million.

2.2 Results over the past five financial years

	31/12/2020 (12 months)	31/12/2019 (12 months)	31/12/2018 (12 months)	31/12/2017 (9 months)	31/03/2017 (12 months)
I – Financial position at the end of the financial year					
a) Share capital (in euros)	155,315,024	155,235,024	155,025,552	154,815,024	154,580,024
b) Number of shares and investment certificates[(1)]	77,657,512	77,617,512	77,512,776	77,407,512	77,290,012
c) Bonds convertible into ordinary shares	–	–	–	–	–
II – Results operations (in euros)					
a) Revenues excl. tax (financial and operating income)	129,814,250	347,727,602	116,616,132	127,139,989	88,576,446
b) Income before tax, amortisation and provisions	94,755,402	317,765,249	81,957,909	113,649,623	52,866,266
c) Corporate income tax	2,248,747	9,994,506	10,800,247	8,981,132	3,885,460
d) Income after tax, amortisation and provisions	84,497,124	309,401,389	90,363,885	121,763,776	60,712,772
e) Distributed income, excl. treasury shares	51,926,547[(3)]	–[(2)]	57,682,637	52,124,082	51,925,616
III – Earnings per share data (in euros)					
a) Income after tax, but before amortisation and provisions	1,25	4.22	1.20	1.58	0.73
b) Income after tax, amortisation and provisions	1.09	3.99	1.17	1.57	0.79
c) Dividend per share	0.70[(3)]	–[(2)]	0.79	0.68	0.68
IV – Employees					
a) Average employee headcount	16	16	16	18	19
b) Total payroll expenses (in euros)	2,439,552	1,863,544	1,956,242	1,992,491	3,036,180
c) Total employee benefits (social security, welfare, etc.) (in euros)	1,281,440	1,181,532	1,241,251	858,405	1,764,709

(1) Since 15 January 2018, there are no longer any outstanding investment certificates.
(2) For more information about the dividend for the 2019 financial year, please refer to Section 2.4 “Dividends distributed by the Company over the past three financial years” below.
(3) Dividend proposed for the 2020 financial year is subject to the approval of the General Meeting to be held on 20 May 2021.

2.3 Proposed appropriation of income for the 2020 financial year

Rothschild & Co would normally have proposed for approval at the respective General Meetings a dividend of €0.85 per share in respect of the 2019 results and €0.89 per share in respect of the 2020 results. However, following the recommendations of the ACPR during 2020 and 2021, no dividend was paid in 2020 and the dividend that will propose to the General Meeting in May 2021 will be restricted to €0.70 per share.

It is however the intention to pay the remaining amount of €1.04 per share in the form of an exceptional interim dividend in respect of the 2021 financial year, as and when the regulator so allows, which we currently expect to be in fourth quarter of 2021, in the absence of materially adverse developments.

Therefore, the Managing Partner will propose to the General Meeting that the income for the 2020 financial year be appropriated as follows:

In euros	31/12/2020	31/12/2019
Net income for the financial year	**84,497,124**	**309,401,389**
Appropriation to the legal reserve	(8,000)	(20,947)
Credit retained earnings	516,541,927	209,757,174
Distributable profit	**601,031,051**	**519,137,616**
Profit share *(préciput)* allocated to the General Partners[(1)]	(3,005,155)	(2,595,688)
Appropriation		
to the payment of a dividend per share of €0.70	54,360,258[(2)]	–
to retained earnings	543,665,637	516,541,928

(1) For more information, please refer to page 60 of this report.
(2) The total amount of the distribution referred to above is calculated based on the number of shares making up the share capital as at 31 December 2020 (i.e. 77,657,512 shares) and may vary if the number of shares entitled to a dividend changes between 1 January 2021 and the ex-dividend date, depending in particular on changes in the number of treasury shares, which do not entitle to a dividend according to French law.

The Company's net income amounts to €84,497,124 for the 2020 financial year (€309,401,389 for the 2019 financial year).

This net income, less the amount of €8,000 assigned to the legal reserve and plus retained earnings of €516,541,927 makes a distributable net profit of €601,031,051 for the 2020 financial year (€519,137,616 for the 2019 financial year).

In accordance with the provisions of the Company's articles of association, in the event of an annual distributable profit, a profit share *(préciput)* equal to 0.5% of the annual distributable profit is automatically allocated to the General Partners who held such position during the relevant year. In this context, an amount of €3,005,155 (€2,595,688 for the 2019 financial year) will be automatically allocated for payment to the two General Partners, Rothschild & Co Gestion and Rothschild & Co Commandité for the 2020 financial year.

The payment of a dividend of €0.70 per share will be submitted for approval to the General Meeting to be held on 20 May 2021. The ex-dividend date would be 24 May 2021 and the dividend payment date would be 26 May 2021.

The dividend referred to above is to be understood before any tax and/or social security withholding that may apply to the shareholder according to his/her own situation. Dividends paid to individuals domiciled in France for tax purposes are in principle subject to a flat-tax (*Prélèvement Forfaitaire Unique* or *"PFU"*) on the gross dividend amount at a flat rate of 12.8% (Article 200 A of the French General Tax Code "*Code général des impôts*"), or, in case of express and irrevocable option of the taxpayer, to income tax computed according to the progressive income tax scale after deduction of a 40% allowance (Article 158, 3, 2° of the French Tax Code). In addition, the dividend is subject to social security contributions at the global rate of 17.2%, a fraction of which may be deductible in case of option for the progressive income tax scale.

2.4 Dividends distributed by the Company over the past three financial years

In accordance with Article 243 bis of the French General Tax Code, information on dividends distributed by the Company to its shareholders in respect of the previous three financial years are set out below:

	31/12/2019 (12 months)	31/12/2018 (12 months)	31/12/2017 (9 months)
Number of shares and investment certificates entitled to dividend(1)	72,190,965	73,015,996	76,653,062
Dividend per share (in euros)(2)	–(3)	0.79	0.68
Total amount distributed (in euros)	**–**	**57,682, 637(4)**	**52,124,082**

(1) Number of shares and investment certificates that could qualify for a dividend, held on the detachment date and excluding treasury shares and investment certificates held by the Company. Since 15 January 2018, there are no longer any outstanding investment certificates.

(2) The dividend corresponds to all the income distributed for the financial year. In the event of an option, where applicable, for the progressive income tax scale, the entire dividend was eligible for the 40% deduction provided for in Article 158, 3, 2° of the French General Tax Code.

(3) On 10 March 2020, Rothschild & Co announced its intention to propose a dividend of €0.85 per share in respect of 2019 to the General Meeting. However, in the context of the COVID-19 epidemic and following the announcement by the European Central Bank on 27 March 2020, recommending that dividend payments and commitments by credit and similar institutions within the European Union are stopped until 1 October 2020, the Managing Partner decided that no dividend would be distributed to the shareholders in respect of 2019, while indicating that it was its intention to pay the previously announced dividend of €0.85 per share when appropriate.
Following a subsequent announcement by the ACPR on 28 July 2020, relating to the extension until 1 January 2021 of the recommendation that dividend payments by financial institutions should not be made, the Managing Partner decided that no dividend will be distributed to shareholders during the 2020 financial year.
The Managing Partner reiterated its intention to pay the previously announced of €0.85 per share when appropriate. Both corresponding press releases, respectively dated 31 March 2020 and 29 July 2020, are available on the Company's website (www.rothschildandco.com).

(4) As authorised by the General Meeting of 16 May 2019 in its 2nd resolution, the Managing Partner revised the final amount of the actual distribution as treasury shares held by the Company on the payment date were not entitled to a dividend; the amount of the dividend corresponding to these shares was automatically added to retained earnings. The dividend has been payable on 22 May 2019.

2.5 Non-deductible expenses and charges

In accordance with Article 223 *quater* of the French General Tax Code, it is specified that there were no non-deductible expenses and charges referred to in Article 39 Paragraph 4 of the same Code for the 2020 financial year.

2.6 Information relating to payment terms

Information relating to payment terms required under Articles L.411-14 and D.441-6 of the French Commercial Code are as follows:

Received invoices

	Due and outstanding as at 31 December 2020					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total 1 day and more
(A) Late payment ranges						
Number of concerned invoices	–	4	–	–	4	8
Total amount of concerned invoices (VAT included)	–	2,555	–	–	191,770	194,325
Percentage of total purchases for the financial year (VAT included)	–	0%	–	–	1%	1%
(B) Invoices excluded from (A) relating to disputed or unrecognised payables and receivables						
Number of invoices excluded	–	–	–	–	–	–
Total amount of invoices excluded (VAT included)	–	–	–	–	–	–
(C) Reference terms of payment used (contractual or legal)						
Payment terms used for calculating the late payment	☑ Legal terms ☐ Contractual terms					

Issued invoices

	Due and outstanding as at 31 December 2020					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total 1 day and more
(A) Late payment ranges						
Number of concerned invoices	–	1	27	–	132	160
Total amount of concerned invoices (VAT included)	–	55,262	277,071	–	198,650	530,982
Percentage of the total revenue for the financial year (VAT included)	–	0%	1%	–	1%	2%
(B) Invoices excluded from (A) relating to disputed or unrecognised payables and receivables						
Number of invoices excluded	–	–	–	–	–	–
Total amount of invoices excluded (VAT included)	–	–	–	–	–	–
(C) Reference terms of payment used (contractual or legal)						
Terms of payment used for calculating the late payment	☐ Legal terms ☑ Contractual terms					

3 Significant events during the 2020 financial year

3.1 Acquisition of Banque Pâris Bertrand

Rothschild & Co announced on 16 December 2020 that Rothschild & Co Bank AG, its Wealth Management subsidiary, had entered into an agreement to acquire Banque Pâris Bertrand. This transaction marks another milestone in the sustained growth of Rothschild & Co's Wealth Management business and will consolidate its strong position in the important Swiss market. The transaction is expected to complete in the first half of 2021, subject to regulatory approvals and other customary conditions.

Banque Pâris Bertrand is a renowned private bank with headquarters in Switzerland and offices in Geneva and Luxembourg. Banque Pâris Bertrand's client base consists of wealthy families, family offices and institutional investors, primarily from Switzerland, as well as other markets in Europe. Banque Pâris Bertrand has approximately CHF 6.5 billion of client assets as at November 2020 (CHF 6 billion excluding intra-group investments).

The acquisition will leave Rothschild & Co well-capitalised, comfortably in excess of regulatory requirements, and with a robust balance sheet. It will reduce Rothschild & Co's CET 1 ratio by around 1%.

3.2 COVID-19 outbreak

Please refer to Section 6.2 "COVID-19" below.

4 Significant events after the end of the 2020 financial year

None.

5 Outlook

In Global Advisory, the Group is cautiously optimistic that the positive trend seen in the last months of 2020 will continue into 2021. The Group's visible pipeline of engagements remains healthy across the business and above levels seen at the same point last year. However, the Group remains alert to respond to a range of market conditions in the year ahead and continues to manage its costs and resources carefully.

In Wealth and Asset Management, after a strong performance in 2020, the Group anticipates a negative impact because of the ongoing low interest rate environment. Net New Assets in Wealth Management continue to be resilient but it may prove difficult to sustain the current levels, depending on the duration of the ongoing COVID-19 restrictions. The crisis has, however, underlined how the Group's excellent client service and positive investment performance remain key differentiators in a competitive market and the Group believes that it is well placed to benefit from future opportunities. The acquisition of Banque Pâris Bertrand is expected to have a positive effect following completion in the summer of 2021.

In Merchant Banking, the Group expects to continue to grow its recurring revenue base, as some of its most recent funds complete their fundraising process, new funds are launched and capital is deployed. As a result, the Group's fund management activities will represent an important profitability driver for the division and the Group. In addition, notwithstanding the uncertainties related to the COVID-19 pandemic, the Group expects its investments to continue to show resilience, take advantage of the available growth opportunities and accelerate their value creation trajectory, which will generate increased investment performance related revenue for the Group. The Group is confident that its fundamental investing principles centred around capital preservation and accurate sector selection represent the ideal foundation for its next development phase.

Despite the considerable uncertainty in the financial markets over the last 12 months, the Group's three core businesses proved to be extremely resilient. This gives the Group the confidence to believe that it is well positioned for the continued unpredictable market conditions that its faces in the forthcoming months. Thanks to the Group's strategy of focussing on its clients' needs and increasing revenue while maintaining a close control over costs, we remain cautiously optimistic for 2021.

6 Specific risks related to global economy and financial markets

6.1 Brexit

The UK formally left the EU on 31 January 2020, and the transition period ended on 31 December 2020. The Agreement between the UK and the EU did not deal to any significant extent with financial services, and the EU and the UK are currently negotiating arrangements to deal with this sector with the aim of reaching agreement in March. It is not currently possible to predict the outcome of these discussions.

The Group multiple location model is resilient and the Group's current view is that few changes will need to be made to the Group legal and operating structure as a consequence of Brexit. Changes that are being implemented are minor and largely concentrated in the Wealth and Asset Management activities.

The Group current assessment is that the biggest risk for its business is the impact of Brexit on the UK and European economic environment. The Group continues to monitor developments closely.

6.2 COVID-19

The Group's focus throughout the COVID-19 crisis has been and remains the safety and welfare of its colleagues and the needs of its clients. At the outset in March 2020, the Group was able to move swiftly into a home-working set-up for all of its employees without major impact on productivity. This accelerated adoption of digital remote working practices was a testament to the hard work and resilience of the various teams around the globe. The majority of the Group's colleagues continue to work from home and when the opportunity arises are ready to return to work from the office, in accordance with local government requirements.

The Group is financially resilient; it has a strong balance sheet and high levels of liquidity. The Group's prudent approach to the business is also reflected in its conservative loan book.

Thanks to its staff, clients and operating synergies from the three-business model, the Group is confident it will emerge from this crisis stronger and fully able to continue to support its clients and to take advantage of future business opportunities.

6.3 Potential impacts of the low interest rate environment on Rothschild & Co (and more specifically on the Wealth and Asset Management businesses)

The low interest rate environment of recent years impacts Rothschild & Co's business directly through the returns made on its cash holdings, although there is variation between different currencies. Rothschild & Co's strategy has been to maintain a low risk profile for such holdings, which are predominantly invested with central banks but also in investment grade bonds, systemically important banks, money and debt funds. Rothschild & Co has also deployed funds to support its strategy of growing private client lending in response to the expansion of the Wealth Management business and clients' demand for credit. This growth is primarily in segments with strong collateral backing, such as Lombard lending and residential mortgages, based on conservative loan to value ratios.

From a client investment perspective, Rothschild & Co has been reluctant to pass on negative interest rates to clients but the low interest rate environment makes it expensive to hold cash on their behalf, particularly Swiss francs and euros, and the Group has therefore introduced negative rates on a selective basis in certain markets. More generally, low yields even on longer-dated fixed-income securities can affect both advised and discretionary portfolio construction processes. However, Rothschild & Co interprets low rates as primarily the result of central bank policy and long-term liability management by institutions rather than as a sign that wider business conditions have taken a turn for the worse.

1 Overview of the Company

1.1 Legal form

Rothschild & Co is organised as a French partnership limited by shares (*société en commandite par actions*).

This legal form and the Company's governance reflect the long-term commitment and control of the Rothschild family.

This legal form is based on two categories of partners: (i) the general partners, with the status of "*commerçant*" under French law, who have an active role in the Company's management and are jointly and severally liable for the Company's debts, and (ii) the limited partners (also called shareholders), who are not involved in the Company's business and whose liability is limited to the amount of their investment.

1.2 General Partners

1.2.1 General presentation

The Company's general partners are:

- Rothschild & Co Gestion, a French simplified joint-stock company (*société par actions simplifiée*) with a share capital of €60,000, and whose registered office is 3 rue de Messine, 75008 Paris (France); and
- Rothschild & Co Commandité, a French simplified joint-stock company with a share capital of €60,000, and whose registered office is 3 rue de Messine, 75008 Paris (France) (the "General Partners").

Both General Partners are under the control of the French and English branches of the Rothschild family.

Pursuant to the articles of association of the Company, Rothschild & Co Gestion was in addition appointed as the statutory manager for the duration of the Company (the "Managing Partner"). For more information, please refer to page 128 of this report.

The General Partners have unlimited joint and several liability for the Company's debts. However, they shall be held liable only if the creditors have already issued the Company with a formal demand by extrajudicial instrument to settle its debts. Losses shall be divided between the General Partners in equal shares (50% for Rothschild & Co Commandité and 50% for Rothschild & Co Gestion).

In the event of an annual distributable profit, a profit share (*préciput*) equal to 0.5% of that annual distributable profit is automatically allocated to the General Partners who held such position during the relevant financial year and is distributed between them in equal shares (50% for Rothschild & Co Commandité and 50% for Rothschild & Co Gestion). However, in the event that the status of General Partner is lost during that financial year, the profit share allocated to such General Partner in respect of that period will be calculated on a *prorata temporis* basis and the remainder shall be distributed between the other General Partners.

1.2.2 Powers of the General Partners

The General Partners have the power to appoint or revoke the Company's manager at any time, except for those appointed under the Company's articles of association for which the extraordinary General Meeting's (as defined below) approval is also required.

In the event of a termination of duties of the Company's manager, the General Partners shall manage the Company pending the appointment of one or more new managers under the terms and conditions of the articles of association of the Company.

According to French law, no decision shall be validly taken by the General Meeting unless approved by the General Partners, except decisions for which legal provisions grant exclusive authority to the shareholders as described in Section 1.3.1 "General presentation" below. In addition, in accordance with the Company's articles of association, the General Partners have to approve, even if not submitted to the General Meeting, any decision having or likely to have a material effect on (i) the independence of the Group or its tradition of excellence, (ii) its links to the Rothschild family or the role it plays in it, (iii) the use of the Rothschild name or (iv) the fact that the Group's main activities are financial activities.

1.2.3 Decision-making process

The General Partners take decisions, at the manager discretion, at a general meeting or by written consultation. Whenever a decision requires the approval of both the General Partners and the General Meeting, pursuant to the law or the articles of association of the Company, the manager collects the General Partners' votes, in principle, before the General Meeting and, in any event, no later than the end of such meeting.

Decisions or proposals that fall within the remit of the General Partners shall be adopted unanimously, provided that the transformation of the Company into a French limited company (*société anonyme*) or a French limited liability company (*société à responsabilité limitée*) only requires a majority decision of the General Partners.

1.3 Limited partners (shareholders)

1.3.1 General presentation

The limited partners, as contributors of capital, are shareholders.

They do not take part in the Company's day-to-day management, but law grant them exclusive authority on: (i) appointment and removal of the Supervisory Board members; (ii) appointment and removal of statutory auditors; (iii) distribution of dividends; and (iv) approval of regulated agreements (*conventions réglementées*).

1.3.2 Terms and conditions of shareholders' attendance at general meetings

General meetings of shareholders (the "General Meeting(s)") are convened by the Managing Partner or by the Supervisory Board and decisions are made, in the conditions provided for by law, by a simple majority of the votes cast of shareholders attending or represented at the meeting in the case of ordinary General Meetings, and by a two-thirds majority of the votes cast of shareholders attending or represented at the meeting in the case of extraordinary General Meetings.

General Meetings are held at the registered office of the Company or any other place indicated in the notice of meeting. General Meetings are chaired by the Managing Partner or, with the agreement of the latter, by the Chairman of the Supervisory Board; failing which, the General Meeting elects its own chairman.

Any shareholder is entitled to attend General Meetings in accordance with the conditions provided for by law and by the Company's articles of association. These persons may send their proxy forms or mail voting forms concerning any General Meeting in paper format or electronically. The Managing Partner has the power to accept any proxy form, voting form or shareholding certificate received or presented to the General Meeting. By decision of the Company's Managing Partner to use such telecommunication methods, indicated as such in the notice of meeting or invitation to attend, shareholders who attend and vote at General Meetings by videoconference or any other telecommunication must enable their identity to be verified in order to be deemed to be present at the meeting for the purposes of quorum and majority.

In case of division of ownership of shares, the voting rights attached to the shares are exercised by the bare owner (*nu-propriétaire*), except for decisions on the appropriation of income, which are exercised by the beneficial owner (*usufruitier*).

A copy of the Company's articles of association is available on the website of the Company (www.rothschildandco.com) and at the clerk's office of the commercial court of Paris (*Greffe du Tribunal de Commerce de Paris*).

2 Information on the share capital

2.1 Share capital

The share capital of the Company is divided into ordinary shares of the same category with a par value of two euros.

As at 31 December 2020 and 31 December 2019, the total number of shares and the share capital was as follows:

	31/12/2020	31/12/2019
Total number of shares	77,657,512	77,617,512
Share capital	€155,315,024	€155,235,024

On 18 December 2020, the share capital of the Company was increased following the issuance of 40,000 new shares resulting from the exercise of 40,000 stock options under the 2013 Equity Scheme (as described on pages 67 onwards of this report.

2.2 Voting rights

As at 31 December 2020 and 31 December 2019, voting rights was as follows:

	31/12/2020	31/12/2019
Total number of exercisable voting rights	116,229,197	115,725,502
Total number of theoretical[1] voting rights	121,695,744	121,654,483

(1) The total number of theoretical voting rights includes voting rights attached to shares that are deprived of the capacity to exercise the voting rights attached to them in accordance with French law.

Each share entitles its holder to one voting right at the General Meetings, subject to the provisions regarding double voting rights described below.

Each ordinary share fully paid up and held in registered form by the same person for at least two years entitled its holder to double voting rights with respect to such share. In the event of a capital increase by incorporation of reserves, profits or premiums, shares granted to any shareholder holding shares entitled to double voting rights will also carry double voting rights. In the event of any transfer following inheritance, liquidation of marital property between spouses, or donation *inter vivos* in favour of a spouse or relative entitled to inherit, the right remains acquired and the period referred to above is not interrupted. The double voting right is cancelled *ipso jure* on any share transferred for any other cause.

In the event of division of shares, the voting right attached to the share is exercised by the bare owner (*nu-propriétaire*), except for decisions relating to the appropriation of income, where it is exercised by the beneficial owner (*usufruitier*).

2.3 Shareholding structure

To the best of the Company's knowledge, the table below summarises its shareholding structure as at 31 December 2020 and 31 December 2019:

	31/12/2020			31/12/2019		
Shareholders	**Number of shares**	***% of share capital***	***% of exercisable voting rights***	**Number of shares**	***% of share capital***	***% of exercisable voting rights***
Rothschild & Co Concordia SAS [1]	27,497,284[2]	*35.41%*	*45.00%*	26,554,652	*34.21%*	*44.38%*
David de Rothschild Family	2,520	*0.00%*	*0.00%*	2,520	*0.00%*	*0.00%*
Éric and Robert de Rothschild Family	12	*0.00%*	*0.00%*	12	*0.00%*	*0.00%*
Holding Financier Jean Goujon SAS [3]	4,057,079	*5.22%*	*6.98%*	4,057,079	*5.23%*	*7.01%*
N.M. Rothschild & Sons Limited	1,423,035	*1.83%*	–[4]	1,360,503	*1.75%*	–[4]
Bernard Maurel Family	4,229,704	*5.45%*	*7.28%*	4,229,704	*5.45%*	*7.31%*
Other members of the Enlarged Family Concert [5]	2,518,747	*3.24%*	*4.05%*	2,374,558	*3.06%*	*3.96%*
Total Enlarged Family Concert [5][6]	**39,728,381**	***51.16%***	***63.31%***	**38,579,028**	***49.70%***	***62.67%***
Treasury shares[7]	3,476,731	*4.48%*	–[8]	4,151,321	*5.35%*	–[8]
Other controlling shares [9]	566,781	*0.73%*	–[8]	417,157	*0.54%*	–[8]
Jardine Matheson group	4,217,310	*5.43%*	*7.26%*	4,217,310	*5.43%*	*7.29%*
Other Supervisory Board members[10] and Group Executive Committee members	1,032,222	*1.33%*	*0.93%*	903,809	*1.16%*	*0.82%*
Float	28,636,087	*36.87%*	*28.50%*	29,348,887	*37.82%*	*29.22%*
Total	**77,657,512**	***100.00%***	***100.00%***	**77,617,512**	***100.00%***	***100.00%***

(1) For information on the control of Rothschild & Co Concordia SAS, please refer to page 62 of this report.
(2) For information on the shares acquired by Rothschild & Co Concordia SAS during the 2020 financial year, please refer to page 72 of this report.
(3) Controlled by Mr. Edouard de Rothschild.
(4) N.M. Rothschild & Sons Limited is a Group entity controlled by the Company, as such the shares held by N.M. Rothschild & Sons Limited are deemed controlling shares and are deprived of voting rights in accordance with French law.
(5) For more information on the composition of the Enlarged Family Concert and the applicable shareholders' agreements, please refer to pages 62 onwards of this report.
(6) Some members of the Enlarged Family Concert entered into "Dutreil Agreements" (*pactes Dutreil*), which regime is provided for in Article 787 B of the French General Tax Code. Under these agreements, they committed to retain their shares for two years. For more information regarding these agreements, please refer to pages 73 onwards of this report.
(7) Shares held directly by the Company. For more information on treasury shares, please refer to pages 64 onwards of this report.
(8) In accordance with French law, treasury shares and controlling shares are deprived of the capacity to exercise the voting rights attached to them.
(9) Shares held by Group entities controlled by the Company, excluding the shares held by N.M. Rothschild & Sons Limited, which are aggregated in the Enlarged Family Concert. For more information on controlling shares, please refer to page 67 of this report.
(10) Members of the Supervisory Board, excluding (i) Mr. David de Rothschild, Mr. Éric de Rothschild and Mrs. Lucie Maurel-Aubert, whose shares are aggregated in the Enlarged Family Concert and (ii) Mr. Adam Keswick whose shares are aggregated in the Jardine Matheson group's shareholding.

Certain of the Company's shares are entitled to double voting rights as described in Section 2.2 "Voting rights" above. Of the Company's 77,657,512 outstanding ordinary shares as at 31 December 2020, 44,038,232 shares entitled their holders to double voting rights at that date.

To the Company's knowledge, no other shareholder held as at 31 December 2020, directly or indirectly, alone or acting in concert, more than 5% of the Company's share capital or voting rights.

2.3.1 Control of the Company

Family Shareholders Agreement

All the shareholders of Rothschild & Co Concordia SAS ("RCSAS"), the largest direct shareholder of Rothschild & Co, are members of the Rothschild family. They are party to a shareholders' agreement entered into on 22 January 2008 and amended and restated on 31 July 2019 (the "RCSAS Shareholders' Agreement"). The main provisions of the RCSAS Shareholders' Agreement were published by the AMF in July 2019[1].

Pursuant to the RCSAS Shareholders' Agreement:

- the RCSAS shares are locked-up for a seven-year period, i.e. until 31 July 2026: until the seventh anniversary of the RCSAS Shareholders' Agreement, there shall not occur any transfer of RCSAS shares to any person other than those defined under the RCSAS Shareholders' Agreement, any change of control of a RCSAS shareholder or any exit transaction (i.e. transaction or decision which could result in (i) the RCSAS shareholders ceasing to control RCSAS, (ii) RCSAS ceasing to control Rothschild & Co, (iii) Rothschild & Co ceasing to control N. M. Rothschild & Sons Limited or the major part of its assets, taken as a whole, and/or (iv) an initial public offering of the shares of N. M. Rothschild & Sons Limited or any holding company of N. M. Rothschild & Sons Limited;

(1) AMF Decision & Information number 219C1199 of 17 July 2019.

- RCSAS shareholders are granted a pre-emption right: any RCSAS shareholder wishing to transfer all or any part of its/his/her RCSAS shares to a third party to the RCSAS Shareholders' Agreement, shall first give notice in writing to the RCSAS Board of Directors and the other RCSAS shareholders. The RCSAS shareholders, to the extent they are members of the Family Branches (i.e. David de Rothschild Branch, Éric de Rothschild Branch, or the Integritas Branch), shall have the right to purchase all or part of the shares proposed by the selling shareholder. If the pre-emption right has not been exercised, the selling shareholder may transfer its RCSAS shares subject to several conditions, including the approval of the RCSAS Board of Directors and the adherence of the transferee to the RCSAS Shareholders' Agreement; and
- different voting rules are applicable to RCSAS shareholders during RCSAS general meetings, depending on the nature of the contemplated decisions: some decisions shall require a unanimous vote of all the shareholders who are members of the Family Branches (such as: any investment by RCSAS other than in the share capital of Rothschild & Co, or any disposal of or agreement by RCSAS to dispose of Rothschild & Co shares that would result in RCSAS holding less than 31.5% of the issued share capital in Rothschild & Co, as long as RCSAS holds 30% of the issued share capital of Rothschild & Co), some decisions shall require an affirmative vote of shareholders holding together at least 90% of the share capital and voting rights of RCSAS (such as, a new partner approval), and the other decisions shall require an affirmative vote of shareholders holding together at least 75% of the share capital and voting rights of RCSAS.

In addition to the RCSAS Shareholders' Agreement, a put and call option agreement was entered into by the English and French branches of the Rothschild family on the same date, i.e. on 31 July 2019 (the "Put and Call Option Agreement").

In accordance with the Put and Call Option Agreement, at the end of the above-mentioned seven-year lock-up period:

- (i) the English branch may transfer its remaining RCSAS shares to the French branches ("Put Option"), the latter not being granted a call option on these shares, and (ii) the French branches may purchase ("Call Option") the remaining Rothschild & Co Commandité SAS and Rothschild & Co Gestion SAS shares from the English branch, the latter being not granted a put option on these shares; and
- If the English branch exercises the Put Option and transfers its RCSAS shares to the French branches, the latter shall acquire these shares in cash. However, the buyers may (it is not an obligation) decide to be substituted by RCSAS in said acquisition (subject to the approval of the RCSAS shareholders meeting), which would then pay the purchase price in the form of Rothschild & Co shares.

The RCSAS Shareholders' Agreement and the Put and Call Option Agreement were still in force as at 31 December 2020.

As at 31 December 2020 and 31 December 2019, RCSAS shareholding structure was as follows:

	31/12/2020			31/12/2019		
Shareholders	**Number of shares**	***% of share capital***	***% of voting rights***	**Number of shares**	***% of share capital***	***% of voting rights***
David de Rothschild's family branch[(1)]	325,569,413	***39.42%***	*39.42%*	325,569,413	*39.42%*	*39.42%*
Éric and Robert de Rothschild's family branch[(2)]	459,067,390	***55.58%***	*55.58%*	459,067,390	*55.58%*	*55.58%*
Integritas BV[(3)]	41,296,677	***5.00%***	*5.00%*	41,296,677	*5.00%*	*5.00%*
Total	**825,933,480**	***100.00%***	***100.00%***	**825,933,480**	***100.00%***	***100.00%***

(1) Mr. David de Rothschild, his family and holding companies controlled by his family.
(2) Messrs. Éric and Robert de Rothschild and holding companies controlled by their family.
(3) Controlled by the English branch of the Rothschild family.

Enlarged Family Concert

RCSAS, the Rothschild family, the Bernard Maurel family and certain senior executives or former senior executives of the Group acting directly or through holding companies that they control participate in a concert (the "Enlarged Family Concert") which was originally created in June 2012 and subsequently extended and modified. The creation of, and subsequent extensions and modifications to, the Enlarged Family Concert led to the conclusion of a shareholders' agreement in 2012 and to subsequent amendments in 2014 and 2017 (the "Rothschild & Co Shareholders' Agreement"). The main provisions of the Rothschild & Co Shareholders' Agreement were published by the AMF[(1)].

In accordance with the Rothschild & Co Shareholders' Agreement:

- RCSAS is granted a right of first refusal (with a right of substitution in the exercise of this right by RCSAS of any person RCSAS chooses as long as this person acts in concert with RCSAS): where a party to the Rothschild & Co Shareholders' Agreement wishes to transfer all or any part of Rothschild & Co shares, the selling party shall, before any transfer, offer to RCSAS the Rothschild & Co shares he/she/it intends to transfer. RCSAS may then exercise its right of first refusal regarding part or all the offered Rothschild & Co shares. In contrast, RCSAS shall remain free to transfer Rothschild & Co shares any time and under the terms and conditions it deems appropriate; and
- the parties to the Rothschild & Co Shareholders' Agreement shall make their best effort to reach a consensus regarding the exercise of their voting rights during Rothschild & Co's General Meetings. If a consensus could not be reached, the parties undertake to vote along the lines recommended by the Chairman of RCSAS. In all cases and under the terms of the Rothschild & Co Shareholders' Agreement, they give irrevocable power of attorney to the Chairman of RCSAS, to represent them during all Rothschild & Co's General Meetings.

The Rothschild & Co Shareholders' Agreement was still in force as at 31 December 2020.

(1) AMF Decision & Information number 212C0784 of 19 June 2012, 215C0073 of 14 January 2015 and 217C0092 of 9 January 2017.

As at 31 December 2020 and 31 December 2019, the composition of the Enlarged Family Concert was as follows:

Enlarged Family Concert members	31/12/2020				31/12/2019			
	Number of shares	*% of share capital*	Voting rights	*% of exercisable voting rights*	Number of shares	*% of share capital*	Voting rights	*% of exercisable voting rights*
Rothschild & Co Concordia SAS	27,497,284	*35.41%*	52,303,625	*45.00%*	26,554,652	*34.21%*	51,360,993	*44.38%*
David de Rothschild Family	2,520	*0.00%*	5,040	*0.00%*	2,520	*0.00%*	5,040	*0.00%*
Éric et Robert de Rothschild Family	12	*0.00%*	22	*0.00%*	12	*0.00%*	22	*0.00%*
Holding Financier Jean Goujon(1)	4,057,079	*5.22%*	8,114,158	*6.98%*	4,057,079	*5.23%*	8,114,158	*7.01%*
N.M. Rothschild & Sons Limited(2)	1,423,035	*1.83%*	–	–	1,360,503	*1.75%*	–	–
Philippe de Nicolay-Rothschild	102	*0.00%*	202	*0.00%*	102	*0.00%*	202	*0.00%*
Alexandre de Rothschild	41,615	*0.05%*	41,615	*0.04%*	387	*0.00%*	387	*0.00%*
François Henrot Family(3)	842,470	*1.08%*	1,604,930	*1.38%*	762,470	*0.98%*	1,524,930	*1.32%*
Olivier Pécoux Family(3)	49,469	*0.06%*	87,217	*0.08%*	49,008	*0.06%*	85,204	*0.07%*
Rothschild & Co Gestion	1	*0.00%*	2	*0.00%*	1	*0.00%*	2	*0.00%*
Bernard Maurel Family(3)	4,229,704	*5.45%*	8,459,408	*7.28%*	4,229,704	*5.45%*	8,459,408	*7.31%*
Nicolas Bonnault Family(3)	368,260	*0.47%*	676,510	*0.58%*	328,260	*0.50%*	716,510	*0.62%*
Laurent Baril Family(3)	469,570	*0.60%*	874,140	*0.75%*	469,570	*0.60%*	874,140	*0.76%*
Philippe Le Bourgeois Family(3)	363,260	*0.47%*	654,180	*0.56%*	320,760	*0.41%*	614,010	*0.53%*
Christophe Desprez Family(3)	384,000	*0.49%*	767,700	*0.66%*	384,000	*0.49%*	767,700	*0.66%*
Total Enlarged Family Concert	**39,728,381**	***51.16%***	**73,588,749**	***63.31%***	**38,579,028**	***49.70%***	**72,522,706**	***62.67%***

(1) Controlled by Mr. Édouard de Rothschild.
(2) Group entity controlled by Rothschild & Co. In accordance with French law, controlling shares are deprived of the capacity to exercise the voting rights attached to them.
(3) Including their family holding companies.

2.3.2 Other shareholders' agreements

In June 2012, the Group implemented a reorganization as part of which certain former general partners of Rothschild Martin Maurel SCS (formerly named Rothschild et Compagnie Banque SCS) and shareholders of Financière Rabelais SAS (together, the "Contributors") transferred their respective interests in these entities to Rothschild & Co in exchange for Rothschild & Co shares.

In the context of this reorganization, RCSAS and the Contributors entered into lock-up agreements which require the Contributors to hold all of the Rothschild & Co shares received in exchange for these contributions for lock-up periods ranging from one to 18 years and to notify Rothschild & Co and RCSAS before any sale of said shares. The Contributors do not all participate in the Enlarged Family Concert.

As at 31 December 2020, 761,825 shares of the Company, representing 0.98% of the share capital and 0.88% of the exercisable voting rights, are still under the above-mentioned lock-up period.

2.3.3 Treasury shares

As at 31 December 2020 and 31 December 2019, the shares held directly by the Company were broken down as follows:

	31/12/2020	31/12/2019
Number of shares purchased under the share buyback programme of the Company	3,476,731	4,066,004
Number of shares not purchased under the share buyback programme of the Company	–(2)	85,317(1)
Total	**3,476,731**	**4,151,321**
% of share capital	**4.48%**	**5.35%**

(1) Shares contributed to Rothschild & Co SCA as a result of the merger with Compagnie Financière Martin Maurel in 2017.
(2) The 85,317 shares contributed to Rothschild & Co SCA as a result of the merger with Compagnie Financière Martin Maurel in 2017 were delivered in 2020 in connection with Equity Schemes and Non-Cash Instruments plans as defined below.

In accordance with French law, treasury shares are deprived of the capacity to exercise the voting rights attached to them.

Share buyback programme of the Company

The terms and the purposes of the share buyback programme of the Company approved by the shareholders at the General Meeting held on 14 May 2020 are summarised below:

Period of validity	From 14 May 2020 to 14 November 2021
Resolution approving the programme	16
Maximum number of shares which may be purchased	The number of shares purchased by the Company during the term of the buyback programme shall not exceed 10% of the Company share capital, at any time. In addition, the Company shall not, at any time own, directly or indirectly, more than 10% of its own shares.
Maximum purchase price per share	€50
Maximum amount	€388,087,550
Purposes	1. maintaining a secondary market for the shares and ensuring the liquidity of the shares pursuant to a liquidity contract entered into with an investment services provider acting independently and in accordance with a market practice accepted by the AMF; 2. cancellation of some or all of the shares purchased; 3. granting and selling shares to employees and corporate officers (*mandataires sociaux)* of the Company or its group in accordance with the terms and conditions provided for by law, and in particular in the context of stock purchase option plans (in accordance with the provisions of Articles L.225-179 *et seq.* of the French Commercial Code), free share plans (in accordance with the provisions of Articles L.225-197-1 *et seq.* of the French Commercial Code), the allotment of shares under statutory profit-sharing scheme or the implementation of company or group share plans or employee savings plans (or any similar plan) in accordance with the provisions of Articles L.3332-1 *et seq.* of the French Labour Code *(Code du Travail)*; 4. more generally, making any allocation of ordinary shares of the Company to employees and corporate officers of the Company and its subsidiaries, particularly in the context of the variable compensation of members of the professional financial market staff whose activities have a material impact on the risk exposure of the entity, for whom these awards are dependent upon the fulfilment of performance conditions; 5. delivering shares upon the exercise of rights entitling their holders to the allotment of the Company's shares by refund, conversion, exchange, presentation of a warrant or any other means; 6. holding and subsequent payment, exchange or otherwise in the context of transactions pursuant to Article L.22-10-62 of the French Commercial Code and, more generally, as part of external growth transactions, it being recalled that the said Article provides that the number of shares acquired with a view to holding them for their subsequent delivery in connection with a merger, spin-off or asset-for-share transfer may not exceed 5% of the Company's share capital; and 7. more generally, any other purpose consistent – or to become consistent – with applicable laws and regulations and in particular any other practice admitted or recognised – or to become admitted or recognised – by law or the AMF.

Transactions carried out by the Company during the 2020 financial year under its share buyback programme[1]

In accordance with Article L.225-211 of the French Commercial Code, the table below summarises the transactions carried out by the Company during the 2020 financial year under its share buyback programme:

In the context of the liquidity contract	
Number of shares booked in the name of the Company as at 31 December 2019	**38,550**
Number of shares purchased	99,104
Average purchase price	€25.23
Number of shares sold	137,454
Average sale price	**€25.23**
Number of shares booked in the name of the Company as at 31 December 2020	**200**
Par value	€400
Value at purchase price	€26.21
Corresponding fraction of the share capital as at 31 December 2020	>0.01%
Outside the liquidity contract	
Number of shares booked in the name of the Company as at 31 December 2019	**4,027,454**
Allocated as follows:	
Company's stock option plans ("Equity Schemes")[2] and Non-cash Instrument plans ("NCI")[3]	4,027,454
Number of shares purchased	–
Average purchase price	–
Number of shares sold	636,240[4]
Average sale price	€18.71
Number of shares booked in the name of the Company as at 31 December 2020	**3,476,531**
Allocated as follows:	
Company's Equity Schemes and NCI	3,476,531
Par value (per share)	€2.00
Par value (total of shares)	€6,953,062
Value at purchase price	€101,584,235.82
Corresponding fraction of the Company's share capital as at 31 December 2020	4.48%
Total of share trading costs	€30,000

(1) Transactions are recorded after settlement and delivery. In the financial statements of the Company the transactions are recorded based on the trade date.
(2) Please refer to pages 67 onwards of this report for more information regarding the Equity Schemes.
(3) Compensation policy implemented to satisfy regulatory requirement on delivery of compensation under CRD IV to Regulated Persons within the Group as defined on page 152 of this report.
(4) For the avoidance of doubt, the number of shares sold under the Company share buyback programme presented in this table does not include the transfer of the 85,317 shares contributed to Rothschild & Co SCA as a result of the merger with Compagnie Financière Martin Maurel in 2017 which were not aggregated with the shares purchased under the Company share buyback programme. Please refer to pages 64 onwards of this report for more information.

No change of purposes in the appropriation of such shares has occurred as at 31 December 2020.

It will be proposed to the shareholders, at the General Meeting to be held on 20 May 2021, to authorise the Managing Partner to buyback Company's shares under a share buyback programme which main terms and conditions will be in line with those of the share buyback programme approved at the General Meeting held on 14 May 2020.

2.3.4 Controlling shares

As at 31 December 2020, a total of 1,989,816 shares were held by entities controlled by Rothschild & Co SCA, representing 2.56% of its share capital and broken down as follows:

Entities controlled by Rothschild & Co	31/12/2020 Number of shares	31/12/2020 % of the share capital	31/12/2019 Number of shares	31/12/2019 % of the share capital
N.M. Rothschild & Sons Limited	1,423,035[(1)]	*1.83%*	1,360,503	*1.75%*
Other controlled entities which hold shares pursuant to the Equity Scheme rules and regulations[(2)]	193,666	*0.25%*	193,666	*0.25%*
Other controlled entities which hold shares pursuant to NCI plans	373,010	*0.48%*	223,386	*0.29%*
Other controlled entities which hold shares for other purposes	105	*<0.01%*	105	*<0.01%*

(1) Out of these 1,423,035 shares, 365,984 shares are held pursuant to the Equity Scheme regulations and NCI plans.
(2) Controlling shares purchased under the Equity Schemes, as described in Section 2.3.5 "Rothschild & Co's Equity Schemes" below.

In accordance with French law, controlling shares are deprived of the capacity to exercise the voting rights attached to them.

2.3.5 Rothschild & Co's Equity Schemes

As at 31 December 2020, the only securities granting access to the share capital of the Company are the stock options granted by Rothschild & Co for the benefit of senior employees and officers of the Company and its subsidiaries.

Within the framework of the delegations of authority granted by the shareholders and characteristics specific to Rothschild & Co[(1)], six equity schemes have been implemented and remained in force as at 31 December 2020.

- on 11 October 2013 (the "2013 Equity Scheme");
- on 9 December 2015 (the "2015 Equity Scheme");
- on 13 December 2017 (the "2017 Equity Scheme");
- on 20 June 2018 (the "2018 Equity Scheme"); and
- on 11 October 2019 (the "2019 Existing Partners Scheme" and the "2019 New Partners Scheme").

Participants

The Rothschild & Co Equity Schemes' participants are the most senior employees and officers across the Group including those having cross-divisional functions, such as the members of the Group Executive Committee (the "Partners").

Overview of the participants of Rothschild & Co's Equity Schemes

The 2013 Equity Scheme was made available to 57 Partners, operating in ten different countries, within the Global Advisory business and the Group Executive Committee.

The 2015 Equity Scheme was extended to ten new Partners, operating in five different countries, within the Wealth Management and Merchant Banking businesses, and the Group Executive Committee.

The 2017 Equity Scheme was extended to 20 new Partners, operating in six different countries, within the Global Advisory, Wealth and Asset Management, and Merchant Banking businesses, and having cross-divisional functions in the Group.

The 2018 Equity Scheme was extended to one new Partner within the Global Advisory business.

The 2019 Existing Partners Equity Scheme was subscribed to by 49 Partners, operating in ten different countries, and who participated in the previous Equity Schemes.

The 2019 New Partners Equity Scheme was extended to six new Partners, operating in three different countries, within the Global Advisory, Wealth and Asset Management and Merchant Banking businesses.

It is specified that no Rothschild & Co corporate executive officer ("*dirigeant mandataire social*") has participated in the Equity Schemes, except Mr. Alexandre de Rothschild, who participated in the 2013 Equity Scheme, as an employee of a Group subsidiary. Since he was not a Rothschild & Co corporate executive officer at the time he participated in the 2013 Equity Scheme, no performance condition was attached to his stock options granted at the grant date. He has not participated in an Equity Scheme since.

(1) For more information regarding the outstanding delegations granted to the Company's Managing Partner in force and in use during the 2020 financial year, please refer to pages 168 onwards of this report.

Effective participation in the Rothschild & Co's Equity Schemes

The table below indicates the total number of Rothschild & Co shares invested by the Partners who effectively participated in an Equity Scheme and the total number of stock options granted accordingly:

	Total number of shares invested	*% of share capital as at the grant date*	Total number of stock options granted	*% of share capital as at the grant date*
2013 Equity Scheme	780,000	*1.10%*	3,120,000	*4.40%*
2015 Equity Scheme	115,000	*0.16%*	460,000	*0.64%*
2017 Equity Scheme	277,500	*0.36%*	1,110,000	*1.44%*
2018 Equity Scheme	20,000	*0.02%*	80,000	*0.08%*
2019 Existing Partners Scheme	207,500	*0.27%*	830,000	*1.08%*
2019 New Partners Scheme	80,000	*0.10%*	320,000	*0.40%*

Pricing and other conditions set out to promote the long-term performance of the Group

By granting stock options to the Partners, Rothschild & Co wants to promote the convergence of interests of the Participants with the shareholders. The conditions set out in the Equity Schemes rules and regulations are designed to ensure such alignment of interests and the long-term performance of the Group.

As a condition to participate in the Equity Schemes and be granted stock options, Partners are required to acquire Rothschild & Co shares and/or restricted share units ("RSUs")(1) at market value. The Rothschild & Co shares acquired are subject to a lock-up period of four years (or in the case of the 2019 Existing Partner Scheme, three years) and the RSUs are subject to a vesting period of four years (or in the case of the 2019 Existing Partner Scheme, three years).

As shareholders, Partners' interests in the long-term performance of the Group are aligned with those of other shareholders.

The stock options have a vesting period of up to six years (three in the case of those granted under the 2019 Existing Partner Scheme) and have a ten-year term (four-year in the case of those granted under the 2019 Existing Partner Scheme) commencing from the grant date. Unexercised stock options lapse and are no longer valid or exercisable after the expiration of that term meaning that Partners are focused on improving the performance of the Group in the long term.

The Partners can only exercise their stock options if they retain their position within the Group until the exercise date of the stock options, subject to some specific exceptions stipulated in the Equity Schemes rules and regulations.

The stock options granted under each Equity Scheme are classified into four distinct tranches of stock options ("Tranche 1", "Tranche 2", "Tranche 3", and "Tranche 4"). Before the beginning of the exercise period of each tranche of stock options, the Managing Partner of the Company decides whether the stock options are exercised by subscribing newly issued Rothschild & Co shares or by acquiring existing Rothschild & Co shares. As at 31 December 2020, the Tranche 1 of the 2013 Equity Scheme is the only tranche of stock options that can be exercised by subscribing newly issued shares.

The subscription or purchase price of Rothschild & Co shares underlying the Tranche 1 of stock options per Equity Scheme (the "Exercise Price") is set at the market value on date of the grant, but Tranches 2, 3 and 4 are set at various levels above the market price at grant (as described below) which is designed to motivate the Partners to improve the performance of the Group and thereby contribute to increasing the Rothschild & Co share price.

As from the 2017 Equity Scheme, the exercise of the options is conditional upon the achievement of a performance condition which depends on the entity within which the participant is a Partner or the status of the Partner.

The Exercise Price is determined by the Managing Partner of the Company at the grant date in accordance with Articles L.22-10-56 and L.225-179 of the French Commercial Code, the applicable resolutions of the General Meeting authorising the Managing Partner to grant stock options, and the Equity Scheme rules and regulations.

(1) Within the framework of RSUs under the Equity Scheme, a number of Rothschild & Co shares were acquired by Group entities in which Equity Scheme participants hold management or executive roles. These shares, intended to be delivered to holders of RSUs, at the end of the vesting period and subject to certain conditions, are controlling shares and therefore are deprived of the capacity to exercise the voting rights attached to them until the vesting date.

The applicable Equity Scheme rules and regulations defined the Exercise Price for each stock options tranche as follows:

Equity Scheme	Tranche	Definition of the Exercise Price
2013, 2015, 2017, 2018 Equity Schemes and 2019 New Partners Equity Scheme	Tranche 1	The Floor Price
	Tranche 2	The higher of (i) the Reference (or Purchase) Price plus €0.50 and (ii) the Floor Price
	Tranche 3	The higher of (i) the Reference (or Purchase) Price plus €1.50 and (ii) the Floor Price
	Tranche 4	The higher of (i) the Reference (or Purchase) Price plus €2.50 and (ii) the Floor Price
2019 Existing Partners Equity Scheme	Tranche 1	The Floor Price
	Tranche 2	The higher of (i) the Reference (or Purchase) Price plus €1.00 and (ii) the Floor Price
	Tranche 3	The higher of (i) the Reference (or Purchase) Price plus €3.00 and (ii) the Floor Price
	Tranche 4	The higher of (i) the Reference (or Purchase) Price plus €5.00 and (ii) the Floor Price

The Floor Price and the Reference Price are defined as follows:

- the Reference Price (or the Purchase Price depending on the terminology used) means the closing listed price of the Rothschild & Co share on grant date, i.e. the date when stock options are granted. The Reference Price corresponds to the price at which the Rothschild & Co shares must be effectively invested by the Partners to be eligible to receive stock options.

  It is specified that, for the 2018 Equity Scheme, the Reference Price means the closing listed price of the Rothschild & Co share on 13 December 2017, *i.e.* the 2017 Equity Scheme grant date. The terms and conditions of the 2018 Equity Scheme, which was intended for one Partner, were aligned on the 2017 Equity Scheme.

- the Floor Price means the higher of (i) the closing listed price of the Rothschild & Co share on the grant date, (ii) 80% of the average of the opening listed prices of the Rothschild & Co share over the 20-trading day period preceding the grant date, and (iii) 80% of the average purchase price of the Rothschild & Co shares held on the grant date by Rothschild & Co pursuant to the provisions of Articles L.22-10-61 and L.22-10-62 of the French Commercial Code.

  It is also specified that, for the same reason as mentioned above for the Reference Price in the 2018 Equity Scheme, the definition of the Floor Price is slightly nuanced in the 2018 Equity Scheme. In the latter, the Floor Price means the higher of (i) the 2017 Equity Scheme Reference Price, i.e. the closing listed price of the Rothschild & Co share on 13 December 2017 (the 2017 Equity Scheme grant date), (ii) 80% of the average of the opening listed prices of the Rothschild & Co share over the 20-trading day period preceding the grant date, and (iii) 80% of the average purchase price of the Rothschild & Co shares held on the grant date by Rothschild & Co pursuant to the provisions of Articles L.22-10-61 and L.22-10-62 of the French Commercial Code.

The table below shows for each tranche of stock options per Equity Scheme the Exercise Price approved by the Managing Partner at the grant date in accordance with the aforesaid rules and regulation:

		Floor Price	Reference Price	Exercise Price approved by the Managing Partner on the grant date
2013 Equity Scheme	Options 2013-1	€17.50		€17.50
	Options 2013-2	€17.50	€17.50	€18.00
	Options 2013-3	€17.50	€17.50	€19.00
	Options 2013-4	€17.50	€17.50	€20.00
2015 Equity Scheme	Options 2015-1	€23.62		€23.62
	Options 2015-2	€23.62	€23.62	€24.12
	Options 2015-3	€23.62	€23.62	€25.12
	Options 2015-4	€23.62	€23.62	€26.12
2017 Equity Scheme	Options 2017-1	€31.56		€31.56
	Options 2017-2	€31.56	€31.56	€32.06
	Options 2017-3	€31.56	€31.56	€33.06
	Options 2017-4	€31.56	€31.56	€34.06
2018 Equity Scheme	Options 2018-1	€31.56		€31.56
	Options 2018-2	€31.56	€31.56	€32.06
	Options 2018-3	€31.56	€31.56	€33.06
	Options 2018-4	€31.56	€31.56	€34.06
2019 Existing Partners Scheme	Options EP 2019-1	€26.10		€26.10
	Options EP 2019-2	€26.10	€26.10	€27.10
	Options EP 2019-3	€26.10	€26.10	€29.10
	Options EP 2019-4	€26.10	€26.10	€31.10
2019 New Partners Scheme	Options NP 2019-1	€26.10		€26.10
	Options NP 2019-2	€26.10	€26.10	€26.60
	Options NP 2019-3	€26.10	€26.10	€27.60
	Options NP 2019-4	€26.10	€26.10	€28.60

It is specified that the Exercise Price of each tranche of stock option and/or the number of Rothschild & Co shares that may be obtained upon the exercise of such stock options may be adjusted by the Managing Partner in the cases and according to the terms provided in applicable legal and regulatory provisions, *i.e.* – under currently applicable French rules – an amortisation or reduction of the share capital; a modification of the allocation of the distributable profits; an allotment of free shares; an incorporation into the share capital of reserves, profits or issuance premiums; any issuance of equity securities or securities entitling their holders to the allotment of equity securities with a subscription right reserved for the shareholders; and any other case provided in applicable legal or regulatory provisions as of the date on which the relevant transaction is implemented.

Situation as at 31 December 2020

The table below summarises all information on outstanding stock options as at 31 December 2020:

		Date of authorisation by the General Meeting	Grant date by the Managing Partner	Total of options granted	Number of beneficiaries	Share capital % at the grant date	Subject to the fulfilment of performance conditions	Exercise period start date	Expiration date	Stock option subscription or purchasing price (in euros) approved by the Managing Partner on the grant date	Total options exercised	Total options forfeited	Total options remaining
2013 Equity Scheme	**Options 2013-1**	26 Sept. 2013	11 Oct. 2013	780,000	57	1.10%	No	30 Nov. 2016	11 Oct. 2023	17.50	412,500	20,000	**347,500**
	Options 2013-2	26 Sept. 2013	11 Oct. 2013	780,000	57	1.10%	No	11 Oct. 2017	11 Oct. 2023	18.00	372,500	20,000	**387,500**
	Options 2013-3	26 Sept. 2013	11 Oct. 2013	780,000	57	1.10%	No	11 Oct. 2018	11 Oct. 2023	19.00	265,000	30,000	**485,000**
	Options 2013-4	26 Sept. 2013	11 Oct. 2013	780,000	57	1.10%	No	11 Oct. 2019	11 Oct. 2023	20.00	106,025	30,000	**643,975**
2015 Equity Scheme	**Options 2015-1**	26 Sept. 2013	9 Dec. 2015	115,000	10	0.16%	No	11 Oct. 2018	9 Dec. 2025	23.62	50,000	10,000	**55,000**
	Options 2015-2	26 Sept. 2013	9 Dec. 2015	115,000	10	0.16%	No	11 Oct. 2019	9 Dec. 2025	24.12	30,000	10,000	**75,000**
	Options 2015-3	26 Sept. 2013	9 Dec. 2015	115,000	10	0.16%	No	11 Oct. 2020	9 Dec. 2025	25.12	20,000	10,000	**85,000**
	Options 2015-4	26 Sept. 2013	9 Dec. 2015	115,000	10	0.16%	No	11 Oct. 2021	9 Dec. 2025	26.12	20,000	10,000	**85,000**
2017 Equity Scheme	**Options 2017-1**	29 Sept. 2016	13 Dec. 2017	277,500	20	0.36%	Yes(1)	11 Oct. 2020	13 Dec. 2027	31.56	–	5,000	**272,500**
	Options 2017-2	29 Sept. 2016	13 Dec. 2017	277,500	20	0.36%	Yes(1)	11 Oct. 2021	13 Dec. 2027	32.06	–	5,000	**272,500**
	Options 2017-3	29 Sept. 2016	13 Dec. 2017	277,500	20	0.36%	Yes(1)	11 Oct. 2022	13 Dec. 2027	33.06	–	5,000	**272,500**
	Options 2017-4	29 Sept. 2016	13 Dec. 2017	277,500	20	0.36%	Yes(1)	11 Oct. 2023	13 Dec. 2027	34.06	–	5,000	**272,500**
2018 Equity Scheme	**Options 2018-1**	17 May 2018	20 June 2018	20,000	1	0.02%	Yes(1)	11 Oct. 2020	13 Dec. 2027	31.56	–	–	**20,000**
	Options 2018-2	17 May 2018	20 June 2018	20,000	1	0.02%	Yes(1)	11 Oct. 2021	13 Dec. 2027	32.06	–	–	**20,000**
	Options 2018-3	17 May 2018	20 June 2018	20,000	1	0.02%	Yes(1)	11 Oct. 2022	13 Dec. 2027	33.06	–	–	**20,000**
	Options 2018-4	17 May 2018	20 June 2018	20,000	1	0.02%	Yes(1)	11 Oct. 2023	13 Dec. 2027	34.06	–	–	**20,000**
2019 Existing Partners Scheme	**Options EP 2019-1**	17 May 2018	11 Oct. 2019	207,500	49	0.27%	Yes(1)	11 Oct. 2020	11 Oct. 2023	26.10	–	–	**207,500**
	Options EP 2019-2	17 May 2018	11 Oct. 2019	207,500	49	0.27%	Yes(1)	11 Oct. 2020	11 Oct. 2023	27.10	–	–	**207,500**
	Options EP 2019-3	17 May 2018	11 Oct. 2019	207,500	49	0.27%	Yes(1)	11 Oct. 2021	11 Oct. 2023	29.10	–	–	**207,500**
	Options EP 2019-4	17 May 2018	11 Oct. 2019	207,500	49	0.27%	Yes(1)	11 Oct. 2022	11 Oct. 2023	31.10	–	–	**207,500**
2019 New Partners Scheme	**Options NP 2019-1**	17 May 2018	11 Oct. 2019	80,000	6	0.10%	Yes(1)	11 Oct. 2022	11 Oct. 2029	26.10	–	–	**80,000**
	Options NP 2019-2	17 May 2018	11 Oct. 2019	80,000	6	0.10%	Yes(1)	11 Oct. 2023	11 Oct. 2029	26.60	–	–	**80,000**
	Options NP 2019-3	17 May 2018	11 Oct. 2019	80,000	6	0.10%	Yes(1)	11 Oct. 2024	11 Oct. 2029	27.60	–	–	**80,000**
	Options NP 2019-4	17 May 2018	11 Oct. 2019	80,000	6	0.10%	Yes(1)	11 Oct. 2025	11 Oct. 2029	28.60	–	–	**80,000**
Total				**5,920,000**		**8.04%**					**1,276,025**	**160,000**	**4,483,975**

(1) Please refer to the summary of the performance conditions in the above Section.

As at 31 December 2020, 2,786,475 stock options were still outstanding and exercisable (see in the above table the options corresponding to the Tranches 1 to 4 of the 2013 Equity Scheme, the Tranches 1 and 2 of the 2015 Equity Scheme, the Tranche 1 of the 2017 Equity Scheme, the Tranche 1 of the 2018 Equity Scheme and the Tranches 1 and 2 of the 2019 Existing Partners Equity Scheme) in accordance with the terms and conditions of the Equity Schemes.

2.3.6 Employee shareholding

In accordance with Article L.225-102 of the French Commercial Code, employee share ownership in the share capital of the Company as at 31 December 2020 amounted to 0.18% of the share capital, held by a company mutual fund *(Fonds Commun de Placement d'Entreprise)* within employee share ownership schemes *(Plans d'Épargne d'Entreprise)*.

2.3.7 Ownership threshold disclosure

Threshold disclosure requirements

Pursuant to Article L.233-7 of the French Commercial Code, any individual or legal entity, acting alone or in concert with others, that comes into possession of more than 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% or 95% of Rothschild & Co's share capital or voting rights, must inform the Company and the AMF no later than the close of business on the fourth trading day following the crossing of the threshold, and disclose the total number of shares or voting rights held. This disclosure obligation shall apply under the same conditions when the portion of the share capital or voting rights held drops below these thresholds.

In addition to threshold crossings subject to legal provisions, article 7.3 of Rothschild & Co's articles of association establishes disclosure obligations for shareholders who come into possession of a number of shares or voting rights equal to or greater than 1% of the Company's share capital or voting rights, or any multiple of this threshold. This disclosure obligation shall apply under the same conditions when the portion of the share capital or voting rights held drops below these thresholds. The shareholders must inform the Company within the timeframe provided for by law, by registered letter with acknowledgement of receipt, stating whether the number of shares or voting rights are or are not held on behalf of, under the control of, or in concert with, other individuals or legal entities. Subject to the specific provisions stated above, this statutory obligation is governed by the same rules that apply to the legal obligation, including in particular the cases of assimilation of securities held provided for by law.

Threshold crossing disclosure requirements:

Thresholds (%)	Disclosure to the Company	Disclosure to the AMF	Related obligations
1.00% and any multiple	Yes	No	
5.00%	Yes	Yes	
10.00%	Yes	Yes	Statement of intent
15.00%	Yes	Yes	Statement of intent
20.00%	Yes	Yes	Statement of intent
25.00%	Yes	Yes	Statement of intent
30.00%	Yes	Yes	Takeover bid
33.33%	Yes	Yes	
50.00%	Yes	Yes	
66.66%	Yes	Yes	
90.00%	Yes	Yes	
95.00%	Yes	Yes	

(1) Requirement also applicable in the event of an increase of more than 1% of the share capital or voting rights within a period of twelve consecutive months for persons holding between 30% and 50% of the Company's share capital or voting rights.

In the event of a failure to comply with the disclosure requirements provided for above, the securities that exceed the fraction that should have been declared may be deprived of voting rights at all General Meetings held for a period of two years.

Legal thresholds disclosure during the 2020 financial year

As a result of an acquisition of the Company's shares on and off the market by Rothschild & Co Concordia SAS, in respect of which the AMF has granted an exemption from the obligation to file a takeover bid in this respect (Document AMF n° 220C1167 dated 31 March 2020), the Enlarged Family Concert declared on 17 March 2020 that it had crossed upwards the 50% threshold of the Company's share capital (Document AMF n° 220C0997 dated 17 March 2020).

2.3.8 Dutreil agreements (*pactes Dutreil*)

The table below lists, to the Company's knowledge, the agreements falling within the scope of the Dutreil Act which were still in force as at 31 December 2020:

Agreement 2018.1	
Regime	Article 787 B of the French General Tax Code
Date of signature	Renewed on 21 February 2020
Duration of the collective agreement	Initially two years from registration date (i.e., until 21 February 2020) Renewed until 31 January 2022
Contractual duration of the agreement	
Renewal terms	Renewable by amendment to the agreement before its term
Percentage of the share capital covered by the agreement on its date of signature	25.49%
Percentage of the voting rights covered by the agreement on its date of signature	34.17%
Names of the signatories who are corporate officers within the meaning of Article L.621-18-2. a. of the French Monetary and Financial Code (*Code monétaire et financier*)	• Rothschild & Co Gestion SAS, Managing Partner of the Company • Mr. David de Rothschild, Chairman of the Supervisory Board • Mr. Éric de Rothschild, Vice-Chairman of the Supervisory Board
Names of the signatories who have close personal links with the corporate officers within the meaning of Articles L.621-18-2 c. and R.621-43-1 of the French Monetary and Financial Code	• Rothschild & Co Concordia SAS • Rothschild & Co Commandité SAS • BD Maurel SC
Names of the signatories who hold at least 5% of the capital and/or voting rights in the Company as at 31 December 2020	• Rothschild & Co Concordia SAS, member of the Enlarged Family Concert • BD Maurel SC, member of the Enlarged Family Concert • Mr. Éric de Rothschild, through Rothschild & Co Concordia SAS • Mr. David de Rothschild, through Rothschild & Co Concordia SAS
Agreement 2019.1	
Regime	Article 787 B of the French General Tax Code
Date of signature	25 February 2019
Duration of the collective agreement	Two years from registration date (i.e., until 8 March 2021)
Contractual duration of the agreement	
Renewal terms	Renewable by express decision of the subscribers
Percentage of the share capital covered by the agreement on its date of signature	21.42%
Percentage of the voting rights covered by the agreement on its date of signature	29.01%
Names of the signatories who are corporate officers within the meaning of Article L.621-18-2. a. of the French Monetary and Financial Code	Rothschild & Co Gestion SAS, Managing Partner of the Company
Names of the signatories who have close personal links with the corporate officers within the meaning of Articles L.621-18-2 c. and R.621-43-1 of the French Monetary and Financial Code	• Rothschild & Co Concordia SAS • Rothschild & Co Commandité SAS
Names of the signatories who hold at least 5% of the capital and/or voting rights in the Company as at 31 December 2020	• Rothschild & Co Concordia SAS, member of the Enlarged Family Concert • Rothschild & Co Gestion SAS, member of the Enlarged Family Concert
Agreement 2019.2	
Regime	Article 787 B of the French General Tax Code
Date of signature	6 May 2019
Duration of the collective agreement	Two years from registration date (i.e., until 10 May 2021)
Contractual duration of the agreement	
Renewal terms	Renewable by express decision of the subscribers
Percentage of the share capital covered by the agreement on its date of signature	21.48%
Percentage of the voting rights covered by the agreement on its date of signature	29.11%
Names of the signatories who are corporate officers within the meaning of Article L.621-18-2. a. of the French Monetary and Financial Code	Rothschild & Co Gestion SAS, Managing Partner of the Company
Names of the signatories who have close personal links with the corporate officers within the meaning of Articles L.621-18-2 c. and R.621-43-1 of the French Monetary and Financial Code	• Rothschild & Co Concordia SAS • Rothschild & Co Commandité SAS
Names of the signatories who hold at least 5% of the capital and/or voting rights in the Company as at 31 December 2020	• Rothschild & Co Concordia SAS, member of the Enlarged Family Concert • Rothschild & Co Gestion SAS, member of the Enlarged Family Concert

Agreement 2019.3	
Regime	Article 787 B of the French General Tax Code
Date of signature	28 February 2019
Duration of the collective agreement	Two years from registration date (i.e., until 2 December 2021)
Contractual duration of the agreement	
Renewal terms	Renewable by express decision of the subscribers
Percentage of the share capital covered by the agreement on its date of signature	21.81%
Percentage of the voting rights covered by the agreement on its date of signature	29.29%
Names of the signatories who are corporate officers within the meaning of Article L.621-18-2. A. of the French Monetary and Financial Code	Rothschild & Co Gestion SAS, Managing Partner of the Company
Names of the signatories who have close personal links with the corporate officers within the meaning of Articles L.621-18-2 c. and R.621-43-1 of the French Monetary and Financial Code	• Rothschild & Co Concordia SAS • Rothschild & Co Commandité SAS
Names of the signatories who hold at least 5% of the capital and/or voting rights in the Company as at 31 December 2020	• Rothschild & Co Concordia SAS, member of the Enlarged Family Concert • Rothschild & Co Gestion SAS, member of the Enlarged Family Concert
Agreement 2019.4	
Regime	Article 787 B of the French General Tax Code
Date of signature	28 November 2019
Duration of the collective agreement	Two years from registration date (i.e., until 8 January 2022)
Contractual duration of the agreement	
Renewal terms	Renewable by express decision of the subscribers
Percentage of the share capital covered by the agreement on its date of signature	21.36%
Percentage of the voting rights covered by the agreement on its date of signature	28.61%
Names of the signatories who are corporate officers within the meaning of Article L.621-18-2. a. of the French Monetary and Financial Code	Rothschild & Co Gestion SAS, Managing Partner of the Company
Names of the signatories who have close personal links with the corporate officers within the meaning of Articles L.621-18-2 c. and R.621-43-1 of the French Monetary and Financial Code	• Rothschild & Co Concordia SAS • Rothschild & Co Commandité SAS
Names of the signatories who hold at least 5% of the capital and/or voting rights in the Company as at 31 December 2020	• Rothschild & Co Concordia SAS, member of the Enlarged Family Concert • Rothschild & Co Gestion SAS, member of the Enlarged Family Concert

Agreement 2020.1	
Regime	Article 787 B of the French General Tax Code
Date of signature	5 November 2020
Duration of the collective agreement	Two years from registration date (i.e., until 6 November 2022)
Contractual duration of the agreement	
Renewal terms	Automatic renewal by period of three months, unless terminated by notice of one of the subscribers
Percentage of the share capital covered by the agreement on its date of signature	40.71%
Percentage of the voting rights covered by the agreement on its date of signature	52.08%
Names of the signatories who are corporate officers within the meaning of Article L.621-18-2. a. of the French Monetary and Financial Code	• Rothschild & Co Gestion SAS, Managing Partner of the Company • Mr. Alexandre de Rothschild, Executive Chairman of Rothschild & Co Gestion SAS • Mr. David de Rothschild, Chairman of the Supervisory Board • Mr. Éric de Rothschild, Vice-Chairman of the Supervisory Board
Names of the signatories who have close personal links with the corporate officers within the meaning of Articles L.621-18-2 c. and R.621-43-1 of the French Monetary and Financial Code	• Rothschild & Co Concordia SAS • Rothschild & Co Commandité SAS • Holding Financier Jean Goujon SAS
Names of the signatories who hold at least 5% of the capital and/or voting rights in the Company as at 31 December 2020	• Rothschild & Co Concordia SAS, member of the Enlarged Family Concert • Holding Financier Jean Goujon SAS, member of the Enlarged Family Concert • Mr. Éric de Rothschild, through Rothschild & Co Concordia SAS • Mr. David de Rothschild, through Rothschild & Co Concordia SAS • Mr. Alexandre de Rothschild, through Rothschild & Co Concordia SAS

Agreement 2020.2	
Regime	Article 787 B of the French General Tax Code
Date of signature	18 December 2020
Duration of the collective agreement	Two years from registration date (i.e., until 22 December 2022)
Contractual duration of the agreement	
Renewal terms	Renewable by express agreement entered into by the subscribers before the expiry date
Percentage of the share capital covered by the agreement on its date of signature	42.39%
Percentage of the voting rights covered by the agreement on its date of signature	53.39%
Names of the signatories who are corporate officers within the meaning of Article L.621-18-2. a. of the French Monetary and Financial Code	• Rothschild & Co Gestion SAS, Managing Partner of the Company • Mr. Alexandre de Rothschild, Executive Chairman of Rothschild & Co Gestion SAS • Mr. David de Rothschild, Chairman of the Supervisory Board • Mr. Éric de Rothschild, Vice-Chairman of the Supervisory Board
Names of the signatories who have close personal links with the corporate officers within the meaning of Articles L.621-18-2 c. and R.621-43-1 of the French Monetary and Financial Code	• Rothschild & Co Concordia SAS • Rothschild & Co Commandité SAS • Holding Financier Jean Goujon SAS
Names of the signatories who hold at least 5% of the capital and/or voting rights in the Company as at 31 December 2020	• Rothschild & Co Concordia SAS, member of the Enlarged Family Concert • Holding Financier Jean Goujon SAS, member of the Enlarged Family Concert • Mr. Éric de Rothschild, through Rothschild & Co Concordia SAS • Mr. David de Rothschild, through Rothschild & Co Concordia SAS • Mr. Alexandre de Rothschild, through Rothschild & Co Concordia SAS

1 Regulatory context

Rothschild & Co is currently on the list of the financial holding companies supervised by the ACPR on a consolidated basis and, pursuant to the Ordinance n°2020-1635 of 21 December 2020[1], it will seek the formal approval of the ACPR as a financial holding company before 28 June 2021.

The rules which impact upon the Group arrangements for risk management systems and controls are set out in the French Monetary and Financial Code (*Code monétaire et financier*) and the Order dated 3 November 2014, which defines the conditions for implementing and monitoring internal control systems in banking sector. The Order dated 3 November 2014 lays down the principles relating to control systems for transactions and internal procedures, accounting systems and information processing, risk and performance measurement systems, risk supervision and control systems, and internal control documentation and reporting systems.

As required by the Order dated 3 November 2014, the Group internal control system established by Rothschild & Co operates a distinction between functions and managers in charge of permanent control (including compliance, anti-money laundering and risk management) and periodic control (i.e. internal audit).

The internal control system of Rothschild & Co must also take into account, as appropriate, the AMF's General Regulations, local regulations applicable to branches and subsidiaries outside France and to specialised operations such as portfolio management, the most widely accepted industry practices in this area and the recommendations of the ACPR and of international bodies dealing with the capital adequacy framework of international banks, foremost among which are the Basel Committee, the Financial Stability Board and the European authorities (European Banking Authority (EBA), European Securities and Markets Authority).

2 Definition, objectives and scope of internal control

The internal control system refers to Rothschild & Co's own internal control system and the internal control system of the entities belonging to the Group.

The internal control system seeks to provide Rothschild & Co, its Managing Partner, the members of the Supervisory Board, officers and shareholders with reasonable assurance that the following objectives are achieved:

- the effectiveness and efficiency of the entity's operations;
- the prevention and detection of financial crime (e.g. money laundering, corruption, fraud);
- compliance with laws and regulations, internal standards and rules;
- the reliability of accounting and financial information; and
- protection of the entity's assets.

It also fulfils the internal control objectives specific to financial holding companies supervised by the ACPR on a consolidated basis.

3 Organisation of internal control

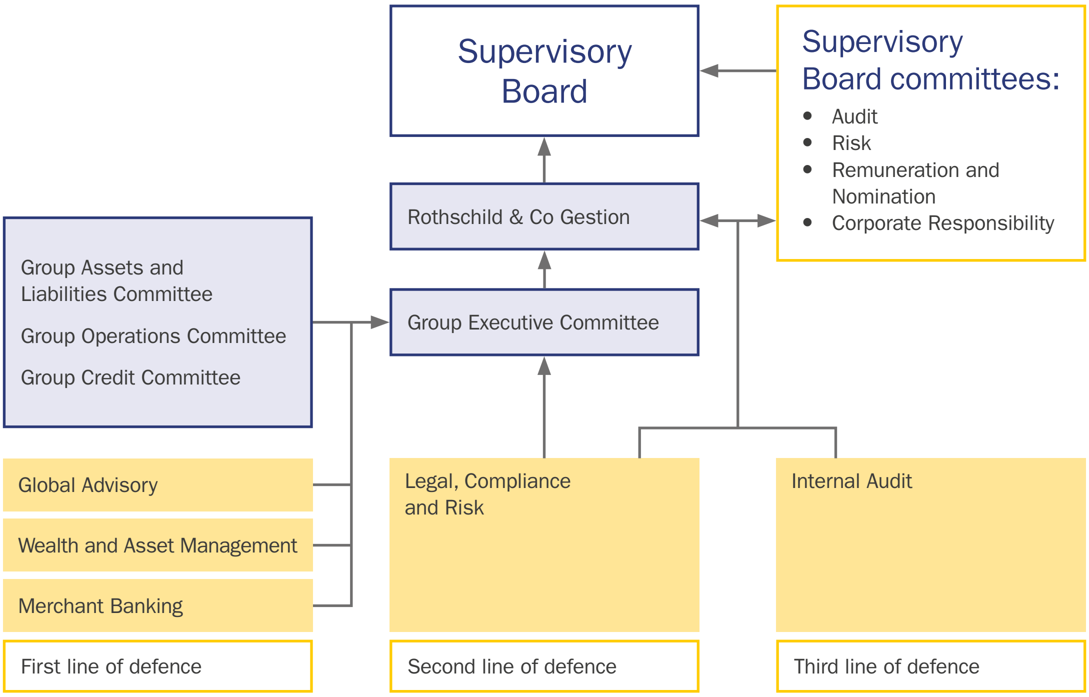
The Group's internal control framework is based on the "three lines of defence" model. The first line comprises front line management from the business itself. The second line includes independent risk, compliance (including financial crime compliance) and legal functions and, to a lesser extent, finance and human resources to monitor on a continuous basis the activity of the front line management, and the third line comprises internal audit – which exercises periodic surveillance of the Group's activities and support functions.

The three lines of defence for identifying, evaluating and managing risks may be illustrated as follows:

First line of defence	Second line of defence	Third line of defence
It is the responsibility of senior management in each of the Group's business lines to establish and maintain effective risk management systems and to support risk management best practice.	Comprises specialist Group support functions including: risk, compliance, legal, and in some cases finance and human resources. These functions provide: • advice to management at Group level and operating entity level; • assistance in the identification, assessment, management, measurement, monitoring and reporting of financial and non-financial risks; • independent challenge to the businesses; • technical guidance; • review risk policies for approval by Rothschild & Co Gestion; and • provide objective oversight and co-ordination of risk activities in conjunction with other specialist risk-related functions within the operating entities themselves.	Provides independent objective assurance on the effectiveness of the management of risks across the entire Group. This is provided by the Group's Internal Audit function.

(1) Ordinance n°2020-1635 of 21 December 2020 on various provisions to adapt the legislation to European Union law in financial matters has implemented into French law amendments to the regime applicable to financial holding companies brought by the EU directive 2019/878 of 20 May 2019.

The chart below shows the internal control governance structure through which the Group seeks to comply with these obligations:



3.1 Supervisory Board

The Supervisory Board carries out the ongoing supervision of the Company's management by the Managing Partner, including the organisation of the internal control systems of the Group, with the assistance of its Risk Committee, Audit Committee, Remuneration and Nomination Committee and Corporate Responsibility Committee for matters of their respective concern. In this context, the Supervisory Board may conduct any inspections and verifications it deems necessary and may ask to be provided with the documents it considers useful to perform its work.

The composition and role of the Supervisory Board and its Committees are presented on pages 131 onwards of this report.

3.2 Managing Partner – Rothschild & Co Gestion

Rothschild & Co Gestion is the sole manager (*gérant*) of the Company. As Managing Partner, Rothschild & Co Gestion is responsible for the overall management of the Company and is vested with the broadest powers to act in all circumstances on its behalf. As such, the Managing Partner is notably in charge of directing the internal control of the Company and the entities within the Group on a consolidated basis.

The role and organisation of the Managing Partner are presented on pages 129 onwards of this report.

The Heads of the Compliance, Legal, Risk and Internal Audit functions report on the performance of their duties to the Managing Partner and, whenever it is necessary in accordance with legal and regulatory provisions, also report to the Supervisory Board.

To carry out its duties, the Managing Partner relies on the Group Executive Committee.

3.3 Group Executive Committee

The Group Executive Committee is the senior executive committee of Rothschild & Co, whose members are the most senior executive officers of the Group's business divisions and support functions. In its role, the Group Executive Committee proposes strategic orientations to the Managing Partner, and assists the Managing Partner in overseeing the implementation of the strategy across the Group and the operational management of the Group including by (i) reviewing and monitoring of business performance, business plans, budgets and business forecasts, (ii) identifying, discussing and implementing cross-divisional synergies, (iii) identifying, discussing and reviewing new business opportunities, (iv) identifying, discussing and reviewing human resources strategic initiatives, and (v) discussing and reviewing matters relevant for Group's risk management and internal control.

The Co-Chairmen of the Group Executive Committee report jointly to the Managing Partner on the Group Executive Committee's initiatives, propositions and decisions and ensure that the Group Executive Committee implements effectively any measures set out by the Managing Partner.

The composition and role of the Group Executive Committee are presented on pages 130 onwards of this report.

3.4 Independent control functions

Internal control at Rothschild & Co consists of permanent and periodic controls. While they are complementary, they are distinct and independent of one another:

- permanent control is the overall process for managing the risks to which the Group is exposed as a result of its ongoing activities and operations. It is carried out by operational staff, and their line managers, and by control functions either within, or independent of, these operational entities; and
- periodic control is the overall process for ex-post monitoring of the operations of the Group, based on investigations that are conducted by the Group Internal Audit function, which performs periodic checks on an independent basis on the design and the effectiveness of the first two lines of defence.

3.4.1 Group Legal and Compliance

The responsibilities of the Group Legal and Compliance function include, among other things: development and maintenance of compliance policies and procedures (including those dealing with financial crime such as anti-money laundering and combating the financing of terrorism, anti-corruption)[(1)], execution or supervision of monitoring programmes, conduct of any required investigation and advice on compliance aspects of any transactional or business processes, facilitation of certain aspects of risk governance (e.g. the Global Advisory Risk Committee or the Group Financial Crime Compliance Committee, etc.), monitoring and review of legislation and regulatory developments which might affect the Group's business, reporting results of monitoring programmes to senior management, agreeing any remedial action or changes to all of the above with senior management. This independent internal control function reports to the Group Head of Legal and Compliance, who is a member of the Group Executive Committee. The Group Head of Legal and Compliance reports to the Group Executive Committee, the Managing Partner, the Supervisory Board's Risk Committee and to various boards (or their equivalent) around the Group.

3.4.2 Group Risk

Group Risk is responsible for ensuring that suitable risk management processes are in place across the Group, for reporting a consolidated view of risk exposures across the Group and delivering an independent and objective perspective on the risks in the business and whether they are consistent with Group strategy and risk appetite. As part of its role, Group Risk assesses the risks in each business and how they are managed and aims to establish a forward-looking view over emerging risks within the businesses or the external environment. The Group Chief Risk Officer reports to one of the two Rothschild & Co *dirigeants effectif*s and provides information regularly to Rothschild & Co Gestion and to the Group Executive Committee on the overall risk profile of the Group and on significant incidents in accordance with the provisions of the Group Operational Risk Policy.

This policy sets out the criteria and thresholds for identifying significant operational risk incidents and the process for escalating them and ensuring that any remedial actions are appropriately monitored.

In addition to the activities highlighted above, the Group Chief Risk Officer presents a report on risk management to the Risk Committee on a quarterly basis. This report covers capital reporting for Rothschild & Co, analysis of credit, liquidity, market and operational risk, regulatory and legal issues, any new products and highlights any material limit breaches or issues identified by Group Risk in its day-to-day activities.

Other functions, such as Group Finance and Human Resources, have an important role in maintaining a robust internal control system in their specific areas of responsibilities.

3.4.3 Group Internal Audit

Periodic control is independently exercised by Group Internal Audit. The Head of Internal Audit meets formally every three to four months with the relevant Managing Partners of Rothschild & Co Gestion and, whenever necessary, to present the activity of the Internal Audit function and discuss any material findings raised during the period. The Head of Internal Audit presents the activity of Internal Audit to the Audit Committee which meets four times a year. At the beginning of the financial year, the Audit Committee approves the audit plan for the coming year and during its meetings it reviews in detail the activity of the Internal Audit function as described below. The Head of Internal Audit meets regularly, usually every quarter, with the heads of the main lines of business to discuss progress on activity and the evolution of risks for their respective area of responsibility. This forms part of the regular information of the Internal Audit function on the evolution of the Group's risk profile.

Each of the Internal Audit officers is responsible for the audit coverage of a specific areas: Global Advisory, Private Wealth, Asset Management, Merchant Banking, Banking and Treasury and support functions, including Information Technology in parallel with their local geographical coverage. The other members of the Internal Audit function are not allocated by business and are assigned to different audits according to the scheduling of the annual audit plan. The Head of Internal Audit reports to one of the two *dirigeants effectif*s of Rothschild & Co and to the Audit Committee. The latter receives a summary of every audit report drawn up by the Internal Audit function.

4 Risk Management

The guiding philosophy of risk management in the Group is to adopt a prudent and conservative approach to the taking and management of risk. The maintenance of the Group's reputation is a fundamental driver of risk appetite and of risk management. The protection of reputation guides the type of clients and businesses with which the Group will engage.

The nature and method of monitoring and reporting varies according to the risk type. Risks are monitored regularly with management information being provided to relevant committees on a weekly, monthly or quarterly basis.

Where appropriate to the risk type, the level of risk faced by the Group is also assessed through a series of sensitivity and stress tests.

The identification, measurement and control of risk are integral to the management of Rothschild & Co's businesses. Risk policies and procedures are regularly updated to meet changing business requirements and to comply with best practice.

4.1 Credit and counterparty risk

The Group's credit risk exposure primarily arises from its private client lending activity (through Rothschild & Co Bank International Limited, Rothschild & Co Wealth Management UK Limited, Rothschild & Co Bank AG, Rothschild Martin Maurel SCS and Rothschild Martin Maurel Monaco), and from corporate lending through Rothschild Martin Maurel SCS. In addition, the legacy banking activities undertaken in N.M. Rothschild & Sons Limited (including commercial real estate loans) result in some credit risk, as does co-investment alongside real estate debt management funds.

All credit exposures are closely monitored on a regular basis and a quarterly review of bad and doubtful debts is undertaken.

(1) For more information about these policies, please refer to pages 83 onwards of this report.

All material credit exposures are subjected to an intensive process of credit analysis by expert teams and review and approval by formal credit committees. A high proportion of the credit exposures are secured.

Group Credit is responsible for monitoring the overall level of credit exposure across the Group and assisting in providing credit facilities to private clients and corporate. It also manages treasury counterparty credit risk. The Group Credit team works closely with the embedded credit staff in Rothschild & Co Bank AG, Rothschild & Co Bank International Limited and Rothschild Martin Maurel SCS and provides a first line of defence in terms of its credit expertise and its monitoring of the type and quantum of the overall lending activity. Group Risk provides independent challenge through the credit process and second line oversight and reporting of lending exposure against limits to the Group Executive Committee and the Risk Committee.

4.1.1 Management of credit risk

The Group Credit Committee ("GCC") oversees all lending in the Group through three sub-committees – the Private Client Credit Committee ("PCCC"), the Group Credit Committee – France ("GCCF") and the Corporate Credit Committee ("CCC").

The PCCC is responsible for the oversight of private client lending exposures (including credit risk and pricing of loans) in Group entities outside France and will review private client lending which is on the balance sheets of the following lending entities: Rothschild & Co Bank AG, Rothschild & Co Bank International Limited and Rothschild & Co Wealth Management UK Limited. The private client lending policies and associated delegated approval authorities is confirmed by the relevant board (or board committee as appropriate) of each of these entities.

The GCCF is responsible for the oversight of private client lending exposures and corporate lending exposures (including credit risk and pricing of loans) by Rothschild Martin Maurel SCS. The lending policies and associated delegated approval authorities are confirmed by the relevant board (or board committee as appropriate) of Rothschild Martin Maurel SCS.

The CCC is responsible for the oversight of corporate lending exposures (including credit risk and pricing) by Group entities (excluding lending to clients by Rothschild Martin Maurel SCS), including the N.M. Rothschild & Sons Ltd commercial real estate loan book, the Credit Select Series 4 mortgages, the Group's bank counterparty limits and other counterparty limits and lending to Group companies/investments in Group funds (including any co-investment in or direct credit exposure to Merchant Banking transactions).

The lending exposures assumed and the credit policies followed within the Group are subject to the oversight of the Risk Committee. The PCCC, GCCF and CCC review the level of risk assumed in respect of lending to ensure it is consistent with the risk appetite of the Group and in accordance with the Group Credit Risk Policy. Any material changes to the lending policies are reviewed by the Group Executive Committee and the Rothschild & Co Group Assets and Liabilities Committee (the "Group ALCO"), a committee set up by the Group Executive Committee, and will be reported to the Risk Committee.

4.1.2 Approach to credit risk

The Group has credit risk and large exposure policies which are established by the Group Executive Committee and reviewed by the Risk Committee.

In conjunction with the Group's Risk Appetite Statement, the policies set out the approach to managing the credit risk profile of the Group, the limits that have been set and the reporting protocols.

All exposure to credit risk is managed by detailed analysis of client and counterparty creditworthiness prior to entering into an exposure, and by continued monitoring thereafter. A significant proportion of the Group's lending exposures are secured in property or assets, and the Group monitors the value of any collateral obtained. The Group also uses netting agreements to restrict credit exposure to counterparties. For internal monitoring purposes, credit exposure on loans and debt securities is measured as the principal amount outstanding plus accrued interest.

Stress testing is an important risk management tool used to evaluate and gain an understanding of the impact of unexpected or extreme events and to validate the firm's risk appetite. Each banking entity is required to set out in its credit risk policy its approach to stress testing and whether it is considered appropriate to the entity's risk management.

4.1.3 Settlement risk

Settlement risk arises in circumstances where a counterparty does not deliver a security or its value in cash as agreed when the security was traded after the other counterparty has already delivered a security or cash value. Within the Rothschild & Co Group, settlement risk can arise when conducting foreign exchange and derivatives transactions as well as through the sale and purchase of securities. There are a number of mitigants available to ensure that such risks are minimised and managed appropriately.

Please refer to pages 190 onwards of this report for further information about credit risk.

4.2 Operational risk

The Group has defined operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

4.2.1 Governance and organisation of operational risk

The Group has an established operational risk framework with the key objectives of mitigating operational risks by means of policies, processes, systems and procedures; communicating the Group's risk appetite; protecting the Group's assets; defining roles, responsibilities and accountabilities across the Group; and establishing a consistent approach for identifying, monitoring, measuring and reporting operational risk throughout the Group.

The Group Operational Risk Policy, pursuant to the Group Risk Framework for the Group, is reviewed annually and formalises the operational risk framework and is designed to ensure compliance with regulatory requirements in relation to operational risk. Oversight of operational risk matters rests with the Managing Partner, with the assistance of the Group Executive Committee and the Group Operations Committee for their respective responsibilities, under the supervision of the Supervisory Board, assisted by its Risk Committee.

Each of the key operating entities have established processes and appointed staff to identify and assess the operational risks that they are exposed to, in the context of their own market conditions, and have appropriate controls or risk mitigation processes in place. Management's assessment of operational risk is documented in risk assessments which are undertaken at least annually.

All incidents with a loss amount greater than €30,000 are reported in the quarterly legal and compliance report which is presented to the Group Executive Committee, the Managing Partner, the Risk Committee and the Audit Committee.

4.2.2 Compliance risk

Regular and targeted compliance training ensures that Group employees are clear on their regulatory responsibilities and understand the regulatory environment in which they conduct business.

Group Compliance identifies employee training needs based upon a number of factors, including regular monitoring of permanent controls, compliance reviews, regulatory developments, annual compliance risk assessments, breaches of compliance policy, practice or procedure and other factors.

In addition, bespoke training is organised at the business line and legal entity level. Ad hoc training is given to ensure prompt dissemination to staff of business-related market and best practice, legal, compliance and regulatory developments.

Protection of the Rothschild & Co brand is of fundamental importance to the Group. The Rothschild & Co name and its reputation are the Group's key asset and a number of controls are in place to ensure the culture of professionalism and protection of the firm's reputation is maintained.

Measures to limit reputational risk are set out in Group policies and each of the businesses' compliance manuals. These include high-level principles to guide behaviour and extensive procedures relating to new client take on/acceptance for all business divisions.

On a monthly basis, each compliance function in all the major business lines is required to complete a report of compliance management information. This information comprises quantitative data reporting and qualitative assessments made by local compliance officers. This gives a Group-wide picture of compliance risk and also allows Compliance to collect the requested information by business line or topic.

4.2.3 Financial crime risk

The Group Compliance function oversees and coordinates the programme for preventing and detecting financial crime for all Group entities (spanning money laundering, terrorist financing, tax evasion, financial sanction violations, bribery and corruption, and fraud). The Group Head of Legal & Compliance oversees the Group's financial crime risk strategy and reports to a Managing Partner. He is assisted by subject matter experts in the Group Financial Crime Compliance team and with the execution of operational processes by Legal, Compliance and Risk staff on a global basis.

A Group Financial Crime Compliance Committee (chaired by the Head of Group Financial Crime Compliance) examines the design and effectiveness of the Group's financial crime policies, procedures and monitoring programmes, to include developing a strategic approach to money laundering prevention for the Group. The Committee convenes on a quarterly basis and its members include all the regional heads of financial crime.

The Group Financial Crime Compliance team regularly reviews all Group financial crime related policies.

4.2.4 Other non-financial risks

As highlighted above, the maintenance of the Group's reputation is a fundamental driver of risk management and the Group considers that failure to manage any of its material risk areas effectively could result in damage to its reputation. Protection of reputation is one of the key factors that guides the type of clients and businesses with which the Group will engage.

In addition to the financial and operational risk categories identified in this section, a description of the most material non-financial risks related to the Group's business, or any such risks created by its business relationships, products or services is presented in Section D. "Corporate Responsibility" of this report. This provides notably (i) information on the policies, procedures, and initiatives with which the Group takes into account the social and environmental consequences of its activity (including amongst others the effects of the Group activity with regard to respect for human rights, the fight against corruption and tax evasion) and (ii) information on risk relating to climate-change and the low-carbon strategy implemented by the Group.

4.3 Market risk

Market risk arises as a result of the Group's activities in interest rate, currency, equity and debt markets. Exposure to market risk on trading activities is small in relation to capital, as trading activity is focused on servicing client requirements rather than on proprietary risk-taking. Foreign exchange and interest rate derivative contracts are predominantly used for hedging purposes. Trading activities in the Group are confined to "vanilla" products, the Group does not trade in complex derivatives or other exotic instruments. Please refer to pages 185 onwards of this report for further information about the use of derivatives instruments and hedge accounting.

Each of the Group's regulated banking entities is required to manage market risk on a stand-alone basis in accordance with its individual risk appetite and limits approved by the Group ALCO.

The Group measures interest rate risk in the banking book in line with the EBA requirements by measuring the economic value of equity (EVE) under a set of prescribed interest rate shock scenarios as a percentage of Tier 1 capital. These are calculated at the entity level and on a consolidated basis for the Group.

Exposure to interest rate risk in the banking book is not material in relation to capital and there have been no material changes to the profile of interest rate risk in the banking book during the 2020 financial year.

Please refer to page 196 of this report for further information about market risk.

4.4 Liquidity risk

Liquidity risk is defined as the risk that a Group banking entity is not able to maintain or generate sufficient cash resources to meet its payment obligations as they fall due. Managing liquidity risk is therefore a crucial element in ensuring the future viability and prosperity of the relevant banking entity as well as the Group.

4.4.1 Governance of liquidity risk

The Group adopts a conservative approach to liquidity risk and its management and has designed its approach in the overall context of the Wealth Management strategy.

The Group Risk Appetite Statement establishes limits to ensure that the Group will maintain sufficient liquid resources to meet cash flow obligations and maintain a buffer over regulatory and internal liquidity requirements. The Group Liquidity Risk Policy is reviewed annually. Each banking entity must have in place a liquidity risk policy approved by the Group ALCO, which defines its liquidity risk limits and how liquidity risk is measured, monitored and controlled.

In line with the directions given by the Managing Partner, the Group ALCO is responsible for the development and oversight of the implementation of the liquidity strategy, the approval of local liquidity risk policies and limits, and the implementation of reasonable steps to ensure these are consistent with the Group's risk appetite. The Group ALCO establishes and maintains a structure for the management of liquidity risk, including allocations of authority and responsibility to senior managers and ensures that all reasonable steps are taken to measure, monitor and control liquidity risk and identify material changes to the liquidity profile. The Group ALCO evaluates the results of stress testing on the liquidity profile and is responsible for the invocation of any Contingency Funding Plan ("CFP") measures if necessary. The Group ALCO ensures that the appropriate liquidity impact and liquidity cost of transactions is taken into account in the credit processes and approves the benchmark rate for the cost of liquidity used by banking teams as a key element of their pricing and risk-reward assessment in respect of existing and new business.

4.4.2 System for monitoring liquidity risk

The liquidity positions for Rothschild & Co Bank International Limited, Rothschild & Co Bank AG and Rothschild Martin Maurel SCS are reviewed and reported in depth to the Group ALCO and to the Managing Partner and summarised for the Risk Committee. In addition, the Group is required to have a contingency funding plan in place which requires a periodic review of the relevance and degree of severity of the assumptions used, the level and sustainability of the funding commitments received and the amount and quality of the liquid assets held. These complement the existing plans for individual Group entities.

The Heads of Treasury are responsible for the day-to-day management of liquidity, operating the business within liquidity limits set under their local policy and as approved by the Group ALCO and for reporting to its meetings.

Group Finance is responsible for monitoring adherence to the liquidity risk limits and for reporting any limits or target breaches as soon as practicable. Additionally, the team is responsible for preparing and submitting regulatory liquidity returns, performing stress tests on the liquidity profile, verifying the appropriateness of such stress tests in consultation with Group Risk and reporting stress test results to the Group ALCO.

Group Risk is responsible for monitoring the Group's liquidity risk, preparing periodic reports on it for the Managing Partner, the Group Executive Committee, the Group ALCO, and the Risk Committee; and for verifying the appropriateness of stress testing in consultation with Group Finance.

Please refer to pages 197 onwards of this report for further information about liquidity risk.

5 Organisation of the Group accounting arrangements

Group Finance has the necessary people to produce the financial information of the Group on a consolidated and regulatory basis.
The Group Finance consists of four sections: Management Accounting; Financial Accounting (including consolidations); Systems; and Regulatory Reporting.

5.1 Overview of statutory accounting arrangements

The local accounting departments are responsible for local statutory accounts. Group Finance produces the consolidated Rothschild & Co accounts, although it also reviews Rothschild & Co's solo statutory accounts to ensure consistency where appropriate. The Systems Section manages the chart of accounts in, a dedicated consolidation tool of Group Finance and the associated databases, as well as the general ledger used throughout the Group. It also manages the interface between the general ledger and the consolidation tool.

5.2 Process for establishing consolidated accounts

The Group Financial Accounting Section performs the Group consolidation, controls the consistency and completeness of Group accounting data and draws up the consolidated accounts and related notes.

In the consolidation tool, all subsidiaries report their individual accounting information using a chart of accounts and a format that are common to the whole Group.

Subsidiaries report accounting data directly to Group under IFRS in the consolidation tool. The Group defines in its data dictionary how to record specific transactions and defines how the notes to the accounts should be prepared. The data dictionary, as well as other accounting guidance, is available for all offices on Rothschild & Co's intranet. There are also quarterly reporting instructions and a quarterly Group Finance newsletter.

Once data has been input into the consolidation tool, "blocking" controls defined by the Group are applied in order to validate the consistency of the accounting data, the correctness of the flows and the completeness of the analyses. In addition to these controls, the procedure for preparing the consolidated accounts includes:

- the reconciliation of intercompany transactions and the distribution of shareholdings in the Group's companies;
- checks on the application of consolidation adjustments;
- analysis and justification of consolidated shareholders' equity;
- analysis of changes in balances and ratios on a quarterly and year-to-date basis; and
- consideration of whether the data has been prepared on a materially consistent basis.

5.3 Accounting control process

The accounting control process at Group level complements the control systems implemented at each level of the Group's organisation.

5.4 Accounting control mechanisms at entity level

Group Finance relies on a decentralised system where the primary control functions are assigned to the persons responsible locally for producing the financial statements.

Local accounting data, which includes amounts both on and off balance sheet, is largely collected via a general ledger used by the whole Group, and then mapped using consistent centrally-maintained software into the Group's consolidation tool. The local finance departments are responsible for validating the accounting data entered in the general ledger and the consolidation tool through three levels of control:

- a first level – of the self-control type – which is embedded in the local accounting processes. These controls are operated daily;
- a second level, which is operated by accounting managers, for example, involving controls on securities positions and consistency controls designed to ensure the reliability and completeness of the accounting and financial information; and
- a third level, which involves the statutory auditors who certify the accounts, carried out on an annual and half-yearly basis. It is specified that not all entities are audited (but most are) and that only the large entities and the significant balances are reviewed for the half-year accounts. The Group Internal Audit department may also be involved in the control process as a third level control, depending on their annual work plan schedule.

As described above, local entities' accounting information is input on an IFRS basis into the consolidation tool templates. Once data has been input, "blocking" system controls are applied.

5.5 Accounting control mechanisms at consolidation level

In addition to the control procedures at entity level described above, the consolidation process is accompanied by additional checks on the integrity of the consolidated accounting information. These checks are carried out by:

- Group Finance, which in addition to its controls on the integrity of the accounting information, checks the consistency of the data reported with:
  - its knowledge of the major transactions;
  - the Group management accounts and the reconciliation of differences with the Group financial accounts;
  - a category-by-category analysis of key balances; and
  - papers produced by other relevant committees (for example, the Remuneration and Nomination Committee, the Group ALCO, the Group Executive Committee, etc.),
- the Audit Committee, which examines the Rothschild & Co consolidated financial statements;
- the Statutory Auditors, which, in the context of the certification of the accounts, review the Rothschild & Co consolidated financial statements. Their work is carried out in accordance with professional standards;
- Rothschild & Co Gestion, as Managing Partner of Rothschild & Co, which approves (*arrête*) the Rothschild & Co consolidated financial statements; and
- as a final level of control, the Supervisory Board, which is responsible for examining the Rothschild & Co consolidated financial statements.

5.6 Control framework for regulatory reports

The Group Regulatory Reporting Section draws up the relevant Group procedures and ensures the quality and reliability of calculations of the solvency ratio, credit risk, market risk, operational risk and regulatory capital.

At Group level, the regulatory reports prepared for the ACPR are those related to:

- solvency ratio (including Capital Adequacy and Risks reports) leveraged ratio and large exposures;
- liquidity coverage ratio, additional liquidity monitoring metrics and net stable funding ratio; and
- IFRS/FINREP reports on a regulatory scope.

There are currently four main procedures related to regulatory reporting process:

- solvency ratio procedure;
- large exposures procedure;
- procedures that have been defined for FINREP and the list of subsidiaries; and
- counterparty master data procedure.

Processes include a full reconciliation with accounts including off-balance-sheet commitments. A validation committee is held each quarter to review and approve main regulatory ratios that cover material risks such as solvency, liquidity, concentration and risk of excessive leverage.

Furthermore, each quarter the Group Regulatory Reporting Section circulates quarterly regulatory reporting instructions and a quarterly Group regulatory finance newsletter to all relevant finance staff in the Group.

1. Corporate Responsibility at Rothschild & Co

1.1 Non-financial reporting framework and applicable regulations

This Section meets the legal requirements for non-financial performance statements as included in the Group's management report. It presents considerations relating to the Group's approach to Corporate Responsibility across Group companies.

In accordance with the applicable regulations, KPMG was appointed as the independent third party in charge of verifying the information disclosed in this Section. The KPMG report is presented in the appendix of this Section.

1.2 Background and approach

1.2.1 Corporate Responsibility firmly embedded in the Group's business model

Rothschild & Co is one of the world's leading independent financial advisory groups. With more than 3,500 talented professionals working across 43 countries, the Group's **purpose** is to *provide a distinct perspective that makes a meaningful difference* to its clients' business and wealth.

The Group's impact on its people, the industry, local communities, and the planet through the responsible management of its operations, resources and services plays a fundamental part in Rothschild & Co's approach to business and towards reaching its long-term strategic objectives.

This commitment to a *culture of responsible business* is firmly embedded in the Group's **business model**[(1)] and is considerate of inherent material non-financial risks for its stakeholders.

1.2.2 Dialogue with stakeholders[(2)]

As a family-controlled Group with more than 200 years of heritage, the business' success depends on the long-term trust of its stakeholders. This close relationship is essential to be able to responsibly manage the businesses impact on its people, the industry, the planet and local communities, and to realise opportunities for long-term value creation. Rothschild & Co supports public accountability and is regularly and transparently disclosing relevant progress updates to its stakeholders.

In 2020, the Group has engaged in several dedicated **employee** communication and engagement campaigns and selected surveys, as well as increased communication to and with **clients**, **investors** and **shareholder** representatives on matters of Corporate Responsibility. Sections 2 & 3 illustrate some of these engagement initiatives that have provided valuable insight into stakeholder interests in the Group's Corporate Responsibility strategy.

Rothschild & Co is a signatory to the **United Nations Global Compact** and supports its Ten Principles on human rights, labour, environment and anti-corruption. The Group intends to implement the principles as part of its Corporate Responsibility strategy and initiatives and is committed to engaging in collaborative projects that advance the United Nations Sustainable Development Goals (SDG). Where appropriate, this Section makes the link between the Group's Corporate Responsibility initiatives and the commitment to wherever possible contribute to the achievement of the following **Sustainable Development Goals**: SDG 5 – gender equality, SDG 7 – affordable and clean energy, SDG 10 – reduced inequalities, SDG 12 – responsible consumption and production, SDG 13 – climate action, SDG 15 – life on land, and SDG 16 – peace, justice and strong institutions.

The below table provides an overview of key **public commitments** and **partnerships** through which the Group advocates for and engages with its stakeholders in sustainable development initiatives:

Overview partnerships & public commitments

Organisation	Commitment
United Nations Global Compact	Rothschild & Co is a signatory since January 2021.
UN PRI	All relevant investing business lines are signatories (Wealth and Asset Management, Merchant Banking).
CDP	Investor Signatory since 2017; regular climate change disclosure reporting.
Climate action 100+	Rothschild & Co Asset Management Europe is a signatory since 2019.
Initiative Climat International (iCi)	Five Arrows Managers SAS is a signatory since 2018.
Women in finance charter (UK)	N.M. Rothschild & Sons Limited is a signatory since 2019.
Advance Diversity Charter (Switzerland)	Rothschild & Co Bank AG is a signatory since 2020.
France Invest Charter	Rothschild Martin Maurel SCS and Five Arrows Managers SAS are signatories since 2020.

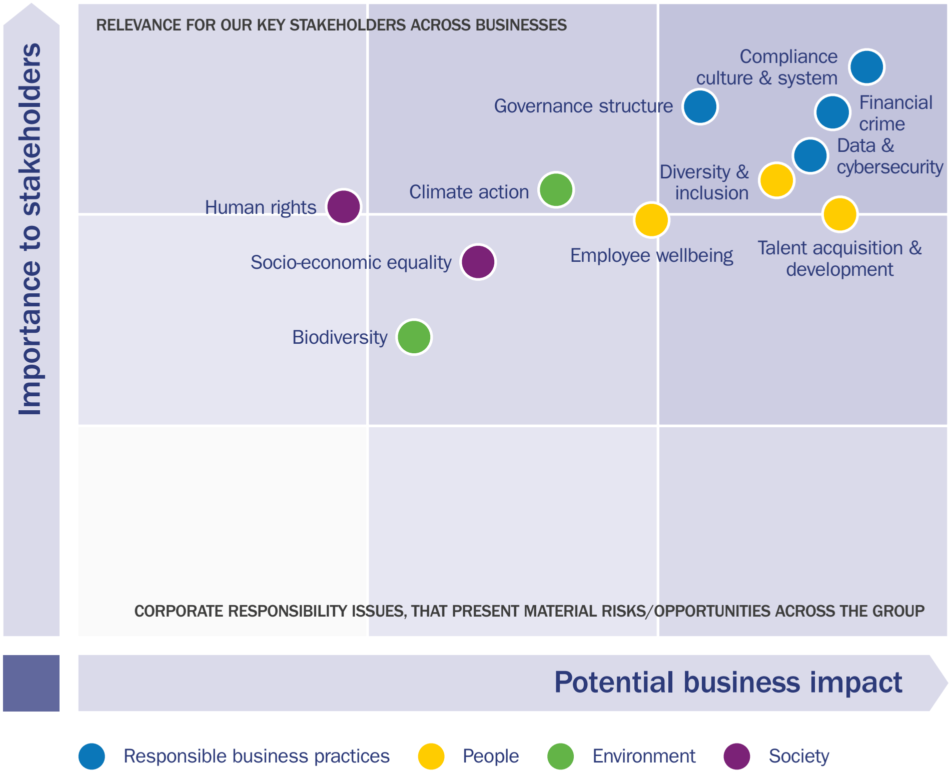
(1) See Section "Overview" of the Annual Report.
(2) In accordance with the definition provided by the GRI Guidelines, Rothschild & Co's stakeholders are all entities or individuals that can reasonably be expected to be significantly affected by the Group's activities, products and/or services, and whose actions can reasonably be expected to affect the ability of the organisation to successfully implement its strategies or achieve its objectives. Rothschild & Co has identified as its key stakeholders its shareholders, potential investors and financial analysts, clients and talent. Please find more information in the Appendix.

1.2.3 Identification of non-financial risks

As disclosed in the Group's Annual Report 2019, Rothschild & Co undertook a thorough assessment of Corporate Responsibility issues in 2018/19. The aim was to identify the most critical environmental, governance and social issues that are relevant to the Group's stakeholders and which could represent non-financial risks or opportunities for its businesses.

In recognition of the increased and shifting stakeholder interest in Corporate Responsibility matters, the Group carried out a review off this assessment of non-financial risks affecting its businesses and stakeholders alongside the annual review of strategic risks for the Group at the end of 2020. The results of this review are summarised in the below matrix:

Materiality assessment of Corporate Responsibility issues[1]



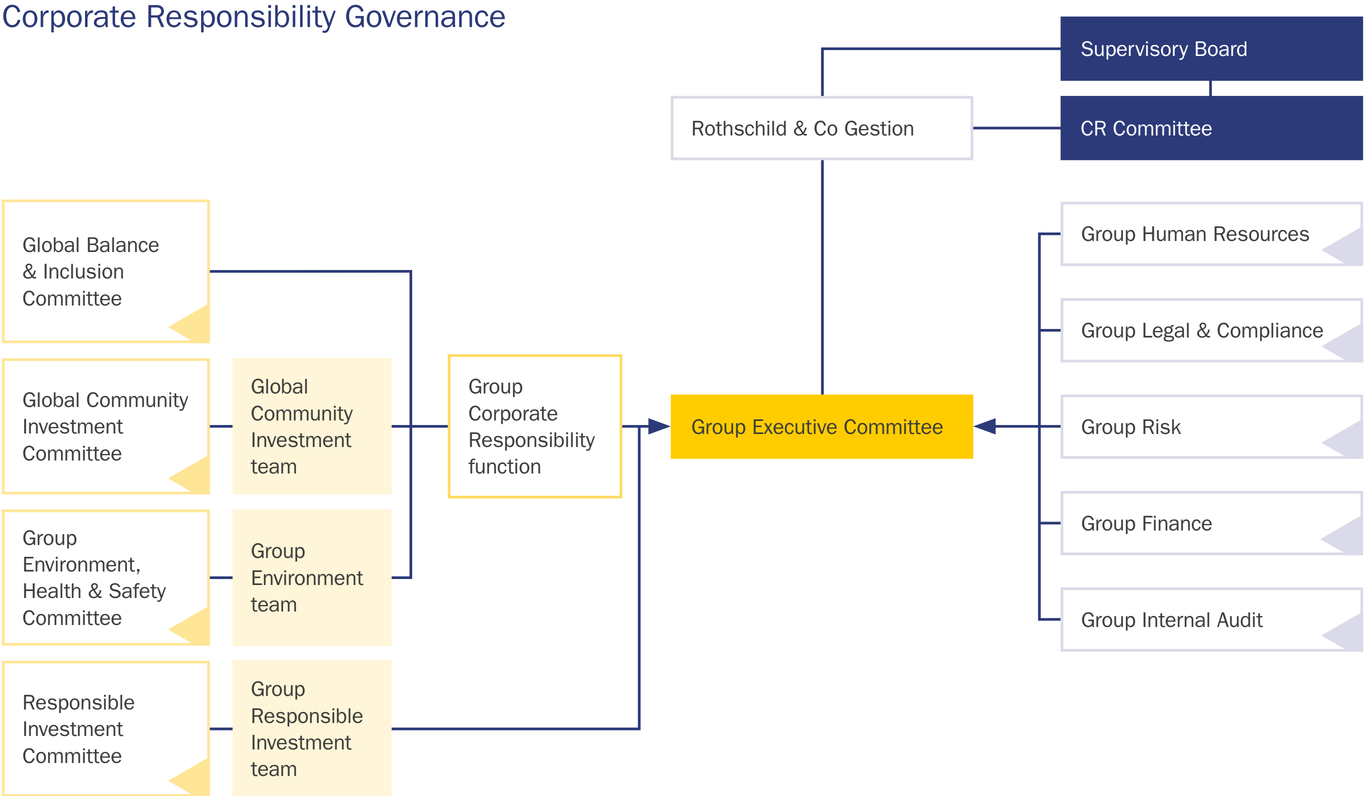
Sections 2 and 3 provide an overview of the Group's strategic objectives in each of its Corporate Responsibility priority areas and the relevant policies and developments in 2020 aimed at managing identified non-financial risks in its operations, as well as initiatives addressing associated Environmental, Social and Governance (ESG) risks and opportunities in the Group's business divisions.

(1) Methodology: consultation of most recent secondary data sources paired with internal expert consultation lead to an update of a long list of micro-issues related to Corporate Responsibility and respective categories that might present non-financial risks and / or opportunities for the firm and its stakeholders. Followed by a risk assessment in consultation with internal experts and calibration with Group Risk and responsible members of the senior management team the results of the materiality assessment were approved by the Group Executive Committee in December 2020, and considered by the CR Committee and Risk Committee of the Supervisory Board.

1.2.4 Corporate Responsibility governance

Corporate Responsibility is addressed at the level of the most senior governing bodies of the Group, as well as at the level of the Supervisory Board, with the assistance of specialised committees.

Corporate Responsibility Governance



The **Supervisory Board** carries out the ongoing supervision of the Company's management. In this context, it considers Corporate Responsibility issues at the initiation of senior management unless the Supervisory Board itself identifies an opportunity to discuss. A dedicated **Corporate Responsibility Committee**[1] **(the "CR Committee")** composed of three members of the Supervisory Board has the mission to:

- assist the Supervisory Board in ensuring the Group considers issues relating to Corporate Responsibility in line with strategic priorities for the business,
- assist the Supervisory Board in ensuring that the Group is in a position to best identify and address opportunities and risks associated therewith; and
- assist the Supervisory Board in monitoring and reviewing (i) the strategic priorities, policies implemented, and objectives set by the Group and its entities relating to Corporate Responsibility matters, and the (ii) the Corporate Responsibility Report included in the Rothschild & Co Management Report.

The **Group Executive Committee** (**GEC**) role is to propose strategic directions to Rothschild & Co Gestion, the Managing Partner, including in relation to Corporate Responsibility, and to assist the Managing Partner in overseeing the implementation of the strategy across the Group and the operational management of the Group. One member of the Group Executive Committee is responsible for Corporate Responsibility topics. Corporate Responsibility matters are discussed in the regular meetings of the Group Executive Committee anytime as required (in 60% of the meetings in 2020). The Corporate Responsibility strategy is presented to the Supervisory Board at least once a year.

The **Group Corporate Responsibility function** assists senior management in the development of the strategy, the coordination of Group-wide initiatives and provision of an ongoing and consolidated picture of performance against the Group's strategic objectives. The Group Head of Corporate Responsibility reports directly to the Co-Chairman of the Group Executive Committee, who is one of the Managing Partners. Supported by a team of experts in defined priority areas, the Group Head of Corporate Responsibility is a member of and works closely with the respective dedicated senior **Group committees** (see overview of responsibilities in the table hereafter).

(1) More details on the composition of the CR Committee are shown in Appendix 2 of this report.

Overview of Group committees

Committee	Responsibility
Group Balance & Inclusion Committee	Committed to creating a diverse, inclusive and flexible environment which enables all colleagues to achieve their personal and professional aspirations, and to ensure that Rothschild & Co provides long-term opportunities for growth.
Group Environment, Health & Safety Committee	Emphasising the value for the Group's and its clients' businesses in conserving and protecting the world's natural resources through its operations, products and services.
Global Community Investment Committee	Defining and driving the Group's Community Investment strategy to deliver its global mission: to make a meaningful difference to disadvantaged young people and children.
Group Responsible Investment Committee	Developing and overseeing the implementation of a Group wide ESG investment integration and engagement framework supporting the transformation of industries towards sustainable practices.

The dedicated **Group Responsible Investment team** supports the work of the **Group Responsible Investment Committee** to further the investing businesses' roadmap in integrating ESG considerations in their approaches, supporting the development of consistent policies among the Group and assisting business lines in their ESG integration developments. The Group Head of Responsible Investment reports directly to the Co-Chairman of the Group Executive Committee.

This integrative setup enables the dedicated implementation of the Group's Corporate Responsibility strategy at all businesses and levels.

1.3 Corporate Responsibility strategy

The Group's Corporate Responsibility strategy is built on a long-term commitment to encouraging a *culture of responsible business, and to proactively take responsibility for the impact we have on our people, our industry, our communities and our planet*. This long-term view has proven effective during the COVID-19 crisis and across its businesses the Group has witnessed a very welcome increase in stakeholder engagement with its approach to Corporate Responsibility and ESG risk considerations.

The overview on the next page outlines the priority pillars and ambitions defined in the Group's Corporate Responsibility strategy framework aimed at addressing identified material non-financial risks and opportunities for the Group and its stakeholders.

As for most businesses, 2020 has presented opportunities to learn through fast adaptation and to embrace innovation. Section 2 outlines how the Group's Corporate Responsibility strategy, policies and initiatives have in 2020 aimed to address identified non-financial risks associated with its business operations in line with changing stakeholder expectations. Section 3 is dedicated to the way the Group's Corporate Responsibility commitments are reflected in ESG integration approaches in its business divisions, with a particular focus on the Group's Responsible Investment agenda.

The review of material Corporate Responsibility issues (see Section 1.2.3 above) provided further insights into some of the most relevant stakeholder concerns to be considered as priorities in the evolution of the Group's strategy.

Conscious of the growing interdependence between identified priority areas, the Group will continue to take a concerted approach to Corporate Responsibility across its strategy pillars. For instance, an encouragement of more flexible working practices (see Section 2.2) should continue to positively influence the Group's operational environmental footprint (see Section 2.3).

In addition, the Group will seek to identify further ESG integration opportunities between operational management priorities, and, where appropriate, through the businesses' influence on the wider value chain (investment policy, client on-boarding, supplier engagement).

While the global economy has been hit hard by the COVID-19 crisis, the share of ESG-themed funds has been growing throughout the pandemic. In the coming years, the Group expects an increase in demand for solutions with a Responsible Investment focus, driven by clients' growing awareness of ESG issues and the evolution of the regulatory environment.

Amongst all the hardship and economic disruption caused by the pandemic in 2020, Rothschild & Co is committed to contribute to a sustainable recovery and is entering 2021 with a positive outlook that addressing identified ESG risks can represent value creation opportunities for the business and its stakeholders.

We encourage a culture of responsible business and proactively take responsibility for the impact we have as a business on our people, our industry, our communities and our planet.

Operational impact

Responsible business practices

- Impactful governance and oversight
- Effective compliance systems, risk management and technology
- Stringent anti-bribery and anti-corruption standards
- Robust information security and safeguarding of confidentiality

Responsible people culture

- Talent development opportunities and assignments to support career
- Balanced approach to work.
- Equal opportunities at the heart of recruitment, reward and promotion strategy

Responsibility for our environment

- Responsibly managing greenhouse gas emissions and proactively reducing our impact
- Championing responsible consumption and resource use

Responsibility for our communities

- Financial support to charities, social enterprises and individuals
- Professional expertise helping to drive change for young people
- Volunteering to help young people to succeed in life

SUSTAINABLE DEVELOPMENT GOALS

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

5 GENDER EQUALITY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

7 AFFORDABLE AND CLEAN ENERGY

10 REDUCED INEQUALITIES

Business impact

Responsible Investment

- ESG integration in investment decisions to create long-term value for investors
- Innovative responsible investment solutions
- Engagement policy for a constructive dialogue with companies on ESG issues

2. Operational impact

2.1 Responsible business practices

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Responsible Business practices – overview strategy & achievements

Strategic priority	Progress 2020	Impact highlights
Effective compliance systems and technology	• Publication of revised Group Code of Conduct.	• 98% of employees completed Anti-Money-Laundering and Sanctions training.
Stringent anti-corruption and anti-bribery standards	• Revised Group Anti-Bribery and Corruption Policy. • Publication of group Financial Crime Policy Statement.	• Training update for all staff on anti-bribery and corruption.
Safeguarding confidentiality	• Employee cyber awareness training. • Regular phishing test emails to all employees, targeted training.	• >95% of employees participated in cyber awareness training during 2020.

PUBLIC POLICIES

- Group Code of Conduct
- Financial Crime Policy Statement
- Overview of our policies

2.1.1 Strategic priorities

As one of the world's leading independent financial services Groups, Rothschild & Co places great emphasis on good conduct, based on personal accountability and commitment in the way we work with each other, clients and partners.

The Group's approach to responsible business practices focuses on managing related non-financial risks that are most material to its operations and for its stakeholders.

Acknowledging its responsibility, the Group's compliance systems, policies and procedures are aimed at setting standards for all employees and individuals working for the Group, supported by targeted and mandatory trainings to mitigate risks associated with, inter alia, money laundering, bribery and corruption, sanctions or counter-terrorist financing. These include the Group Code of Conduct and the Group Anti-Bribery and Corruption Policy.

The Group has well embedded processes and policies for dealing with such risks, such as the Group Client Due Diligence Policy, New Client Acceptance and Review Committees as well as Risk Committees which meet frequently to consider relevant risks and other reputational matters. The Group operates compliance monitoring and permanent control programmes to provide assurance to senior management that the Group's processes and systems are operating effectively.

Managing data privacy and confidentiality risks and preserving the integrity of clients' and partners' data is essential to upholding the trust of stakeholders. Rothschild & Co's information security strategy laid out in the Group Information Security Policy, takes account of these risks and is aimed at safeguarding data confidentiality.

The priority of upholding responsible business practices with the investment in and implementation of robust compliance systems and technology, overlain by effective governance and oversight, are set out in accordance with the Group's framework on internal control (please refer to Section "Internal control, risk management and accounting procedures" of this report). The Group Head of Legal & Compliance is a member of the Group Executive Committee and the Group Operating Committee.

2.1.2 Compliance culture and systems

2.1.2.1 Policies, procedures and guidelines

Each employee is required to read, understand and comply with Rothschild & Co's Group policies, procedures and guidelines that apply to their job and undertake all mandatory compliance and other professional training as and when required. This includes relevant regulatory qualifications.

Expectations are clearly communicated in the Group's policies.

The Code of Conduct sets out the Group's standards and expected behaviours and has been revised and enhanced in 2020 and published on the Group website to ensure the Group's expectations are visible to all partners and external stakeholders.

The Group's Financial Crime Policy Statement provides an overview of the Group's related policy commitments.

Failure to participate in the mandatory trainings or adhere to the Code of Conduct or the Group's policies and procedures can result in referrals to Human Resources as a part of the appraisal and remuneration process.

2.1.3 Market Abuse

The Group's specific procedures relating to market abuse and dealing with confidential and price sensitive information must be followed at all times. These procedures are reinforced by training and education and compliance monitoring programmes.

2.1.4 Conflicts of Interest

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

2.1.4.1 Anti-bribery and corruption

The Group takes a zero-tolerance approach to all forms of bribery and corruption. The Group's policies are designed to ensure business is done fairly, honestly, openly and with integrity, and in accordance with applicable laws that promote and safeguard fair competition in the jurisdictions in which the Group operates.

All categories of Group employees complete regular mandatory anti-bribery and corruption training. Employees are expected to be familiar with, and attest to, the Group Anti-Bribery and Corruption Policy, which has been updated in 2020 and approved by senior management. Clear communications from the Managing Partners at the time of publication of the Group Anti-Bribery and Corruption Policy set out the requirements and standards the Group expects from its employees. Training on the updated policy started in December 2020. Completion rates are tracked and monitored.

The Group has a well-resourced and dedicated Group Financial Crime Compliance team located in London, which oversees education, training, monitoring and assurance activities of local units with the same functions.

2.1.4.2 Political lobbying activity and donations

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

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

2.1.4.3 Group tax policy

The Group's tax policy applies to all entities ultimately owned by Rothschild & Co. It applies to the management of the Group's corporate tax affairs as agreed by the Group Executive Committee detailing the governance process and the procedures in place to manage tax risks and is available for information of employees on the Group's intranet.

Group tax is only responsible for corporate tax affairs. The Group organises its affairs to manage taxation efficiently, consistent with commercial needs and with a conservative approach to tax risk, in line with the conservative approach to risk across the Rothschild & Co Group.

Arrangements will not be entered into, facilitated or promoted without business purpose or commercial rationale, or if outside of the Group's risk appetite or in conflict with the intention of parliamentary legislation.

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

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

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

2.1.4.4 Tax evasion

Tax evasion and related offences are considered a crime (*délit* in France) and typically represent a predicate offence to money laundering. Rothschild & Co takes its responsibility to tackle tax evasion seriously. As summarised in the Group's public Financial Crime Policy Statement all Rothschild & Co entities and employees must comply with standards, including:

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

2.1.4.5 Anti-Money-Laundering and 'Know Your Client'

As summarised in the Group's public Financial Crime Policy Statement, Rothschild & Co has detailed and comprehensive policies and procedures governing the way in which the Group takes on clients and business. These policies and procedures cover matters from initial due diligence and research into the identity, purpose of relationship, expected activity, source of wealth/funds and reputation of individual clients to the ownership and governance structure of corporate bodies and other legal structures.

Rothschild & Co has specific client acceptance processes, including committees which look at all matters relevant to the acceptance of higher risk new clients. Information relating to all existing clients is regularly re-examined, with Politically Exposed Persons and high-risk clients subject to enhanced due diligence and more frequent review. The Client Acceptance Committees are comprised of senior management, forming part of a disciplined and embedded process to reduce the reputational risk that the Group faces. As of 31 December 2020, 98% of employees have completed the Anti-Money-Laundering and Sanctions training.

The Group also maintains appropriate systems and processes for sanction screening and transaction monitoring.

As well as looking at new clients and business, Rothschild & Co has comprehensive policies and processes aimed at reducing its risk of exposure to financial crime, including money laundering, terrorist financing and fraud. Regular reports of key financial crime metrics are delivered to appropriate governing bodies.

2.1.4.6 Whistleblowing

Rothschild & Co expects all employees to maintain the highest standards of professionalism and integrity, reflective of the Group Code of Conduct, policies and other rules. All firms face the risk of errors occurring or of unknowingly harbouring criminal or unethical conduct. Equally, the Group recognises that loyalty or fear of professional or personal consequences may inhibit the exposure of non-compliant behaviour. In order to prevent or address such situations, the Group Policy on Reporting Concerns or Irregularities explains how individuals can confidentially escalate matters so that they may be assessed and resolved in a suitable manner (whistleblowing). Various whistleblowing channels are available, and individuals may choose to remain completely anonymous by reporting to the Group's independent whistleblowing hotline (Safecall). Individuals making any report in good faith are fully protected against any prejudicial treatment or retaliation. Rothschild & Co will not take any action against the individual for raising it, irrespective of whether it is later substantiated.

2.1.5 Confidentiality and information security

Confidentiality is of paramount importance to Rothschild & Co. The Group takes appropriate technical and organisational measures to safeguard **confidential information** and all employees are expected to exercise the highest level of due care and attention when dealing with confidential information about the Group or its clients. Communication and mandatory compliance training are supported by monitoring, and employees are obliged to report any incidences and concerns relating to confidentiality without delay. The Group communicates openly with its clients in relation to how it uses their confidential information, including personal data. Where compliance monitoring, reporting or internal audits reveal any concerns, remedial action is swiftly taken. Systems and controls are regularly tested and reviewed to ensure they are in line with technological developments and regulatory or market practice.

The **security of the information** the Group possesses and holds in relation to its clients, its employees, its businesses and its business partners is vital to Rothschild & Co's continued success. The Group's global Information Security Programme is aimed at managing the associated risks.

Responsibility for defining and implementing the global Information Security Programme lies with the Chief Information Security Officer, reporting to the Group Chief Risk Officer. The Chief Information Security Officer is supported by a team in London with specialist experience in Information Security Programme design, build & delivery, and Regional Information Security Officers based in Paris, Zurich and New York.

The Rothschild & Co Information Security Programme is guided by the Group Information Security Policy and outlines the activities, governance and resources that collectively provide information on security services to the Group and its clients. The programme enables senior management to make risk management decisions by providing information about the organisation's information security capabilities. It is aimed at supporting the following objectives of the Group's Information Security strategy as supported by the Group Executive Committee:

- ensure the confidentiality, integrity and availability of client and personal data and proprietary information irrespective of form;
- protect against anticipated threats to the confidentiality, integrity and availability of the IT infrastructure and information systems; and
- ensure ongoing compliance with regulatory requirements.

During 2020, the Group has invested in a Governance, Risk & Compliance platform to more formally document cyber risks, demonstrate compliance with security control objectives and perform trend analysis of security incidents. Key cyber technology initiatives in 2020 were focused on anti-virus systems, network access control systems, Public Key Infrastructure management and server file integrity monitoring. Through the introduction of new vulnerability management processes, the Group has been able to reduce the number of high-severity vulnerabilities across the IT estate by 55% during 2020.

The Information Security team delivers online cyber awareness training to all new joiners and annually to all employees. Employee cyber awareness training completion rate has been above 95% for all reporting cycles during 2020. This was complimented by staff education campaigns as well as regular phishing test emails to all employees. Failure to identify the phishing email by the recipient results in targeted training for the individual.

From the beginning of the COVID-19 crisis, there has been no significant impact to the Group's cyber security protection measures relating to the change in system access model with the majority of employees working remotely for some period of time. The incumbent security model surrounding its remote access has continued to provide proportionate protection to Rothschild & Co data and information.

Responsibility for the implementation of technical security measures sits with the Group **IT Security** Manager, reporting to the Chief Information Officer. Supporting the Group IT Security Manager is a team of security specialists in London. Wealth Management in Switzerland operates an independent IT Security department reporting to the local Chief Information Officer.

2.1.6 Human Rights

Respect for the individual is at the heart of the Group's culture and values that have run through the organisation for generations. The importance placed upon human rights is inextricably linked to these values.

Rothschild & Co complies with all laws regarding non-discrimination, harassment and victimisation and human rights in the jurisdictions in which it operates. These laws vary between jurisdictions, but in general, prohibit discrimination on a number of grounds including age, disability, gender identity, marital status and civil partnership status, pregnancy and maternity, paternity, race, ethnicity, nationality, religion and belief and sexual orientation. The Group does not discriminate against collective bargaining or an individual's freedom of association. These expectations are clearly communicated in the Group Code of Conduct.

Rothschild & Co's business practices are in line with the main provisions of the International Labour Organisation Convention's fundamental principles, for example, the elimination of all forms of forced labour, the abolition of child labour, the elimination of all forms of discrimination in respect of employment and occupation, and also in respect of freedom of association and collective bargaining.

The Group fosters a culture of openness, thereby enabling employees to raise any legal, compliance and/or ethical concerns, including those related to any breach of human rights, within the business or within the supply chain.

Rothschild & Co is committed to countering modern slavery in all its forms and is taking proportionate measures to ensure that slavery and human trafficking are not taking place in its business or manage the risk in its supply chains. This includes the formation of a Modern Slavery Working Group in the UK, which meets on an ad hoc basis and works throughout the year to consider any modern slavery risks and the ways in which the business can seek to mitigate them on a risk-assessed basis.

Modern Slavery Statement

N.M. Rothschild & Sons Limited and Rothschild & Co Wealth Management UK Limited publish an annual statement describing the steps taken to combat modern slavery within their businesses.

Equally, suppliers to N.M. Rothschild & Sons Limited and Rothschild & Co Wealth Management UK Limited are expected to adhere to the same high standards of respect for the individual as the Group adheres to itself. If a supplier is considered a high risk from a modern slavery perspective, their adherence to the Modern Slavery Act 2015 is requested. In addition, supplementary modern slavery protections may be drafted into a contract with a supplier who operates in a sector which is assessed to be high risk.

Rothschild & Co had previously determined that its highest risk of exposure to modern slavery within its supply chains was in relation to the hotel industry in certain jurisdictions where modern slavery is particularly prevalent. The Group would note that business travel in 2020 has decreased significantly and, with it, the Group's exposure to this risk. The firm maintains a Preferred List of hotels that have agreed to adhere to the legislation surrounding the Modern Slavery Act 2015.

2.2 Responsible people culture

5 GENDER EQUALITY

Responsible People practices – overview strategy & achievements

Strategic priority	Progress 2020	Impact highlights
Talent development opportunities	• Graduate and Promotion Programmes delivered virtually.	• 115 graduates attended graduate training. • 263 attendees on Promotion Programmes.
Equal opportunities at the heart of recruitment, reward and promotion strategy	• Global Female Sponsorship Programme launched. • Pilot sessions of *Inclusive Manager and Leader training*. • *Shine for Women* Programme.	• 39% of new hires were female. • > 50 female Assistant Directors and Directors supported through *Global Female Sponsorship Programme*. • 33% of promotion candidates were female. • > 50 women empowered through *Shine for Women* Programme.
Balanced approach to work	• Substantial investments in mobile and collaborative working technologies. • Global guidelines for increased work-place flexibility developed. • Global roll-out of unmind wellbeing app. • Pulse surveys to monitor employees' experiences with new ways of working and generate ideas for improvements.	• c. 80% participation in pulse surveys.

Other indicators over time

	2018	2019	2020
Total employees	3,633	3,559	3,587
Female Assistant Director and above	n/a	23.5%	24.1%
Total training hours(1)	–	24,249	34,270
New hires	606	609	508
Male	60%	59%	61%
Female	40%	41%	39%
Promotions	343	412	353
Male	73%	67%	67%
Female	27%	33%	33%
Graduates	143	148	135
Male	83%	80%	72%
Female	17%	20%	28%

(1) Centrally recorded face to face training and e-learning. 2019 training data covers France and the UK (77% of headcount), 2020 data covers 100% of headcount.

2.2.1 Strategic priorities

The commitment and expertise of the Group's diverse workforce from 62 locations in 43 countries is essential in delivering its business model and creating value for all its stakeholders.

The Group is proud to attract, develop and retain some of the industry's brightest minds. The Group's inclusive culture is fostered through the diverse perspectives and experience of all employees. Attracting and retaining the most talented people from a diverse range of backgrounds by creating an environment of equal opportunity and partnership, that empowers people to grow, develop and excel is therefore key to the Group's strategy.

To retain talent, Rothschild & Co invests in and supports employees by offering a range of career opportunities supported through a variety of structured programmes and internal development pathways.

The Group is committed to safeguarding the wellbeing of its employees and promotes this through a variety of programmes, training, and practical tools (please refer to Section 2.2.4).

The Group's people strategy is governed by the Managing Partners and is additionally supported by the work of the Global Balance & Inclusion Committee, which reports directly to the Group Executive Committee. The Group Head of Human Resources is a member of the Group Executive Committee and the Group Operating Committee.

2.2.2 Diversity and inclusion

An inclusive and supportive environment where diversity and different perspectives are valued is key to enabling employees to achieve their personal and professional aspirations and to provide long-term opportunities for growth. Individually, each of the efforts described in this Section are critical steps towards a fully inclusive workplace for all colleagues.

The Group's policies are designed to provide equal opportunities for everyone as the business seeks to recruit and reward based on experience and talent, ensuring the best candidate for a position is found and appropriately supported in their personal development by the business.

It is Rothschild & Co's strategy to make every effort possible to provide a working environment free from harassment, intimidation and discrimination, behaviours that are considered unacceptable[1]. The commitment applies to all areas of employment including recruitment, the terms and conditions of employment, training, career development, promotion, transfer, redundancy, rehiring, benefits, compensation, retirement and termination. Rothschild & Co's policies and Code of Conduct aim to ensure that the Group will not unlawfully discriminate in employment because of age, disability, gender identity, marital status and civil partnership status, pregnancy and maternity, paternity, race, ethnicity, nationality, religion and belief and sexual orientation.

2.2.2.1 Strategic initiatives and commitments

Co-chaired by one of the Managing Partners, the Global Balance & Inclusion Committee has increased the focus on the Group's **diversity and inclusion strategy** over the course of 2020. Dedicated working Groups have been established to provide input and direction to the business. While there is still more to do, good progress has been made in the areas of focus for diversity and inclusion in the last year:

- Firm-wide Balance & Inclusion principles to manifest the Group's commitments and define corresponding measures of success;
- Recruiting practices that are reflective of the firm's objectives, inclusive and free of bias; and
- A robust training curriculum for all colleagues and managers to establish a common language and shared responsibility for maintaining a culture of inclusion.

In order to continually improve the effectiveness of its inclusion strategy and initiatives, the Group initiated a data collection campaign aimed at improved understanding of the diversity composition and nuances of its workforce by inviting employees to share self-identification data (where permitted by local law). This will allow the Group over time to further identify opportunities to advance a balanced and inclusive representation across the firm.

To constantly reinforce the importance of an inclusive culture and raise awareness for a **leadership behaviours free from bias**, the Group introduced training aimed at helping colleagues recognise unconscious bias in its different forms. In 2020, clear expectations for managers have been developed, which will form a core part of the manager training curriculum from 2021 onwards. Performance against this requirement has been embedded in frameworks for performance ratings and promotion criteria for the Group's senior grades.

As part of the Group's commitment to ensuring a balanced workforce and to help increase the representation of women in senior managerial roles within the Financial Services industry, Rothschild & Co has signed the **Women in Finance Charter** in 2019, which will be implemented on a global level. In 2020, the Group has established aspirational goals for each business line in relation to the commitment to have women represent **30% of the Group-wide Assistant Director and above population, by 2024**. As at 31 December 2020, 24% of Assistant Directors and above globally were women.

Rothschild & Co's Private Banking and Private Equity divisions signed the **France Invest Charter** to promote gender diversity among French private equity players and the companies in which they support.

This charter has the following targets:

- In the investment teams of the management companies: 25% of women with responsibility for investment committee decisions by 2030 and 30% by 2035, and a target of 40% of women in investment teams by 2030;
- In companies with more than 500 employees: at least 30% women in the Executive Committee by 2030.

In **France**, a new **gender equality agreement** was signed in 2020. It is based on four pillars: recruitment, classification, the actual income and the balance between professional responsibility and family life with the following goals:

- Promote gender diversity in the workplace;
- Raise awareness among all employees about the fight against stereotypes;
- Improve pay policy and reduce any pay inequalities;
- Create a balance between the private and professional spheres;
- Provide improved support for return from parenthood-related leave.

(1) The policies implemented by Rothschild & Co are in line with the main provisions of the International Labour Organisation Convention (ILO), including the elimination of all forms of discrimination in respect of employment and occupation, but also with respect to freedom of association and collective bargaining.

The agreement complements the gender equality index, which has increased sharply for the business in 2020 (94/100 points).

To support the retention and progression of women into senior roles the Group launched in 2020 its **Global Female Sponsorship Programme** which provides advocacy and deliberate influence to high performing, talented women at Assistant Director and Director grade with the potential to progress within the organisation. These female colleagues have been matched with senior leaders within the organisation as their sponsors. The success of the Global Female Sponsorship Programme is continuously reviewed, assessed and measured.

In 2018, the Group launched a training programme specially designed to empower senior women. **Shine for Women** is aimed at maximising individual potential and delivering personal impact. In 2020, the project was adopted to a virtual format and expanded to include Group coaching, individual learning, and a manager briefing to spotlight the critical role they play in the success of women in the firm. Over 70% of senior female staff participated since programme induction in 2018.

In late 2020 the Group launched a pilot **reverse mentoring programme** where members of the Group's Global Balance & Inclusion Committee act as the mentees, and Associates from across the firm act as the mentors. The programme will allow Associates to help inform the organisation's future direction by openly sharing their perspectives and experiences, providing input to help address the evolution of the culture across the firm, share feedback and give input into diversity & inclusion topics.

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

Over the last two years, there has been an increased focus on **direct sourcing for experienced hires**. Direct sourcing allows the lateral recruitment team to tailor their approach to recruitment on behalf of the business and to ensure a more diverse set of candidates is considered. In 2020, the number of direct hires in the United Kingdom increased by 39%, with 47% of the direct hires being female.

Only qualifications and skills important to a role will be a selection criterion in recruitment, promotion and in rewarding performance. An annual review process for all employees ensures there are no pay discrepancies within the Group for people performing similar roles. To safeguard transparency for all employees globally, the promotion policies are available on the Group's intranet and are implemented by divisional committees who oversee promotions on a global basis. The Group is mindful of a gender balanced participation at these committees as well as at the Benchmarking Committees during the performance evaluation process.

2.2.3 Talent identification and development

Rothschild & Co is committed to attracting and retaining high-potential, team-oriented and self-motivated individuals. Graduates, interns and apprentices play a crucial part in shaping the business from their very first day and throughout their career with the Group. When recruiting experienced professionals, the business looks for people who can add intellectual strength, offer a distinct perspective and have a genuine passion for what they do, and have the drive and determination to deliver excellence, consistently.

The disruption to the physical work environment experienced in 2020 has impacted the approaches to early careers recruitment. Whilst Rothschild & Co always relied on personal interactions to attract the best early career talent, the circumstances during the COVID-19 pandemic required the firm to find creative and virtual solutions to achieve its targets. For example, in July the London office hosted its first virtual Insight Programme, welcoming over 50 students to learn about Rothschild & Co and to participate in workshops, presentations, project work and networking sessions.

The Group takes pride in its focus on nurturing and identifying talent at an early stage and runs a number of initiatives globally to support balanced representation, in particular across all its early careers recruitment programmes.

Initiative	
Women in Finance events/workshops	Supporting female career development to identify talent at an early stage; allowing students to gain insights into the various aspects of an M&A deal, as well as improve their technical and presentation skills.
Bright Network	Bright Network helps companies attract a diverse range of candidates from traditionally underrepresented Groups.
10,000 Black Interns	Initiative designed to attract talented black students to a career path in the British investment management industry.

Rothschild & Co offers structured Graduate and Internship Programmes in its Global Advisory, Wealth and Asset Management, and Merchant Banking businesses, for both students in their final year of university and those who have already graduated. The firm offered c. 350 paid internships in 2020 (c. 300 in 2019) across its offices and business areas. Internships are a great pipeline for the Graduate Programmes, as evidenced by a conversion rate of up to 88% from these programmes.

Nurturing talent and encouraging people to get the best out of their careers is a key focus of Rothschild & Co's people strategy. Once with the firm, the aim is to help employees to become the best they can be at their job.

Rothschild & Co is committed to providing bespoke development opportunities to help employees support the firm's goals and objectives through informal and formal training programmes, mentoring, coaching and team development. Individuals are also actively encouraged to attend development programmes that are directly relevant to their current position or career path.

The Group's Learning & Development team offers and coordinates a wide range of training and development opportunities, enabling employees to improve their professional, technical and personal effectiveness. All training programmes have been rapidly redesigned in 2020 to ensure they can be run virtually with different digital formats and new content. The launch of a new learning module in the Group's HR management software has been essential to the success of 500 virtually delivered programmes, allowing access to all learning curricula and training for the global employee base.

- The annual **Global Graduate Training Programme** provides essential training in the financial concepts that are required for graduates to be successful in their daily work, and training for interpersonal skills as well as networking opportunities. In 2020, more than 100 graduates from 17 offices around the globe attended the programme virtually.
- Through its **Global Mobility Programme** the firm facilitates and allows qualified strongly performing employees to move between offices as temporary or long-term assignments, enabling them to learn how business is done in other parts of the world, share information across the Group and benefit from the Group's global network.
- The Group's annual **Promotion Programmes** for each key promotion stage provide an opportunity for newly promoted colleagues in all divisions globally to prepare for the transition into their new role. In 2020, over 260 employees have participated in the programme virtually.

Managing performance is critical to the ongoing success of the Group's people strategy. Feedback on the individual performance is encouraged regularly throughout the year and performance is assessed formally at the end of every year to help develop an individual's career. In 2020, 92% of Group employees benefited from a performance review (90% in 2019). The Rothschild & Co **career frameworks** reflect the Group's guiding principles and provide all employees with a clear and consistent set of expectations across all divisions, geographies and career paths.

2.2.4 Health & Wellbeing

Supporting employees to ensure their wellbeing in life and at work is critical in today's demanding world. The Group is committed to safeguarding and enhancing the health and wellbeing of all its employees and provide a sound support framework including expert advice and tools.

2.2.4.1 Workplace flexibility

Through the COVID-19 pandemic the Group has learnt a lot about its ability to work in a more agile way. The unprecedented situation has disrupted peoples' lives, both on a professional and personal level. From March 2020, many Rothschild & Co offices had to close or partially close, to comply with lockdown restrictions imposed by local governments. Within a very short timeframe, almost the entire firm adapted to work in a remote environment whilst retaining a high level of productivity to continue to serve clients' needs.

In the summer of 2020, the Balance & Inclusion Committee launched the '**Workplace of the Future**' project to review and challenge previous working practices, and design how the Group could work in the future. Initial investigations with employee focus Groups centred around expectations and opportunities resulting from the changing patterns, how these changes could be reflected in the use of office space, and how this effects the need for travel, conducting meetings and use of technology to bring people together. Amongst other initiatives, the discussions led to the development of a global **Agile Working Policy** agreed by the Group Executive Committee. The policy sets out ways of working that balance the needs of clients, business and employees, and acts as a guideline in encouraging and supporting changes in working patterns whilst recognising the value the firm places on personal contacts and relationships, and the importance of spending time together to deliver the best to clients.

Additionally, a '**smart working from home**' **resource** was created and is available on the Group intranet to all employees globally to help adjust and continue to work in healthy, efficient and collaborative ways and to provide helpful advice from team-working tips and updates, to wellbeing information and family advice during lockdown.

2.2.4.2 Physical, mental and emotional health

The Group's aim is to ensure all employees are supported and well informed to manage their own health proactively through its Wellbeing strategy that is covering concerns around Family, Mental, Physical and Financial Wellbeing. To further support the internal programme, Rothschild & Co provides employees with a range of healthcare services and benefits that aim to support their overall wellbeing.

Global offices work together to focus on the topics that are relevant and unifying around the world. In 2020, the firm ran 16 sessions on physical and mental health and wellbeing topics that will benefit all employees, but also topics that are relevant on a local level.

A regular wellbeing newsletter is circulated globally with insights on nutrition, physical and mental wellbeing.

In 2020, the Group rolled out **Unmind** globally, a confidential service with clinically backed and easy-to-use tools, which provides ongoing support for people to manage topics that impact their health, from improving sleep, to mindfulness and stress management.

The Group seeks to comply with all applicable local health and safety laws and regulations to provide a **healthy and safe work environment**.

The Group Health and Safety Policy defines the Group Health and Safety conformance standard for offices worldwide, in order to further strengthen and improve Health & Safety conformance requirements across all offices. More details on the policy can be found in the Section "Additional information".

Health and safety matters are governed by the Group Environment, Health and Safety Committee, formed of senior representatives and reporting directly to the Group Executive Committee. A dedicated Group Health and Safety Manager is responsible for coordinating activities at Group level. The implementation of health and safety management activities in each office rests with the locally appointed Health and Safety Champions.

2.2.4.3 In focus: supporting physical and mental health during the pandemic

Throughout the pandemic, Rothschild & Co has taken all necessary steps to make sure employees are provided with the full support and guidance to navigate the crisis and stay healthy and safe. 95% of Group employees have been able to work from home effectively and without risk. For those teams who were required to work on-site the firm has focused on providing a safe working environment.

Home working guidance included IT support as well as ways to ensure comfort at the assortment of workstations available to employees in their homes. Instrumental to the success of the Group's ability to work remotely was the distribution of new laptops to enable all staff to work from home across the globe. Ergonomic equipment has been provided wherever necessary to try as best as possible to replicate the workstation set up in the office. Employees who were unable to set up an adequate home working space were supported by the Group Health & Safety Manager. At the end of 2020, an online training module was made available to the Group to enable a consistent method of assessing home working environments.

2.2.5 Stakeholder engagement

Communicating achievements and plans for the future, encouraging input and participation are key to keep employees engaged and involved. The overview below provides some examples of such campaigns:

Overview global employee engagement initiatives 2020

Focus	Initiative
Diversity & Inclusion	• International Women's Day event in March in collaboration with LGBT Network with Dame Inge Beale. • Balance & Inclusion communications week providing an update on the B&I strategy and initiatives from Employee Networks, the launch of the Global Female Sponsorship Programme; EMbrace events on racial issues, launch of new parental leave policies, reminder of importance of LGBT issues in connection with Pride, global roll-out of Unmind App. • Managing Partner Townhall updates on diversity initiatives. • Celebration of Black History Month. • Year-end Balance and Inclusion update including launch of self-identification data collection project.
Wellbeing	• Smart working from home resources on intranet launched immediately after the start of the pandemic. • Live seminars and recorded videos. • Launch of Unmind globally and Unmind Plus One. • Wellbeing newsletters and articles. • Managing Partner Townhall updates on agile working best practices.
Health & Safety	• Return to work pulse surveys. • COVID-19 secure office environment intranet page and resources. • Return to work survey and divisional follow-ups.
Workplace of the Future	• Focus Groups with employees to understand needs and expectations for agile working best practices.

Overview of external partnerships and commitments

Organisation	Commitment
Women in Finance Charter	N.M. Rothschild & Sons Limited is a signatory since 2019.
Advance Diversity Charter	Rothschild & Co Bank AG is a signatory since 2020.
France Invest Charter	Rothschild Martin Maurel SCS and Five Arrows Managers SAS are signatories since 2020.
FTSE 100®Cross-Company Mentoring Programme	Longstanding supporter of The Mentoring Foundation, which owns and operates both the FTSE-100 Cross-Company Mentoring Executive Programme and the Next Generation Women Leaders Programme.

2.2.6 Outlook

The Group's key Balance & Inclusion workstreams will continue to inform the Group's strategic direction in 2021. A focus will be placed upon embedding Inclusion Training modules and rolling-out agile working charters.

The next twelve months will see the Group reconsider its approach to early careers recruitment, including approaches to interviewing and assessing candidates and to expand the recruitment reach to create a better seedbed for diversity, incorporating gender, sexual orientation, ethnicity, and socioeconomic considerations. The Group's lateral recruiting team will continue to map hiring opportunities across businesses to identify diverse talent as part of the direct sourcing strategy.

The launch of Workday Talent will provide a more systematic way to monitor the Group's talent and share a common succession planning tool across the organisation.

The Group is planning a more focused global wellbeing strategy for 2021 in collaboration with all offices and will continue to utilise digital learning resources as much as possible in order to ensure that all colleagues have equal access to learning opportunities irrespective of their location.

2.3 Responsibility for the environment

Environmental management – overview strategy & achievements

Strategic priority	Progress 2020	Impact highlights
Championing responsible consumption and resource use	• Responsible Material Use Standard implemented by all offices.	• 100% of the paper procured by Rothschild & Co offices is from sustainable sources.
Responsibly managing greenhouse gas emissions and proactively reducing our operational impact	• Expansion of renewable electricity procurement programme to more offices. • Strategic partnership with Cool Earth supports projects aimed at helping to stop deforestation.	• 85% of reported office electricity procurement is from renewables (56% in 2019). • 62% reduction in GHG emissions per FTE from 2019, primarily driven by reduction of travel related emissions. • Total Scope 1 and 2 GHG emissions decreased by 36% or 963 tonnes from 2019. • Compensation of unavoidable operational GHG emission via two projects.

PUBLIC POLICIES

- **Group Environment Statement**

	2018	2019	2020	Change from 2019 (%)
Total GHG emissions (tCO_2e)(1)	29,711.2	27,613.3	10,753.6	-61%
GHG emissions Scope 1 + 2 (tCO_2e)	3,494.9	2,677.8	1,715.3	-36%
GHG emissions Scope 3 (tCO_2e)	26,216.2	24,935.5	9,038.3	-64%
GHG emissions / FTE (All Scopes) (tCO_2e)	8.47	7.96	3.06	-62%
Total energy consumption (MWh)(2)	24,011	26,217	21,701	-17%
Total energy consumption / FTE (MWh)(3)	*6.85*	*7.56*	*6.18*	*-18%*
Total electricity consumption (MWh) *non-extrapolated*	16,234	17,694	13,902	-21%
Thereof renewable electricity consumption (MWh) non-extrapolated	*8,729 (54%)*	*9,934 (56%)*	*11,836 (85%)*	*19%*
Total natural gas consumption (MWh) *non-extrapolated*	3,397	710	672	-5%
Total biogas consumption (MWh) *non-extrapolated*	1,299	4.274	4,041	-5%
USUP free offices	0	20	27	35%
Sustainable paper procurement	30%	67%	100%	33%
Paper use / FTE (tonnes)	0.07	0.06	0.03	-50%
Total materials disposed (tonnes)	663	605	339	-44%

(1) All GHG emissions in the table are presented as market-based emissions in tonnes of carbon dioxide equivalent (tCO_2e).
(2) Total energy consumption is from premises use, it does not include MWh from company owned cars and vans.
(3) Total energy consumption per FTE is calculated on premises use, it does not include MWh from company owned cars and vans.

2.3.1 Strategic priorities

Climate change poses risks to the Group's stakeholders and businesses. Physical risks, such as those resulting from extreme weather events, can disrupt business activities and impact livelihoods. Transition risks, from an operational perspective, mainly affect the Group in the form of government policy and legal requirements, as well as reputational considerations. Considerate of these climate related risks on its operations, the Group has implemented actions to monitor operational legal and regulatory requirements for all its offices.

In line with a heightened awareness of the risk of biodiversity loss, the Group seeks to continuously improve its operational environmental management processes, aimed at minimising environmental impact resulting from resource use, such as paper and other consumables.

Rothschild & Co is *committed to contributing to a more environmentally sustainable economy and optimising its environmental impact*. The Group's operational environmental strategy focuses on managing and minimising the aforementioned non-financial risks through its operations for its business and stakeholders. In addition, Rothschild & Co's policies are aimed to managing climate related financial risks and consider the environmental impact of its investments as part of the Group's responsible investment strategy (see Section 3.1.5 in this report on climate risk disclosure).

Specifically, the Group's operational environmental management strategy is aimed at, and helps support, the following Sustainable Development Goals:

- Limiting GHG emissions (SDG 13 – Climate action; SDG 7 – Affordable clean energy).
- Making conscious, sustainable resource choices, maximising recycling and promoting circular economic practices (SDG 12 – Responsible consumption and production; SDG 15 – Life on land).

The strategic priorities and initiatives guiding the Group's environmental management practices are part of the Group's Corporate Responsibility strategy driven by the Group Executive Committee. The implementation of the Group's Environmental Management strategy is governed by the Group Environment, Health and Safety Committee, a Group committee that meets quarterly and reports directly to the Group Executive Committee.

In an additional effort to minimise risk and promote transparency, the Group annually submits a report to the CDP climate change disclosure process. For the 2020 reporting period, the Group received an "A-" rating ('Leadership' category).

The Group's operational environmental footprint has been significantly influenced by the COVID-19 effect on global business activity, most notably with regards to GHG emissions relating to travel. However, this is not uniform across all offices. Local and national government approaches aimed at minimising the COVID-19 impact have led to, for example, significant reductions in office energy use in Brussels, Johannesburg, Madrid and Milan, all reporting a decrease in energy consumption of more than 40%, whereas in Dubai and Sydney energy use has remained relatively stable. Other factors, such as the size and occupancy percentage of leased buildings where energy is recorded as a percentage use based on occupancy was a factor.

NOTE: for information regarding the approach to financial climate risk management and related opportunities in the Group's investment businesses, please refer to Section 3.1.5. The Section describes the Group's progress in incorporating the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

2.3.2 Greenhouse gas emissions and climate change

2020 progress against targets (against a 2018 baseline):

Target	Progress
Reduce GHG emission per FTE by 10% by 2025	GHG emissions are 3.06 tCO_2e per FTE, a 64% decrease from the baseline, exceeding the 10% target. The Group recognises this decrease was largely attributable to COVID-related business travel restrictions.
Procure 100% renewable electricity for our offices by 2025	85% of the Group's electricity is from renewables, up from 56% in 2019.
Carbon-neutral operations	Compensation made for unavoidable GHG operational emissions in 2020.

The Group GHG emissions reduction strategy is multi-faceted:

- Measure and report all operational GHG emissions; Scope 1, 2 and 3
- Set an internal carbon price (ICP) on operational emissions generated per office for all Scopes.
- Encourage reduced business travel.
- Conduct office energy assessments to identify and implement energy saving opportunities and procure low energy equipment to reduce consumption.
- Procure renewable electricity for all offices, and where applicable, biogas.
- Compensate for unavoidable operational GHG emissions.

The Group's reported operational GHG emissions for 2020 have been impacted by reduced emissions from limited business travel and reduced office occupancy as a result of COVID-19 related restrictions. In 2020, the Group expanded its reporting scope to include for the first-time emissions from remote working, representing about 12% of the Group total emissions and server use GHG emissions. The Group has separately begun recording employee commuting emissions, which for 2020 are calculated as 614 tCO_2e.

As a result of the accelerated roll out of IT equipment across the Group and server use GHG emissions from third party servers or servers not within Rothschild & Co's control, market-based emissions from IT sources increased to 1,078 tCO_2e, up from 595 tCO_2e in 2019.

The Group's total extrapolated **energy use** across its offices is 21,701 MWh and of this 69% (15,003 MWh) is electricity.

Across reporting offices, the Group expanded its renewable electricity procurement to 85%, up from 56% in 2019. Renewable electricity and sustainable energy sources (renewable electricity and biogas) covered 79% of FTE in 2020.

In line with the Group's ambition to be carbon neutral, all remaining and unavoidable operational GHG emissions are compensated for.

Whilst this business environment has contributed to meeting the Group's GHG reduction targets per FTE four years earlier than targeted, the Group expects a rebound caused by uptake in travel routines and use of office space once pandemic restrictions are lifted. Initiatives aimed at limiting this rebound effect will seek to capitalise on some of the behavioural changes (resulting from the changes to working patterns in 2020, e.g. increased use of video conferencing).

To minimise business travel and reduce GHG emissions, the Group has ensured that employees have access to video conferencing (VC) facilities by installing dedicated VC units in the offices. The number of dedicated VC units increased by 21% from 70 to 85 units.

The Group strengthened its remote working capacity by ensuring employees had the necessary equipment to work in locations away from the office. This included the accelerated roll out of more than 1,600 laptops and 2,700 displays screens, as well as collaborative software to enable remote video conferencing.

At the time of publication of this report the Group has implemented an **Internal Carbon Price** (**ICP**). This mechanism places a monetary value on greenhouse gases and is a way to responsibly influence emissions from business operations, including travel, aimed at ensuring the Group pursues emission reduction opportunities. The ICP generates a financial support stream for the Group's environmental management budget, which in turn is used to develop further small and medium-scale carbon-reduction opportunities and sustainability projects in line with the supported SDGs.

Recognising that operational improvements are only one way to contribute to action against climate change, the Group has in 2020 expanded its **environmental partnership with Cool Earth**. This partnership supports the Ashaninka and Awajún regions of the Peruvian Amazon fighting the negative climate impact of deforestation of tropical rainforest.

Mitigating climate change by helping protect the tropical rainforest with Cool Earth

Rothschild & Co partners with Cool Earth on an innovative project to strengthen resilience against external pressures and promote self-determination and self-sufficiency for communities in Peru.

Supporting the Asháninka and Awajún communities is one of the ways to conserve and protect delicately balanced rainforest ecosystems in this region. These communities are suffering from lack of access to nutrition and basic healthcare, which leaves them faced with the need to sacrifice the forest to logging in order to prevent disease and malnutrition. The supported projects are aimed at providing an alternative for communities to sustain and improve their livelihoods, meaning they are no longer reliant on payments from loggers for survival and can protect against forest degradation.

To date, the project support has provided 318 families from the Awajún and 231 families from the Asháninka with short-cycle seeds and the provision of tools, materials and training. Helping mitigate the impact of COVID-19 is a key focus area. Basic healthcare provisions have been distributed to help 610 families cope with the hygiene requirements during the pandemic.

2.3.3 Responsible consumption and engagement

2020 progress against targets (against a 2018 baseline):

Target	Progress
100% paper from sustainable sources in 2020	Achieved in 2020 through implementation of Responsible Material Use Standard. Offices are using remaining stock and are committed to procuring sustainable paper for all future orders.
Reduce paper use by 25% per FTE by 2025	Total paper use per FTE has decreased by 56% from the baseline year, exceeding the -25% target. The Group recognises this decrease was significantly affected by reduced office occupancy related to COVID-19.
Reduce energy consumption in offices by 10% per FTE by 2025	Office energy consumption per FTE decreased by 9.8% from the baseline year and 18% from 2019. The Group recognises this decrease was significantly affected by reduced office occupancy related to COVID-19.

Responsible management of **materials use** is embedded in the Group's working practices. In 2020 a Group-wide Responsible Material Use Standard was implemented in order to further reduce consumables and track their use. As a result, by the end of 2020 all new orders of printing paper by offices were for paper from sustainable sources(1).

Over the years the Group has identified and acted to implement **energy efficiency** opportunities across its offices. Energy audits, conducted by third party assessors, have helped with the swift implementation of energy savings. For example, the London office energy audit has identified opportunities for major energy savings by upgrading existing lighting to LED lighting. This work will conclude in 2021.

2.3.4 Resource management

2020 progress against targets (against a 2018 baseline):

Target	Progress
Achieve a Group-wide recycling rate of 80% by 2025	39% of material disposed was recycled.
Zero waste to landfill by 2030	77% reduction of material sent to landfill from baseline (45% reduction from 2019).

The COVID-19 environment had a significant impact on global recycling rates. Total **material disposed** in 2020 decreased by 44%. Contributing factors to this trend for the Group include the significant decrease in recyclable material waste produced in some of the larger offices as more people worked remotely. For example, the recycling of high volume/heavy items *(predominately paper, glass and compostable material)* fell to zero in London during the six months between April and November. Recycling waste of the London office decreased by 69% from 2019.

(1) Rothschild & Co defines sustainable paper source as one, or a combination, of the Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) or made from 100% recycled material.

Local measures to prevent the spread of COVID-19 in the workplace reduced the effectiveness of some of the **recycling** initiatives that had been rolled out (e.g. the removal of under desk waste bins in the London office and the implementation of centralised specialist recycling stations in the Paris office), aimed at encouraging employees to separate recyclable and non-recyclable materials and reduce contamination. The reduced opportunities for such behaviour changes in the COVID-19 environment resulted in an increased incineration volume.

The Group continued the expansion of its programme to eliminate **Unnecessary Single-Use Plastic** (USUP) in 2020. By the end of 2020, 27 offices were USUP free, an increase of 35% from 20 offices in 2019.

2.3.5 Stakeholder engagement

In the remote working environment of 2020, the Group took the opportunity to help increase employee information and education on environmental practices with dedicated engagement campaigns.

Overview employee engagement initiatives 2020

Focus	Highlights
Climate change and climate action awareness	Climate Action Weeks, launched by Alexandre de Rothschild, aimed at educating and making employees more aware of climate change risks, why it matters to the Group and how all divisions, teams and individuals can contribute to reducing the impact of climate change.
Understanding the Group's environmental footprint	Awareness campaign around the key driver of the Group's environmental footprint. Rating results of the Group's CDP climate reporting (A-).
Influencing employee behaviour to limit the Group's environmental impact	Appeal to employees to reconsider printing habits. Encouraging employees to utilise technology for collaboration and interaction. Information on how to avoid unnecessary single-use plastic.

Selected **client publications** from Wealth and Asset Management businesses were aimed at contributing to a better client understanding of the growing awareness of environmentalism and related corporate action.

2.3.6 Outlook

The global pandemic has had a positive environmental influence on the Group's operational carbon impact in 2020 by significantly reducing it and accelerating the acceptance of new ways of working. The business now has the opportunity to limit the rebound and embed newly established routines once business activity starts to normalise.

The Group is conscious that actions taken throughout 2021 and over the next decade will have a lasting impact on the future of our planet. Planned actions regarding GHG emission reduction and an ongoing review of the Group's climate ambition and environmental targets, are aimed to help align the strategy more consistently with the Paris climate agreement.

2.4 Responsibility for local communities

10 REDUCED INEQUALITIES

Community Investment – overview strategy & achievements

Strategic priority	Progress 2020	Impact highlights
Financial support to charities, social enterprises and individuals to help overcome barriers associated with a disadvantaged start in life	• Increased focus on fundraising and employee matched giving to support those in need throughout the pandemic.	• 478 employees contributed to the COVID-19 matched-giving campaign supporting 138 charitable causes. • More than 12,000 young people directly supported by corporate donations. • 34% of employees globally engaged with Community Investment in 2020, by volunteering or giving, or both.
Professional expertise for the social sector helping to drive change for young people	• Pro-bono Advisory mandates to charities and social enterprises.	• 75% increase in the number of live Pro-Bono Advisory mandates vs. 2019.
Skills-based volunteering to help young people succeed in life	• Continued to offer mentoring and tutoring support to young people during the pandemic. • *Ad-hoc* support to local communities during pandemic.	• c.1,000 young people supported directly by volunteers through Skills for Life Programme. • Employees volunteering across Skills for Life and Pro-bono Advisory Programmes averaged 33 hours of volunteering each.

2.4.1 Strategic priorities

The Group has a long heritage in recognising that the business' position in society carries with it a special responsibility towards the communities we are part of.

A focus has been given to helping overcome barriers to success in life for young people. That is why, for the last few years, the Group's Community Investment mission across all offices and businesses has been to *make a meaningful difference to children and young people whose opportunities in life are restricted through disadvantage*.

The Group pursues this Community Investment mission via three priority engagement activities:

- Providing financial support to charities and social enterprises, as well as to individuals.
- Offering professional expertise to charities and social enterprises, helping them to drive change for young people.
- Encouraging employees to volunteer, using their skills to help young people to succeed in life.

Community Investment initiatives are driven by local offices, and governed by the Global Community Investment Committee, which reports directly to the Group Executive Committee.

2.4.2 Supporting local communities during the COVID-19 crisis

Times of crisis highlight more than ever the responsibility for businesses to support local communities in need.

In the extraordinary circumstances of 2020, the Group took the decision to extend Community Investment support beyond the scope of the Community Investment mission in order to facilitate a rapid response to the crisis. Local Community Investment Committees identified a range of causes where the Group's support could make a meaningful difference and launched a targeted COVID-19 matched-giving campaign.

This global campaign mobilised employees to donate with company matching to charities and medical establishments operating on the frontline of the health crisis, as well as those working to mitigate many of the issues affecting vulnerable people during lock-down: from food poverty to mental health and supporting the needs of at-risk children. This campaign successfully engaged the Group's global workforce, with North American colleagues demonstrating particularly strong engagement.

Overall, through a combination of employee and company contributions, the Group directly contributed to the work of 138 charities in 16 countries.

Over
800,000
meals provided to vulnerable people

17,000
pieces of medical equipment – e.g. oxygen masks and infusion pumps – provided to hospitals

Over
400
ill and vulnerable children provided with one-to-one care and support

More than
2,200
pieces of PPE provided to frontline workers

Over
1,000
games and books provided to children living in shelters and refuges to keep them engaged and learning during lockdown

More than
2,000
grassroots charities supported

Local responses to COVID-19

In addition to the global campaign, a range of offices initiated local responses. For example:

- Senior colleagues from Rothschild & Co South African played a central role in forming and providing support to Business for South Africa (BSA): an organisation convened to mobilise private sector resources in a coordinated approach to South Africa's pandemic response. The team also provided support to the Solidarity Fund, which was set up as a platform for the general public, civil society and the public and private sectors to contribute to a consolidated effort in response to the COVID-19 crisis.
- Rothschild & Co's office in Brussels organised a collection of essential items in partnership with BXL Refugees to donate to refugees put up in a local hotel. The 80 refugees, who had been sleeping in a local park where they were particularly vulnerable to COVID-19, were in desperate need of clothes, toiletries, and shelter.

Raising funds for COVID-19 causes whilst promoting employee wellbeing

In the summer the Group ran a fitness and fundraising challenge aimed at helping colleagues to stay fit, well and connected at the same time as raising further vital funds to help some of the many charities suffering from the consequences of the pandemic disruption, and the vulnerable people that they support. More than 800 employees from 15 countries competed in the challenge, undertaking more than 20,000 hours of physical activity while raising funds with company matching for 83 charities worldwide.

2.4.3 Continuation of the Group's Corporate Giving Programme

Alongside responses to help mitigate the impact of the COVID-19 crisis, the Group continued to provide financial support to 66 partner organisations working to support disadvantaged young people; this included supporting students from disadvantaged backgrounds to enter higher education by offering scholarships and bursaries in the UK, South Africa, Brazil and Italy to help ease the financial burden associated with studying at university or college.

Helping educational establishments develop essential infrastructure

Rothschild & Co India supported projects to develop the infrastructure of two schools catering to 1,253 underprivileged children. One, based near Mumbai, involved works to repair the classrooms and playground, the installation of a water storage tank and drainage system and the construction of a new kitchen shed and toilet blocks. A second school benefitted from new doors and windows for its classrooms, as well as work to decorate and refurbish the school hall and construct new toilet blocks.

Sport dans La Ville partnership in France

Sport dans la Ville uses sport to promote the integration of young people from disadvantaged neighbourhoods. This year colleagues from Lyon and Marseille sponsored and mentored young people in the "Job dans la Ville" programme helping them to understand the impact of choices they make now in their later lives. Rothschild & Co in France also participated in the "Entrepreneur dans la Ville" programme, an incubator that helps entrepreneurs between the ages of 25 and 35 to develop their own businesses.

2.4.4 Volunteering skills and expertise

Skills-based volunteering during the pandemic

The delivery of Rothschild & Co's usual **Skills-for-Life** Programmes was impacted by limited ability to offer in-person support to disadvantaged students during national lock-downs. In the UK the team decided to raise funds to equip 60 students with laptops to ensure they were able to access the benefits of home learning during lockdown, and volunteers have continued to tutor disadvantaged young people in partnership with **The Access Project** and **Innovations for Learning**, a web-based reading programme. This support has been even more important than usual during a time in which many young people have missed out on large periods of learning at school.

Career mentoring in Brazil

The Rothschild & Co team in São Paulo organised an investment banking webinar for 300 university students across Brazil where they could discuss career-related topics. Following on from the webinar's success, colleagues participated in the following initiatives:

- virtual career mentoring for young adults who had lost their jobs during COVID-19;
- the digital recruiting process for a partner organisation's scholarship programme which benefits more than 500 young people; and
- a webinar for 30 people focused on the inclusion of women in investment banking.

In other offices, colleagues continued to mentor young people and help them to plan their futures and understand what is required of them to succeed professionally. For example, in France the team worked in partnership with **Simplon** and **Sport dans la Ville** to mentor students; in North America, colleagues continued to mentor young people in partnership with **Madison Square Boys and Girls Club**; and in Italy, they offered further support to recipients of their bursary scheme by mentoring the beneficiaries.

Pro-bono Advisory: professional expertise supporting social organisations

At the heart of the Group's Community Investment programme is its **Pro-bono Advisory** initiative, which aims to increase organisational resilience and support entrepreneurship in the social sector, leading to sustained and scaled social impact for individuals and communities. The Group offers support to NGOs, charities and social enterprises over the long-term to increase their effectiveness, reach and revenues, and to reduce costs. Projects typically focus on one or more of:

- Financial modelling to provide financial clarity.
- Navigating the process of mergers, de-mergers or re-structuring.
- Support in preparing marketing materials to maximise impact and reach.

While charities across the board experienced a significant shortfall in income due to a fall in donations and fundraising activities this year, demand on their services was greatly increased.

Rothschild & Co teams worked on several **Pro-bono Advisory** project mandates this year, addressing some of the most pressing challenges facing charities. Several projects helped to address the common challenge of needing to review long-term strategy and operational models and identify opportunities for potential consolidation, thereby improving efficiency of service delivery.

Identifying growth opportunities in the micro-giving space

Pennies, a leading UK fintech charity, partners with retailers to raise micro-donations by rounding up to the nearest pound a customer's purchase and donating this to the retailer's chosen charity.

The charity sought advice around the growth potential of entering the UK salary micro-giving market and expanding their international presence. The project team analysed these opportunities and provided recommendations in a comprehensive discussion paper that identified 14 potential alternative markets for micro-giving, with six having high potential for significant growth. Undertaking this work also freed the leadership team to focus on the implications of the Coronavirus pandemic.

"It was a pleasure to help the Pennies team to think through new ways to build on the incredible success they have achieved to date. We see them as true pioneers in the fintech charity space and we look forward to continuing to work with them going forward." Toby Ross, project team lead and Rothschild & Co Director in Global Advisory

Advising charities on restructuring and consolidation

A dedicated pro-bono project team advised **Teenage Cancer Trust**, the charity providing nursing and care to young people diagnosed with cancer, and developed a report on the financial strengths and weaknesses (and comparative scale) of nearly 50 UK charities in the Children & Young People sector. This report directed the charity's thinking around opportunities for improved alignment of their strategic objectives and operational model, and in the future will inform any decisions on partnerships, collaboration or consolidation.

"As a result of Rothschild & Co's support we are better placed to strategically and operationally align with key organisations working to offer care to the young people we support through and beyond cancer – improving the experience of young people with cancer and minimizing the risk of duplication of offer." Teenage Cancer Trust's CEO, Kate Collins

In 2020, the Group has additionally been able to support 138 charities through pro-bono advisory webinars, including one focusing on the HR challenges posed by COVID-19 and another on the future of the UK retail landscape for those charities with a significant high street presence. Additionally, more than 20 senior bankers attended virtual funding panels during the year to help assess funding applications from start-up charities and social enterprises.

2.4.5 Outlook

The Group's strategy for engaging with the social sector in 2021 will take account of the learnings and changing environment in 2020.

Whilst in 2020 the Group experienced a high degree of employee engagement for a broader range of causes with **34% of employees engaging** in either employee giving or volunteering support (or both) organised at local level, the year has also highlighted the opportunity to help address some of the most pressing societal as well as environmental challenges in collaboration with the social sector.

At the time of publication of this report the Group is reorganising its philanthropic and volunteering initiatives to ensure their alignment with the Group's Corporate Responsibility strategy, supporting social enterprises and charities that work to fight against social and economic inequalities and help protect the planet for future generations. The revised approach will allow the firm to draw on the full extent of the Group-wide business expertise and the enthusiasm of its people, and seeks to improve the lives of the next generation by supporting initiatives aimed at:

- addressing barriers to equality such as income, race and gender;
- protecting the planet by helping to mitigate the risks of climate change and biodiversity loss.

3. Business impact

3.1 Responsible Investment

Responsible Investment – overview strategy and achievements

Strategic priority	Progress 2020	Impact highlights
ESG investment framework for the group	• Group-wide investment exclusion policy agreed, including implementation of investment principles for thermal coal. • ESG integration: common ESG data provider across WAM entities. • TCFD reporting & SFDR project.	• 100% UNPRI signatory.
Strengthening of stewardship activities as active and engaged investors	• Voting and engagement policies updated by Asset Management Europe and Wealth Management UK. • Merchant Banking joins the Global Impact Investing Network.	• 96% of voting coverage for AM Europe (priority scope) and 100% of voting coverage for WM UK. • A is the average UN PRI Governance & Strategy score across Merchant Banking, Asset Management Europe and Wealth Management UK.
Development of responsible investment solutions for clients	• Expansion of Asset Management 4Change funds range. • Development of Exbury Fund.	• 4 funds obtained an SRI certification. • The Exbury strategy saw circa 12x growth in assets in 2020.

3.1.1 Strategic priorities

Corporate Responsibility is evolving and businesses are increasingly called upon to act by clients, regulators, employees and investors. The financial services industry is adapting in turn to the rising awareness of ESG issues through developing its offering and expertise across this fast-growing area of finance.

Rothschild & Co considers responsible investing as an opportunity to play an active role in the successful transformation of industries towards a more sustainable future. Responsible Investment is an important pillar of Rothschild & Co's Corporate Responsibility strategy and – in today's business environment – fundamental in terms of the impact it can have on long-term business success.

In practice, investing responsibly at Rothschild & Co requires managing both financial and non-financial risks associated with the companies invested in and identifying related opportunities which preserve and create value for the Group's clients and stakeholders.

The Group's Responsible Investment strategy takes account of these risks and is centred around three strategic objectives which have been developed by the Responsible Investment Committee, the Group Executive Committee and approved by the Managing Partner. These objectives are aimed at **establishing**, **strengthening** and **developing** responsible investment activities across the Group over the next years (see overview below):

2022 Strategic Objectives

1. Establishing a coherent ESG investment framework for the Group, including:
   - Group-wide exclusion policy;
   - common ESG rating reference and data provider; and a
   - minimum set of ESG/impact data for transparent and consistent monitoring.

2. Strengthening of Rothschild & Co's stewardship activities as active and engaged investors:
   - enhance Rothschild & Co's involvement in relevant multi-stakeholder initiatives;
   - strengthen Rothschild & Co's engagement policy;
   - promote and support sustainable investment practices; and
   - establish knowledge leadership through regular publications and conferences.

3. Developing responsible investment solutions for clients:
   - support the business lines in the development of investment solutions for their clients.

In addition to these Group-wide objectives, business lines have developed responsible investment organisations and solutions reflecting the needs of the markets and clients they serve, in line with their investment philosophies.

The success of this model has given rise to a rapid growth in responsible investing at Rothschild & Co in recent years, as illustrated below.

Responsible Investment at Rothschild & Co over time

2010	2011	2012	2014	2015	2017	2018	2019	2020
WM Germany launches its sustainable investment strategy	AM Europe becomes a UNPRI signatory	Merchant Banking becomes a UNPRI signatory	RMM launches the SRI Capital Green Tech funds	AM Europe develops its 1st carbon footprint assessment tool	R&Co becomes a CDP member	WM UK becomes a UNPRI signatory	AM Europe joins the Climate 100+ initiative	Merchant Banking joins the Global Impact Investing Network
	AM Europe sets up a SRI voting policy	AM Europe develops its 1st ESG rating tool			AM Europe creates a Responsible Investment Team	AM Europe wins a <low carbon> mandate	R&Co investment entities agree on a common RI roadmap	WM CH/ Germany, RWM and AM US become UNPRI signatories
						WM UK launches the sustainable strategy Exbury	R&Co sets up a permanent Responsible Investment Committee	AM Europe launches a Green Bond funds
						Merchant Banking joins the International Climate Initiative	AM Europe launches the 4Change funds range with SRI certified products	R&Co adopts common investment principles for thermal coal
						Initiation of TCFD Project		RMM launches the 4Change mandates in France

Engagement initiative

Strategy / product launch

ESG Integration

As of 2020, all investment business lines are signatories to the UNPRI.

As signatories, the businesses commit to uphold the six key principles of the PRI. As well as committing to integrate ESG factors in their investment processes, an important part of the PRI is the ongoing reporting requirements which provide an opportunity for the Group's business lines to evaluate their progress against its industry peers. In 2020, the Group has seen improvement across business lines which already reported under the PRI in 2019, as can be seen below.

UN PRI scores across business lines

Governance & Strategy Score	2019 UN PRI Score	2020 UN PRI Score
Wealth Management UK	A	A
Merchant Banking	B	A
Asset Management Europe	A	A+
Wealth Management Switzerland & Germany	n/a	new signatory
Rothschild Martin Maurel	n/a	new signatory
Asset Management US	n/a	new signatory

The Group's Responsible Investment Committee draws on management and subject-matter experts from its investment businesses and is supported by a Group Responsible Investment team to ensure effective coordination across business lines. The Responsible Investment Committee is chaired by one of the Managing Partners and Co-Chairman of the Group Executive Committee, which considers Responsible Investment priorities as part of its responsibility to develop the Group's Corporate Responsibility strategy and ensures accountability for the creation of policy and implementation across its businesses. In the same spirit as for the Responsible Investment Committee, the Group Responsible Investment team reports to the Co-Chairman of the Group Executive Committee and works on a daily basis with a network of Responsible Investment champions in the Group's investment business lines.

In addition, the Group has set up a dedicated working-Group comprising of senior members from business lines and Group support functions in order to:

- coordinate Rothschild & Co's activities regarding the recommendations on climate risk integration and disclosure by the Task Force of Climate-related Financial Disclosure (TCFD); and
- ensure consistency in the understanding and implementation of the SFDR requirements as part of the European Action Plan on Sustainable Finance.

3.1.2 Group-wide ESG-investment framework

At the time of publication of this report, the Group has agreed on **a common exclusion policy framework** in accordance with its 2022 Strategic Objectives, focusing on three key areas:

1. Exclusion of investing in companies that design and produce *cluster munitions and/or land mines* in accordance with the Oslo Treaty (2008) and the Ottawa Convention (1997).
2. Exclusion of investing in companies which to the Group's knowledge may breach **fundamental principles due to gross corporate misconduct** such as severe infringements of human rights, substantial environmental damage or those linked with corruption and bribery activities. The Group does not take exclusion decisions lightly and will engage with companies as a first step in most instances (also **see Section 3.1.3**). In taking the decision to exclude a company on the basis of conduct, Rothschild & Co is guided by industry-wide recognised standards.
3. Exclusion of investing in companies involved directly in thermal coal production as well as exploration, mining & processing and power generation using thermal coal. The Group's Wealth & Asset Management and Merchant Banking business-lines have published investment principles for the thermal coal sector in line with the international coal phase-out schedule which sets a 2030 deadline for Europe and the OECD, and a 2040 deadline for the rest of the world. For more information on these principles, see the following info box.

As part of the roadmap to achieving the 2022 strategic objectives, Wealth & Asset Management business lines have access to the same **research tools, training and 3rd party data provider**, in order to ensure consistency when it comes to the integration of ESG factors across investment teams.

Thermal Coal Investment Principles – An Overview

Rothschild & Co will not invest in or lend to:

- companies involved in projects for new thermal coal mines or thermal coal fired power plants;
- companies with:
  - more than 30% of revenues generated through activities related to thermal coal;
  - more than 30% of the energy mix (per MWh produced) derived from coal;
- companies whose:
  - annual thermal coal production exceeds 20 MT per year;
  - installed coal capacities of greater than 10 GW.

Supporting companies engaged in a coal exit strategy

Where companies are not involved in developing new thermal coal capacity but have direct exposure to thermal coal in excess of the thresholds defined in Rothschild & Co's exclusion policy, the business will:

- engage with companies to discuss their coal exposure;
- continue to support companies implementing a thermal coal exit strategy on a case-by-case basis;
- not invest nor lend or cease to invest in or lend to companies which, following engagement, do not implement a thermal coal exit strategy.

Where Rothschild & Co does not invest in individual companies but rather in third-party funds or funds of funds the implementation of these principles is more complex. Rothschild & Co will:

- integrate the analysis of the coal investment guidelines implemented by third party fund managers into the fund selection process;
- specifically review all allocations to third-party funds where the manager of those funds has not established a thermal coal strategy.

In keeping with their respective PRI obligations, business lines have made important progress in integrating ESG factors in their investment analysis and decision-making processes. By doing so, businesses can take integration of ESG factors to different levels across the spectrum of capital, to meet the different investment needs of institutional and private clients. Key ESG integration metrics used by the Group's business lines include ESG ratings provided by third parties, ESG indicators provided by companies and reliable open source data. These help investment teams to assess a security or portfolio's:

- overall ESG profile;
- ESG risk and opportunity exposure; and
- any quantifiable impact.

Examples of how this data is being used in ESG integration processes are explored in further detail below:

An industry approach

Specific business lines such as Asset Management Europe and Wealth Management Switzerland take an industry vs. absolute approach to analysing companies' average ESG positioning – this "best-in-class" rating approach avoids investment bias, takes into account a comparison on comparable metrics and allows investment teams to identify active engagement opportunities, where dialogue rather than disinvestment may help to bring companies towards the goal of a contributing to a more sustainable future.

Carbon risk exposure

Companies with a large carbon footprint are increasingly affected by carbon mitigation and adaptation policies and pressured by activist organisations and financial markets. At Rothschild & Co, many investment teams look closely at companies' carbon risk exposure to understand:

- the carbon footprint of the operations, inputs and products of a company;
- whether the company has implemented credible measures or plans (in line with its business constraints) to reduce its carbon footprint; and
- the contribution of the company to the transition towards a low carbon economy.

This analysis helps to integrate environmental factors into the security selection process for portfolios.

3.1.3 Engagement and stewardship policy

Good stewardship through engagement and voting activities is one of the Group's key objectives in its Responsible Investment strategy. This requires a focus on the following levers:

1. The **voting policy** implemented at the business level.
2. Individual **engagement initiatives**: effective stewardship starts with active monitoring of securities held in portfolios and engaging with companies and fund managers on topics which are fundamental to the ESG integration process. For example, when implementing the Group policy on thermal coal, engagement plays an important role to **discuss** companies' thermal coal exposure and to assist those companies which implement a thermal coal exit strategy on a case-by-case basis.
3. **Collective engagement**: collaborating with other investors to promote ESG themes through effective corporate channels. Investment teams and dedicated staff are involved in this active engagement process with relevant industry partners and multi-stakeholder initiatives.
4. The Group's Asset Management business in Europe and Wealth Management UK businesses have updated their **engagement and voting policies** in 2020 in line with local stewardship code requirements. As captured in the table below, in 2020 the two business lines voted 5,670 times. The below case study highlights the 2020 voting activities undertaken by Asset Management Europe in this rapidly developing area of responsible investing.

Key 2020 stewardship activities in Wealth and Asset Management

	Asset Management Europe	Wealth Management UK
Votes	5,380	290

Voting Matters

Asset Management Europe has implemented a voting policy that complies with SRI principles since 2011. During 2020 the business voted in favour of 4,591 resolutions and against some 755 resolutions. Absent for just 34 votes, this means that the contested rate for resolutions in 2020 was c. 14%.

The most contested resolutions concerned:

- executive compensation (with 24% of votes against);
- anti-takeover measures (with 23% of votes against); and
- external resolutions (with 33% of votes against).

The external resolutions filed accounted for circa 3% of the total number of resolutions.

Both individual and collaborative **engagement** activities are undertaken by the Group's investment business lines. An example of the former is explored in more detail below.

Engagement in times of COVID-19

During the UK-wide COVID-19 lockdown, Admiral, the UK motor insurer, automatically refunded its motor customers part of their premium. Wealth Management UK had pro-actively engaged with Admiral on this subject, which influenced the company's decision.

As an investor in Berkshire Hathaway, the Wealth Management UK investment team observed that one of its subsidiaries, the US auto insurer GEICO, had decided to refund 15% of premiums to its customers in the light of a large reduction in road traffic during Q1/Q2 COVID-19 lockdowns. Given the pandemic and reduced movement, GEICO had decided it was only fair to share these savings with its customers.

Impressed by GEICO's actions, Wealth Management UK contacted Admiral, a company which it has invested in since 2015. During the engagement, Wealth Management UK were asked to evaluate the effects of such a policy, given that as a publicly listed company Admiral had to consider the impact of such a policy on its short-term earnings. After reassurance that the long-term benefits of such a move would outweigh any impact on short-term profits, Admiral decided to follow the industry precedent and refund premiums to their customers.

This engagement initiative illustrates how strong research capabilities, robust engagement with management teams and a long-term responsible approach to owning businesses can drive positive outcomes for investors, customers and companies alike.

The Group's business lines have joined a wide variety of responsible and impact investing platforms and industry bodies or multi-stakeholder initiatives aimed at increasing know-how and leveraging networks to meet the needs of business lines' engagement priorities. An overview of these initiatives is captured below.

Collaborative Engagement Initiatives

Structuring responsible finance

Signatory of: PRI Principles for Responsible Investment

Swiss Sustainable Finance

Fédération Bancaire Française

OCBF

afg association française de la gestion financière

France Invest

IMPACT

GIIN Global Impact Investing Network

SRI Certifications

Label ISR

Protection of the Environment

CDP

Climate Action 100+

TCFD

iC initiative climat international

3.1.4 Developing responsible investment solutions

In accordance with the third strategic objective, Rothschild & Co has launched and developed investment solutions across the spectrum of capital, meeting the needs of institutional and private wealth clients looking to invest with an awareness of environmental, social and governance issues.

1. **R&Co Wealth Management UK** saw circa 12x growth in assets in its Exbury strategy in 2020. In addition to integrating ESG analysis into investment decisions, the strategy seeks to invest in assets that enable the goals of the Paris Agreement and which support the transition to a low carbon economy. A minimum of 30% of the portfolio is invested in these "enabling" assets.
2. **R&Co Asset Management Europe** business has expanded the 4Change range of funds. The funds aim to address through their investment process some environmental, social and governance issues identified by the UN in its Sustainable Development Goals. These are captured below.

3 **Rothschild Martin Maurel** launched the 4Change mandates across the French business in December 2020. Beyond the general ESG integration framework applying to assets under management, the 4Change mandates prioritise ESG criteria to optimise the ESG profile of the funds.

4. **R&Co Asset Management US** has continued to build awareness around Rothschild & Co's Gender Diversity strategy within the US market. Interest has been building with consultants and select institutional investors, and Asset Management US has helped to educate on the merits of Gender Lens investing and Rothschild & Co's capabilities in the space. The US marketplace and demand for thematic, ESG, and socially responsible investing has been gaining momentum in recent years, and with the change in administrations, Asset Management US anticipates a strong surge in these investment categories over the coming years.

4Change Funds Overview

Strategy	SDG	SRI Certification	NGO partnership
The R-co 4Change Climate Equity	**11** – sustainable cities **12** – sustainable development **13** – climate action **14** – life below water **15** – life on land	Label ISR	Up2green Reforestation
The R-co 4Change Climate Credit Euro	**11** – sustainable cities **12** – sustainable development **13** – climate action **14** – life below water **15** – life on land	Label ISR	Up2green Reforestation
The R-co 4Change Human Values	**5** – gender equality **8** – decent work and economic growth **10** – reduced inequalities **12** – sustainable development	Label ISR	DUO FOR A JOB intergenerational coaching
The R-co 4Change Green Bonds Fund	**7** – affordable clean energy, **9** – industry, innovation and infrastructure **13** – climate action **14** – life below water **15** – life on land		
The R-co 4Change Moderate Allocation funds	**7** – affordable, clean energy **8** – decent work and economic growth **12** – sustainable development **15** – life on land **17** – partnerships for goals		

3.1.5 Focus on climate-related investment risks

Companies, creditors and investors alike are increasingly aware of the financial, operational, legal and reputational risks for businesses as a result of climate change.

Climate change poses both physical and transition risks to businesses as stranded assets, environmental regulation and changing consumer attitudes reshape the way business is conducted. Whilst there is an understandable focus on mitigation of climate risks, these changes can also present investment opportunities resulting from the transformation to a carbon neutral global economy[1].

As part of Rothschild & Co's duty to invest responsibly, the Group's businesses are considering policies aimed at the assessment and management of climate-related risks and opportunities across investment activities.

The Group has identified potential areas of financial exposure to climate risks and opportunities:

1. **As a corporate**, through investing its balance sheet in liquid and less liquid assets exposed to climate-related risks and opportunities,
2. **As a listed company**, through a sensitivity to investor sentiment and expectations, and
3 **Through the investments made by individual business lines.**

The Task Force on Climate related Financial Disclosures (TCFD) provides structured recommendations around disclosure across four key areas: Governance & Strategy, Risk Management, Metrics and Targets.

Rothschild & Co's dedicated TCFD project team has been tasked with tracking and supporting the integration of the Task Force's recommendations across business line activities. An update on progress in 2020 is provided below.

(1) According to a 2019 research document published by the Global Commission on Adaptation, investing US$1.8 trillion globally from 2020 to 2030 in key sectors to speed up the transition could generate US$7.1 trillion in total net benefits

2020 update on activities in the four key TCFD areas

TCFD area	2020 update
Governance	
Organisation	Dedicated TCFD Project Team set up to support climate-risk integration and to develop a TCFD roadmap for the coming years.
Governance bodies	The Responsible Investment Committee oversees the project team's activities and acts as a catalyst for coherent implementation. The CR Committee of the Supervisory Board is kept informed of the Group's progress.
Training & engagement	Senior management workshops held at entity and Group level to understand exposure of the Group's activities to climate risks and opportunities on a consolidated basis.
Strategy	
Integration in investment process	Direct access to climate-risk metrics and broader ESG scores from 3rd party data providers to allow investment managers to assess the climate risk exposure of their investments.
Stewardship	For engagement and voting matters Rothschild & Co undertakes voting, individual and collaborative engagements for climate-related risks in accordance with the stewardship approach set out in Section 3.1.3.
Investment Principles on Thermal Coal	Investment business lines have agreed to exclude companies involved in new thermal coal expansion projects and with a thermal coal exposure beyond certain thresholds as set out in Section 3.1.2.
Risk Monitoring	
Exclusion framework	In accordance with the Group-wide exclusion framework as detailed in Section 3.1.2.
Procedures	Entities are directly in charge of implementing the relevant exclusion policies in their risk monitoring and trading system. The Group Responsible Investment Team and the Responsible Investment Committee are in charge of reviewing the implementation of voluntary (non-regulatory) exclusion lists.
Training	Investment teams, colleagues from legal & compliance and risk have attended trainings dedicated to ESG risks & opportunities and sustainable finance requirements to prepare and integrate ESG risks in daily activities.
Metrics	
Development of a climate risk & opportunity dashboard	The Responsible Investment Committee is working on the definition of a dashboard taking into account climate risks & opportunities allowing assessment and monitoring of climate exposure of portfolios.
Examples of KPIs explored	**Physical risks:** • Estimated assets in high/medium water stress geographies (%): this figure represents the portion of the company's assets in regions that are exposed to water stress. **Climate transition risks and opportunities:** • Carbon intensity, for corporates defined as: emissions Scope 1 and 2 (year n)/annual sales. • Low Carbon Transition Category: classification scheme that assigns a Low Carbon Transition Category to a company based on its exposure to transition risks and opportunities.

In addition to TCFD recommendations, Rothschild & Co uses PRI and CDP disclosure to further integrate climate-risk assessment techniques into investment processes.

The team is implementing a three-layered approach to aligning with the TCFD requirements:

- Risk management review at Group level.
- Assisting businesses in implementing the TCFD recommendation.
- Onboarding entities progressively in the TCFD reporting process starting with Asset Management Europe.

3.1.6 Stakeholder engagement

As well as engaging with companies it invests in, Rothschild & Co has undertaken an intense schedule of activities in 2020 in order to educate stakeholders and raise awareness of its responsible investment activities. This includes establishing knowledge leadership through regular publications, podcasts and conferences.

Stakeholder engagement initiatives in 2020

Stakeholder	Engagement Initiative
Employees	Responsible Investment Week 2020: insights, educational articles, video and podcasts into industry developments for responsible investing and updates on activities in Merchant Banking, Wealth & Asset Management and Global Advisory. **Climate Action Weeks:** education of employees on climate-related risks relevant for the sector and investments. **Teach-ins** with sales teams organised by business lines to educate and inform on latest developments in screening and ESG integration across investment platforms.
Clients	**Over 20 targeted publications** produced by business lines for institutional or private clients in 2020 on Responsible Investment themes, investment strategies and interviews with Portfolio Managers. **Asset Management Europe** organized 4 events dedicated to sustainability over the last 18 months focusing on Microfinance, Climate risks, ESG integration.
Industry	Rothschild & Co's Head of Responsible Investment spoke at 5 events in 2020 to broaden and share knowledge with subject-matter experts across the industry on climate risks integration, ESG integration and biodiversity.

ESG training focus

In 2020, the Group has offered a number of remote training opportunities on ESG matters to relevant employees across business lines and relevant corporate functions on topics such as TCFD framework, Sustainable Finance Disclosure Regulation and ESG rating.

3.1.7 Outlook

The financial industry has a pivotal role to play in combating climate change and more broadly contributing to the UN's sustainable development goals. The advancement of Rothschild & Co's Responsible Investment activities and the broadening of its offering and reporting in this fields could not come at a more critical time. The disruption and inequalities caused by the COVID-19 pandemic have given the growing area of sustainable finance renewed impetus. Looking forward, growth in responsible investing is expected to accelerate in the coming years as multilateral and government targets are integrated into the global business agenda.

At Rothschild & Co, both the Group and business lines are putting in place the teams, resources and expertise to ensure that it is at the forefront of responsible investing for the years to come.

3.2 Other business ESG integration opportunities

3.2.1 Global Advisory

Rothschild & Co's Global Advisory business shares the ambition to use the skills and expertise at the heart of the Group's business model to integrate ESG considerations for its clients and other stakeholders.

Debt & financing advisory

In 2020, the Global Advisory team advised on several innovative financing transactions that included a sustainability-linked instrument.

Sustainability bond

Rothschild & Co provided debt advice to **Burberry Group plc** on its inaugural £300m 5-year 1.125% Sustainability Bond, the first sustainability labelled bond issued by a luxury fashion company. The Bond was issued pursuant to the company's Sustainability Bond Framework. The proceeds will be used to finance and/or refinance eligible sustainable projects as described by Burberry's Sustainability Bond Framework.

Sustainability Linked Revolving Credit Facility

Rothschild & Co advised **Volution Group plc** on the refinancing of its bank facility with a new £150m Sustainability Linked Revolving Credit Facility. The facility, which is aligned with the Loan Market Association Sustainability Linked Loan Principles, incorporates two sustainability performance targets which are central to Volution's strategy of providing products and solutions which deliver "healthy air, sustainably": percentage of sales revenue from low-carbon products and percentage of plastic processed in owned factories from recycled sources.

Education bond

Rothschild & Co acted as debt adviser to FTSE-100 company **Pearson plc** on its £350m 10-year 3.75% "Education bond". The bond was issued under the International Capital Market Association's Social Bond Principles. It is the world's first Social Bond where the proceeds will be used towards UN Sustainable Development Goal 4, which is to promote access to quality education and vocational training.

Supporting growth of clean and renewable energy

Clean energy plays a major role in the energy transition and efforts to limit GHG emissions globally and clean electricity, such as wind and solar, are increasingly providing a greater percentage of energy to grids. Over the last decade, Rothschild & Co has worked on offshore wind projects worth over US$ 30 billion, representing over 25% of the global installed offshore wind.

The Group has taken a leading role in raising financing for renewable projects and making green projects investible. This is particularly the case in relation to offshore wind, which is one of the key delivery agents for decarbonising the global electricity markets and achieving net-zero. The mass rollout of offshore wind globally has resulted in huge falls in costs of deployment making offshore wind the most competitive form of large-scale green electricity generation in many markets.

The world's largest offshore wind farm

The Rothschild & Co team has been involved in the world's largest offshore wind farm – the £7 billion, 3.6GW **Dogger Bank project** – to help owners **Equinor** and **SSE** bring in a financial investor for 20% of the project. Dogger Bank, when built by 2025, will produce enough electricity to supply 4.5 million households in the United Kingdom with green electricity. In addition to this project, the Group is currently working with clients on offshore wind farms around the globe including the UK, Germany, Netherlands, Ireland, Taiwan and Vietnam.

Investor Advisory

Rothschild & Co provides comprehensive advice to corporate clients for improved engagement with their investor base. The team helps clients understand which topics are most important for their business and get on the front foot with investors by providing high quality strategic advice on dealing with shareholders' expectations, especially around environmental, social and governance matters. Through analytics, perception studies, market intelligence, positioning and engagement the Investor Advisory team advises how clients can best navigate these challenges. The Investor Advisory team also works with clients on the communication of the progress their company has made on ESG matters to investors.

A platform for engagement with ESG leaders

In September 2020, Rothschild & Co and Redburn hosted a virtual **ESG conference** to bring together ESG leaders from companies and asset managers with a selection of independent experts and pioneers in fields ranging from standard setting to impact measurement to climate-change technology. This inaugural virtual gathering saw over 500 attendees join, highlighting that the agenda clearly offered interesting insights to investors and corporates alike, with presentations and panel sessions covering a breadth of topics from Inclusive Capitalism to the Energy Transition.

3.2.2 Supply chain engagement

Rothschild & Co is committed to encouraging responsible business practices throughout its supply chain and believes that a responsible sourcing strategy can only succeed if it is implemented in partnership with its suppliers. This requires both parties to commit to working with each other to build a relationship of respect, trust and transparency. Rothschild & Co is aiming to create a diverse pool of suppliers that share the Group's principles.

In the supplier selection process, Rothschild & Co treats all parties equally and with fairness, providing the same opportunities irrespective of business size, location or time in business. The Group is committed to follow fair and reasonable payment practices and pay suppliers in accordance with agreed deadlines. In return, the principles laid out in the group's Code of Conduct apply to all third parties the group is contracting with.

Procurement processes are managed in line with local entities' governance set-up and regimes. For example, the UK procurement policy outlines guidelines for the procurement of goods and services and provides a consistent framework to proactively manage risk and opportunity. It highlights important criteria that need to form part of the decision making or vendor evaluation process, e.g. data protection or modern slavery.

A list of Group-wide policies specifies how the Group manages ESG related risks it is exposed to via third party contractors: Group Anti-Bribery and Corruption Policy, Group Financial Crime Policy, Group Outsourcing Policy, Group Data Protection Policy, Group Cloud Security Standard, Group Acceptable Use Policy, Group Environment Policy, Group Health & Safety Policy, Group Information Security Policy, Supplier Security Standard, Group Travel Security Policy, UK Procurement Policy.

A. Additional Information

A.1. Means of stakeholder dialogue

Rothschild & Co seeks to maintain an ongoing dialogue with its stakeholders to be in the position to take their interests into account and ensure relevant information is shared transparently.

To ensure good relations with the **financial community**, the Investor Relations department regularly participates in events to enable institutional investors and financial analysts to meet with the Executive Management. In 2020, Rothschild & Co organised more than 150 virtual meetings in Europe and North America. As a listed company, Rothschild & Co attaches great importance in complying with applicable listing rules regarding transparency. In accordance with these rules, it discloses in both French and English the information that is necessary to investors and shareholders to assess its situation and outlook. This financial and extra-financial information is available on Rothschild & Co's website (www.rothschildandco.com) in a section entitled "Investor Relations". Information is also disclosed in a subsection named "Shareholders", including all information relating to General Meetings and the exercise of the voting rights, or explanations about the different ways to hold securities issued by Rothschild & Co.

A close dialogue with **clients and business partners** is essential to building the lasting relationships and network that underpin the business' success. Each division is sharing relevant information, hosting regular events and experiences to help the Group's clients understand the business and engage in discussion about the industry's trends and challenges. This communication focuses on knowledge sharing and information about Rothschild & Co and offer opportunities for outside inspiration.

Transparent and direct communication between Rothschild & Co **employees** and the leadership team is an important part of the firm's culture. Regular townhalls with senior management provide employees with an update on latest developments, priorities and initiatives, and employees are given the chance to raise questions about the Group. Breakfast meetings and luncheons are held with regional senior management to keep employees informed and to foster a constant dialogue both with senior management as well as between colleagues. Ongoing communication about Group progress and initiatives is shared via email or the Group's intranet page with all employees, who are invited to engage with the content and authors on these topics via the platform or directly.

The Group participates in career fairs and hosts dinners and events around the world where talented individuals are given the opportunity to learn about Rothschild & Co and its diverse career opportunities and to network with Rothschild & Co employees. These opportunities provide first-hand insights into the expectations of future talent towards the Group as an employer.

A.2. Responsible business practices

A.2.1. Information security

The Rothschild & Co IT Security department continuously controls and governs the delivery of day-to-day technical security measures. These are selected to meet the requirements of the Information Security Programme. The key controls operated by the Group IT division include, but are not limited to:

- threat protection such as network and application firewalls, anti-virus and patching;
- threat detection including vulnerability management, penetration testing and security monitoring;
- identity access management and specifically privileged access control and email verification, e.g. SPF;
- disaster recovery test coordination for data centre facilities, major offices, local offices and recovery sites;
- security incident response; and
- *global data centre* facility is ISO27001 Certified and covered by ISAE 3402 assurance report.

A.3. Responsible people culture

A.3.1. Diversity and inclusion

Headcount by geography[1]	2018	2019	2020
France	1,206	1,204	1,171
United Kingdom and Channel Islands	1,014	1,015	1,078
Switzerland	356	264	269
Other Continental Europe	438	462	446
North America	337	358	370
Rest of the world	282	256	253
Total Group[2]	**3,633**	**3,559**	**3,587**
FTE Total Group[3]	**3,507**	**3,468**	**3,512**
% of headcount located in the country of the company's headquarter (France)			33%
Share of employees operating in at least one sensitive country in terms of fundamental rights at work[4]			1.4%

Headcount by business	2018	2019	2020
Global Advisory	1,405	1,481	1,491
Wealth & Asset Management	1,280	1,138	1,155
Merchant Banking	138	155	172
Central & Support	810	785	769
Total	**3,633**	**3,559**	**3,587**

Employee age profile[5]	2018	2019	2020
< 30 years	23%	24%	23%
30 to 39 years	29%	29%	29%
40 to 49 years	26%	25%	25%
> 50 years	22%	22%	22%
Total	**100.0%**	**100.0%**	**100.0%**

Employee gender profile	2018	2019	2020
Male	60%	60%	60%
Female	40%	40%	40%
Total	**100.0%**	**100.0%**	**100.0%**

Average tenure of employees	2018	2019	2020
Below 2 years	28%	27%	25%
2 – 5 years	32%	32%	32%
5 – 12 years	22%	21%	22%
Above 12 years	18%	20%	21%
Total	**100.0%**	**100.0%**	**100.0%**

(1) A presentation of all the Group's office locations is set out in Section "Overview" of the Annual Report.
(2) Data based on headcount (i.e. not FTE). Off Headcount workers are not in scope (e.g. consultants, contractors).
(3) Full time equivalent data.
(4) Ten worst countries for workers according to ITUC Global Rights Index 2020.
(5) Age distribution based on 98% of data.

New hires by geography	2018	2019	2020
United Kingdom and Channel Islands	28%	22%	30%
France	29%	38%	22%
North America	12%	13%	24%
Other Continental Europe	12%	15%	11%
Switzerland	7%	4%	4%
Rest of the world	12%	8%	9%
Total	**100.0%**	**100.0%**	**100.0%**

New hires by gender	2018	2019	2020
Male	60%	59%	61%
Female	40%	41%	39%
Total	**100.0%**	**100.0%**	**100.0%**

Talent identification and development	2018	2019	2020
Number of paid internships	250	295	348
Graduates	143	148	135
Thereof female	17%	20%	28%
Promotions	343	412	353
Thereof female	27%	33%	33%

Additional information	2018	2019	2020
Non-permanent workforce(1)	409	431	398
Number of flexible working arrangements(2)	283	268	261

Employee turnover

During the 2020 financial year, employee turnover was 13% (vs. 19% in 2019). Redundancies in 2020 were 2.1% (vs. 2.6% in 2019) The aggregate number of new joiners was 508.

Remuneration

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

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

In some cases, the Group operates arrangements to defer a proportion of variable compensation over three years. For the regulated population, part of the variable compensation is awarded as non-cash instruments ensuring compliance with all remuneration regulations applicable to the Group. Detailed information is presented in the consolidated financial statements, under Note 27, "Operating expenses".

Equal opportunities

Rothschild & Co's strategy to ensure non-discriminatory treatment across recruitment, career development and remuneration decisions includes a commitment to work closely with employees living with disabilities and occupational health advisers to provide the necessary adjustments and support to enable them to succeed and flourish in the workplace. For example, in France, the Group's annual involvement in actions to promote the employment of people with disabilities takes the form of recruitment or job retention activities, the adaptation of workstations, the funding of associations dedicated to this cause and the payment of a contribution to promote the employment of people with disabilities, where appropriate. In 2020, a disability advisor has been appointed to provide better guidance, information and support for employees with disabilities.

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

A.3.2. Employee development

Training and development

A Learning and Development team is dedicated to assisting the Group's aim to build and provide solutions to satisfy all aspects of an employee's development through services in training, mentoring, coaching and team development.

In 2020, Rothschild & Co recorded an aggregate number of training hours across the Group (covering 100% of headcount, 34,270 hours). In 2019, Rothschild & Co reported training data for France and the UK (77% of headcount, 24,249 hours).

Training covered topics such as Commercial Awareness, Management & Leadership, Personal effectiveness, Communications, Wellbeing and Technical skills, amongst others. In 2020, 2,537 training events were provided, and 1,983 employees participated in at least one training programme which amounts to 55% of headcount. The total number of hours organised by the Human Resources function was 18,420.

In addition, 15,850 training hours were completed across all categories of Group employees via the Group's e-learning platform (Skillcast) in 2020. Training topics included Anti-Bribery and Corruption, Anti-Money-Laundering and Sanctions, Group Code of Conduct, Business Continuity and Crisis Management, Information Security Education and Awareness.

A.3.3. Employee wellbeing

Social dialogue

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

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

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

In addition, employees benefit in the same way from agreements reached as part of their company's social dialogue. Company agreements cover a wide range of issues, including gender equality, social protection, working time, work time flexibility, profit-sharing and employee savings. In addition, regular negotiations are held with trade union representatives on pay, quality of life at work and the management of jobs and career paths. The agreements reached with the trade unions cover 94% of French employees (and 31% of total workforce). In companies where there are no unions, unilateral decisions are taken and/or referenda are held to ensure that employees are also covered on these issues.

In 2020, 17 agreements and unilateral decisions were signed on gender equality, social protection, employee savings schemes (PEE/PERCO) and profit-sharing.

An agreement on telework was signed in 2019. This agreement, which came into force on 1 January 2020, opens three teleworking formulas (regular fixed, regular flexible and exceptional) to eligible employees. In the first two months of 2020 alone, this agreement enabled 227 employees to sign an amendment to their employment contract to benefit from teleworking. Due to the COVID-19 crisis and the containment measures, the deployment of this agreement was suspended, and teleworking was widely opened to all professions that could do so. 95% of French employees were working remotely during the first confinement.

A new negotiation was opened with the trade union delegates in order to modify the existing agreement and to envisage the future of telework.

Only France is concerned by this subject. Staff thresholds are not reached in other countries where the law provides for staff representatives.

Work organisation

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

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

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

Health and Safety

Rothschild & Co continues to strengthen and improve health and safety compliance and conformance requirements by following the continuous improvement programme required by the Group Health and Safety Policy. This includes the minimum conformance standards across all Group's offices.

The Group Environment, Health and Safety Committee is required to

- review and provide direction on Rothschild & Co's Health and Safety strategy;
- promote alignment of Rothschild & Co's Health and Safety Policy across all Group entities; and
- review and endorse Health and Safety content for the Rothschild & Co Annual Report as well as the Group website.

All offices meet statutory and local Health and Safety legislation. The commitment to Health and Safety applies throughout the Group, supported by senior management. In addition, responsibility for commitments is allocated to a dedicated structure or local managers are held accountable.

The Group Health and Safety Policy enables a consistent approach to maintain the health, safety and wellbeing of all persons who might be affected by the activities within an office. All reporting locations commit to implementing the compliance standards by setting procedures listed within the Group health and safety requirements prescribed in the policy.

The Health and Safety requirements separate health and safety matters into manageable sectors:

- risk assessments – including general office safety;
- fire management – including fire risk assessment and fire evacuation procedures;
- contractor management and access procedures ensuring safety of third parties;
- accident reporting and first aid provision – monitoring procedures and managing cases;
- training and information tools - general Health and Safety awareness for office environments and general fire awareness;
- health and wellbeing services - online tool to enable all employees to complete an online workstation assessment; and
- inspection and audit.

All offices have created and communicated a COVID-19 Risk Assessment documenting the specifics of their secure control measures. These are continually reviewed and updated as guidance changes. Control measures have been successful in maintaining the safety of any employee in the physical office. Secure measures include travel to the office, access and egress around the buildings, emergency responses, enhanced cleaning regimes as well as physical and mental wellbeing tools.

Following the end of lockdowns, to support reopening of workplaces the offices are required to follow Group guidelines for workplaces to be considered COVID-19-secure. The following safety considerations have been continually managed:

- Maintenance and statutory testing (air and water quality, equipment, building compliance).
- Fire management (adjustments to take account of social distancing rules, regular testing of alarm systems, review of fire assessments, personal emergency evacuation plans).
- Staff welfare (increase in cleaning schedules, Return to Office communications, Working from Home support, mental health support).
- Facilities (safe access, social distancing measures).

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

For the 2020 financial year, reportable workplace accidents are listed below. All reported accident and near miss data are classed as “not concerning.”

- Accident – when an individual (whether Rothschild & Co employee or otherwise) has been injured as the result of an accident when on work premises.
- Near miss – for an event which did not cause harm or injury but had the potential to cause injury or ill health, such as a trip over a loose carpet tile, slip due to wet floor, etc.

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

In 2020, there have not been any Occupational Diseases.

Office	Accidents total – 8 (2019: 5)				
	Type of accident	Type of injury	Date of accident	Number of days missed work	Government notification required?
Paris	Other	Other	06/01/2020	4	Yes
Paris	Slip trip or fall (same level)	Bruising/swelling	20/02/2020	11	Yes
Frankfurt	Slip trip or fall (same level)	Fractured bone	24/04/2020	1	Yes
Frankfurt	Slip trip or fall (same level)	Concussion	26/08/2020	0	Yes
Sydney	Hit by falling or moving object	Strain or sprain	15/09/2020	0	No
Frankfurt	Struck by vehicle	Bruising/swelling	21/09/2020	1	Yes
London – New Court	Cut or stabbed by object	Laceration or cut	11/12/2020	0	No
Paris	Fall from height	Multiple injuries	15/12/2020	0	Yes

Office	Near miss total – 2 (2019: 3)	
	Category of near miss	Date of near miss
Frankfurt	Slip trip or fall (same level)	15/10/2020
Madrid	Fire (false alarm)	09/12/2020

A.4. Responsibility for our environment

A.4.1. Greenhouse gas emissions and climate change[1]

Greenhouse gas emissions in tCO_2e[2]		2018	2019	2020
Direct emissions (Scope 1)	Natural gas	628.75	128.65	127.92
	Biogas	0.35	0.89	0.84
	Other fuel	47.00	37.91	33.52
	Owned vehicles	198.30	176.44	175.18
Total Scope 1		**874.40**	**343.90**	**337.46**
Indirect emissions (Scope 2)	Electricity consumption (location-based)	3,344.29	3,321.06	2,585.92
	Electricity consumption (market-based)	2,104.46	1,844.10	989.62
	Heat consumption[3]	298.39	289.94	262.28
Total Scope 2 (Location-based)		**3,642.68**	**3,611.00**	**2,848.20**
Total Scope 2 (Market-based)		**2,402.85**	**2,134.04**	**1,251.90**
Indirect emissions from Travel (Scope 3)	Business travel – Flights	19,224.19	17,856.53	4,004.67
	Business Travel – Rail	221.30	210.14	41.59
	Business Travel – Taxis	334.04	324.99	139.53
	Hotel stays	349.41	289.20	85.52
Total Emissions – Travel		**20,128.93**	**18,680.86**	**4,271.32**
Other emissions (Scope 3)	Courier services	24.44	45.02	28.94
	Materials	240.66	201.69	98.77
	Recycling and disposal	25.68	21.95	18.33
	Remote working[4]	–	–	1,299.71
	Water	40.35	36.35	27.53
	Company leased vehicles	273.78	280.76	224.08
	IT equipment and server use (location-based)	594.82	594.82	1,083.35
	IT equipment and server use (market-based)	594.82	594.82	1,077.72
	Electricity Transmission and Distribution Losses (location-based)	292.18	327.22	249.36
	Electricity Transmission and Distribution Losses (market-based)	291.82	318.65	230.15
	Upstream emissions (WTT) (location-based)	2,960.34	2,914.82	1,129.88
	Upstream emissions (WTT) (market-based)	2,962.84	2,984.41	1,098.11
Total emissions – Other (location-based)		**4,452.25**	**4,422.63**	**4,159.96**
Total emissions – Other (market-based)		**4,454.39**	**4,393.65**	**4,103.34**
Total Scope 3 (location-based)		**24,581.18**	**23,103.49**	**8,431.27**
Total Scope 3 (market-based)		**24,583.33**	**23,074.51**	**8,374.66**
Total Scope 1, 2 & 3 (location-based)		**29,098.27**	**27,058.39**	**11,616.93**
Total Scope 1, 2 & 3 (market-based)		**27,860.58**	**25,552.44**	**9,964.01**

(1) Nonextrapolated, reporting offices only. In 2020, Rothschild & Co collected data for 93% of the Group's FTE.
(2) Rothschild & Co's GHG emissions are calculated as tonnes of carbon dioxide equivalent (tCO_2e), a universal unit of measurement expressing the impact of each of the Kyoto GHGs in terms of the amount of CO_2 that would create the same amount of warming. The Group calculates tCO_2e by multiplying its activity data, for example, waste incineration, landfill and air miles travelled, by the UK BEIS approved conversion factors or other sources of emissions factors.
(3) 2019 and 2018 heat consumption emissions amended due to the reporting of inaccurate consumption in one office.
(4) 2018 and 2019 data for remote working has not been calculated.

Scope 1 emission remained relatively stable, but Scope 2 market-based emission decreased due to French offices procuring renewable electricity contracts, which resulted in a c. 400 tCO_2e reduction from 2019.

Business travel was significantly affected by COVID-related travel restrictions, as a result a c. 14,500 tCO_2e has been realised from 2019

IT equipment and server-related emissions have increased due mainly to an increased roll-out of hardware (laptops, screens, etc) to enable more efficient homeworking.

Greenhouse gas emissions data (non-extrapolated, reporting offices)

Emissions tCO_2e/FTE	Location-based			Market-based		
	2018	2019	2020	2018	2019	2020
FTE[1]	3,288.15	3,208.86	3,254.2	3,288.15	3,208.86	3,254.2
Scope 1	0.27	0.11	0.10	0.27	0.11	0.10
Scope 2	1.11	1.13	0.88	0.73	0.67	0.38
Scope 3 (All)	7.48	7.20	2.59	7.48	7.19	2.57
Scope 1 and 2	**1.37**	**1.23**	**0.98**	**1.00**	**0.77**	**0.49**
Scope 1, 2 and 3 (All)	**8.85**	**8.43**	**3.57**	**8.47**	**7.96**	**3.06**

Total greenhouse gas emissions data (extrapolated to 100%)

Emissions tCO_2e/FTE	Location-based			Market-based		
	2018	2019	2020	2018	2019	2020
FTE (7% extrapolation)	218.41	258.8	257.8	218.41	258.8	257.8
Scope 1, 2 and 3 emissions of non-reporting offices	1,932.8	2,182.3	920.5	1,850.6	2,060.8	789.6
Total Group emissions, all Scopes, extrapolated	31,031.1	29,240.7	12,537.5	29,711.2	27,613.3	10,753.6
tCO_2e/FTE, all Scopes, extrapolated	8.85	8.43	3.57	8.47	7.96	3.06

Emissions per FTE have seen a significant decrease mainly due to COVID travel restrictions, but also due to renewable electricity procurement in France.

A.4.2. Responsible consumption and engagement

Recycling and disposal

Resource disposal in tonnes	2018	2019	2020
Anaerobic digestion	73.50	64.04	20.28
Composted	0	10.03	9.48
Incinerated energy recovery	269.07	247.08	176.31
Landfilled	127.84	53.76	29.50
Re-used	0	0	3.42
Recycled	192.50	230.32	100.29
Total	**662.92**	**606.23**	**339.27**
Total disposal tonnes/FTE	**0.19**	**0.17**	**0.10**

Total materials sent for disposal has decreased significantly, due mainly to reduced office occupancy levels across the Group. Other contributing factors to a reduced recycling rate (39% in 2020 vs. 50% in 2019) was the reduction in high volume / heavy items (predominately paper, glass, and compostable material) being produced. For example, in the London office, a significant producer of recyclable material, the rates of recycling paper, glass and compostable material fell to zero for six months between April and November.

(1) Group FTE adjusted. In 2020, Rothschild & Co collected data for 93% of the Group's FTE.

Water use

Water consumption in m³	2018	2019	2020
Water Consumption	**60,781**	**55,481**	**45,210**
m3/FTE	17.33	16.00	12.87

Whilst Rothschild & Co is not a large consumer of water, it re cognises its responsibility in the countries where it operates.

Water use decreased significantly, due mainly to reduced office occupancy levels across the Group.

A.4.3. Resource management

Materials use

Materials use in tonnes	2018	2019	2020
Recycled content/sustainable sources	54.26	67.18	102.00
Non-recycled content/non-sustainable sources	215.04	166.24	12.54
Total materials consumption	269.30	233.42	114.55
Tonnes/FTE	0.08	0.07	0.03

Rothschild & Co understands that applying a traditional approach to resources use can place undue pressure on global resources, is wasteful and not economically viable in an increasingly challenging business environment. To that end, the Group ensures that it manages its resource use responsibly and as far as practicable.

Materials use predominately means paper use, although an increase in reporting scope over the years has resulted in more material types being added. The Group measures the amount of 100% recycled and sustainably sourced paper it procures (certified sustainable paper from FSC or PEFC). Responsible management of materials use is embedded in the Group's working practices.

In 2020 a Group-wide Responsible Material Use Standard was implemented to further reduce consumables and track their use. As a result, by the end of 2020 all new orders of printing paper by offices were for paper from sustainable sources.

Material use decreased significantly, due mainly to reduced office occupancy levels across the Group.

Energy use

Total energy use in MWh	2018	2019	2020
Bioenergy	1,385.78	4,618.83	4,361.36
Electricity	17,312.59	19,121.56	15,003.12
Heat/Steam	1,509.28	1,552.52	1,471.73
Natural gas	3,622.27	766.78	725.74
Other fuel	180.65	157.23	139.14
Total Energy Consumed	**24,010.57**	**26,216.92**	**21,701.10**
MWh/FTE	6.85	7.56	6.18

The reduction in energy use is mainly from electricity consumption decreases in offices due to reduced office occupancy levels across the Group.

A.4.4. Amount of provisions and guarantees for environmental risk

Rothschild & Co undertook a legal compliance and conformance assessment to understand the legal environmental responsibilities in each jurisdiction where Rothschild & Co has an office. This assessment led to the development of the Group environmental conformance standard for offices worldwide, and which the Group regularly monitors and uses to improve continuously.

Provisions have been identified in order to meet European Union (EU) energy efficiency obligations relevant to EU member states. Provisions in the United Kingdom have been identified for operational environmental risk, pertaining to the outgoing CRC energy efficiency scheme (formerly the Carbon Reduction Commitment) and the Streamlined Energy and Carbon Reporting (SERC) scheme.

As an office-based business, Rothschild & Co does not consider environmental discharges to air, water, soil or indeed noise pollution to be of material environmental risk.

B. Methodology

Reporting of Corporate Responsibility information – process for the 2020 reporting period

The reporting period is 1 January 2020 to 31 December 2020. The preparation and coordination of the Corporate Responsibility report involved members of Rothschild & Co and Group entities, taking key responsibilities in Legal & Compliance, Human Resources, Health and Safety, Responsible Investment, Environment, and Community Investment areas.

Reporting scope

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

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

In consideration of the above, the reporting scope has been defined as follows:

Human Resources:

- 100% of headcount is covered for all Human Resources data presented in this Section. Data is sourced from Workday. All data is based on headcount (i.e. not FTE) unless stated otherwise. Off-headcount workers are not in scope (e.g. consultants, contractors).
- The following outcomes and performance indicators are disclosed for financial year 2020 only:
- New indicators and only implemented in 2020: participation in cyber awareness training, number of virtually delivered training modules, participation in pulse surveys, employees supported through Global Female Sponsorship Programme, conversion rate internships to graduates, employees benefited from a performance review, contributions to COVID-19 campaign and supported causes, young people directly supported by donations or by volunteers, % increase in number of Pro-Bono Advisory mandates, average hours volunteered, % of voting coverage and number of votes, SRI certification of funds, employee commuting emissions, emissions from remote working
- Headcount by geography: in 2020, Russia has been included in Other Continental Europe whereas it had been included in Rest of World in 2018 and 2019

Environment, Health and Safety:

- In 2020, Rothschild & Co reported accident data from the following office locations: Birmingham, Brussels, Dubai, Frankfurt, Geneva, Guernsey, Hong Kong, Johannesburg, Leeds, London, Los Angeles (two offices), Lyon, Madrid, Manchester, Marseille (seven offices), Milan, Monaco (two offices), Mumbai, New York, Paris, Sao Paulo, Singapore, Sydney, Warsaw, Washington, Wilmslow and Zurich, representing approximately 93% of the headcount of the Rothschild & Co Group.
- Full-time equivalent (FTE) headcount is provided from the HR system per 31 December 2020, with third party service provider or contractor employee headcount not captured by the HR system.
- A ratio is applied to the total Group FTE headcount based on the offices included in the reporting scope. The result is used to calculate the impact per FTE (Impact/FTE). Impact per FTE is used to normalise the total impact against headcount.
- GHG emissions have been extrapolated to cover 100% of the Rothschild & Co Group. This extrapolation provides a more complete synopsis of the Group's operational emissions. The reporting scope for Environment information accounts for 100% of office operations and has been defined as follows: The reporting boundary of offices measured to establish the environmental impact has remained the same in 2020 as it was in 2019. However, additional indicators have been added that has allowed the Group to report operational Scope 3 emissions in greater detail. These additions include remote working, server electricity use.
- The environment reporting software tool references a large database of over 85,000 emission factors, sourced from over 350 different institutions, such as the UK government Department for Business, Energy and Industrial Strategy (BEIS), the Intergovernmental Panel and Climate Change (IPCC) and national government data from reporting countries such as the USA EPA and the Canadian NIR.
- The emission factors are automatically selected and applied to data based on geographical and temporal relevance, so that country-specific conversions are applied leading to the most accurate estimate of GHG emissions. There are over 300 different units of measurement available for the entry of data, and conversion of these to standard units for reporting is again automatic and location specific. The emissions factor database is accredited as Gold Software by the CDP (formerly the Carbon Disclosure Project) and a team of analysts ensure that all factors are reviewed and updated when source publications provide new releases. The system is independently assured by PricewaterhouseCoopers.
- Refinements in data collection have resulted in an increased robustness of final data. Where assumptions, estimates or changes have been made, this is explained.
- The Group's greenhouse gas emissions reporting is in respect of its operational activities and includes Scope 1 and 2 emissions and Scope 3 emissions relating to business travel, water supply and wastewater treatment, materials use, resources disposal and recycling, electricity transmission and distribution losses, courier services, remote working, IT equipment and server use, hotel night stays and upstream or well-to-tank emissions. Emissions are reported as carbon dioxide equivalent or CO_2e. In line with best practice, the Group produces a "dual report", reporting both location and market-based reporting instruments for Scope 2.

- Greenhouse gas emissions for energy consumption have been calculated using 2020 Department for Business, Energy and Industrial Strategy (BEIS) emissions factors and the resulting emissions are reported as tonnes of carbon dioxide equivalent (tCO_2e) values.
- A Rothschild & Co 'Group average intensity' figure for electricity consumption has been used in 2020. This assumes an electricity consumption of 0.109165 MWh/m^2 of office space per year. In total, this figure was used by four offices this year: Birmingham, Leeds, Manchester and Los Angeles (RINC).
- In 2020, a Rothschild & Co Group 'average energy intensity' figure was used to help offices estimate their annual natural gas consumption. This figure is 0.162567 MWh/m^2 of office space per year. This method of estimation is more accurate to Rothschild & Co facilities and replaces the industry benchmarks were used to help offices estimate their annual natural gas consumption in 2019.
- Two offices (Dubai and Leeds) used average intensity figure to estimate their natural gas consumption for 2020.
- The locations-based methodology uses energy grid average emission factors in location specific geographies and over specific timeframes and allows the Group to compare emissions year-on-year. 2020 emissions reporting shows the summary in absolute emissions and relative emissions per full time equivalent employee for each Scope. This has enabled the identification of true fluctuations across the three scopes on a per FTE basis.
- Additional indicators have been added to the Group's operational reporting: Remote working and server use. Therefore, improvements to data collection have been made and an additional GHG calculation methodology have been included to provide additional insight and specific information.
- Remote working emissions have been added to the Group GHG emission criteria. Emissions from this source incorporate all reporting offices. Non-reporting office emissions are established by extrapolating output data from reporting offices in.
- Whilst emissions from employee commuting have been measured for the first time in 2020, they have not been included in the overall GHG emissions from the Group. These emissions have been calculated at 614 tCO_2e.
- The upstream emissions calculation further strengthens the reporting by incorporating the WTT (Well-to-tank) emissions contributions from premises energy consumption (electricity, heat/steam, natural gas, biogas, gas/ burning oil), travel emissions (company vehicles, leased vehicles, air travel, rail travel, taxi travel) and courier emissions.
- The GHG emission data table in the appendix is provided as non-extrapolated to show the actual measured GHG emission impact of the Group. Emissions presented in the table in Section 2.3 are extrapolated unless stated otherwise.
- Recycling, water, materials use and energy numbers in the table are provided as extrapolations, using the FTE of non-reporting offices.
- Remote working emissions have been included in 2020 data for the first time.
- Minor changes have occurred from previously reported data in 2018 and 2019. Whilst these changes are relatively insignificant, they have been listed below:
- A data entry error in 2018 and 2019 for energy consumption for Heat in one office has been corrected. This error also resulted in emission changes for upstream (WTT) emission, which has also been corrected.
- A data entry error in 2018 and 2019 for electricity use in one office has been corrected. This error also resulting in emission changes for upstream (WTT) emission and the amount of renewable electricity being used in MWh. The errors were less than 0.5% and total numbers have been restated.
- An error was identified in the FTE numbers provided for 2018 and 2019.
- This resulted in inaccurate output data for energy use and water consumption of less than 4%. A recalculation using corrected FTE was made with corrected 2018 and 2019 results being restated.
- This resulted in inaccurate output data for materials use in 2018 of 14%. The number has been recalculated and restated from 0.07 to 0.08 tonnes per FTE.

Community Investment:

- The percentage of employees engaged in 2020 has been calculated using the total number of Rothschild & Co employees on 31 December 2020. Amongst the individuals who participated in the volunteering element of the Community Investment Programme, there may be a small number of contractors, but the number is unlikely to be high enough to make any difference to the overall percentage of employees engaged.

It should be noted that due to its business activities, the following Corporate Responsibility issues are not considered as relevant to Rothschild & Co: food waste, responsible, fair and sustainable food, fight against food insecurity and respect for animal welfare.

C. Universal reference table

The following overview references information relating to the Global Reporting Initiative Sustainability Reporting Standards 2020 as well as to the United Nations Global Compact and the UN Sustainable Development Goals to information published in this Section. Rothschild & Co has identified material non-financial risks and opportunities in its dedicated materiality assessment (see Section “Identification of non-financial risks”).

	page	Principles of the United Nations Global Compact	UN Sustainable Development Goals	GRI[(1)]
Rothschild & Co **purpose** and role of responsible business culture in the Group’s **business model**	8-14	1-10		102-1 102-2 102-4 102-5 102-7
Corporate Responsibility strategy	86	1-10	5,7,10,12,13,15,16	
Ongoing dialogue with stakeholders	83			102-20 102-21 102-40 102-42 102-43
Public commitments & partnerships	83	1-10	5,7,10,12,13,15,16	102-12 102-13
Identified non-financial risks in relation to Corporate Responsibility	84			102-47
CR taken to the highest level in the organisation	85, 86			102-18 102-19 102-20 102-23 102-26 102-29
Strategic priorities and management indicators clearly defined	88, 92, 97, 101, 105	1-10		102-15
Responsible business practices				
Publication of updated Group Code of Conduct	88	1,2,3,4,5,6, 7, 8, 10	16	102-16
Stringent anti-corruption and anti-bribery standards	89	10	16	205-1
No engagement in political lobbying activity and donations	89	10	16	415-1
Policies implemented in line with the main provisions of the International Labour Organisation’s fundamental conventions on Human Rights	93	1,2,3,4,5,6	16	407 408 409 412
Responsible people culture				
Quality social dialogue and collective bargaining agreements	91, 93, 117	3,6	5,10	407 102-41
Equal opportunities at the heart of recruitment, reward and promotion strategy	92, 93, 116, 117	3, 6	5,10	401-1
Talent development opportunities	94	5,10		404-1 404-2 404-3
Physical, mental and emotional health	95			403-1 403-2 403-3 403-5 403-6 403-8

(1) The report on Corporate Responsibility in this Annual Report was written in consideration of GRI standards 101 and 103. Where appropriate, the report references selected GRI Standards, or parts of their content, to report specific information with a GRI-referenced claim.

	page	Principles of the United Nations Global Compact	UN Sustainable Development Goals	GRI[1]
Responsibility for the environment				
Responsibly managing greenhouse gas emissions and proactively reducing operational impact	98, 99, 119, 120	7,8,9	7,10,12,13,15	302-1 302-3 302-4 304-3 305-1 305-2 305-3 305-4 305-5
Championing responsible consumption and resource use	99, 120	7,8,9	12,15	301-1 301-2
Strategic partnership with Cool Earth	99	8	10,13,15	304-3
Responsibility for local communities				
Make a meaningful difference to children and young people whose opportunities in life are restricted through disadvantage	101-104		10	413-1
Responsible Investment				
Measures to combat deforestation and protect biodiversity	97-99	7,8,9	15	302-3 304-3
Strategy to invest in assets which support the transition to a low carbon economy	109	7,8,9	13,15	302-4 302-5
Financial implications and other risks and opportunities due to climate change	110	9	13	201-2
Reporting practice				
List of all entities included in the organization's consolidated financial statements or equivalent documents	229-234			102-45
Reporting period for the information provided	178			102-50
Effect of any restatements of information given in previous reports, and the reasons for such restatements	122, 123			102-48
Contact point for questions regarding the report or its content	260			
Statutory auditor's opinion				102-53
External assurance	126, 127			102-56

Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated non-financial statement

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended 31 December 2020

To the Shareholders,

In our capacity as Statutory Auditor of the company Rothschild & Co S.C.A. (hereinafter the "entity") appointed as independent third party, and accredited by the French Accreditation Committee (*Comité Français d'Accréditation* or COFRAC) under number 3-1049[(1)], we hereby report to you on the consolidated non-financial statement for the year ended December 31st 2020 (hereinafter the "Statement"), included in the Group's Management Report pursuant to the requirements of articles L. 225-102-1, L. 22-10-36, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the entity

The Managing Partner (*Gérant*) is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available upon request at the entity's head office.

Independence and quality control

Our independence is defined by the requirements of article L.822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the Statutory Auditors appointed as independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R.225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, and in particular, combating corruption and tax evasion legislation, nor on the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of Article A.225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes* or CNCC) applicable to such engagements and with ISAE 3000[(2)]:

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- We verified that the Statement includes each category of social and environmental information set out in article L.225-102-1 III as well as information regarding compliance with human rights and combating corruption and tax evasion set out in article L. 22-10-36, paragraph 2;
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented;
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important[(3)]. Concerning certain risks[(4)], our work was carried out on the consolidating entity, and on a selection of entities[(5)].
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code, within the limitations set out in the Statement;
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;

(1) Accreditation Cofrac Inspection, number 3-1049, scope available at www.cofrac.fr
(2) ISAE 3000: international standard on assurance engagements other than audits or reviews of historical financial information.
(3) Employee engagement; Inclusion and diversity policy; Employee wellbeing; Actions taken against climate change; Employee training to corruption risks; Actions taken against modern slavery; Employee engagement in charity work; Data protection policy; Responsible investment policy.
(4) Societal impact, integrity of the company's behavior; responsible investment.
(5) Frankfurt, New York, Paris, Zurich.

- For the key performance indicators and other quantitative outcomes that we considered to be the most important[6], we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities[5] and covers between 33% and 45% of the consolidated data selected for these tests;

We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of seven people between January 2021 and March 2021 and took a total of approximately five weeks.

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

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, on 11 March 2021

KPMG S.A.

Anne Garans

Partner

Sustainability Services

Arnaud Bourdeille

Partner

(6) **Social indicators:** number of training hours; number of female Assistant Directors and above; number of promotions, thereof percentage of female employees; employee turnover.
Environmental indicators: GHG emissions per FTE; energy consumption, thereof percentage of renewable energy; recycling rate; waste to landfill; paper use, thereof percentage from sustainable sources.

The Supervisory Board's report on corporate governance has been drawn up in accordance with Articles L.226-10-1 and L.22-10-78 of the French Commercial Code (*Code de commerce*). It has been approved by the Supervisory Board on 9 March 2021 and is appended to the Management Report of the Company.

The corporate governance code referred to by the Company on a voluntary basis is the Corporate Governance Code for Listed Corporations *(Code de gouvernement d'entreprises des sociétés cotées)* (revised in January 2020) published by the French Association *Française des Entreprises Privées* (Afep) and *Mouvement des Entreprises de France* (Medef) (the "Afep-Medef Code"). The Afep-Medef Code is available on the Afep website (www.afep.com) and the Medef website (www.Medef.com).

The governance framework of the Company complies with the specific legal and regulatory provisions applicable to "*sociétés en commandite par actions*".

Where Rothschild & Co does not comply – or does not fully comply– with some recommendations of the Afep-Medef Code, explanations are given on page 155 this report.

1 The Managing Partner, Rothschild & Co Gestion

1.1 Role and duties

In addition to being a General Partner (*associé commandité*) of the Company, Rothschild & Co Gestion is the sole manager (*gérant*) and legal representative of the Company. Rothschild & Co Gestion was appointed by Rothschild & Co's Articles of Association as the first statutory manager for the duration of the Company. Rothschild & Co Gestion is referred to hereafter as "Rothschild & Co Gestion", the "Managing Partner" in this report.

As Managing Partner, Rothschild & Co Gestion is responsible for the overall management of the Company and is vested with the broadest powers to act in all circumstances on its behalf.

Among other things, Rothschild & Co Gestion:

- establishes the strategic direction of the business of the Company and the entities within the Group on a consolidated basis;
- supervises the accounting and financial information and directs the internal control of the Company and the entities within the Group on a consolidated basis;
- determines the regulatory capital of the Company and the entities within the Group on a consolidated basis;
- approves the annual, consolidated and half-yearly financial statements of the Company;
- determines the agenda and prepare the draft resolutions of the shareholders' general meetings of Rothschild & Co (the "General Meeting(s)"); and
- convenes the General Meetings.

The directorships and positions held by the Managing Partner as at 31 December 2020 are presented below:

Rothschild & Co Gestion

Managing Partner

French simplified joint stock company
(*société par actions simplifiée*)
Term: duration of the Company
Date of first appointment: 8 June 2012
End of term: end of the Company
Rothschild & Co shares directly held: 1

Other directorships and positions held within the Group

- None

Directorships and positions held outside the Group

- Chairman of RCI Gestion SAS
- Chairman of RAM Gestion SAS
- Managing Partner of RMM Gestion SNC

Directorships and positions expired over the past five years

- None

1.2 Organisation

1.2.1 The Executive Chairman of the Managing Partner

The Executive Chairman of Rothschild & Co Gestion has the broadest powers to act in Rothschild & Co Gestion's name in all circumstances, including in its capacity as Managing Partner of the Company, subject only to the powers granted to Rothschild & Co Gestion's shareholders pursuant to applicable law or the articles of association of Rothschild & Co Gestion. The Executive Chairman is the sole legal representative of Rothschild & Co Gestion.

As at 31 December 2020 and at the date of this report, Mr. Alexandre de Rothschild is the Executive Chairman of the Managing Partner. His appointment as Executive Chairman was renewed by the shareholders of Rothschild & Co Gestion on 9 March 2021 for a three-year term expiring at the general meeting of Rothschild & Co Gestion convened to approve the 2023 financial statements.

Acting as legal representative, he is performing the functions of *dirigeant effectif* of Rothschild & Co referred to in Article L.511-13 of the French Monetary and Financial Code (*Code monétaire et financier*) applicable to Rothschild & Co as a financial holding company supervised on a consolidated basis by the ACPR.

The directorships and positions held by Mr. Alexandre de Rothschild as at 31 December 2020 are presented below:

Alexandre de Rothschild

Executive Chairman of Rothschild & Co Gestion, itself Managing Partner of Rothschild & Co

Age: 40 (born on 3 December 1980)
Nationality: French
Term: three years (renewable)
Date of first appointment: 17 May 2018
End of term: 2024
Rothschild & Co shares directly held: 41,615

Expertise and experience

Alexandre de Rothschild joined the Group in 2008 to focus primarily on the establishment of the Merchant Banking division. Before joining the Group, Alexandre de Rothschild gained substantial experience in investment banking and private equity in New York and London with Bear Stearns and Bank of America respectively. In 2011, Alexandre de Rothschild became a member of the Group Executive Committee. Since 2013, he is a Managing Partner of Rothschild Martin Maurel (formerly known as Rothschild & Compagnie Banque) and Rothschild & Cie in Paris. In 2014, Alexandre de Rothschild joined the Management Board of Rothschild & Co Gestion, and he became its Executive Deputy Chairman in March 2017.

Since 17 May 2018, he is the Executive Chairman of Rothschild & Co Gestion.

Other directorships and positions held within the Group

- Chairman of Rothschild & Co Commandité SAS
- Chairman of Aida SAS
- Chairman of Cavour SAS
- Chairman of Verdi SAS
- Chairman of SCS Holding SAS
- Chairman of Financière Rabelais SAS
- Managing Partner of Rothschild Martin Maurel SCS
- Chairman of K Développement SAS
- Managing Partner of Rothschild & Cie SCS
- Member of the Supervisory Board of Martin Maurel SA
- Chairman of the Board of Directors of Rothschild & Co Continuation Holdings AG (Switzerland)
- Member of the Board of Directors of Rothschild & Co Japan Ltd (Japan)

Directorships and positions held outside the Group

- Managing Partner of RCB Partenaires SNC
- Member of the Board of Directors of Rothschild & Co Concordia SAS
- Chairman of Financière de Tournon SAS
- Chairman of Rothschild Martin Maurel Associés SAS
- Permanent representative of Rothschild & Co Gestion SAS as Managing Partner of RMM Gestion SNC
- Managing Partner of Société Civile du Haras de Reux SC
- Managing Partner of SCI 66 Raspail
- Member of the Board of Directors of Bouygues SA(1)

Directorships and positions expired over the past five years

- Vice-Chairman of the Board of Directors of Rothschild & Co Bank AG (Switzerland) (until 2019)
- Member of the Board of Directors of Rothschild & Co Concordia AG (Switzerland) (until 2019)
- Member of the Board of Directors of Rothschild & Co Holding AG (Switzerland) (until 2019)
- Executive Deputy Chairman of Rothschild & Co Gestion SAS (until 2018)
- Member of the Board of Directors of Five Arrows (Scotland) General Partner Ltd (Scotland) (until 2018)
- Member of the Board of Directors of Treilhard Investissements SA (until 2017)
- Chairman of Messine Managers Investissements SAS (until 2016)

Mr. François Pérol, Managing Partner of Rothschild & Co Gestion, fulfils alongside the Executive Chairman of Rothschild & Co Gestion, the functions of *dirigeant effectif* of Rothschild & Co referred to in Article L.511-13 of the French Monetary and Financial Code by virtue of a delegation of power granted to him by the Executive Chairman.

1.2.2 The Management Board of the Managing Partner

The Management Board is a collegial body of Rothschild & Co Gestion composed of the Executive Chairman and of Managing Partners appointed by the Executive Chairman which aims to assist the Executive Chairman of the Managing Partner in the performance of his duties as the legal representative of the Managing Partner.

As at 31 December 2020, the Management Board was composed of the following Managing Partners, alongside the Executive Chairman, who chairs the meetings and sets their agenda:

- Mr. Marc-Olivier Laurent, Managing Partner of Rothschild & Co Gestion;
- Mr. Robert Leitão, Managing Partner of Rothschild & Co Gestion and Co-Chairman of the Group Executive Committee; and
- Mr. François Pérol, Managing Partner of Rothschild & Co Gestion and Co-Chairman of the Group Executive Committee.

(1) Listed company.

The Management Board meets monthly or more frequently if required by the Executive Chairman. On a quarterly basis, the Management Board meets ahead of the meeting of the Supervisory Board and its committees, notably to prepare and review the reports to be presented to the Supervisory Board and its committees.

A short biography of each member of the Management Board is available on the Company's website (www.rothschildandco.com).

1.3 The Group Executive Committee

The Group Executive Committee is the senior executive committee of Rothschild & Co, whose members are the most senior executive officers of the Group's business divisions and support functions. In its role, the Group Executive Committee proposes strategic orientations to the Managing Partner, and assists the Managing Partner in overseeing the implementation of the strategy across the Group and the operational management of the Group.

As at 31 December 2020, the Group Executive Committee was co-chaired by Mr. Robert Leitão and Mr. François Pérol, Managing Partners of Rothschild & Co Gestion, and was composed of the following additional members:

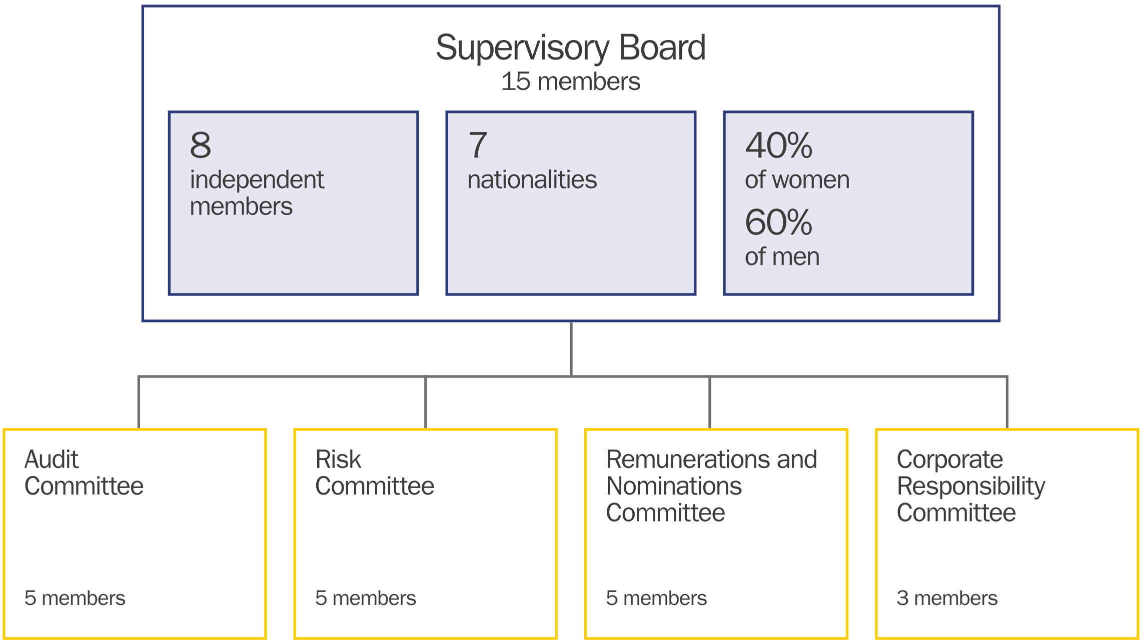
- Paul Barry (Group Human Resources Director)
- Grégoire Chertok (Head of Global Advisory, France – Deputy Head, Global Advisory)
- Mark Crump (Group Chief Financial Officer – Group Chief Operating Officer)
- Laurent Gagnebin (Head of Rothschild & Co Bank AG – Co-Head, Wealth Management)
- Javed Khan (Head of Merchant Banking – Chairman of the Merchant Banking Management Committee)
- Marc-Olivier Laurent (Managing Partner – Executive Chairman of Merchant Banking)
- Alain Massiera (Head of France Wealth and Asset Management)
- Jimmy Neissa (Head of Rothschild & Co, North America – Deputy Head, Global Advisory)
- Gary Powell (Executive Chairman of Wealth Management)
- Martin Reitz (Head of Rothschild & Co, Germany – Deputy Head, Global Advisory)
- Emmanuelle Saudeau (Group Chief Digital Officer)
- Helen Watson (Head of Wealth Management, UK – Co-Head, Wealth Management)
- Jonathan Westcott (Group Head of Legal & Compliance)

The Group Executive Committee meets at least eight times per annum or more frequently as required.

The Co-Chairmen of the Group Executive Committee report jointly to the Managing Partner on the Group Executive Committee's initiatives, propositions and decisions of the Group Executive Committee and ensure that the Group Executive Committee implement effectively any measures set out by the Managing Partner.

2 The Supervisory Board

The Supervisory Board is responsible for the ongoing supervision of the management of the Company. To do so, it is assisted by four specialized committees.



2.1 Composition of the Supervisory Board

In accordance with the Articles of Association of the Company, the Supervisory Board shall consist of six to eighteen members. The Supervisory Board members represent the shareholders of the Company. They are appointed and revoked by the Ordinary General Meeting, which sets the duration of their term of office. As of 31 December 2020, no Supervisory Board member's term of office exceeds three years, in line with the Afep-Medef Code recommendations. In addition, terms of office are staggered to avoid replacement of the entire body and to favour a smooth replacement of Supervisory Board members.

2.1.1 Members of the Supervisory Board as at 31 December 2020

	PERSONAL DETAILS		EXPERIENCE		POSITION ON THE SUPERVISORY BOARD			MEMBERSHIP OF COMMITTEES			
Name, nationality, age	Gender	Number of shares directly held	Number of directorships within other listed companies	Independence	Date of first appointment	End of term of office	Board seniority	Audit Committee	Risk Committee	Remuneration and Nomination Committee	Corporate Responsibility Committee
David de Rothschild ***Chairman*** **French** **78 years old**	M	2,520	1	Non-independent member	17 May 2018	AGM 2021	2 years and 7 months				
Éric de Rothschild ***Vice-Chairman*** **French** **80 years old**	M	12	0	Non-independent member	29 October 2004	AGM 2023	16 years and 2 months				
Lucie Maurel-Aubert ***Vice-Chairwoman*** **French** **58 years old**	F	12,610	2	Non-independent member	8 June 2012	AGM 2021	8 years and 6 months				Non-independent member, Chairman/Chairwoman
Adam Keswick ***Vice-Chairman*** **British** **47 years old**	M	10	6 (1)	Independent member	29 September 2016	AGM 2021	4 years and 3 months				
Dr. Daniel Daeniker **Swiss** **57 years old**	M	2,010	1	Independent member	25 September 2014	AGM 2022	6 years and 3 months				
Anthony de Rothschild **British** **43 years old**	M	10	0	Non-independent member	8 June 2012	AGM 2021	8 years and 6 months				Non-independent member
Gilles Denoyel **French** **66 years old**	M	675	2	Independent member	14 May 2020	AGM 2023	7 months	Independent member	Independent member		
Sir Peter Estlin **British** **59 years old**	M	10	0	Independent member	10 March 2020	AGM 2021	9 months	Independent member, Chairman/Chairwoman	Independent member	Independent member	
Sylvain Héfès **French** **68 years old**	M	10	0	Non-independent member	29 March 2012	AGM 2021	8 years and 9 months			Non-independent member, Chairman/Chairwoman	
Suet-Fern Lee **Singaporean** **62 years old**	F	10	0	Independent member	28 September 2017	AGM 2023	3 years and 3 months	Independent member	Independent member		
Arielle Malard de Rothschild **French** **57 years old**	F	1,946	1	Non-independent member	25 September 2014	AGM 2022	6 years and 3 months	Non-independent member	Non-independent member		
Carole Piwnica **Belgian** **62 years old**	F	10	2	Independent member	25 September 2014	AGM 2022	6 years and 3 months			Independent member	Independent member
Sipko Schat **Dutch** **60 years old**	M	10	1	Non-independent member	8 June 2012	AGM 2021	8 years and 6 months	Non-independent member	Non-independent member, Chairman/Chairwoman		
Luisa Todini **Italian** **54 years old**	F	10	0	Independent member	25 September 2014	AGM 2022	6 years and 3 months			Independent member	
Véronique Weill **French** **61 years old**	F	10	3	Independent member	14 May 2020 (appointment by the Board to be ratified by the next AGM)	AGM 2022	7 months			Independent member	

Chairman/Chairwoman   Independent member   Non-independent member

(1) Five out of six are Jardine Matheson group companies.

2.1.2 Changes in the Supervisory Board composition during 2020

	End of term / resignation	Appointment	Renewal
Supervisory Board	• Angelika Gifford *(14 May 2020)* • Peter Smith *(10 March 2020)* • François Henrot *(censeur)* *(14 May 2020)*	• Sir Peter Estlin *(10 March 2020)*(1) • Gilles Denoyel *(14 May 2020)* • Véronique Weill *(14 May 2020)*(2)	• Éric de Rothschild *(14 May 2020)* • Suet-Fern Lee *(14 May 2020)*
Audit Committee	• Peter Smith *(10 March 2020)*	• Gilles Denoyel *(14 May 2020)* • Sir Peter Estlin *(10 March 2020)*	
Risk Committee	• Peter Smith *(10 March 2020)*	• Gilles Denoyel *(14 May 2020)* • Sir Peter Estlin *(10 March 2020)*	
Remuneration and Nomination Committee	• Peter Smith *(10 March 2020)*	• Sir Peter Estlin *(15 September 2020)* • Véronique Weill *(15 December 2020)*	
Corporate Responsibility Committee		• Lucie Maurel Aubert *(10 March 2020)* • Carole Piwnica *(10 March 2020)* • Anthony de Rothschild *(10 March 2020)*	

(1) Sir Peter Estlin was appointed *(coopté)* by the Supervisory Board to fill the vacancy left by Peter Smith. This appointment *(cooptation)* was ratified by the General Meeting on 14 May 2020.
(2) Véronique Weill was appointed *(cooptée)* by the Supervisory Board to fill the vacancy left by Angelika Gifford. The General Meeting to be held on 20 May 2021 will be called upon to ratify such appointment *(cooptation)*.

2.1.3 Changes proposed to the General Meeting to be held on 20 May 2021

The General Meeting to be held on 20 May 2021 will be called upon to vote on: (i) the re-appointment of seven members of the Supervisory Board whose term of office is ending (Mr. David de Rothschild, Mrs. Lucie Maurel-Aubert, Mr. Adam Keswick, Mr. Anthony de Rothschild, Sir Peter Estlin, Mr. Sylvain Héfès and Mr. Sipko Schat) and (ii) the ratification of the appointment *(cooptation)* of Mrs. Véronique Weill.

At its meeting on 9 March 2021, the Supervisory Board, based on the recommendation of the Remuneration and Nomination Committee:

- opined in favour of these renewals; and
- expressed its intention to reappoint Mr. David de Rothschild in its position as Chairman of the Supervisory Board if the General Meeting votes in favour of his re-appointment as Supervisory Board member.

2.1.4 Information about the Supervisory Board members as at 31 December 2020

David de Rothschild

Chairman of the Supervisory Board

Age: 78 (born on 15 December 1942)
Nationality: French
Term: three years
Date of first appointment: 17 May 2018
End of term: General Meeting to be held in 2021
Rothschild & Co shares directly held: 2,520
Attendance rate at Supervisory Board meetings: 100.00%

Expertise and experience

David de Rothschild has worked for the Group for over 40 years. In 1981, Banque Rothschild, the company originally founded by James de Rothschild in 1812 under the name de Rothschild Frères, was nationalised by the French government. A group of associates led by David de Rothschild and his cousin, Éric de Rothschild, finally secured the right to operate a new banking business under the family name in 1986.

In 2012, David de Rothschild was appointed Chairman of Rothschild & Co Gestion, the Managing Partner of Rothschild & Co. In May 2018, he resigned to become Chairman of the Supervisory Board of Rothschild & Co.

Other directorships and positions held within the Group

- Member of the Supervisory Board of Martin Maurel SA

Directorships and positions held outside the Group

- Vice-Chairman of the Board of Directors and CEO of Rothschild & Co Concordia SAS
- Chairman of Financière de Reux SAS
- Member of the Board of Directors of Béro SAS
- Sole Director of GIE Sagitas
- Managing Partner of Rothschild Ferrières SC
- Managing Partner of SCI 2 Square tour Maubourg SC
- Managing Partner of Société Civile du Haras de Reux SC
- Managing Partner of SCI 66 Raspail
- Member of the Board of Directors and the Appointments and Compensation Committee of Casino SA(1)
- Sole Director of GIE Five Arrows Messieurs de Rothschild Frères
- Manager of Acadie AA1 SC

Directorships and positions expired over the past five years

- Chairman of SCS Holding SAS (until 2020)
- Chairman of Financière Rabelais SAS (until 2020)
- Chairman of Financière de Tournon SAS (until 2020)
- Managing Partner of Béro SCA (until 2020)
- Chairman of Aida SAS (until 2020)
- Chairman of Cavour SAS (until 2020)
- Chairman of Verdi SAS (until 2020)
- Chairman of Rothschild & Co Commandité SAS (until 2020)
- Chairman of Paris Orléans Holding Bancaire (POHB) SAS (until 2019)
- Chairman of RCI Partenaires SAS (until 2019)
- Chairman of RCG Partenaires SAS (until 2019)
- Chairman of Rothschild & Co Concordia SAS (until 2018)
- Chairman of Rothschild & Co Gestion SAS (until 2018)
- Manager of Rothschild Martin Maurel SCS (until 2018)
- Managing Partner of Rothschild & Cie SCS (until 2018)
- Chairman of Rothschild Martin Maurel Associés SAS (until 2018)
- Permanent representative of Rothschild & Co Gestion SAS as Managing Partner of RCB Gestion SNC (until 2018)
- Managing Partner of RCB Partenaires SNC (until 2018)
- Member of the Governance and Social Responsibility Committee of Casino SA(1) (until 2018)
- Member of the Board of Directors of Continuation Investments NV (the Netherlands) (until 2018)
- Member of the Board of Directors of La Compagnie Financière Martin Maurel SA until its merger with the Company (until 2017)
- Chairman of Rothschild & Co Europe BV (the Netherlands) (until 2017)
- Member of the Board of Directors of Rothschild Employee Trustees Limited (United Kingdom) (until 2016)
- Vice-Chairman of the Board of Directors Rothschild & Co Bank AG (Switzerland) (until 2016)
- Member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (until 2016)
- Member of the Board of Directors of Rothschild & Co Holding AG (Switzerland) (until 2016)
- Member of the Board of Directors of Rothschild Concordia AG (Switzerland) (until 2016)

(1) Listed company.

Éric de Rothschild

Vice-Chairman of the Supervisory Board

Age: 80 (born on 3 October 1940)
Nationality: French
Term: three years
Date of first appointment: 29 October 2004
End of term: General Meeting to be held in 2023
Rothschild & Co shares directly held: 12
Attendance rate at Supervisory Board meetings: 100.00%

Expertise and experience

Éric de Rothschild was appointed on 8 June 2012 as Chairman of the Supervisory Board, a position he already held from 2004. He joined Paris Orléans in 1974 as Chairman of the Board of Directors. Along with David de Rothschild, he was the main driving force in bringing together the English and French branches of the Rothschild family, and holds several other duties and positions within the family's companies including wine-making companies.

He is also President and Chairman of the Board of Directors of Rothschild & Co Concordia SAS.

He graduated from the *École Polytechnique* of Zurich (Switzerland).

Other directorships and positions held within the Group

- None

Directorships and positions held outside the Group

- President and Chairman of the Board of Directors of Rothschild & Co Concordia SAS
- Managing Partner of RCB Partenaires SNC
- President and Chairman of the Board of Directors of Béro SAS
- Member of the Supervisory Board of Impact Partners SAS
- Manager of SCI 6/10 rue de Pali-Kao
- Managing Partner of 7 Marigny SC
- Member of the Board of Directors of Baronnes et Barons Associés SAS
- Permanent representative of Béro SAS as Chairman of Ponthieu Rabelais SAS
- Permanent representative of Béro SAS as Co-Manager of Château Lafite Rothschild SC
- Member of the Board of Directors of Christie's France SA
- Member of the Board of Directors of Société des Amis du Louvre
- Member of the Board of Directors of Centre national de la Photographie
- Chairman of the Board of Directors of The Rothschild Archive Ltd (United Kingdom)
- Chairman and Director of DBR USA Inc. (United States of America)

Directorships and positions expired over the past five years

- General partner and Manager of Béro SCA (until 2020)
- Chairman of Fondation des Artistes (until 2019)
- Member of the Supervisory Board of Milestone SAS (until 2019)
- Member of the Supervisory Board of SIACI Saint-Honoré SA (until 2019)
- Chairman of the Board of Directors of Rothschild & Co Holding AG (Switzerland) (until 2019)
- Member of the Board of Directors of Los Vascos S.A.(Chile) (until 2018)
- Chairman of the Supervisory Board of Rothschild & Co SCA[1] (until 2018)
- General Manager of Rothschild & Co Concordia SAS (until 2018)
- Member of the Board of Directors of Continuation Investments NV (the Netherlands) (until 2018)
- Member of the Board of Directors of Rothschild Employee Trustees Ltd (United Kingdom) (until 2017)
- Chairman of Rothschild Asset Management Holdings AG (Switzerland) (until 2016)
- Member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (until 2016)
- Member of the Board of Directors of Rothschild Concordia AG (Switzerland) (until 2016)

(1) Listed company.

Lucie Maurel-Aubert

Vice-Chairwoman of the Supervisory Board

Chairwoman of the Corporate Responsibility Committee

Age: 58 (born on 18 February 1962)
Nationality: French
Term: three years
Date of first appointment: 8 June 2012
End of term: General Meeting to be held in 2021
Rothschild & Co shares directly held: 12,610
Attendance rate at Supervisory Board meetings: 100.00%

Expertise and experience

Lucie Maurel-Aubert has been a business lawyer at Gide Loyrette Nouel for 15 years, where she practised EU law, competition, industrial property and corporate law. She was also lecturer at HEC and at the ISA from 1987 to 1992. In 2002, she joined the family bank, of which she has been a Director since 1999.

Appointed Deputy Chief Executive Officer of Compagnie Financière Martin Maurel in 2007, she was Chief Executive Officer and member of the Executive Board of Directors of Banque Martin Maurel.

Other directorships and positions held within the Group

- Chairwoman of the Supervisory Board of Martin Maurel SA
- Chairwoman of Messine SAS
- Chairwoman of the Supervisory Board of Wargny BBR SA

Directorships and positions held outside the Group

- Vice-Chairwoman of Rothschild Martin Maurel Associés SAS
- Vice-Chairwoman of the Association Française des Banques
- Member of the Board of Directors of Compagnie Plastic Omnium SA[1]
- Member of the Board of Directors of SNEF SA
- Member of the Board of Directors of STEF SA[1]
- Manager of SC BD Maurel
- Manager of SC Paloma
- Member of the Board of Directors of Fonds de dotation du Grand Paris
- Vice-Chairwoman of the Festival d'Aix en Provence

Directorships and positions expired over the past five years

- Chairwoman of the Supervisory Board of Hoche Gestion Privée SA (until 2018)
- Member of the Supervisory Board of Fonds de garantie des dépôts et de résolution (until 2018)
- Chairwoman of Immobilière Saint Albin SAS (until 2018)
- Chairwoman of the Supervisory Board of BBR Rogier SA (until 2018)
- Manager (Type A) of Mobilim International Sàrl (Luxemburg) (until 2018)
- Member of the Board of Directors of Théâtre du Châtelet (until 2017)
- Chairwoman of the Supervisory Board of International Capital Gestion SA (until 2017)
- Chairwoman of the Supervisory Board of Martin Maurel Gestion SA (until 2017)
- Chairwoman of Grignan Participations SAS (until 2017)
- Chairwoman of the Supervisory Board of Optigestion SA (until 2017)
- Member of the Executive Board and CEO of Martin Maurel (formerly "Banque Martin Maurel") SA (until 2017)
- Vice-Chairwoman, Deputy Chief Executive Officer and Director of Compagnie Financière Martin Maurel SA (until 2017)
- Member of the Supervisory Board of Martin Maurel Gestion SA (until 2017)
- Permanent representative of Martin Maurel (formerly "Banque Martin Maurel") SA as member of the Supervisory Board of Optigestion SA (until 2017)
- Member of the Board of Directors of Fondation Hôpital Saint-Joseph (until 2016)
- Member of the Board of Directors of Montupet SA[1] (until 2016)

(1) Listed company.

Adam Keswick

Vice-Chairman of the Supervisory Board

Independent member of the Supervisory Board

Age: 47 (born on 1 February 1973)
Nationality: British
Term: two years
Date of first appointment: 29 September 2016
End of term: General Meeting to be held in 2021
Rothschild & Co shares directly held: 10
Attendance rate at Supervisory Board meetings: 85.71%

Expertise and experience

Adam Keswick first joined the Jardine Matheson Group in 2001 and was appointed to the Board of Jardine Matheson Holdings Limited in 2007. He was Deputy Managing Director of Jardine Matheson from 2012 to 2016 and became Chairman of Matheson & Co. in 2016.

Adam Keswick is a Director of Dairy Farm, Hongkong Land, Jardine Matheson, Jardine Strategic and Mandarin Oriental. He is also a Director of Ferrari NV and Yabuli China Entrepreneurs Forum.

Other directorships and positions held within the Group

- None

Directorships and positions held outside the Group

- Chairman of Jardine Pacific Holdings Limited (Bermuda)(2)
- Chairman of Jardine Schindler Holdings Limited (British Virgin Islands(2)
- Chairman of Matheson & Co., Limited (United Kingdom)(2)
- Member of the Board of Directors of Jardine Matheson Holdings Limited(1) (Bermuda)(2)
- Member of the Board of Directors of Jardine Motors Group UK Limited (United Kingdom)(2)
- Member of the Board of Directors of Dairy Farm International Holdings Limited(1) (Bermuda)(2)
- Member of the Board of Directors of Hongkong Land Holdings Limited(1) (Bermuda)(2)
- Member of the Board of Directors of Mandarin Oriental International Limited(1) (Bermuda)(2)
- Member of the Board of Directors of Jardine Strategic Holdings Limited(1) (Bermuda)(2)
- Member of the Board of Directors of JMH Finance Holdings Limited (British Virgin Islands)(2)
- Member of the Board of Directors of JMH Investments Limited (British Virgin Islands)(2)
- Member of the Board of Directors of JMH Management Holdings Limited (British Virgin Islands)(2)
- Member of the Board of Directors of JMH Treasury Limited (British Virgin Islands)(2)
- Member of the Board of Directors of JSH Treasury Limited (British Virgin Islands)(2)
- Non-executive Member of the Board of Directors of Ferrari NV(1) (the Netherlands)
- Member of the Board of Directors of Yabuli China Entrepreneurs Forum (China)

Directorships and positions expired over the past five years

- Deputy Chairman of Jardine Lloyd Thompson Group Limited(1) (formerly Jardine Lloyd Thompson Group plc) (United Kingdom) (until 2019)
- Chairman & Permanent Managing Director of Jardine Motors Group Holdings Limited (Bermuda) (until 2016)(2)
- Chairman & Permanent Managing Director & Chief Executive of Jardine Motors Group Limited (Bermuda) (until 2016)(2)
- Chairman of Jardine Pacific Limited (Bermuda) (until 2016)(2)
- Chairman of Jardine, Matheson & Co., Limited (Hong Kong) (until 2016)(2)
- Chairman of Zung Fu Company Limited (Hong Kong) (until 2016)(2)
- Chairman of Fu Tung Holdings Limited (Hong Kong) (until 2016)(2)
- Chairman & Non-executive Director of the Board of Directors of Gammon China Limited (Hong Kong) (until 2016)(2)
- Deputy Chairman & Deputy Managing Director of Jardine Matheson Limited (Bermuda) (until 2016)(2)
- Member of the Board of Directors of Zhongsheng Group Holdings Limited(1) (Cayman Islands) (until 2016)
- Member of the Board of Directors of JRE Asia Capital Management Limited (Cayman Islands) (until 2016)
- Member of the Board of Directors of Mandarin Oriental Hotel Group International Limited (Bermuda) (until 2016)(2)
- Member of the Board of Directors of Mandarin Oriental Hotel Group Limited (Hong Kong) (until 2016)(2)
- Member of the Board of Directors of Dairy Farm Management Services Limited (Bermuda) (until 2016)(2)
- Member of the Board of Directors of Yonghui Superstores Co., Limited(1) (China) (until 2016)
- Member of the Board of Directors of Hongkong Land Limited (Bermuda) (until 2016)(2))
- Member of the Board of Directors of Jardine Matheson (China) Limited (Hong Kong) (until 2016)(2)
- Member of the Board of Directors of The Hongkong Land Co., Limited (Hong Kong) (until 2016)(2)
- Member of the Board of Directors of Hongkong Land China Holdings Limited (Bermuda) (until 2016)(2)
- Member of the Board of Directors of Maxim's Caterers Limited (HK) (until 2016)(2)
- Member of the Board of Directors of Mindset Limited (HK) (until 2016)(2)
- Member of the Board of Directors of OHTL Public Company Limited(1) (Thailand) (until 2016)(2)

(1) Listed company.
(2) Jardine Matheson group.

Dr. Daniel Daeniker

Independent member of the Supervisory Board

Age: 57 (born on 12 March 1963)
Nationality: Swiss
Term: three years
Date of first appointment: 25 September 2014
End of term: General Meeting to be held in 2022
Rothschild & Co shares directly held: 2,010
Attendance rate at Supervisory Board meetings: 100.00%

Expertise and experience

Dr. Daniel Daeniker is the Senior Partner of Homburger AG, one of Switzerland's leading firms based in Zurich. His practice focuses on mergers & acquisitions, corporate governance, equity capital markets and financial services regulation. He studied law at the Universities of Neuchâtel and Zurich, where he obtained a doctorate in 1992, and at the University of Chicago, from where he graduated as a Master of Law in 1996. He spent most of his professional career at Homburger AG where he became a partner in 2000, Head of the Corporate/M&A practice group in 2009, Managing Partner in 2013 and Senior Partner in 2019.

Dr. Daniel Daeniker is a Director of Dormakaba Holding AG, where he chairs the Audit Committee, and of Hilti AG, where he is a member of the Audit Committee. He served as an independent director of Rothschild & Co Continuation Holdings AG from 2001 to 2014.

Other directorships and positions held within the Group

- None

Directorships and positions held outside the Group

- Member of the Board of Directors of Hilti AG, member of the Audit Committee (Liechtenstein)
- Member of the Board of Directors and Chairman of the Audit Committee of Dormakaba Holding AG(1) (Switzerland)
- Senior Partner and Member of the Board of Directors of Homburger AG (Switzerland)

Directorships and positions expired over the past five years

- Member of the Risk Committee of Rothschild & Co SCA(1) (until 2019)
- Member of the Board of Directors of GAM Holding AG(1) (Switzerland) (until 2016)

Anthony de Rothschild

Member of the Supervisory Board

Member of the Corporate Responsibility Committee

Age: 43 (born on 30 January 1977)
Nationality: British
Term: three years
Date of first appointment: 8 June 2012
End of term: General Meeting to be held in 2021
Rothschild & Co shares directly held: 10
Attendance rate at Supervisory Board meetings: 100.00%

Expertise and experience

Anthony de Rothschild has spent the last 15 years working in and around the consumer and lifestyle sector supporting entrepreneurs and building a broad portfolio of investments. Anthony de Rothschild has focused on investments in retail, entertainment and fashion. He is particularly experienced within the footwear space, having graduated from London College of Fashion's Cordwainers with a degree in footwear design and has designed for brands such as Nike and Belstaff.

Other directorships and positions held within the Group

- None

Directorships and positions held outside the Group

- Member of the Board of Directors of Rothschild & Co Concordia SAS
- LLP Designated Member of Fences Farm LLP (United Kingdom)
- Member of the Board of Directors of St Amant Limited (United Kingdom)
- Member of the Board of Directors of Ascott Farms Ltd (United Kingdom)
- Member of the Board of Directors of Ascott Nominees Ltd (United Kingdom)
- Member of the Board of Directors of Southcourt Stud Company Ltd (United Kingdom)
- Member of the Board of Directors of Voice for Nature Foundation Limited (previously known as Sculpt the Future Foundation Limited (United Kingdom)
- Member of the Board of Directors of Henry Sotheran Ltd (United Kingdom)

Directorships and positions expired over the past five years

- Member of the Board of Directors of Lomi Ltd (United Kingdom) (until 2020)
- Member of the Board of Directors of Truestart Ltd (United Kingdom) (until 2019)
- Member of the Board of Directors of Ascott Properties Ltd (United Kingdom) (until 2016)

(1) Listed company.

Gilles Denoyel

Independent member of the Supervisory Board

Member of the Risk Committee

Member of the Audit Committee

Age: 66 (born on 4 August 1954)
Nationality: French
Term: three years
Date of first appointment: 14 May 2020
End of term: General Meeting to be held in 2023
Rothschild & Co shares directly held: 675
Attendance rate at Supervisory Board meetings: 100.00%

Expertise and experience

A graduate of the top French engineering school *École des Mines de Paris*, the *Institut d'Etudes Politiques de Paris* (IEP) and a civil servant student at *Ecole Nationale d'Administration* (ENA), Gilles Denoyel was appointed *Inspecteur des Finances* at the French Ministry of Finance in 1981.

In 1985, he joined the Treasury Department where he was successively in charge of the CIRI (*Comité Interministériel de Restructuration Industrielle*), Export Financing, Financial Market Regulation, the supervision of the Insurance sector and the privatisation programme.

In 1996, he joined the CCF as Chief Financial Officer. He became Deputy Chief Executive Officer in 2000. In 2004, he was appointed Executive Director Chief Operating Officer of the CCF and then of HSBC France. From 2015, he was Chairman of International Institutional Relations for Europe of the HSBC Group.

Since his retirement from the HSBC Group in 2016, he has been senior adviser of Bain Consulting and Operating Partner of Advent International. In January 2018, he joined the Board of Memo Bank and was appointed Chairman of the Board of Dexia in May 2018. In May 2019, he joined the Board of EDF, where he chairs the Nuclear Commitments Monitoring Committee.

Other directorships and positions held within the Group

- None

Directorships and positions held outside the Group

- Chairman of the Board of Directors of Dexia Crédit Local
- Member of the Board of Directors and Chairman of the Nuclear Commitments Monitoring Committee of EDF SA(1)
- Member of the Supervisory Board of Memo Bank SA
- Chairman of the Board of Directors of Institut Aspen France (association)
- Chairman of the Board of Directors, Chairman of the Appointment Committee and Member of the Remuneration Committee of Dexia(1) (Belgium)

Directorships and positions expired over the past five years

- Chairman of International Institutional Relations for Europe of HSBC(1) (until 2016)
- Member of the Board of Directors of HSBC France (until 2016)
- Vice-Chairman of the Board of Directors of HSBC Assurances Vie (until 2016)
- Permanent representative of HSBC France as member of the Board of Directors of HSBC Global Asset Management (until 2016)
- Member of the Board of Directors of the Association Française des Banques (until 2016)
- Chairman of the Groupement des Banques Etrangères en France (until 2016)

(1) Listed company.

Sir Peter Estlin

Independent member of the Supervisory Board

Chairman of the Audit Committee

Member of the Risk Committee

Member of the Remuneration and Nomination Committee

Age: 59 (born on 4 July 1961)
Nationality: British
Term: three years
Date of first appointment: 10 March 2020
(appointment by The Supervisory Board to fill in the vacancy left by Peter Smith and ratified by the General Meeting of 14 May 2020)
End of term: General Meeting to be held in 2021
Rothschild & Co shares directly held: 10
Attendance rate at Supervisory Board meetings: 100.00%

Expertise and experience

Following a 30-year career in finance and banking, Sir Peter Estlin now holds several non-executive and charitable appointments in banking, digital innovation and skills. He was knighted in the 2020 New Year's Honours for services to International Business, Skills and Inclusion, having served the office of Lord Mayor of the City of London in 2018/19. He qualified as a Chartered Accountant, becoming a partner with Coopers & Lybrand in 1993. He spent 25 years in banking, initially as CFO for Salomon Brothers Asia in Hong Kong, then CFO for Citigroup's Corporate & Investment Banking division in New York and London. He joined Barclays in late 2008 as Group Financial Controller and has been CFO of the Retail & Business Banking and Non-Core divisions, as well as Acting Group CFO and a senior adviser.

Other directorships and positions held within the Group

- Non-executive Director of N.M. Rothschild & Sons Limited (United Kingdom)

Directorships and positions held outside the Group

- Chairman of the Board of Directors of Association of Apprentices (United Kingdom)
- Chairman of the Board of Directors of Tabletop Holdings Ltd (United Kingdom)
- Director of Workfinder Ltd (United Kingdom)
- Director of Trust for London (United Kingdom)
- Director of The Lord Mayors Appeal (United Kingdom) (Chairman until 30 September 2020)
- Independent member of HM Treasury Audit Committee (United Kingdom)
- Alderman of the City of London Corporation (United Kingdom)
- Chairman of FutureDotNow (CIO) (United Kingdom)
- Trustee of HR Professionals Charitable Trust (charitable trust) (United Kingdom)
- Trustee of Morden College (charitable trust) (United Kingdom)
- Trustee of St Pauls Cathedral Choir Foundation (charitable trust) (United Kingdom)
- Vice President of Bridewell Royal Hospital (charitable trust)

Directorships and positions expired over the past five years

- Director of KESW Enterprises (United Kingdom) (until 2020)
- Trustee of Educators Trust (CIO) (United Kingdom) (until 2020)
- Director of The Lord Mayors Show (United Kingdom) (until 2019)
- Director of Barrow Hills School (United Kingdom) (until 2016)

Sylvain Héfès

Member of the Supervisory Board

Chairman of the Remuneration and Nomination Committee

Age: 68 (born on 28 March 1952)
Nationality: French
Term: three years
Date of first appointment: 29 March 2012
End of term: General Meeting to be held in 2021
Rothschild & Co shares directly held: 10
Attendance rate at Supervisory Board meetings: 85.71%

Expertise and experience

Financial Attaché with the French Embassy in Canada in 1974, Sylvain Héfès started his career at the then Rothschild Bank in Paris in 1976 (until 1980). He joined NMR in London for two years before returning to the Paris-based bank where he was Deputy Chief Executive Officer from 1982 to 1989.

In 1990, Sylvain Héfès joined Goldman Sachs in London where he was a General Partner from 1992 to 2004. He held the positions of Head of French Operations, Chief Executive Officer for the European private banking operations, Co-Chairman of the International Advisory Board of Goldman Sachs International and Chairman of the Board of Directors of Goldman Sachs Bank AG. He graduated from HEC Paris.

Other directorships and positions held within the Group

- Member of the Supervisory Board of Rothschild Martin Maurel SCS
- Member of the Advisory Committee of Five Arrows Managers SAS

Directorships and positions held outside the Group

- Member of the Board of Directors of Rothschild & Co Concordia SAS

Directorships and positions expired over the past five years

- European Chairman of Rhône Capital (until 2019)
- Member of the Board of Directors of Rhône Capital LLC (United States of America) (until 2019)
- Member of the Audit Committee of Rothschild & Co SCA(1) (until 2019)
- Chairman of Francarep, Inc. (United States of America) (until 2019)
- Member of the Board of Directors of Five Arrows Capital Ltd (British Virgin Islands) (until 2017)

(1) Listed company.

Suet-Fern Lee

Independent member of the Supervisory Board

Member of the Audit Committee

Member of the Risk Committee

Age: 62 (born on 16 May 1958)
Nationality: Singaporean
Term: three years
Date of first appointment: 28 September 2017
End of term: General Meeting to be held in 2023
Rothschild & Co shares directly held: 10
Attendance rate at Supervisory Board meetings: 100.00%

Expertise and experience

Suet-Fern Lee is a founder of Stamford Law Corporation, a major law firm based in Singapore which merged with Morgan Lewis Stamford LLC, in 2015. She has served on the Board of Morgan Lewis & Bockius where she has chaired the International Leadership Team.

Suet-Fern Lee has also served as a member of the Board of Directors of various companies in Singapore and abroad.

She is currently also on the Board of Directors of the World Justice Project, an international organisation based in Washington DC that promotes the rules of law. In addition, she is a trustee of the Nanyang Technological University, a major university in Singapore.

She has been the long-standing Chairman of the Asian Civilisations Museum in Singapore and a member of the National Heritage Board, where she chaired various Board committees.

She is the former President of the Inter-Pacific Bar Association.

Suet-Fern Lee holds a law degree from Cambridge University. She qualified as a Barrister-at-Law at Gray's Inn, London in 1981 before being admitted to the Singapore Bar in 1982.

Other directorships and positions held within the Group

- None

Directorships and positions held outside the Group

- Member of the Board of Directors of the World Justice Project (United States of America)
- Member of the Board of Directors of Caldecott Inc. (Cayman Islands)
- Partner of Morgan Lewis & Bockius (United States of America)
- Member, International Leadership Team, Morgan Lewis & Bockius LLP (United States of America)
- Chair, Inter-Pacific Working Group, Morgan Lewis & Bockius LLP (United States of America)
- Director and Member of the Audit Committee of AXA Holdings Japan Co., Ltd (Japan)

Directorships and positions expired over the past five years

- Director of Morgan Lewis Stamford LLC (Singapore) (until 2020)
- Member of the Board of Directors of Stamford Corporate Services Pte Ltd (Singapore) (until 2020)
- Member of the Board of Directors of Sanofi SA(1) (until 2020)
- Chair of the International Leadership Team, Morgan Lewis & Bockius LLP (United States of America) (until 2019)
- Member of the Board of Directors and member of the Finance Committee of AXA SA(1) (until 2018)
- Member of the Board of Directors of AXA Asia (Hong Kong) (until 2018)
- Member of the Board of Directors of Rickmers Trust Management Pte Ltd(1) (Singapore) (until 2017)

(1) Listed company.

Arielle Malard de Rothschild

Member of the Supervisory Board

Member of the Audit Committee

Member of the Risk Committee

Age: 57 (born on 20 April 1963)
Nationality: French
Term: three years
Date of first appointment: 25 September 2014
End of term: General Meeting to be held in 2022
Rothschild & Co shares directly held: 1,946
Attendance rate at Supervisory Board meetings: 85.71%

Expertise and experience

Arielle Malard de Rothschild spent ten years at Lazard Frères & Cie in the Sovereign Advisory team. She then co-created Rothschild Conseil International in 1999 to provide financial advisory services to corporates and governments in emerging markets, an entity which was then merged into Rothschild & Cie SCS in 2004. Managing Director at Rothschild & Cie SCS since 2006, Arielle became Advisory Partner in 2019.

She received a PhD in Economic Sciences from the *Institut d'Etudes Politiques of Paris* ("Sciences Po") and a master's degree in Bank and Finance from Paris II University.

Other directorships and positions held within the Group

- Managing Director of Rothschild & Cie SCS
- Global Advisory Partner of Rothschild & Co

Directorships and positions held outside the Group

- Member of the Board, the Audit Committee and the Remuneration and Selection Committee of Société Foncière Lyonnaise[1]

Directorships and positions expired over the past five years

- Member of the Board of Directors of Groupe Lucien Barrière SAS (until 1 April 2019)
- Member of the Board of Electrica SA[1] (Romania and United Kingdom) (until 2018)
- Member of the Audit and Risk Committee of Electrica SA[1] (Romania and United Kingdom) (until 2018)
- Member of the Nomination and Remuneration Committee of Electrica SA[1] (Romania and United Kingdom) (until 2018)
- Chairwoman of CARE France (charity) (until 2018)
- Member of the Board of Directors of Imerys SA[1] (until 2017)
- Member of the Nomination and Remuneration Committee of Imerys SA[1] (until 2017)

(1) Listed company.

Carole Piwnica

Independent member of the Supervisory Board

Member of the Remuneration and Nomination Committee

Member of the Corporate Responsibility Committee

Age: 62 (born on 12 February 1958)
Nationality: Belgian
Term: three years
Date of first appointment: 25 September 2014
End of term: General Meeting to be held in 2022
Rothschild & Co shares directly held: 10
Attendance rate at Supervisory Board meetings: 71.43%

Expertise and experience

Carole Piwnica received a Bachelor of Law from Brussels University and a Master of Law from New York University. She was a member of the New York and Paris bars. She started her career in New York at Proskauer Rose and joined the M&A department of Shearman & Sterling in Paris. She spent 15 years in the food and agricultural processing industries and was Chairwoman of the Amylum Group (Belgium) and a Director and Vice-Chairwoman of Tate & Lyle (UK). She is a member of the Board of Directors and the Remuneration Committee of Sanofi (France). Since 2019, Carole Piwnica has been a Director Founder of Naxos SARL (Switzerland).

Other directorships and positions held within the Group

- None

Directorships and positions held outside the Group

- Independent Member of the Board of Directors and Member of the Remuneration Committee of Sanofi SA(1)
- Member of the Board of Directors and Member of the Leadership, Development, Inclusion and Compensation Committee of Amyris Inc.(1) (United States of America)
- Member of the Board of Directors of Arianna SA (Luxembourg)
- Managing Partner of Naxos SARL (Switzerland)

Directorships and positions expired over the past five years

- Independent Member of the Board of Directors of Eutelsat Communications SA(1), Chairwoman of the Nomination and Governance Committee (until 2019)
- Member of the Board of Directors of Naxos UK Ltd (United Kingdom) (until 2019)
- Member of the Board of Directors of Elevance (United States of America) (until 2019)
- Member of the Board of Directors of I20 (United Kingdom) (until 2019)
- Member of the Audit Committee of Rothschild & Co SCA(1) (until 2018)
- Member of the Audit Committee of Sanofi SA(1) (until 2018)
- Member of the Board of Directors of Big Red (United States of America) (until 2018)
- Chairwoman of Remuneration Committee of Eutelsat Communications SA(1) (until 2016)

Sipko Schat

Member of the Supervisory Board

Chairman of the Risk Committee

Member of the Audit Committee

Age: 60 (born on 21 March 1960)
Nationality: Dutch
Term: three years
Date of first appointment: 8 June 2012
End of term: General Meeting to be held in 2021
Rothschild & Co shares directly held: 10
Attendance rate at Supervisory Board meetings: 100.00%

Expertise and experience

Sipko Schat worked in the Rabobank Group for over 25 years, where he was a member of the Executive Board of Rabobank Nederland. He was also responsible for the Wholesale Clients division of Rabobank International and managed the Wholesale Management Team.

Other directorships and positions held within the Group

- Member of the Board of Directors of Rothschild & Co Bank AG (Switzerland)

Directorships and positions held outside the Group

- Member of the Supervisory Board of Drienim B.V. (the Netherlands)
- Non-executive member of the Board of Directors of OCI N.V.(1) (the Netherlands)
- Member of the Board of Directors of Trafigura Group Pte Ltd (Singapore)
- Member of the Board of Directors of Randstad Beheer B.V. (the Netherlands)

Directorships and positions expired over the past five years

- Chairman of the Supervisory Board of VanWonen Holding B.V. (the Netherlands) (until 2020)
- Chairman of the Audit and Risk Committee of the Board of Directors of Rothschild & Co Bank AG (Switzerland) (until 2020)
- Chairman of the Supervisory Board of Vion N.V (the Netherlands) (until 2018)

(1) Listed company.

Luisa Todini

Independent member of the Supervisory Board

Member of the Remuneration and Nomination Committee

Age: 54 (born on 22 October 1966)
Nationality: Italian
Term: three years
Date of first appointment: 25 September 2014
End of term: General Meeting to be held in 2022
Rothschild & Co shares directly held: 10
Attendance rate at Supervisory Board meetings: 100.00%

Expertise and experience

Luisa Todini graduated in Law and began her entrepreneurial activities in Italy at Todini Costruzioni Generali SpA within the Human Resources Department, then creating and heading the in-house law department. She co-operated in late 1980s with Compagnie Générale des Eaux. She was member of the European Parliament between 1994 and 1999.

From 2010 to 2012, she was Chairwoman of the European Construction Industry Federation, from 2012 to 2014, she was member of the Board of RAI SpA and from 2014 to 2017, Chairwoman of Poste Italiane SpA upon recommendation of the Italian Government.

Luisa Todini currently chairs Todini Finanziaria SpA (holding stakes in realty, construction, agribusiness and hospitality sectors), Green Arrow Capital SGR S.p.A.(Alternative Asset Management), Net Insurance S.p.A. and Comitato Leonardo.

Other directorships and positions held within the Group

- None

Directorships and positions held outside the Group

- Chairwoman of Green Arrow Capital SGR (Italy)
- Chairwoman of Net Insurance SpA (Italy)
- Chairwoman of Todini Finanziaria SpA (Italy)
- Sole Managing Director of Proxima Srl (Italy)
- Member of the Board of Directors of Green Arrow Capital SpA (Italy)
- Vice-President of Green Arrow Capital Asset Management 1 Srl (Italy)
- Vice-President of Green Arrow Capital Asset Management 2 Srl (Italy)

Directorships and positions expired over the past five years

- Member of the Board of Directors of Save SpA (Italy) (until 2020)
- Honorary President of Todini Construzioni Generali SpA (Italy) (until 2019)
- Chairwoman of Uni-Esco Srl (Italy) (until 2019)
- Member of the Board of Directors of Salini Costruttori SpA (Italy) (until 2019)
- Member of the Board of Directors of Green Arrow (Capital Srl (Italy) (until 2019)
- Chairwoman of Todini Construzioni Generali SpA (Italy) (until 2018)
- Chairwoman of Ecos Energia Srl (Italy) (until 2017)
- Chairwoman of Poste Italiane[1] (Italy) (until 2017)

(1) Listed company.

Véronique Weill

Independent member of the Supervisory Board

Member of the Remuneration and Nomination Committee

Age: 61 (born on 16 September 1959)
Nationality: French
Term: three years
Date of first appointment: 14 May 2020
End of term: General Meeting to be held in 2022
Rothschild & Co shares directly held: 10
Attendance rate at Supervisory Board meetings: 100.00%

Expertise and experience

Véronique Weill spent over 20 years at J.P. Morgan, where she held various positions including Global Head of Operations for Investment Banking and Global Head of IT & Operations for Asset Management and Private Banking.

In June 2006, she joined the AXA Group as Chief Executive Officer of AXA Business Services and Head of Operational Excellence. Before her departure in 2017, she also held executive supervisory positions in the global asset management business and was Chairwoman of the Board of Directors of various subsidiaries in Italy and Spain, as well as Group Chief Operating Officer and member of the Management Committee of the AXA group. In 2017, she joined Publicis Group as General Manager in charge of M&A, Re:Sources, IT, Real Estate and Insurance, a position she has held since then.

Since 2016, she has been an independent member of the Board of Directors of Valeo and of several of its committees: Audit and Risks Committee, Governance, Appointments and Corporate Social Responsibility Committee, and Compensation Committee.

Véronique Weill graduated from the *Institut d'Etudes Politiques of Paris* (IEP) and from the University of Paris – la Sorbonne (with a degree in literature).

Other directorships and positions held within the Group

- None

Directorships and positions held outside the Group

- Chairwoman of the Board of Directors of CNP Assurances SA(1)
- General Manager and Member of the Management Committee of Publicis SA(1)
- Independent Director, Member of the Audit and Risks Committee, the Governance, Appointments and Corporate Social Responsibility Committee and the Compensation Committee of Valeo SA(1)
- Director of Louvre Museum
- Director of Gustave Roussy Foundation
- Director of Fondation Georges Besse
- Member of the European Advisory Board of Salesforce (United States of America)
- Director of Translate Plus (United Kingdom)
- Director of Publicis Groupe (United Kingdom)
- Director of BBH Holdings Ltd (Bartle Bogle Hegarty) (United Kingdom)
- Director of Prodigious UK Ltd (United Kingdom)

Directorships and positions expired over the past five years

- Group Chief Customer Officer and member of the Management Committee of the AXA Group (until 2017)
- Chief Executive Officer, AXA Global Asset Management (until 2017)
- Member of the Scientific Board, AXA Research Fund (until 2017)
- Chair of the Board of Directors, AXA Assicurazioni SpA (Italy), AXA Aurora Vida, Sa De Seguros Y Reaseguros (Spain), AXA Pensiones SA, Entidad Gestora De Fondos De Pensiones, Sociedad Unipersonal (Spain), AXA Seguros Generales SA De Seguros Y Reaseguros (Spain), AXA Vida SA De Seguros Y Reaseguros (Spain), AXA Global Direct SA (France) and AXA Banque Europe (Belgium) (until 2017)
- Director, AXA Assistance SA (Italy), AXA MPS Assicurazioni Danni SpA (Italy) and AXA MPS Assicurazioni Vita SpA (Italy) (until 2017)

(1) Listed company.

2.1.5 Diversity policy applied to the Supervisory Board and its specialised committees

The Supervisory Board attaches great importance to achieving a balance within its membership in terms of diversity of profile, experience and skills.

At its meeting of 12 February 2021, the Remuneration and Nomination Committee reviewed a proposed diversity policy specifying objectives with regards to the composition of the Supervisory Board and implementation measures. It also reviewed the composition of the Supervisory Board notably in light of this policy.

At its meeting of 9 March 2021, the Supervisory Board approved the proposed diversity policy, on the recommendation of the Remuneration and Nomination Committee, and reviewed the results of the analysis of the composition of the Supervisory Board carried out by the Remuneration and Nomination Committee.

Objectives of the diversity policy and current situation

The diversity policy aims at having a wide range of complementary profile, knowledge and skills on the Supervisory Board, in order to obtain a variety of viewpoints and experiences, to allow the Supervisory Board to gain insight into its stakeholders expectations and to facilitate the expression of independent opinions and the making of relevant decisions. To this end, objectives are set for each of the diversity criteria considered: gender balance, nationality, age, qualifications and professional experience and independence of Supervisory Board members.

- **Gender balance:** the diversity policy aims for a balanced representation of women and men on the Supervisory Board and its committees. Consistent with applicable legal requirements, the Supervisory Board must be composed of at least 40% of each gender. This objective is met: as at 31 December 2020, six out of 15 members of the Supervisory Board are women representing 40% and men representing 60%. In addition, women and men equally represent 50% of the committees' members.
- **Nationalities:** the nationalities of the members making up the Supervisory Board must be diversified and reflect the Group's international dimension. This objective is met: as at 31 December 2020, seven nationalities are represented on the Supervisory Board (French, British, Dutch, Singaporean, Italian, Belgian and Swiss), with 46% of the Supervisory Board members being French and 20% being British.
- **Age:** the overall composition of the Supervisory Board must comply with the Company's articles of association, which provide that the proportion of Supervisory Board members over 75 years of age may not exceed one-third of the Supervisory Board members. This objective is met: as at 31 December 2020, 13% of the members of the Supervisory Board are over 75 years old and the average age of the members of the Supervisory Board is 60.8 years old.
- **Qualifications and professional experience:** the members of the Supervisory Board should have varied and complementary professional qualifications and experience so that the Supervisory Board collectively has the knowledge, skills and experience necessary for the Supervisory Board to understand the Group's activities, as well as the economic and regulatory environment in which it operates and the main risks to which it is exposed. To this end, the following aspects are examined in particular: (i) expertise in banking and finance; (ii) international experience; (iii) senior executive/management experience; (iv) other professional skills relevant to the missions of the Supervisory Board such as accounting, risk management, digital transformation, corporate responsibility. At its meeting held on 9 March 2021, the Supervisory Board considered that this objective is met as the qualifications and experience of the members of the Supervisory Board are diversified and complementary and enable the Supervisory Board to carry out its mission effectively.
- **Independence:** it is important for the Supervisory Board to include a significant proportion of independent directors, not only in order to satisfy the expectations of the market but also in order to ensure the quality of proceedings. This objective is met: as at 31 December 2020, eight out of 15 members of the Supervisory Board, representing 53% of the members, are independent.

Please refer to Sections 2.1.1 and Section 2.1.4 above for detailed information on each Supervisory Board members.

Implementation measures provided for in the diversity policy

Each year, the Remuneration and Nomination Committee reviews the diversity policy and the composition of the Supervisory Board in light of the policy and presents the results of its review to the Supervisory Board, together with any recommendations. On this basis the Supervisory Board assesses the implementation of the diversity policy and may decide to approve any changes or take any actions to enhance its effectiveness.

In addition, the Remuneration and Nomination Committee considers the objectives of the diversity policy in connection with its examination of the profiles of potential candidates for Supervisory Board membership and its recommendations to the Supervisory Board in this respect.

2.1.6 Gender diversity within the Group

As of 31 December 2020:

- 13% of the members of the Group Executive Committee are women,
- there are 36% of women and 64% of men on the Group Executive Committee and the nine committees established by Rothschild & Co to assist the Group Executive Committee in discharging its duties; and
- women represent 24.1% of the Group employees with the title “Assistant Directors” or above (compared with 23.4% on 31 December 2019).

The Managing Partner aims over time to improve the balance of gender representation across the Group, including within the most senior position. In this context, it has set the medium-term objective that by 2024, 30% of the Group employees with the title “Assistant Directors” and above should be women.

In order to achieve this objective, and more generally, to ensure a balanced and inclusive environment where diversity and difference are valued, the Group has launched a number of initiatives which were most recently, presented to the Supervisory Board on 15 December 2020 and are described on pages 93 onwards of this report. The Managing Partner will monitor the implementation of these initiatives and will report regularly on progress made.

Although the Managing Partner has not currently set numerical targets for gender representation on governing bodies because it wants to acquire a more substantive perspective on the impact of the numerous initiatives that have been launched, it will review this matter on a periodic basis.

2.1.7 Independent members

As at 31 December 2020, eight out of 15 members of the Supervisory Board, i.e. 53% of the members, are independent. As a controlled company, Rothschild & Co SCA significantly exceed the 33.33% threshold recommended by the Afep-Medef Code.

The Supervisory Board, in conjunction with senior management, carries out its own studies of the independence of each potential candidate before approaching them.

Qualification as an independent member of the Supervisory Board is discussed by the Remuneration and Nomination Committee in the light of the criteria set out by the Afep-Medef Code: (i) on the occasion of the appointment of new Supervisory Board members; and (ii) annually for all Supervisory Board members.

After examining the recommendation of its Remuneration and Nomination Committee:

- the Supervisory Board may consider that a member of the Supervisory Board, although fulfilling the above criteria, must not be qualified as independent given his/her particular situation or that of the Company, having regard to its shareholding or any other reason; and
- conversely, the Supervisory Board may consider that a member who does not strictly meet all the criteria referred to above is, however, independent.

The independence criteria that apply are those referred to in the Afep-Medef Code:

- not to be and not to have been within the previous five years:
  - an employee or executive officer of the Company;
  - an employee, executive officer or director of a company consolidated within the corporation;
  - an employee, executive officer or director of the Company's parent company or a company consolidated within this parent company;
- not to be an executive officer of a company in which the corporation holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive officer of the corporation (currently in office or having held such office within the last five years) holds a directorship;
- not to be a customer, supplier, commercial banker, investment banker or consultant:
  - that is significant to the corporation or its group; or
  - for which the corporation or its group represents a significant portion of its activity;
- not to be related by close family ties to a Company officer; and
- not to have been an auditor of the corporation within the previous five years; and
- not to have been a director of the corporation for more than twelve years. Loss of the status of independent director occurs on the date when this twelve year-limit is reached.

At its meeting dated 9 March 2021, the Supervisory Board considered that Sir Peter Estlin qualifies as an independent member, notwithstanding his presence as Director on the Board of N.M. Rothschild & Sons Limited taking into account: (i) the fact that the role of Sir Peter Estlin on the Board of N.M. Rothschild & Sons Limited, a fully owned subsidiary of Rothschild & Co, is a non-executive role; (ii) the fact that by adhering to the Supervisory Board Terms of Reference, he has undertaken to refrain from participating in the deliberations of the Supervisory Board which could give rise to a potential conflict of interests with N.M. Rothschild & Sons Limited; and (iii) his ability to make sound, objective and independent contributions to the Supervisory Board due to his independence of mind and his extensive experience in the banking and audit fields as well as in the public sector.

2.2 Duties of the Supervisory Board members

The Supervisory Board's Terms of Reference make each Supervisory Board member aware of his/her responsibilities at the time of appointment and encourage him/her to observe the rules of ethics relating to his/her term of office. The Supervisory Board members' duties summarised herein reflect the amended Terms of Reference approved by the Supervisory Board at its meeting on 9 March 2021. The Terms of Reference of the Supervisory Board can be found on Rothschild & Co website (www.rothschildandco.com).

Before accepting a seat on the Supervisory Board, each candidate must be aware of the general and special obligations incumbent on them. In particular, they must familiarise themselves with the laws and regulations governing the duties of Supervisory Board members.

The Company provides new members with its articles of association and the Supervisory Board's Terms of Reference before they take office. By accepting a seat on the Supervisory Board, members agree to abide by these Terms of Reference.

Supervisory Board members must hold (directly or indirectly) at least 150 shares of the Company for the duration of their term of office.

The term of office of Supervisory Board members is set by the Ordinary General Meeting but shall not exceed four years.

When taking part in Supervisory Board meetings and casting a vote, Supervisory Board members are representing all of the Company's shareholders and acting in the interests of the Company.

Supervisory Board members must allocate the required time to preparing for Supervisory Board meetings and meetings of any committees on which they sit (as the case may be) by carefully reading the documentation provided to them. They may ask the Chairman for any further information that they require.

Supervisory Board members must attend all Supervisory Board meetings and meetings of any committees of which they are members (as the case may be), as well as General Meetings, unless subject to an impediment and provided that they notify the Chairman and/or the Secretary of the Supervisory Board accordingly beforehand.

2.2.1 Confidentiality

Without prejudice to applicable laws, the Supervisory Board members are held to a general obligation of secret, confidentiality and discretion in the interest of the Company.

Documentation for Supervisory Board meetings, information collected before or during Supervisory Board meetings, debates and decision of the Supervisory Board as well as the opinions or votes expressed during the Supervisory Board are confidential. This also applies to each committee. In accordance with applicable regulations, Supervisory Board members and all other persons invited to attend Supervisory Board or committee meetings may not pass on such information to a third person, for any purpose or activity other than those for which the information was provided to them. They are required to take appropriate measures to protect the confidentiality of such information. Such information ceases to be personal and confidential when published externally by the Company, particularly in the form of a press release.

2.2.2 Conflicts of interest

As the Company is controlled by a group of shareholders acting in concert, the Supervisory Board pays particular attention to preventing potential conflicts of interest and taking into account all interests.

Supervisory Board members are not permitted to use their position and/or duties to procure any kind of benefit, whether financial or otherwise, either for themselves or for a third party.

Supervisory Board members are required to disclose any situation of conflict of interest, even potential, between the Company's interest and the direct or indirect personal interest or the interest of the shareholder or group of shareholders they represent.

As such, they must:

- inform the Supervisory Board as soon as they become aware of it; and
- draw any conclusions regarding the exercise of their position on the Supervisory Board. Thus, as the case may be, he/she will have to:
  - abstain from participating in the vote on the corresponding deliberation, or even to the discussion preceding this vote;
  - not attend the Supervisory Board meeting during which he/she is in a conflict of interest situation; or
  - if appropriate, resign from his/her position on the Supervisory Board.

The direct or indirect involvement of any Supervisory Board member in an operation or a transaction in which the Group has a direct interest, or of which they are aware as a result of their membership of the Supervisory Board, must be disclosed to the Supervisory Board prior to the conclusion of such operation or transaction.

Supervisory Board members are not permitted to assume personal responsibilities in undertakings or affairs that compete directly or indirectly with those of the Group without notifying the Supervisory Board in advance.

Each Supervisory Board member should keep the Chairman and the Company informed of directorships held in other companies, including his or her participation on committees of these companies, both in France and abroad.

2.2.3 Transactions involving financial instruments of the Company

Each member of the Supervisory Board must comply with applicable regulation in relation market abuse and inside information. Each member is responsible for checking, either with the Company or his/her advisers whether or not he/she is in possession of inside information. In this respect, each member of the Supervisory Board may appear on occasional insider lists drawn up by the Company and made available to the AMF upon request.

Supervisory Board members and all other persons who are invited to attend Supervisory Board meetings must not engage (either in person or via an intermediary) in transactions involving financial instruments of the Company and/or any other issuer for as long as they possess (as a result of their duties or presence at a Supervisory Board meeting) confidential information that might have a material effect on the price of the said financial instruments or on the price of related financial instruments. This duty applies without the Company being required to stipulate that the relevant information is confidential information or inside information.

Similarly, Supervisory Board members must refrain from disclosing such information to any other person outside the ordinary scope of their functions or for any purpose other than that for which the information was provided to them. Lastly, members must refrain from advising any other person to purchase or sell the financial instruments to which such information relates.

To this end, the following measures must be taken:

- shares in the Company held by a Supervisory Board member personally or by a member's cohabiting spouse, minor child (not of full age) or any other intermediary must be registered:
  - either in a registered account managed by the holder of the Company's register;
  - or in the books of a French custodian account keeper whose details shall be provided to the Supervisory Board's Secretary;
- report on transactions performed on the Company's securities by each Supervisory Board member to the AMF and to the Company in accordance with applicable legal and regulatory provisions;
- Supervisory Board members are not permitted to engage in any short or deferred transaction involving derivatives or financial instruments relating to securities issued by the Company (financial futures, warrants, exchangeable bonds, etc.); and
- transactions by Supervisory Board members (or any other person who attended the Supervisory Board meeting at which the results were reviewed) involving Company's shares, including hedge transactions are not allowed (i) during the 30 calendar day-period prior to release of the annual results and the half-year results and on the relevant publication date and (ii) during the 15 calendar day-period prior to the release of quarterly financial information and on the publication date.

2.3 Tasks and responsibilities of the Supervisory Board

The Supervisory Board carries out the ongoing supervision of the Company's management by the Managing Partner, including notably the Company's financial and accounting reporting system and its internal control mechanisms applicable to risk, compliance and internal audit and shall otherwise comply with legal and regulatory requirements applicable to it, notably as a result of its status as listed company and financial holding company.

In particular:

- the Supervisory Board shall conduct the investigations and verifications it considers appropriate at any time of the year, and may ask to be provided with the documents it considers useful to perform its work;
- every three months (or more frequently if requested by the Supervisory Board), the Managing Partner shall present a report to the Supervisory Board on the status and conduct of corporate affairs, such report to be drawn up as directed by the Supervisory Board;
- within three months of the end of each financial year, the Managing Partner shall present the annual and consolidated financial statements to the Supervisory Board for verification and control purposes;
- the Managing Partner shall submit its annual operating objectives to the Supervisory Board and, at least once a year, its long-term strategic projects;
- in accordance with Article L.226-9, paragraph 2 of the French Commercial Code, the Supervisory Board shall present a report to shareholders at the annual General Meeting in which it shall report any discrepancies and/or inaccuracies in the annual and consolidated financial statements and set out its comments on the management report;
- the Supervisory Board shall draw up, pursuant to Articles L.226-10-1 and L.22-10-78 of the French Commercial Code, a report on corporate governance, which shall include the information required pursuant to article L.225-37-4 and Articles L.22-10-9 to L.22-10-11 of the French Commercial Code;
- the Supervisory Board shall draw up, pursuant to Article L.22-10-76 of the French Commercial Code, the compensation policy applicable to its members and shall issue an advisory opinion on the compensation policy applicable to the Managing Partner and the Executive Chairman of the Managing Partner;

- the Supervisory Board shall allocate among its members the total annual amount of attendance fees, within the limit approved by the Annual General Meeting;
- it shall decide each year on the Company's policy in terms of professional equality and equal pay;
- it is informed about (i) market developments, the competitive environment and the most important aspects facing the Company, including in the area of social and environmental responsibility and (ii) the Company's financial situation, cash position and commitments;
- the agreements referred to in Article L.226-10 of the French Commercial Code shall be submitted to the Supervisory Board for prior authorisation;
- the Supervisory Board shall review the Company's articles of association at regular intervals; and
- it shall maintain a watch over the quality of information issued by the Group to shareholders and the financial markets, through the financial statements prepared by the Managing Partner and the annual report drawn up by the Managing Partner, or at the time of major transactions.

In addition to the powers granted to it by law, in accordance with Article 10.2.3 of the Company's articles of association, the Supervisory Board shall issue an opinion:

- by way of an advisory opinion given to the Managing Partner in respect of:
  - the strategic policies, annual budget and three-year business plan of the Group;
  - any investment in any organisation or company, any acquisition, sale or exchange of shares, property, debts or assets of the Company or an entity controlled by the Company, outside the ordinary course of business, of an amount exceeding €50 million;
  - any strategic initiative or major refocusing of the business of the Group; and
- by way of a recommendation to shareholders regarding the Company's dividend policy.

Moreover, the Supervisory Board shall present a report to shareholders and a reasoned opinion on any resolution submitted to the General Meeting and on any matter that is the subject of a report by the Company's statutory auditors. The Supervisory Board may call a General Meeting.

The Supervisory Board may be assisted by experts of its choice, whose expenses shall be paid by the Company. It has the broadest powers of investigation and may submit written questions to, or seek the opinion of, the Company's management at any time.

2.4 Organisation and operation of the Supervisory Board

2.4.1 Notice of meetings

On a proposal by its Chairman, the Supervisory Board shall prepare a schedule of Supervisory Board meetings each year, for the following year.

The Supervisory Board shall meet as often as required in the interests of the Company and at least four times a year, further to a notice of meeting issued by any means by the Chairman, at least one-half of the Supervisory Board members, the Company's Managing Partner, or a General Partner, subject to reasonable notice unless circumstances require a meeting to be called at very short notice.

The person(s) who call(s) a Supervisory Board meeting shall prepare the agenda of the meeting and provide it to the Supervisory Board members in a timely manner and by any appropriate means.

The Supervisory Board may appoint a Secretary, who may but need not be a Supervisory Board member. All Supervisory Board members may consult the Secretary and benefit from the latter's services. The Secretary is responsible for all procedures relating to the operation of the Supervisory Board and for the organisation of the meetings.

Documents are provided to Supervisory Board members to enable them to express an opinion in full knowledge of the facts on items included on the agenda shall be provided to Supervisory Board members at least 48 hours prior to Supervisory Board meetings, except in an emergency or if there is a requirement to keep such documents strictly confidential.

Members of the Management Board of the Company's Managing Partner shall be informed of Supervisory Board meetings and may attend the meeting of the Supervisory Board in an advisory capacity. Any other person outside the Supervisory Board may be invited to attend whole or part of a Supervisory Board meeting by the Chairman of the Supervisory Board.

2.4.2 Organisation of meetings

In any case, at any of its meetings, in the event of an emergency and on a proposal by the chairman of the meeting, the Supervisory Board may discuss matters referred to its members that are not included on the agenda.

At each Supervisory Board meeting, the Chairman shall inform Supervisory Board members of the main facts and significant events concerning the Group's operations that have occurred since the date of the previous Supervisory Board meeting.

Supervisory Board meetings may be held at the registered office or at any other location indicated in the notice of meeting, as well as by videoconferencing or teleconferencing facilities that identify members of the Supervisory Board and guarantee their effective involvement through the use of technical resources that continually and simultaneously transmit discussions. Meetings shall be chaired by the Chairman or, in the latter's absence, by the longest-standing Vice-Chairman present or, in the absence of a Vice-Chairman, by the member appointed for that purpose by the Supervisory Board.

Supervisory Board members also have the opportunity to meet with the Company's principal executive managers, including in the absence of the Managing Partner, with prior notice.

2.4.3 Attendance and majority

Supervisory Board members are entitled to be represented at any meetings by another member, pursuant to specific authorisation set out in a letter, a fax, an email or any other method of communication. A member of the Supervisory Board may only represent one other member at any meeting.

Supervisory Board members who take part in a meeting via the technical resource methods referred to above are deemed present, except where the Supervisory Board is meeting to verify and check the Annual Report and the annual and consolidated financial statements.

Decisions are taken by an ordinary majority of members who are present or represented and authorised to vote. In the event of a tie, the chairman of the meeting shall have a casting vote.

2.4.4 Training

Training is provided to Supervisory Board members upon joining the Supervisory Board. In addition, they may individually or collectively receive, upon request, and outside the regular schedule of meetings, trainings on specific matters from the Group support functions or external experts.

2.5 Supervisory Board's activity

The Supervisory Board meets at least four times a year.

During 2020, the Supervisory Board met seven times, on 10 March, 7 April, 13 May, 20 July, 15 September, 25 September and 15 December.

The main items discussed during these meetings were the following:

- regular reviews of Group performance;
- business presentations and strategic considerations;
- advisory opinion on the proposed acquisition of Pâris Bertrand;
- examination of the consolidated and parent company annual financial statements, half-year financial statements and quarterly financial information;
- review of the impact of and responses to COVID-19;
- updates on IT security;
- review of the Group's capital plan;
- discussion of talent development, succession planning, diversity and inclusion;
- review of activity reports from the committees of the Supervisory Board including notably various internal control matters, reports and policies, remuneration matters, reports and policies and ESG considerations;
- review of the draft annual report, including the management report and the Corporate Responsibility report;
- review of the composition of the Supervisory Board and its committees and approval of the report on corporate governance drawn up in accordance with Articles L.226-10-1 and L.22-10-78 of the French Commercial Code; and
- approval of the report from the Supervisory Board to the shareholders.

A session without the presence of the senior management representatives was organised on 15 December 2020.

Information on the attendance rate of each Supervisory Board member is provided on page 154 of this report.

2.6 Assessment of the Supervisory Board's composition, organisation and operations

Once a year, the Supervisory Board discusses its composition, organisation and operation in order to improve its effectiveness.

A formal assessment shall be carried out at least every three years, possibly under the direction of an independent Supervisory Board member, if necessary, with the help of an external consultant.

Each committee assesses its own operating methods under the same conditions and on the same time scale and reports to the Supervisory Board.

In 2018, the Supervisory Board carried out a formal assessment of its composition, organisation and operations in collaboration with the Chairman of the Remuneration and Nomination Committee and an independent member of such committee. This evaluation took the form of a questionnaire addressing the following issues:

- composition of the Supervisory Board;
- duties of the Supervisory Board;
- organisation of meetings and the functioning of the Supervisory Board;
- access to the necessary information allowing the Supervisory Board to perform its duties;
- work of the committees;
- supervision of internal control and risk management;
- communication with shareholders;
- Supervisory Board's assessment methods;
- ethics and preventing conflicts of interest; and
- remuneration policy for the members of the Supervisory Board and its committees.

Based on the results of this assessment, the Supervisory Board approved at its meeting held on 19 December 2018 an action plan built around five main themes: (i) granularity of information given to the Supervisory Board and its committee, (ii) selection of the main topics the Supervisory Board wishes to discuss until the end of the 2019 financial year, (iii) notifications to the Supervisory Board and training of its members in the main regulatory issues, (iv) length of Board meetings and (v) composition of the Supervisory Board and its committees.

In connection with the 2019 evaluation, the members of the Supervisory Board expressed their satisfaction as a result of the actions implemented by the management in this regard.

The annual evaluation carried out in respect of the 2020 financial year was based on a questionnaire focusing on key questions. During its meeting held on 9 March 2021, the Supervisory Board debated its operations on the basis of the answers to this questionnaire. No major issues were identified as a result of this debate.

The Supervisory Board plans to conduct the next formal assessment in the course of 2021.

2.7 Specialised committees of the Supervisory Board

The Supervisory Board has four specialised committees:

- the Audit Committee;
- the Risk Committee;
- the Remuneration and Nomination Committee; and
- the Corporate Responsibility Committee.

2.7.1 Audit Committee

Composition

As at 31 December 2020, the Audit Committee was composed of five members:

- Sir Peter Estlin (Chairman and independent member, also a member of the Risk Committee and the Remuneration and Nomination Committee);
- Mr. Sipko Schat (also Chairman of the Risk Committee);
- Mr. Gilles Denoyel (independent member, also a member of the Risk Committee);
- Mrs. Suet-Fern Lee (independent member, also a member of the Risk Committee); and
- Mrs. Arielle Malard de Rothschild (also a member of the Risk Committee).

The Audit Committee's composition is identical to that of the Risk Committee to increase their efficiency in subjects of common interest and/or cross-cutting topics falling within the missions assigned to them related to the internal control and risk management system especially around financial supervision, compliance, information security and internal control.

In accordance with the Afep-Medef recommendations, the Audit Committee members are all competent in finance and/or accounting. For more information on the respective skills of the Audit Committee members, please refer to on pages 133 onwards of this report.

Tasks

The Audit Committee is mainly responsible for:

- reviewing the process of drawing up the financial information including the annual financial statements and consolidated financial statements, the half-year financial statements and the quarterly information;
- reviewing the statutory audit of Rothschild & Co's annual financial statements and consolidated financial statements by the statutory auditors;
- reviewing the independence and objectivity of Rothschild & Co's statutory auditors;
- giving a recommendation regarding the appointment of the statutory auditors; and
- reviewing the effectiveness of the Group's internal control systems.

The Audit Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties.

In connection with its duties, the Audit Committee is authorised to obtain at the Group's expense, any outside legal or other professional advice, to secure the attendance of external advisers at its meetings if it considers necessary. The Audit Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

The Chairman of the Audit Committee consults with the Chairman of the Risk Committee and the Chairwoman of the Corporate Responsibility Committee, whenever he deems it necessary and at least once a year, on various subjects, including but not limited to, subjects of common interest and/or cross-cutting topics falling within the missions assigned to them related to: (i) the internal control and risk management system, with the Risk Committee and (ii) the non-financial reporting with the Corporate Responsibility Committee.

Activity

The Audit Committee meets at least four times a year or more frequently if so required.

Before each meeting, members receive a file containing all the documentation, notes and reports relating to each item on the agenda.

The Group Chief Financial Officer, the Head of Group Finance and Group Treasurer, the Group Head of Internal Audit, the Group Head of Legal & Compliance, the Group Chief Risk Officer, the Secretary General and the statutory auditors are permanent attendees at the meetings of the Audit Committee.

In advance of each meeting, the Audit Committee members receive the Internal Audit activity report and the status of statutory auditors recommendations, as well as the Group Risk and Compliance quarterly report.

After each meeting of the Audit Committee, the Chairman of the Audit Committee submits a report on the work of the Audit Committee to the Supervisory Board members.

At the end of each meeting, the Audit Committee usually meets with the Group Head of Internal Audit and the statutory auditors without the presence of any representative of senior management.

During 2020, the Audit Committee met four times, on 4 March, 13 May, 9 September an 9 December.

The main items reviewed and discussed during these meetings were the following:

- the 2019 consolidated and parent company annual financial statements and presentation from the statutory auditors of their related reports;
- the 2020 half-year financial statements and presentation, from the statutory auditors of their related report;
- the 2019 annual results press release and the 2020 half-year results press release;
- review of the Annual Report;
- statutory auditors' work schedule;
- review of the design and effectiveness of the Group's internal control framework and in particular the activity and results from the first and the second line of defence;
- review of the Report on Internal Control for 2019 established in accordance with Articles 258 to 264 of the Order of 3 November 2014 and the Annual Report on Anti-Money Laundering Internal Control Framework;
- the internal audit activity and recommendations;
- non audit fees and audit fees and audit strategy and plans for 2020;
- IT security;
- review of the exchanges with the Group's supervisors and regulators; and
- review of the annual work programme.

Throughout the year, the Audit Committee had the opportunity to benefit from numerous presentations from management, including from the Group Chief Financial Officer, the Head of Group Finance and Group Treasurer, the Group Head of Internal Audit, the Group Head of Legal and Compliance and the Group Chief Risk Officer.

The March and September meetings are mainly focused, respectively, on the review of the parent company and consolidated financial statement and the half-year financial statements and the presentation by the statutory auditors of its related reports.

Two sessions without the presence of the senior management representatives were organised respectively with the statutory auditors and with the Group Head of Internal Audit.

Information on the attendance rate of each Audit Committee member is provided on page 154 of this report.

2.7.2 The Risk Committee

Composition

As at 31 December 2020, the Risk Committee was composed of five members:

- Mr. Sipko Schat (Chairman, also a member of the Audit Committee);
- Sir Peter Estlin (Independent member, also Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee);
- Mrs. Suet-Fern Lee (independent member, also a member of the Audit Committee);
- Mr. Gilles Denoyel (independent member, also a member of the Audit Committee); and
- Mrs. Arielle Malard de Rothschild (also a member of the Audit Committee).

Tasks

The Risk Committee is mainly responsible for:

- advising the Supervisory Board on the overall current and future risk appetite and strategy, both at Group and Rothschild & Co levels and assisting the Supervisory Board in overseeing the implementation of that strategy;
- reviewing on a consolidated basis the material risks of the Group, and the total exposure of the Group's activities to risks;
- reviewing the results of the Group's risk assessment that identifies and evaluates exposures to risk in the light of internal and external factors;
- reviewing the Group's broad policy guidelines relating to risk management and examining the effectiveness of the risk management policies put in place;
- reviewing all material new products and new classes of products and funds that have been approved pursuant to the Group's New Products Policy; and
- examining incentives provided by the remuneration policies and practices to ensure they are consistent in light of the risk, capital, liquidity and likelihood and timing of expected earnings for entities.

The Risk Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties.

In connection with its duties, the Risk Committee is authorised to obtain at the Group's expense, any outside legal or other professional advice, to secure the attendance of external advisers at its meetings if it considers necessary. The Risk Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

The Chairman of the Risk Committee consults with the Chairman of the Audit Committee and the Chairwoman of the Corporate Responsibility Committee, whenever he deems it necessary and at least once a year, on various subjects, including but not limited to, subjects of common interest and/or cross-cutting topics falling within the missions assigned to them, related to (i) the internal control and risk management system, with the Audit Committee and (ii) the non-financial risks with the Corporate Responsibility Committee.

Activity

The Risk Committee meets at least four times a year or more frequently if so required.

Before each meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

The Group Chief Risk Officer, the Group Head of Legal & Compliance, the Group Head of Internal Audit, the Group Chief Financial Officer, the Head of Group Finance and Group Treasurer and the Secretary General are permanent attendees at the meetings of the Risk Committee.

During 2020, the Risk Committee met four times, on 4 March, 13 May, 9 September and 9 December.

The main items discussed during these meetings were the following:

- review of the strategic risk assessment;
- review of the quarterly Group Legal, Compliance and Risk Reports;
- review of regulatory reports (Group Report on Internal Control, Group Report on Financial Crime);
- review of various Group policies;
- update on the Information Security Risk Programme;
- review of risks in the Merchant Banking business;
- review of the Bi-Annual Liquidity Reports;
- review of Group lending;
- review of the Group Risk Framework and the Group Risk Appetite Statement;
- review of the Group Capital Plan;
- review of the impact of and responses to COVID-19;
- review of the 2020 Recovery Plan;
- update on the Global Business Continuity Plans;
- review of ESG issues and interactions with the newly created Corporate Responsibility Committee; and
- review of the annual work programme.

Information on the attendance rate of each Risk Committee member is provided on page 154 of this report.

2.7.3 Remuneration and Nomination Committee

Composition

As at 31 December 2020, the Remuneration and Nomination Committee was composed of five members:

- Mr. Sylvain Héfès (Chairman);
- Mrs. Carole Piwnica (independent member, also a member of the Corporate Responsibility Committee);
- Sir Peter Estlin (independent member, also Chairman of the Audit Committee and a member of the Risk Committee);
- Mrs. Luisa Todini (independent member); and
- Mrs. Véronique Weill (independent member).

Tasks

In connection with remuneration matters, as at 31 December 2020, the Remuneration and Nomination Committee was mainly responsible for:

- setting the principles and parameters of remuneration policy for the Group as a whole and periodically reviewing the policy's adequacy and effectiveness taking into account all factors which it deems necessary including the Group's strategy from time to time;
- supervising and reviewing the total spend on remuneration paid across the Group;
- supervising and reviewing the broad policy framework for the remuneration of the Group Executive Committee and the principles of the remuneration policy applicable to Regulated Persons(1);

(1) Group staff whose remuneration is subject to certain requirements pursuant to applicable regulations, i.e. mainly staff whose professional activities have a significant impact on the Group risk profile.

- supervising the remuneration paid/awarded to members of the Compliance, Internal Audit and Risk divisions and, where appropriate, the employment and remuneration arrangements of the Group Executive Committee and Regulated Persons;
- reviewing and agreeing the list of Regulated Persons in the Group and each of its Capital Requirement Regulation regulated entities for the purposes of the ACPR and other local regulators as appropriate;
- assisting the Supervisory Board with its duties in relation to its composition, as provided by the Afep-Medef Code and applicable regulations and in particular, reviewing and making recommendations to the Supervisory Board on the selection and nomination of its members;
- reviewing and making recommendations to the Supervisory Board on appropriate levels of Supervisory Board and committee fees and what the overall quantum of fees for each financial year should be;
- reviewing the nature and scale of the Group's short and long-term incentive performance arrangements to ensure that they encourage enhanced performance and reward individuals in a fair and responsible manner for their contribution to the success of the Group in light of an assessment of the Group's financial situation and future prospects;
- reviewing the adequacy, timing and content of any significant disclosures on remuneration;
- discussing and reviewing with the Managing Partners the determination and quantum of the total bonus pool; and
- undertaking any other remuneration-related obligation placed upon the Remuneration and Nomination Committee by either the Group's head regulator or a local regulator.

The Remuneration and Nomination Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties.

In connection with its duties, the Remuneration and Nomination Committee is authorised to obtain, at the Group's expense, any outside legal or other professional advice including the advice of independent remuneration consultants, to secure the attendance of external advisers at its meetings if it considers this necessary, and to obtain reliable, up-to-date information about remuneration in other companies. The Remuneration and Nomination Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

Activity

The Remuneration and Nomination Committee meets at least two times a year or more often as required by the circumstances.

Before each Remuneration and Nomination Committee meeting, members receive a set of briefing documents including all reports, memos and other information providing background on each of the agenda items.

No Group employee is allowed to take part in discussions or decisions involving their own remuneration.

Only members of the Remuneration and Nomination Committee have the right to attend its meetings. However, other individuals including the Rothschild & Co Gestion officers, Human Resource executives, the Group Chief Financial Officer, Group Heads of Internal Control, members of Senior Business Management and external advisers may be invited to attend for all or part of any meeting as and when appropriate if required by the Remuneration and Nomination Committee.

During 2020, the Remuneration and Nomination Committee met three times, on 4 February 2020, 13 February 2020 and 4 December 2020.

The main items discussed during these meetings were the following:
- review of the updates to remuneration regulations (including CRD IV and V, UCITS V and AIFMD);
- review of 2020 remuneration policies;
- review of Regulated Persons identification methodology and resultant Regulated Persons list;
- review of the Group Legal, Compliance & Risk presentation on the Group's risks assessment;
- review of the Group forecast financial results;
- review of the aggregate compensation proposals for each business;
- review of remuneration disclosures;
- review of the Supervisory Board's fees for 2020 and remuneration policy of the Supervisory Board;
- review of the annual work programme for 2021; and
- self-assessment of the Remuneration and Nomination Committee members.

Information on the attendance rate of each Remuneration and Nomination Committee member is provided on page 154 of this report.

2.7.4 Corporate Responsibility Committee

The Supervisory Board created the Corporate Responsibility Committee on 10 March 2020.

Composition

As at 31 December 2020, the Corporate Responsibility Committee was composed of three members:
- Mrs. Lucie Maurel-Aubert (Chairwoman);
- Mrs. Carole Piwnica (independent member, also a member of the Remuneration and Nomination Committee); and
- Mr. Anthony de Rothschild.

Tasks

The Corporate Responsibility Committee is mainly responsible for assisting the Supervisory Board in:

- ensuring the Group considers issues relating to Corporate Responsibility in line with strategic priorities for the business;
- ensuring that the Group is in a position to best identify and address opportunities and risks associated therewith; and
- monitoring and reviewing (i) the strategic priorities, policies implemented, and objectives set by the Group and its entities relating to Corporate Responsibility matters, and (ii) the Corporate Responsibility report included in the Rothschild & Co Management report.

The Chairwoman of the Corporate Responsibility Committee consults with the Chairman of the Audit Committee and the Chairman of the Risk Committee, whenever she deems it necessary on various subjects, including but not limited to subjects relating to (i) non-financial risks with the Risk Committee and (ii) the non-financial reporting with the Audit Committee. The Corporate Responsibility Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties.

As part of its duties, the Corporate Responsibility Committee may, at the Group's expense, and after having informed the Chairman of the Supervisory Board or the Supervisory Board itself: (i) use the services of any legal or other professional advisers and request external advisers to attend its meetings. It ensures the objectivity of the concerned adviser; and (ii) request any report, study or survey that it deems necessary to help it fulfil its obligations.

Activity

The Corporate Responsibility Committee meets at least two times a year or more often as required by the circumstances.

Before each Corporate Responsibility Committee meeting, members receive a set of briefing documents including all reports, memos and other information providing background on each of the agenda items.

Invited to attend all Corporate Responsibility Committee meetings are:
- the Managing Partner of Rothschild & Co Gestion, Co-Chairman of the Group Executive Committee;
- the member of the Group Executive Committee responsible for Rothschild & Co Corporate Responsibility initiatives globally;
- the Group Head of Corporate Responsibility; and
- the Secretary General.

During 2020, the Corporate Responsibility Committee met twice, on 27 May an 5 November.

The main items discussed during these meetings were:
- the scope of the Corporate Responsibility Committee's tasks and its ways of working, including its interactions with the other specialised committees of the Supervisory Board;
- the Group's Corporate Responsibility governance structure, priorities and strategy;
- the Group's Corporate Responsibility initiatives and progress made in line with the Group's Corporate Responsibility strategy; and
- the Group's Corporate Responsibility disclosures.

Information on the attendance rate of each Corporate Responsibility Committee member is provided in the following Section.

2.8 Attendance rates of the members of the Supervisory Board

The following table provides the individual attendance rates at the Supervisory Board and its specialised committees' meetings during 2020:

Member	Supervisory Board		Audit Committee		Risk Committee		Remuneration and Nomination Committee		Corporate Responsibility Committee	
David de Rothschild	7/7	100.00%	–	–	–	–	–	–	–	–
Éric de Rothschild	7/7	100.00%	–	–	–	–	–	–	–	–
Lucie Maurel-Aubert	7/7	100.00%	–	–	–	–	–	–	2/2	100.00%
Adam Keswick	6/7	85.71%	–	–	–	–	–	–	–	–
Dr. Daniel Daeniker	7/7	100.00%	–	–	–	–	–	–	–	–
Anthony de Rothschild	7/7	100.00%	–	–	–	–	–	–	2/2	100.00%
Gilles Denoyel *(Term of office started on 14 May 2020)*	4/4	100.00%	2/2	100.00%	1/2	50.00%	–	–	–	–
Sir Peter Estlin *(Term of office started on 10 March 2020)*	6/6	100.00%	3/3	100.00%	3/3	100.00%	1/1	100.00%	–	–
Angelika Gifford *(Term of office ended on 14 May 2020)*	0/3	0.00%	–	–	–	–	–	–	–	–
Sylvain Héfès	6/7	85.71%	–	–	–	–	3/3	100.00%	–	–
Suet-Fern Lee	7/7	100.00%	4/4	100.00%	3/4	75.00%	–	–	–	–
Arielle Malard de Rothschild	6/7	85.71%	4/4	100.00%	4/4	100.00%	–	–	–	–
Carole Piwnica	5/7	71.43%	–	–	–	–	3/3	100.00%	2/2	100.00%
Sipko Schat	7/7	100.00%	4/4	100.00%	4/4	100.00%	–	–	–	–
Peter Smith *(Term of office ended on 10 March 2020)*	1/1	100.00%	1/1	100.00%	1/1	100.00%	1/2	50.00%	–	–
Luisa Todini	7/7	100.00%	–	–	–	–	3/3	100.00%	–	–
Véronique Weill *(Term of office started on 14 May 2020)*	4/4	100.00%	–	–	–	–	–	–	–	–
Total	**7**	**89.92%**	**4**	**100.00%**	**4**	**87.50%**	**3**	**90.00%**	**2**	**100.00%**

The attendance rate below 90% of certain members to the meetings of the Supervisory Board is due to the COVID-19 outbreak and the need to convene three exceptional meetings of the Supervisory Board within a relatively short time. However, each member who could not attend a meeting expressed their opinion on the documents submitted to the Supervisory Board ahead of such meeting.

2.9 Corporate governance code (Afep-Medef Code)

The Company has decided to refer to the Afep-Medef Code revised in January 2020 as the corporate governance reference code in accordance with the provisions of article L.225-37-4 8° of the French Commercial Code.

The Company is very committed to the principles of good governance and to the recommendations of the Afep-Medef Code. It should, however, be stressed that the very principle of partnerships limited by shares, the Company's form of incorporation, gives a unique structure to governance providing a clear separation of powers between the Company's Managing Partner and the Supervisory Board, which cannot comply with the Afep-Medef recommendations without adaptation. In this situation, the Supervisory Board takes into account the specific characteristics of this form of incorporation, and the Supervisory Board is organised in a way that is adapted to the nature of the functions conferred upon it by law and the articles of association as well as by the recommendations of the Afep-Medef Code.

The recommendations of the Afep-Medef Code not applied by the Company are described in the table below, with an explanation for each of them:

Afep-Medef recommendations	Explanations
Proportion of independent members on the Audit Committee (§16.1) *"The proportion of independent directors on the audit committee should be at least equal to two-thirds […]."*	As at 31 December 2020, the Audit Committee comprises three independent members out of five members, i.e. 60% of independent members, a proportion slightly below the proportion of two thirds recommended by the Afep-Medef Code. However, the Supervisory Board considers that this situation remains compliant with the Afep-Medef Code given that the Committee is chaired by an independent member (in line with the position of the High Committee for Corporate Governance).
Status of the Chairman of the Remuneration and Nomination Committee (§18.1) *"[…] It is recommended that the chairman of the committee should be independent […]."*	The Remuneration and Nomination Committee is chaired by Mr. Sylvain Héfès, who is not independent within the meaning of the Afep-Medef Code. However, during the annual review of its composition, the Supervisory Board: • reiterated its opinion that Mr. Sylvain Héfès is providing the Remuneration and Nomination Committee with the benefit of his valuable experience regarding the banking and financial sector and remuneration matters, as well as an in-depth knowledge of the Group , which enable him to perform his duties with both distance and independence of mind; and • took note that the proportion of independent members within the Remuneration and Nomination Committee is of 80% as at 31 December 2020, which is significantly higher than the 50% threshold recommended by the Afep-Medef Code, and that this composition ensures that the Remuneration and Nomination Committee effectively carry out its missions independently.
Number of directorships of company officers and directors (§19.4) *"A director should not hold more than four other directorships in listed corporations, including foreign corporations, outside of the group."*	Mr. Adam Keswick currently holds six directorships in listed corporations outside the Group. Since five of them belong to the Jardine Matheson Group, the Supervisory Board considered that this situation does not prevent Mr. Adam Keswick from participating actively in the Supervisory Board.
Executive officers' remuneration (§25) *The Afep-Medef Code set various principles of determination of the remuneration of executive officers (dirigeants mandataires sociaux), including that their remuneration should be "competitive, adapted to the company's strategy and context and must aim, in particular, to improve its performance and competitiveness over the medium and long term, notably by incorporating one or more criteria related to social and environmental responsibility."*	In accordance with the articles of association of the Company, its statutory Managing Partner, Rothschild & Co Gestion, which is also a General Partner *(associé commandité)* of the Company, does not receive any remuneration in respect of its position as Managing Partner, aside from expense reimbursements(1). The Supervisory Board considered that this structure is adapted to Rothschild & Co's corporate form and guarantees sustainable governance due to: • the very form of limited partnership by shares (*société en commandite par actions*), according to which the General Partners of Rothschild & Co, including Rothschild & Co Gestion, are jointly and severally liable for the Rothschild & Co's debts; • the fact that costs for which Rothschild & Co Gestion may seek reimbursement, which mostly consist in the Executive Chairman remuneration, are subject to the review of the Remuneration and Nomination Committee to ensure that they are incurred in connection with the operations of Rothschild & Co Gestion as manager of Rothschild & Co and in no other capacity; • the fact that the remuneration of its Executive Chairman is fixed and may only be reviewed at relatively long intervals, therefore providing stability to the Company; and • the fact that the Company voluntarily submits Rothschild & Co Gestion Executive Chairman remuneration to a vote of its shareholders on an annual basis.
Gender diversity on governing bodies (§7) *"At the proposal of the executive management, the Board shall determine gender diversity objectives for governing bodies. The executive management shall present measures for implementing the objectives to the Board, with an action plan and the time horizon within which these actions will be carried out. The executive management shall inform the Board each year of the results achieved.* *In the report on corporate governance, the Board shall describe the gender diversity policy applied to the governing bodies as well as the objectives of this policy, the implementation measures and the results achieved in the past financial year including, where applicable, the reasons why the objectives have not been achieved and the measures taken to remedy this".*	As detailed on page 146 of this report, the Managing Partner has not currently set specific numerical targets for gender representation on governing bodies because it wants to acquire a more substantive perspective on the impact of the numerous initiatives that have been launched. However, it will review this matter on a periodic basis.

(1) For more details, please refer to Section 3.1.1 "Remuneration policy for the Managing Partner and the Executive Chairman of the Managing Partner" below.

2.10 Terms and conditions of attendance to General Meetings

Please refer to page 61 of this report for a description of the terms and conditions of shareholders' attendance to General Meetings.

3 Corporate officers remuneration and other benefits

3.1 Remuneration policies

In accordance with Article L.22-10-76 of the French Commercial Code, the remuneration policies for the Managing Partner, the Chairman of the Supervisory Board and the Supervisory Board:

- have been established respectively (i) for the Managing Partner, by the General Partners of the Company, based on the favourable opinion of the Supervisory Board (acting upon the recommendation of the Remuneration and Nomination Committee) at its meeting held on 9 March 2021, and taking into account the principles and conditions provided for in the Company's articles of association and (ii) for the Supervisory Board and its Chairman, by the Supervisory Board (acting upon recommendation of the Remuneration and Nomination Committee) at its meeting held on 15 December 2020, with the approval of the General Partners; and
- will be submitted for approval to the General Meeting to be held on 20 May 2021.

In addition, for the sake of good governance, the Company has, on a voluntary basis, decided to implement a process for establishing and reviewing the remuneration policy for the Executive Chairman of the Managing Partner, which mirrors the requirements applicable to the Managing Partner's remuneration policy, taking into account the requirements provided for in the articles of association of the Managing Partner. Therefore, the remuneration policy for the Executive Chairman of the Managing Partner:

- has been established by the shareholders' meeting of the Managing Partner, on the basis of the favourable opinion of the Supervisory Board (acting upon the recommendation of the Remuneration and Nomination Committee) at its meeting held on 9 March 2021; and
- will be submitted for approval to the General Meeting to be held on 20 May 2021.

In developing its recommendation on the remuneration policies, the Remuneration and Nomination Committee, which is predominantly independent, takes any appropriate measure to avoid conflicts of interest during the approval process.

Any significant amendment to such remuneration policies would follow the same procedure.

3.1.1 Remuneration policy for the Managing Partner and the Executive Chairman of the Managing Partner

In line with the corporate interest of Rothschild & Co and given the specific status of the legal entity, neither the Managing Partner of the Company, who is also General Partner, nor its legal representative shall receive any variable remuneration in respect of their respective duties unlike most of the Group's employees. This stable remuneration structure, which has been in place since June 2012, is adapted to Rothschild & Co's corporate form and guarantees sustainable governance.

Rothschild & Co Gestion, in its capacity as Manager

The Managing Partner is the sole corporate executive officer of Rothschild & Co. As per the articles of association of the Company, the Managing Partner (which is the first statutory Managing Partner as well as a General Partner of Rothschild & Co) shall not be remunerated in its capacity as manager of the Company but shall be entitled to reimbursement of its operating expenses, including employee costs, the remuneration of its corporate officers and statutory auditors' fees.

In addition to the aforementioned principles, the remuneration policy of the Managing Partner provides that:

- operating expenses to be reimbursed to the Managing Partner shall be duly documented; and
- the detailed expenses incurred by the Managing Partner and for which a reimbursement has been sought shall be reviewed on an annual basis by the Remuneration and Nomination Committee, with a view to confirming that they were incurred in connection with the operations of the Managing Partner as Managing Partner of the Company and in no other capacity.

The major part of the expenses reimbursed to the Managing Partner corresponds to the remuneration of the Executive Chairman of the Managing Partner (and related tax and social security charges) by application of the aforementioned principles.

The Executive Chairman of the Managing Partner

The Executive Chairman of the Managing Partner is the only executive corporate officer and therefore the only legal representative of the Managing Partner. He does not benefit from any employment contract with the Company.

Pursuant to the articles of association of the Managing Partner, the remuneration of its Executive Chairman is set by the general meeting of shareholders of the Managing Partner acting by a simple majority, after consultation of the Supervisory Board of the Company, which consults its own Remuneration and Nomination Committee.

The remuneration policy of the Executive Chairman of the Managing Partner is as follows, in line with the remuneration policy and practice for 2020:

- as legal representative of the Managing Partner, the Executive Chairman of the Managing Partner shall only receive a fixed remuneration, exclusive of any other form of remuneration. In particular, he shall not be granted any variable (in cash or in shares) or exceptional remuneration and shall not benefit from any supplementary pension scheme, remuneration or benefit due in the event of termination of office or change in function and non-competition clauses in respect of his duties as Executive Chairman of the Managing Partner;
- this fixed remuneration, which reflects the requirements of the role and the executive's skills and experience, may only be reviewed at relatively long intervals in accordance with the recommendations of the Afep-Medef Code; and
- the fixed remuneration of the Executive Chairman of the Managing Partner for 2021 shall be set at €500,000, an amount unchanged since 2018.

3.1.2 Remuneration policy for Supervisory Board members

General Principles

The members of the Supervisory Board are entitled to a remuneration in a maximum global amount as approved by the ordinary annual shareholders meeting of the Company.

At its meeting of 15 December 2020, upon recommendation of the Remuneration and Nomination Committee, the Supervisory Board reviewed and approved a remuneration policy for the Supervisory Board members in line with the previous year, within the overall amount which will be submitted for approval by the General Meeting to be held on 20 May 2021.

The Supervisory Board members' remuneration policy establishes a competitive remuneration adapted to the Company's strategy and in line with its corporate interest. This policy promotes the attendance of Supervisory Board members at Supervisory Board and Supervisory Board committees' meetings in order to encourage them to play an active role in the work of the Supervisory Board and its committees, thereby contributing to the Company's sustainability.

Indeed, the fees available for allocation to the Supervisory Board members are allocated to all the Supervisory Board members according to:

- their respective positions within the Supervisory Board and, if applicable, within its specialised committees; and
- their attendance to the meetings of the Supervisory Board. The granting of such variable remuneration to the Supervisory Board members depends on their actual attendance at the meetings: a pre-determined fee is granted to a Supervisory Board member each time he/she attends a meeting of the Supervisory Board or a meeting of its specialised committees where he/she is convened, as recorded by the corresponding minutes.

At the General Meeting to be held on 20 May 2021, the shareholders of the Company will be asked to approve the allocation to the Supervisory Board members of a remuneration in a maximum global annual amount of 970,000 euros as from 1 January 2021. The increase in the maximum global annual amount compared with 2020 takes into account the creation of the Corporate Responsibility Committee and provides for a buffer to allow for the convening of exceptional Supervisory Board meetings.

The remuneration is allocated to the Supervisory Board members under the following rules:

Fixed remuneration

	Fees in euros (per member and per year)
Fixed fee for the Chairman of the Supervisory Board	200,000
Base fee for Supervisory Board member	20,000
Base fee for Chairperson of committee	15,000

Distribution of the above-mentioned fees is subject to the following:

- when a member holds multiple positions in the Supervisory Board and committees, the fees are cumulative. For example, a Supervisory Board member chairing a committee shall receive a €35,000 base fee per financial year; and
- all fees are paid on a *pro-rata* basis at the end of the annual financial year ended on 31 December. For example, when a Supervisory Board member has been appointed by the General Meeting in May, fees payable correspond to the period from the date of the nomination as member of the Supervisory Board to date of the end of the financial year.

Variable remuneration

A pre-determined amount of €2,500 is granted to a Supervisory Board member (other than the Chairman) each time he/she attends a meeting of the Supervisory Board or a meeting of its specialised committees where he/she is convened, as recorded by the corresponding minutes.

The members of the Supervisory Board shall not be entitled to receive any other kind of remuneration or benefit from the Company in respect of their duties on the Supervisory Boards and its committees.

3.2 Remuneration of Rothschild & Co corporate officers for 2020

This Section notably includes information mentioned by Article L.22-10-9, I of the French Commercial Code (*Code de commerce*).

In accordance with Article L.22-10-77 II of the French Commercial Code, the information set out in this Section in relation to the Managing Partner and the Chairman of the Supervisory Board has been approved by the General Partners and will be submitted for approval to the General Meeting to be held on 20 May 2021.

In addition, for the sake of good governance, the Company will, on a voluntary basis, submit the information set out in this Section in relation to the Executive Chairman of the Managing Partner to the approval to the General Meeting to be held on 20 May 2021.

The information relating to the remuneration of corporate officers referred to in former Article L.225-37-3 Paragraph I of the French Commercial Code has been approved at 96,93% by the General Meeting held on 14 May 2020.

3.2.1. Remuneration of the Managing Partner, as manager of Rothschild & Co

During or in respect of the financial year ended 31 December 2020, and in accordance with Rothschild & Co's articles of association and the remuneration policy submitted to the General Meeting held on 14 May 2020:

- no remuneration was paid or awarded to the Managing Partner in its capacity as manager of the Company; and
- the Managing Partner was reimbursed the amount of €916,811.54 for the 2020 financial year (€905,164.78 for the 2019 financial year) in respect of its operating expenses related to its role as manager of the Company.

For the sake of completeness, the Managing Partner also received a profit share (*préciput*) in accordance with the articles of association of the Company, as described on page 60 of this report. This profit share was attributed to it in return for its joint and several liability for the Company's debt in its capacity as General Partner, not as a remuneration in respect of its role as manager of the Company.

3.2.2 Remuneration of the Executive Chairman of the Managing Partner

The remuneration and other benefits paid during or awarded in respect of the financial year ended 31 December 2020 by Rothschild & Co Gestion, Rothschild & Co and the companies within the consolidation scope of the latter, within the meaning of Article L.233-16 II of the French Commercial Code to Mr. Alexandre de Rothschild, the Executive Chairman of the Managing Partner are set out below. The remuneration paid or awarded to the Executive Chairman of the Managing Partner in respect of such position are in line with the remuneration policy approved by the General Meeting held on 14 May 2020.

During or in respect of the financial year ended 31 December 2020, Mr. Alexandre de Rothschild did not benefit from any employment contract, supplementary pension scheme, remuneration or benefit due or that may be due in the event of termination of office or change in function and non-competition clauses in respect of his duties as Executive Chairman of the Managing Partner.

Item submitted to the vote (in euros)	Paid during 2020	Awarded in respect of 2020	Presentation
Fixed remuneration	500,000	500,000	€ 500,000 of fixed remuneration in respect of its position as Executive Chairman of the Managing Partner during 2020.
Variable remuneration	–	–	–
Annual variable remuneration	–	–	–
Exceptional remuneration	–	–	–
Stock options, performance shares and other long-term benefits		–	–
Directorship' fees	–	–	–
Benefits in kind	–	–	–
Welcome bonus and severance pay	–	–	–
Non-competition indemnity	–	–	–
Supplementary pension scheme	–	–	–

As recommended by the Afep-Medef Code, the tables below summarise key information related to Mr. Alexandre de Rothschild's remuneration.

Table summarising the remuneration, options and shares awarded to Mr. Alexandre de Rothschild(1)

(in euros)	2019	2020
Remuneration awarded in respect of 2020 (details in the table below)	500,000	**500,000**
Valuation of the stock options awarded during 2020 (details in the table below)	–	–
Valuation of the performance shares awarded during 2020	–	–
Valuation of the other long-term compensation plans	–	–
TOTAL	**500,000**	**500,000**

(1) Table No 1 of the Annex 4 of the Afep-Medef Code.

Table summarising the remuneration of Mr. Alexandre de Rothschild(1)

(in euros)	2019		2020	
	Amounts awarded	Amounts paid	Amounts awarded	Amounts paid
Fixed remuneration	500,000	500,000	**500,000**	**500,000**
Annual variable remuneration	–	7,508(2)	–	–
Extraordinary remuneration	–	–	–	–
Director's fees	–	–	–	–
Benefits in kind	–	–	–	–
TOTAL	500,000	507,508	**500,000**	**500,000**

(1) Table No 2 of the Annex 4 of the Afep-Medef Code.
(2) Profit sharing in respect of an employment contract with Five Arrows Manager SAS (employment contract Mr. Alexandre de Rothschild ended on 17 May 2018 due to his appointment as Executive Chairman of Rothschild & Co Gestion) awarded for the 2018 financial year and paid in the 2019 financial year.

Options to subscribe for or purchase Rothschild & Co shares were allocated to Mr. Alexandre de Rothschild before he took up his position as Executive Chairman of the Managing Partner on 17 May 2018. The tables below show the number of options exercised if applicable during 2020 and past allocations.

Subscription or purchase options exercised during the financial year by Mr. Alexandre de Rothschild(1)

No. and date of the plan	Number of options exercised during the 2020 financial year	Exercise price (in euros)
2013 Equity Scheme		
Tranche 2013-2	7,500	18
Tranche 2013-3	7,500	19
Tranche 2013-4	7,500	20
Total	**22,500**	–

(1) Table No 5 of the Annex 4 of the Afep-Medef Code.

For more information on the Equity Schemes, including on the 2013 Equity Scheme Plan from which Mr. Alexandre de Rothschild has benefited, please refer to pages 67 onwards of this report.

Past award of subscription or purchase options(1)

	2013 Equity Scheme
Date of the General Meeting	26 September 2013
Date of the decision of the Managing Partner	11 October 2013
Total number of share subscription and purchase options granted	30,000
Starting date for exercise of options 2013-1	30 November 2016
Expiration date	11 October 2023
Subscription price	€17.50
Starting date for exercise of options 2013-2	11 October 2017
Expiration date	11 October 2023
Subscription price	€18.00
Starting date for exercise of options 2013-3	11 October 2018
Expiration date	11 October 2023
Subscription price	€19.00
Starting date for exercise of options 2013-4	11 October 2019
Expiration date	11 October 2023
Subscription price	€20.00
Terms and conditions of exercise	Refer to pages 67 onwards of this report
Number of share subscription or purchase options exercised during the 2020 financial year	22,500
Cumulative number of share subscription or purchase options cancelled or lapsed	0
Number of share subscription and purchase options remaining to be exercised at the end of the 2020 financial year	0

(1) Table No 8 of the Annex 4 of the Afep-Medef Code.

3.2.3 Remuneration of Supervisory Board members

Remuneration of the Chairman of the Supervisory Board

The remuneration and other benefits paid during or awarded in respect of the financial year ended 31 December 2020 by Rothschild & Co and the companies within the consolidation scope within the meaning of Article L.233-16 II of the French Commercial Code to Mr. David de Rothschild, the Chairman of Supervisory Board, are set out below. The remuneration paid or awarded to the Chairman of the Supervisory Board in respect of such position are in line with the remuneration policy approved by the General Meeting held on 14 May 2020.

Item submitted to the vote (in euros)	Paid during 2020	Awarded in respect of 2020	Presentation
Fixed remuneration	200,000	200,000	€200,000 of fixed remuneration in respect of its position as Chairman of the Supervisory Board during 2020
Variable remuneration	–	–	–
Annual variable remuneration	–	–	–
Exceptional remuneration	–	–	–
Stock options, performance shares and other long-term benefits	–	–	–
Directorship' fees	–	–	–
Benefits in kind	–	–	–
Welcome bonus and severance pay	–	–	–
Non-competition indemnity	–	–	–
Supplementary pension scheme	–	–	–

Remuneration of Supervisory Board Members

The remuneration and other benefits paid during or awarded in respect of the financial year ended 31 December 2020 by Rothschild & Co and the companies within its consolidation scope within the meaning of Article L.233-16 II of the French Commercial Code to the members of the Supervisory Board. The remuneration paid or awarded to Supervisory Board members in respect of Supervisory Board membership are in line with the remuneration policy approved by the General Meeting held on 14 May 2020, provided, however, that the Supervisory Board decided to reduce the amounts of fees payable for each extraordinary meetings of the Supervisory Board held in 2020 in order to ensure that the global fee amount allocated to Supervisory Board member remains within the cap approved by the General Meeting held on 14 May 2020.

Members of the Supervisory Board	2020 Items submitted to the vote (in euros)				
	Remuneration in respect of their term of office as Rothschild & Co Supervisory Board member		Other remuneration		
	Fixed	Variable			
	Awarded and paid			Awarded	Paid
David de Rothschild ***Chairman of the Supervisory Board***	200,000	–	–	–	–
Éric de Rothschild, ***Vice-Chairman of the Supervisory Board***	20,000	15,257	–	–	–
Lucie Maurel-Aubert ***Vice-Chairwoman of the Supervisory Board***	35,000	20,257	Benefits in kind	25,862	25,862
Adam Keswick ***Vice-Chairman of the Supervisory Board***	20,000	12,757	–	–	–
Dr. Daniel Daeniker	20,000	15,257	–	–	–
Anthony de Rothschild	20,000	20,257	Consultancy fees	18,539[2]	–
Gilles Denoyel *(Term of office started on 14 May 2020)*	12,658	16,005	–	–	–
Sir Peter Estlin *(Term of office started on 10 March 2020)*	28,384	30,257	Consultancy fees[1] Directorship fees	11,281 11,494[2]	11,281 6,488[2]
Angelika Gifford *(Term of office ended on 14 May 2020)*	7,342	–	–	–	–
Sylvain Héfès	35,000	21,005	Consultancy fees Directorship fees	166,846[2] 14,510	166,846[2] 14,510
Suet-Fern Lee	20,000	32,757	–	–	–
Arielle Malard de Rothschild	20,000	33,505	Fixed salary Variable Benefits in kind	391,829 310,001 14,260	391,830 234,027 14,260
Carole Piwnica	20,000	23,505	–	–	–
Sipko Schat	35,000	35,257	Consultancy fees Directorship fees	150,500 50,000	162,500 50,000
Peter Smith *(Term of office ended on 10 March 2020)*	6,616	10,000	Consultancy fees[3]	58,468[2]	58,468[2]
Luisa Todini	20,000	22,757	–	–	–
Véronique Weill *(Term of office started on 14 May 2020)*	12,658	8,505	–	–	–

(1) Remuneration paid to Sir Peter Estlin for attending the Supervisory Board and the Audit and the Risk Committee's meetings which took place from 1 January 2020 to 10 March 2020 as an observer, before his appointment (*cooptation*) by the Supervisor Board as a Supervisory Board member on 10 March 2020.

(2) Based on a €/£ conversion rate as at 31 December 2020.

(3) Remuneration paid to Peter Smith, former non-executive Chairman of the Board of Directors of N.M. Rothschild & Sons Limited until 1 June 2019, as adviser of his successor in this role to ensure a smooth transition.

For more information regarding Supervisory Board members attendance in 2020 and the activity of the Supervisory Board during 2020, please refer to respectively pages 154 and 150 onwards of this report.

As recommended by the Afep-Medef Code, the table below summarises the remuneration paid during or awarded in respect of the financial years ended 31 December 2020 and 31 December 2019 to the Supervisory Board members.

Table on the remuneration received by Supervisory Board members[1]

(In euros) Supervisory Board member		2019		2020	
		Awarded	Paid	Awarded	Paid
David de Rothschild	Remuneration in respect of the term of office	62,500[2]	62,500[2]	**200,000**	**200,000**
Chairman of the Supervisory Board	Other remuneration	–	–	**–**	**–**
Éric de Rothschild,	Remuneration in respect of the term of office	30,000	30,000	**35,257**	**35,257**
Vice-Chairman of the Supervisory Board	Other remuneration	–	–	**–**	**–**
Lucie Maurel-Aubert	Remuneration in respect of the term of office	30,000	30,000	**55,257**	**55,257**
Vice-Chairwoman of the Supervisory Board	Other remuneration	25,874	25,874	**25,862**	**25,862**
Adam Keswick	Remuneration in respect of the term of office	25,000	25,000	**32,757**	**32,757**
Vice-Chairman of the Supervisory Board	Other remuneration	–	–	**–**	**–**
Dr. Daniel Daeniker	Remuneration in respect of the term of office	35,000	35,000	**35,257**	**35,257**
	Other remuneration	–	–	**–**	**–**
Anthony de Rothschild	Remuneration in respect of the term of office	30,000	30,000	**40,257**	**40,257**
	Other remuneration	–	–	**18,539**	**–**
Gilles Denoyel	Remuneration in respect of the term of office	–	–	**28,663**	**28,663**
(Term of office started on 14 May 2020)	Other remuneration	–	–	**–**	**–**
Sir Peter Estlin	Remuneration in respect of the term of office	–	–	**58,641**	**58,641**
(Term of office started on 10 March 2020)	Other remuneration	–	–	**22,775**	**17,769**
Angelika Gifford	Remuneration in respect of the term of office	37,500	37,500	**7,342**	**7,342**
(Term of office ended on 14 May 2020)	Other remuneration	7,500	7,500	**–**	**–**
Sylvain Héfès	Remuneration in respect of the term of office	62,500	62,500	**56,005**	**56,005**
	Other remuneration	177,000	177,000	**181,356**	**181,356**
Suet-Fern Lee	Remuneration in respect of the term of office	42,500	42,500	**52,757**	**52,757**
	Other remuneration	–	–	**–**	**–**
Arielle Malard de Rothschild	Remuneration in respect of the term of office	42,500	42,500	**53,505**	**53,505**
	Other remuneration	616,127	704,444	**716,091**	**640,117**
Carole Piwnica	Remuneration in respect of the term of office	37,500	37,500	**43,505**	**43,505**
	Other remuneration	–	–	**–**	**–**
Sipko Schat	Remuneration in respect of the term of office	57,500	57,500	**70,257**	**70,257**
	Other remuneration	225,000	255,000	**200,000**	**212,500**
Peter Smith	Remuneration in respect of the term of office	67,500	67,500	**16,616**	**16,616**
(Term of office ended on 10 March 2020)	Other remuneration	148,000	148,000	**58,468**	**58,468**
Luisa Todini	Remuneration in respect of the term of office	40,000	40,000	**42,757**	**42,757**
	Other remuneration	–	–	**–**	**–**
Véronique Weill	Remuneration in respect of the term of office	–	–	**21,163**	**21,163**
(Term of office started on 14 May 2020)	Other remuneration	–	–	**–**	**–**

(1) Table No 3 of the Annex 4 of the Afep-Medef Code.

(2) A material error occurred regarding the maximum amount of fees available for allocation to the Supervisory Board members proposed in the resolution submitted for approval to the General Meeting held on 16 May 2019: the maximum amount of €600,000 was not in line with the remuneration policy revised and approved by the Supervisory Board at its meeting of 12 March 2019. As a consequence, after the Supervisory Board took note of such material error, Mr. David de Rothschild elected to waive the portion of his remuneration as Chairman of the Supervisory Board in excess of the maximum amount of €600,000 (see also Rothschild & Co 2019 Annual Report, pages 108 and 111).

3.2.4 Other remuneration-related information

The remuneration-related information required by Article L.22-10-9 I 6° and 7° of the French Commercial Code concerning the Company's executive corporate officers (*dirigeants mandataires sociaux*) is presented below, i.e. for the Chairman of the Supervisory Board and, on a voluntary basis, for the Executive Chairman of the Managing Partner of the Company, as the Company's manager, is not entitled to a remuneration in accordance to the Company's articles of association (for more information, please refer to page 156 of this report).

	2020	2019	2018	2017	2016
Performance of the Company					
Net income – Group share	€ 160.5 million	€ 242.7 million	€ 286.3 million	€ 236.3 million(1)	€ 186.0 million(2)
ROTE excl. exceptionals	8.8%	12.6%	18%	17.2%(3)	14.6%(4)
Employees					
Average remuneration(5)	€ 118,497(6)	€ 116,873(7)	€ 114,831	€ 113,197	€ 150,053
Executive Chairman of the Managing Partner(8)					
Remuneration of Alexandre de Rothschild	€ 500,000	€ 500,000	€ 189,583(9)	–	–
Remuneration of David de Rothschild	–	–	€ 311,828(10)	€ 500,000	€ 500,000
Ratio to the average employee remuneration	4.22	4.28	4.37	4.42	3.33
Ratio to the median employee remuneration	6.95	7.14	7.37	7.31	6.01
Chairman of the Supervisory Board(11)					
Remuneration of David de Rothschild	€ 200,000	€ 62,500(12)	€ 96,829(13)	–	–
Remuneration of Éric de Rothschild	–	–	–(14)	–(15)	€ 6,000(16)
Ratio to the average employee remuneration	1.69	0.53	0.84	–	0.04
Ratio to the median employee remuneration	2.78	0.89	1.42	–	0.07

(1) The net income for 2017 is a pro forma net income, due to a change of year end in 2017 from March to December, calculated as the 9 months to December 2017 plus the 3 months to March 2017.
(2) The net income for 2016 is the net income for the 12 months to March 2017 as the Group had a March year end at this time.
(3) The ROTE excl. exceptionals for 2017 is a pro forma ROTE excl. exceptionals due to a change of year end in 2017 from March to December, calculated as the nine months to December 2017 plus the three months to March 2017.
(4) The ROTE excl. exceptionals for 2016 is the ROTE excl exceptionals for the 12 months to March 2017 as the Group had a March year end at this time.
(5) Following the completion of the merger between the two groups, Rothschild & Co and Compagnie Financière Martin Maurel on 2 January 2017, Banque Martin Maurel employees are included within the disclosure from 2017 onwards.
(6) An estimate for *intéressement / participation* has been included in the 2020 amounts disclosed, as the final amounts due were not yet available, based on the 2019 *intéressement / participation* award.
(7) The 2019 average remuneration was rectified: it now includes the final *interéssement/participation* due or awarded to employees for 2019. The 2019 ratios disclosed in the 2019 Annual Report were rectified in this report accordingly. For the record, the average remuneration disclosed in the 2019 Annual Report comprised an estimate of the 2019 *intéressement/ participation* based on the 2018 intéressement/participation since the definitive amounts were not available at the time of publication of the said Report.
(8) Mr. David de Rothschild was Executive Chairman of the Managing Partner from General Meeting on 8 June 2012 until 17 May 2018. Mr. Alexandre de Rothschild took over his term of office from this date and continues the role at the date of the present report.
(9) This amount corresponds to the pro-rated remuneration due to Mr. Alexandre de Rothschild, for the period of time where he was Executive Chairman of the Managing Partner in 2018, *i.e.* from 17 May 2018 to 31 December 2018. No other remuneration was due or awarded to him in 2018.
(10) This amount corresponds to the pro-rated remuneration due to Mr. David de Rothschild, for the period of time where he was Executive Chairman of the Managing Partner in 2018, *i.e.* from 1 January to 17 May 2018. No other remuneration was due or awarded to him in 2018.
(11) Mr. Éric de Rothschild was Chairman of the Supervisory Board from the General Meeting held on 8 June 2012 until 17 May 2018. Mr. David de Rothschild took over his term of office from this date and continues in the role at the date of this report.
(12) As a consequence of a material error, the Supervisory Board noted during its meeting on 17 December 2019 that Mr. David de Rothschild elected to waive the portion of his remuneration as Chairman of the Board in excess of the maximum amount of €600,000 of fees available for allocation to the Supervisory Board members. Please also refer to page 108 of the 2019 Annual Report for more information.
(13) This amount corresponds to the pro-rated remuneration due to Mr. David de Rothschild for the period of time where he was Chairman of the Supervisory Board in 2018, i.e. from 17 May 2018 to 31 December 2018. No other remuneration was due or awarded to him in 2018.
(14) No remuneration was due or awarded to Mr. Éric de Rothschild in 2018.
(15) No remuneration was due or awarded to Mr. Éric de Rothschild in 2017.
(16) The only remuneration due or awarded to Mr. Éric de Rothschild in 2016 was benefit in kind amounting to €6,000. They were not due or awarded to him in respect of his term of office as Chairman of the Supervisory Board. In accordance with the compensation policy of the Supervisory Board members applicable at the time, no remuneration was due or awarded to him in respect of his term of office as Chairman of the Supervisory Board.

Methodology followed for the preparation of the above table

For the purpose of calculating these figures, the following information has been included:

1 Remuneration of the Chairman of the Supervisory Board and the Executive Chairman of the Managing Partner

The gross elements of remuneration due or awarded for the relevant financial year by the Company and the companies in the consolidation scope within the meaning of Article L.233-16 II of the French Commercial Code *(Code de commerce)*.

More precisely, all the following gross elements of remuneration due or awarded for the relevant financial year ("N"):
- fixed remuneration;
- variable remuneration due for the N financial year and paid during the N+1 financial year or later on in case of deferred;
- exceptional remuneration due for the N financial year and paid during the N+1 financial year;
- directors' fees, as long as they have been received by the executive corporate officer for the N financial year;
- long-term incentives: stock-options, other long-term elements of remuneration and multi-annual variable remuneration awarded for the N financial year (valued at their IFRS value); and
- benefits in kind.

Severance, termination and non-competition indemnities due or awarded are excluded.

2 Remuneration of the Group employees

REPRESENTATIVE PERIMETER OF EMPLOYEES

Insofar as Rothschild & Co is a holding company with a very few employees, and in accordance with Article 26.2 of the Afep-Medef Code, a more representative perimeter was considered for the purpose of calculating the remuneration: the Rothschild Martin Maurel UES (*Unité Economique et Sociale*). The latter includes the following companies for 2020: Rothschild Martin Maurel, Rothschild & Cie, Transaction R&Co, Rothschild & Co Immobilier, R&Co Asset Management Europe, all controlled by Rothschild & Co within the meaning of Article L.233-16 of the French Commercial Code (*Code de commerce*). The Rothschild Martin Maurel UES represented 93% of the French continuing population in 2020. This scope is representative of various business lines of Rothschild & Co in France: Global Advisory, Wealth and Asset Management and support functions.

CONTINUING POPULATION

A continuing population has been considered, i.e. employees (*excluding expatriates, interns and apprentices)*, if they were employed on 1 January of the relevant financial year ("N") and were part of the bonus eligible population at the end of that relevant financial year ("N").

REMUNERATION

The following gross elements of remuneration due or awarded by the Company or the companies in the consolidation scope within the meaning of Article L.233-16 II of the French Commercial Code (*Code de commerce*) for the relevant financial year ("N"):
- fixed remuneration;
- variable remuneration due for the N financial year and paid during the N+1 financial year or later in case of deferred;
- exceptional remuneration due for the N financial year and paid during the N+1 financial year;
- long-term incentives: stock options, performance shares and other long-term elements of remuneration awarded for the N financial year (valued at their IFRS value);
- employee savings schemes (profit sharing and incentive schemes); and
- benefits in kind.

Severance, termination and non-competition indemnities due or awarded to employees are excluded.

MISCELLANEOUS

- amounts disclosed are on a full-time equivalent basis; and
- fixed compensation is based on annualised amounts as at 31 December each year.

3 Performance of the Group

The figures disclosed corresponds to the net income – Group share, i.e. the Group net income after tax and minority interests, and to the ROTE (Return on Tangible Equity) excluding exceptional items.

4 Transactions involving the Company's securities by corporate officers

Pursuant to the provisions of Article 223-26 of the AMF General Regulations, the transactions involving the Company's securities during the 2020 financial period executed by persons mentioned in Article L.621-18-2 of the French Monetary and Financial Code (*"Code monétaire et Financier"*), disclosed to the Company and the AMF[1], are summarised in the table below:

Name	Quality	Transaction date	Nature of the transaction	Unit price (in euro)	Total amount (in euro)	AMF decisions[1]
Alexandre de Rothschild	Executive Chairman of Rothschild & Co Gestion, Managing Partner of Rothschild Co SCA	11/03/2020	Acquisition	17.3591	325,101.22	2020DD673643
François Pérol	Managing Partner of Rothschild & Co Gestion, Managing Partner of Rothschild & Co SCA	11/03/2020	Acquisition	17.3795	173,795	2020DD673645
Rothschild & Co Concordia SAS	Legal entity related to Éric de Rothschild, Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	12/03/2020	Acquisition	16.9313	9,312,215	2020DD673639
Rothschild & Co Concordia SAS	Legal entity related to David de Rothschild, Chairman of the Supervisory Board of Rothschild & Co SCA	12/03/2020	Acquisition	16.9313	9,312,215	2020DD673640
Rothschild & Co Concordia SAS	Legal entity related to Alexandre de Rothschild, Executive Chairman of Rothschild & Co Gestion, Managing Partner of Rothschild & Co SCA	12/03/2020	Acquisition	16.9313	9,312,215	2020DD673641
François Pérol	Managing Partner of Rothschild & Co Gestion, Managing Partner of Rothschild & Co SCA	13/03/2020	Acquisition	17.1044	85,522	2020DD673645
Rothschild & Co Concordia SAS	Legal entity related to Éric de Rothschild, Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	27/05/2020	Acquisition	17.5912	3,615,466.56	2020DD685489
Rothschild & Co Concordia SAS	Legal entity related to David de Rothschild, Chairman of the Supervisory Board of Rothschild & Co SCA	27/05/2020	Acquisition	17.5912	3,615,466.56	2020DD685490
Rothschild & Co Concordia SAS	Legal entity related to Alexandre de Rothschild, Executive Chairman of Rothschild & Co Gestion, Managing Partner of Rothschild & Co SCA	27/05/2020	Acquisition	17.5912	3,615,466.56	2020DD685491
Rothschild & Co Concordia SAS	Legal entity related to Éric de Rothschild, Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	28/05/2020	Acquisition	18.28	6,288.32	2020DD685492
Rothschild & Co Concordia SAS	Legal entity related to David de Rothschild, Chairman of the Supervisory Board of Rothschild & Co SCA	28/05/2020	Acquisition	18.28	6,288.32	2020DD685493
Rothschild & Co Concordia SAS	Legal entity related to Alexandre de Rothschild, Executive Chairman of Rothschild & Co Gestion, Managing Partner of Rothschild & Co SCA	28/05/2020	Acquisition	18.28	6,288.32	2020DD685494
Rothschild & Co Concordia SAS	Legal entity related to Éric de Rothschild, Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	29/05/2020	Acquisition	18.3998	600,532.67	2020DD686960
Rothschild & Co Concordia SAS	Legal entity related to Éric de Rothschild, Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	01/06/2020	Acquisition	18.3709	3,233.28	2020DD686960
Rothschild & Co Concordia SAS	Legal entity related to Éric de Rothschild, Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	02/06/2020	Acquisition	18.8686	1,488,185.35	2020DD686960
Rothschild & Co Concordia SAS	Legal entity related to Éric de Rothschild, Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	03/06/2020	Acquisition	19.3396	75,579.16	2020DD686960
Rothschild & Co Concordia SAS	Legal entity related to Éric de Rothschild, Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	04/06/2020	Acquisition	19.5	3,627	2020DD686960
Rothschild & Co Concordia SAS	Legal entity related to Éric de Rothschild, Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	11/06/2020	Acquisition	19.4791	190,661.43	2020DD688127

Name	Quality	Transaction date	Nature of the transaction	Unit price (in euro)	Total amount (in euro)	AMF decisions[1]
Rothschild & Co Concordia SAS	Legal entity related to Éric de Rothschild, Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	12/06/2020	Acquisition	19.3447	151,488.35	2020DD688127
Rothschild & Co Concordia SAS	Legal entity related to Éric de Rothschild, Chairman of Rothschild & Co Concordia SAS and Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	15/06/2020	Acquisition	19.4461	197,241.79	2020DD688127
Rothschild & Co Concordia SAS	Legal entity related to Éric de Rothschild, Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	18/06/2020	Acquisition	19.382	119,567.56	2020DD689109
Rothschild & Co Concordia SAS	Legal entity related to Éric de Rothschild, Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	19/06/2020	Acquisition	19.4524	62,442.20	2020DD689109
Rothschild & Co Concordia SAS	Legal entity related to Éric de Rothschild, Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	22/06/2020	Acquisition	19.4949	659,726.91	2020DD689109
Arielle Malard de Rothschild	Member of the Supervisory Board of Rothschild & Co SCA	23/07/2020	Acquisition	25.85	4,963.20	2020DD703507
Arielle Malard de Rothschild	Member of the Supervisory Board of Rothschild & Co SCA	28/09/2020	Acquisition	15.86	2,252.12	2020DD703507
Arielle Malard de Rothschild	Member of the Supervisory Board of Rothschild & Co SCA	30/09/2020	Acquisition	24.050	16,762.85	2020DD703507
Alexandre de Rothschild	Executive Chairman of Rothschild & Co Gestion, Managing Partner of Rothschild & Co SCA	08/10/2020	Stock option exercise	18.00	135,000	2020DD704545
Alexandre de Rothschild	Executive Chairman of Rothschild & Co Gestion, Managing Partner of Rothschild & Co SCA	08/10/2020	Stock option exercise	19.00	142,500	2020DD704545
Alexandre de Rothschild	Executive Chairman of Rothschild & Co Gestion, Managing Partner of Rothschild & Co SCA	08/10/2020	Stock option exercise	20.00	150,000	2020DD704545

(1) Pursuant to Article L.621-18-2 of the French Monetary and Financial Code *("Code monétaire et Financier")*, the concerned persons are required to declare the transactions they are involved in individually.
(2) These decisions are available on the AMF website (www.amf-france.org).

5 Agreements and undertakings

5.1 Agreements within the meaning of Article L.225-37-4 2° of the French Commercial Code

The purpose of this Section is to provide information regarding the agreements within the meaning of Article L.225-37-4 2° of the French Commercial Code, which have been entered into during the 2020 financial year, directly or indirectly, between a Rothschild & Co SCA related party and a company controlled by the Company within the meaning of Article L.233-3 of the French Commercial Code, except agreements related to ordinary transactions and concluded under normal terms and conditions.

All the agreements within the meaning of Article L.225-37-4 2° which have been entered into during the 2020 financial year related to ordinary transactions and were concluded under normal terms and conditions.

5.2 Regulated agreements *(conventions réglementées)*

The purpose of this Section is to provide information regarding regulated agreements, within the meaning of Article L.225-38 of the French Commercial Code.

New regulated agreements

No new regulated agreement was entered into during the 2020 financial year.

Ongoing related agreements

No regulated agreement entered into by the Company in the past financial years was still into effect as at 31 December 2020. The regulated agreement entered into with Ms Angelika Gifford in 2019, a member of the Supervisory Board until 14 May 2020, was terminated during the 2020 financial year.

5.3 Evaluation process of the agreements relating to ordinary transactions and entered into under normal terms and conditions

Pursuant to the provisions of Article L.22-10-12 of the French Commercial Code, the Supervisory Board is required to set up an evaluation process assessing whether the agreements deemed as relating to ordinary transactions and entered into under normal terms and conditions meet these conditions.

During its meeting on 10 March 2020, the Supervisory Board considered the evaluation process put in place before the coming into force of the provisions of Article L.22-10-12 of the French Commercial Code.

Each time a potential regulated agreement within the meaning of Article L.225-38 of the French Commercial Code is concluded, amended or renewed, the Legal department of the Company is in charge of assessing, in liaison with the Group Finance and/or Tax departments, whether such agreement meets two conditions: it is related to an ordinary transaction and it is entered into under normal terms and conditions. The persons who are directly or indirectly interested in the agreement are not involved in the process.

If an agreement does not qualify as an agreement relating to ordinary transactions and entered into under normal terms and conditions, it is then submitted to the approval procedure provided by Articles L.225-38 and seq. of the French Commercial Code.

The Legal department of the Company uses the following cumulative criteria to assess if an agreement as relating to ordinary transactions and entered into under normal terms and conditions do meet these conditions:

- the agreement relates to ordinary transactions, *i.e.* transactions that the Company usually carries out in the normal course of its business. The following criteria may be considered in assessing whether the agreement related to ordinary transaction or no: its repetition over time, the circumstances surrounding its conclusion, its legal significance, its economic consequences, and its duration; and
- the agreement is entered into normal terms and conditions, *i.e.* under the same conditions as usually practiced by the Company with third parties or by other companies operating in the same business line. The following criteria may be considered in assessing whether the agreement is entered into normal terms and conditions: the market price/practices and the general balance of the terms and conditions under which the agreement is concluded.

An agreement is also deemed as relating to ordinary transactions and entered into normal terms and conditions when it is entered into by the Company and a company wholly hold, either directly or indirectly, by the Company.

Provided the above-mentioned criteria are met, the Legal department verifies whether the examined agreement falls into one of the pre-defined categories of agreements which are deemed as relating to ordinary transactions and entered into normal terms and conditions.

For instance, the following agreements have been deemed as relating to ordinary transactions and entered normal terms and conditions:

- agreements with low financial stakes, provided that the agreement is not of significant importance to contracting parties involved; and
- intra-Group agreements relating to the following transactions:
  - provision of services (in particular human resources, IT, management, communication, finance, legal and accounting services);
  - assistance with financing and re-invoicing of financial instruments;
  - cash management or loan operations;
  - tax integration known as “neutral” (insofar as it explicitly provides the modalities leading to neutrality, not only during the lifetime of the integration but also at the time of leaving the regime);
  - acquisitions or sales of insignificant assets or securities;
  - acquisitions or sales of receivables;
  - transfer or loan of Company shares to a corporate officer in the performance of its duties; and
  - facilities granted by an entity, once expenses have been invoiced at cost plus a margin to cover unallocated indirect costs, if any.

This list is non exhaustive, and the presumption may be rebutted if the examined agreement was concluded under exceptional terms and conditions.

All the agreements that have been qualified as relating to ordinary transactions and entered into under normal terms and conditions are reviewed by the Legal department of the Company on a regular basis, in particular when there are indications that the above-mentioned qualification criteria and/or categories of unregulated agreements may need to be revised.

6 Delegations of authority granted by the shareholders of the Company to the Managing Partner relating to the share capital

The following table summarises the delegations granted to the Managing Partner in force during the financial year ended 31 December 2020 and their use during the same financial year.

Purpose	Resolution number	Individual limit	Period of validity	Use during the 2020 financial year
Combined General Meeting of 17 May 2018				
To grant options to subscribe for or purchase the Company's shares to employees and executive officers of the Company and companies related to it.	23	Limited to 10% of the share capital(1) (with a specific limit of 0.74% for the Company's executive officers)	38 months	None
To grant bonus shares to employees and corporate officers of the Company and companies related to it.	24	Limited to 5% of the share capital on the date of the Managing Partner's decision	38 months	None
Combined General Meeting of 14 May 2020				
To reduce the share capital by cancelling treasury shares.	18	Limited to 10% of the share capital per 24-month period.	26 months	None
To increase the share capital by incorporation of reserves, income or issue, merger or contribution premiums.	19	Limited to a nominal amount of €50 million	26 months	None
To issue ordinary shares and/or securities giving immediate or deferred access to the share capital in order to remunerate contributions in kind granted to the Company consisting of equity securities or securities giving access to the share capital.	20	Limited to 10% of the share capital(1)(2) or €200 million (debt instrument)(3)(4)	26 months	None
To issue ordinary shares and/or securities giving immediate or deferred access to the Company's share capital with preferential subscription rights maintained.	21	Limited to a nominal amount of €70 million (share capital securities)(1) or €300 million (debt instrument)(3)	26 months	None
To issue ordinary shares and/or securities giving immediate or deferred access to the Company's share capital with waiver of preferential subscription rights through a public offer, with the exception of the offer referred to in Article L.411-2 1° of the French Monetary and Financial Code *(Code monétaire et financier)*.	22	Limited to a nominal amount of €15 million(1) (share capital securities) or €200 million (debt instrument)(3)	26 months	None
To issue ordinary shares and/or securities giving immediate or deferred access to the Company's share capital with waiver of preferential subscription rights and free fixing of issue price in the context of an offer referred to in Article L.411-2 1° of the French Monetary and Financial Code *(Code monétaire et financier)*.	23	Limited to 10% of the share capital per year(1)(2) (share capital securities) or €200 million (debt instrument)(3)(4)	26 months	None
To increase the number of securities to be issued when increasing the share capital with waiver or not of preferential subscription rights.	24	To be deducted from the individual limit as stipulated in the resolution in respect thereof when the initial issuance is decided(1)(3)	26 months	None
To issue shares, without preferential subscription rights, reserved for (i) the Group's employees and corporate officers and foreign subsidiaries in the context of the implementation of stock option plans or (ii) the Company's foreign subsidiaries within the framework of the deferred remuneration of their employees in Rothschild & Co shares in compliance with Directive 2013/36/EU of 26 June 2013 known as "CRD IV".	25	Limited to 2% of the share capital(1)	18 months	Share capital increase representing 40,000 shares resulting from the exercise of stock options (18 December 2020)
To issue ordinary shares or securities granting immediate or deferred access to the Company's share capital reserved for members of a corporate savings plan.	26	Limited to €1 million(1)	26 months	None

(1) To be deducted from the aggregate limit on capital increases set by the 27th resolution voted by the General Meeting of Shareholders held on 14 May 2020.
(2) To be deducted from the aggregate limit on capital increases set by the 22nd resolution voted by the General Meeting of Shareholders held on 14 May 2020.
(3) To be deducted from the aggregate limit on issue of debt securities set by the 27th resolution voted by the General Meeting of Shareholders held on 14 May 2020.
(4) To be deducted from the aggregate limit on issue of debt securities set by the 22nd resolution voted by the General Meeting of Shareholders held on 14 May 2020.

More information on these delegations granted to the Company's Managing Partner is available in the notices of the General Meeting held on 17 May 2018 and the General Meeting held on 14 May 2020 which contains all the information made available to shareholders, published on Rothschild & Co website (www.rothschildandco.com).

7 Elements that can have an impact in the event of a takeover bid

The Company is a French partnership limited by shares (*société en commandite par actions*). The specificities of such legal form, either provided by legal or statutory provisions, may have an impact in the event of a takeover bid. As a result, in particular, the Company's partners are divided into two categories: the General Partners and the Limited Partners (the shareholders). Although a third party could take control of the share capital and the related voting rights through a takeover bid, it could not take control of the General Partners. Consequently, a third party would be unable to modify the Company's articles of association, to appoint or to revoke the Company's managing partners, or to change the social form of the Company, since such a decision can only be made with the agreement of the General Partners. Besides, in accordance with the Company's articles of association, General Partners may not transfer their interests without the unanimous agreement of the General Partners. For more information, including on the rules applicable to the appointment of the managing partners, please refer to pages 60 onwards, and to the Company's articles of association, available on the Company's website (www.rothschildandco.com).

The Company's shareholding structure may also have an impact in the event of a takeover bid:

- all the shareholders of Rothschild & Co Concordia SAS, the largest direct shareholder of the Company, are members of the Rothschild family and parties to a shareholder's agreement, which main provisions are detailed on pages 62 onwards of this report; and
- moreover, Rothschild & Co Concordia SAS, the Rothschild family, the Bernard Maurel family and certain senior executives or former senior executives of the Group acting directly or through holding companies that they control, participate in a concert (the "Enlarged Family Concert"). They are party to a shareholders' agreement the main provisions are presented on pages 62 onwards of this report. As at 31 December 2020, the Enlarged Family Concert held 51.16% of the Company's share capital and 36.31% of its voting rights.

In addition to legal threshold crossings, the Company's articles of association provide disclosure obligations for shareholders who come into possession of a number of shares or voting rights equal to or greater than 1% of the Company's share capital or voting rights, or any multiple of this threshold. For more information, please refer to page 72 of this report.

Some of the loan agreements entered into by the Group with third parties include early repayment clauses in the event of a change of control, which are usual in this type of loan agreements. They could be triggered by a takeover bid of the Company's shares.

Management's powers, particularly in relation to the issue or purchase of shares are detailed on pages 64 onwards and page 168 of this report

(1) Excluding exceptional items. For more information, please refer to page 54.

4. Financial statements

Consolidated balance sheet
as at 31 December 2020

Assets

In thousands of euros	Notes	31/12/2020	31/12/2019
Cash and amounts due from central banks		4,697,354	4,382,129
Financial assets at fair value through profit or loss	1	1,394,098	1,347,101
Hedging derivatives	2	605	1,029
Securities at amortised cost	3	1,346,779	1,520,879
Loans and advances to banks	4	2,250,832	2,001,714
Loans and advances to customers	5	3,491,241	3,264,001
Current tax assets		26,300	20,690
Deferred tax assets	17	71,184	59,469
Other assets	6	596,615	693,838
Investments accounted for by the equity method	7	17,470	25,562
Tangible fixed assets	9	275,068	306,904
Right of use assets	8	196,785	221,763
Intangible fixed assets	10	183,905	171,203
Goodwill	11	135,108	140,253
TOTAL ASSETS		**14,683,344**	**14,156,535**

Liabilities and shareholders’ equity

In thousands of euros	Notes	31/12/2020	31/12/2019
Financial liabilities at fair value through profit or loss	1	143,223	70,735
Hedging derivatives	2	6,018	6,434
Due to banks and other financial institutions	12	513,539	448,594
Customer deposits	13	9,873,095	9,486,569
Debt securities in issue		9,450	3,207
Current tax liabilities		43,912	33,024
Deferred tax liabilities	17	38,773	41,473
Lease liabilities	8	228,456	255,708
Other liabilities, accruals and deferred income	14	997,162	1,061,375
Provisions	15	121,881	64,944
TOTAL LIABILITIES		**11,975,509**	**11,472,063**
Shareholders’ equity		**2,707,835**	**2,684,472**
Shareholders’ equity – Group share		**2,302,897**	**2,238,888**
Share capital		155,315	155,235
Share premium		1,144,581	1,143,961
Consolidated reserves		928,237	740,346
Unrealised or deferred capital gains and losses		(85,747)	(43,338)
Net income – Group share		160,511	242,684
Non-controlling interests	**19**	**404,938**	**445,584**
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		**14,683,344**	**14,156,535**

Consolidated income statement
for the twelve months ending 31 December 2020

In thousands of euros		Notes	31/12/2020	31/12/2019
+	Interest income	24	101,469	143,056
-	Interest expense	24	(48,220)	(74,637)
+	Fee income	25	1,766,166	1,752,479
-	Fee expense	25	(84,745)	(87,678)
+/-	Net gains/(losses) on financial instruments at fair value through profit or loss	26	65,358	135,436
+/-	Net gains/(losses) on derecognition of assets held at amortised cost		(1,059)	254
+	Other operating income		1,066	4,217
-	Other operating expenses		(1,104)	(1,102)
Net banking income			**1,798,931**	**1,872,025**
-	Staff costs	27	(1,096,100)	(1,064,744)
-	Administrative expenses	27	(254,842)	(288,972)
-	Depreciation, amortisation and impairment of tangible and intangible fixed assets	28	(67,285)	(66,544)
Gross operating income			**380,704**	**451,765**
+/-	Cost of risk	29	(7,317)	(5,930)
Operating income			**373,387**	**445,835**
+/-	Net income from companies accounted for by the equity method	7	530	259
+/-	Net income/(expense) from other assets	30	(4,967)	18,393
Profit before tax			**368,950**	**464,487**
-	Income tax expense	31	(59,727)	(68,024)
CONSOLIDATED NET INCOME			**309,223**	**396,463**
Non-controlling interests		**19**	**148,712**	**153,779**
NET INCOME – GROUP SHARE			**160,511**	**242,684**
Earnings per share in euros – Group share (basic)		35	2.20	3.38
Earnings per share in euros – continuing operations (basic)		35	2.20	3.38
Earnings per share in euros – Group share (diluted)		35	2.19	3.35
Earnings per share in euros – continuing operations (diluted)		35	2.19	3.35

Statement of comprehensive income for the twelve months ending 31 December 2020

In thousands of euros	31/12/2020	31/12/2019
Consolidated net income	**309,223**	**396,463**
Gains and losses recyclable in profit or loss		
Translation differences on subsidiaries	(58,884)	48,613
Translation (gain)/loss transferred to income on sale of a subsidiary	593	(8,209)
Recyclable gains/(losses) relating to financial assets at fair value through comprehensive income	–	32
Gains and (losses) relating to net investment hedge	935	(8,320)
Net gains/(losses) from changes in fair value of cash flow hedges	(470)	350
(Gains) and losses relating to cash flow hedge transferred to P&L	412	327
Gains and (losses) recognised directly in equity for companies accounted for by the equity method	(1,377)	386
Other adjustments	100	(27)
Taxes	(253)	2,521
Total gains and losses recyclable in profit or loss	**(58,944)**	**35,673**
Gains and losses not recyclable in profit or loss		
Remeasurement gains/(losses) on defined benefit pension funds	(82,775)	(20,432)
Taxes	19,799	5,445
Total gains and losses not recyclable in profit or loss	**(62,976)**	**(14,987)**
Gains and losses recognised directly in equity	**(121,920)**	**20,686**
TOTAL COMPREHENSIVE INCOME	**187,303**	**417,149**
attributable to equity shareholders	*56,884*	*250,173*
attributable to non-controlling interests	*130,419*	*166,976*

Consolidated statement of changes in equity for the twelve months ending 31 December 2020

In thousands of euros	Capital and associated reserves[1]	Consolidated reserves[3]	Unrealised or deferred capital gains and losses (net of tax)			Shareholders' equity, Group share	Shareholders' equity, NCoI	Total shareholders' equity
			Related to translation differences	Cash flow hedge reserve	Fair value through OCI reserves			
SHAREHOLDERS' EQUITY AT 1 JANUARY 2019	**1,297,364**	**802,790**	**(61,474)**	**–**	**68**	**2,038,748**	**456,236**	**2,494,984**
Impact of elimination of treasury shares	–	17,951	–	–	–	17,951	–	17,951
Distributions	–	(57,662)	–	–	–	(57,662)	(144,990)	(202,652)
Issue of shares	1,832	–	–	–	–	1,832	–	1,832
Capital increase related to share-based payments	–	243	–	–	–	243	–	243
Interest on perpetual subordinated debt	–	–	–	–	–	–	(17,619)	(17,619)
Effect of a change in shareholding without a change of control	–	4,461	(4,258)	–	(173)	30	(634)	(604)
Revaluation of R&CoCL preferred shares to the fair value before repayment (Note 19)	–	(12,743)	–	–	–	(12,743)	12,743	–
Repayment of R&CoCL preferred shares (Note 19)	–	–	–	–	–	–	(27,129)	(27,129)
Other movements	–	316	–	–	–	316	–	316
Subtotal of changes linked to transactions with shareholders	**1,832**	**(47,434)**	**(4,258)**	**–**	**(173)**	**(50,033)**	**(177,629)**	**(227,662)**
2019 net income for the year	–	242,684	–	–	–	242,684	153,779	396,463
Net gains/(losses) from changes in fair value	–	–	–	279	41	320	–	320
Net (gains)/losses transferred to income	–	–	–	262	–	262	–	262
Remeasurement gains/(losses) on defined benefit funds	–	(14,987)	–	–	–	(14,987)	–	(14,987)
Translation gain transferred to income on sale of subsidiary	–	–	(8,209)	–	–	(8,209)	–	(8,209)
Net gains/(losses) on hedge of net investment in foreign operations	–	–	(5,663)	–	–	(5,663)	–	(5,663)
Translation differences and other movements	–	(23)	35,725	–	64	35,766	13,198	48,964
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2019	**1,299,196**	**983,030**	**(43,879)**	**541**	**–**	**2,238,888**	**445,584**	**2,684,472**
Impact of elimination of treasury shares	–	7,070	–	–	–	7,070	–	7,070
Distributions[2]	–	(2,596)	–	–	–	(2,596)	(156,294)	(158,890)
Issue of shares	700	–	–	–	–	700	–	700
Capital increase related to share-based payments	–	2,093	–	–	–	2,093	–	2,093
Interest on perpetual subordinated debt	–	–	–	–	–	–	(14,172)	(14,172)
Effect of a change in shareholding without a change of control	–	1,821	(1,659)	–	–	162	(598)	(436)
Other movements	–	(316)	–	–	–	(316)	–	(316)
Subtotal of changes linked to transactions with shareholders	**700**	**8,072**	**(1,659)**	**–**	**–**	**7,113**	**(171,064)**	**(163,951)**
2020 net income for the year	–	160,511	–	–	–	160,511	148,712	309,223
Net gains/(losses) from changes in fair value	–	–	–	(381)	–	(381)	–	(381)
Net (gains)/losses transferred to income	–	–	–	341	–	341	–	341
Remeasurement gains/(losses) on defined benefit funds	–	(62,976)	–	–	–	(62,976)	–	(62,976)
Net gains/(losses) on hedge of net investment in foreign operations	–	–	664	–	–	664	–	664
Translation differences and other movements	–	111	(41,374)	–	–	(41,263)	(18,294)	(59,557)
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2020	**1,299,896**	**1,088,748**	**(86,248)**	**501**	**–**	**2,302,897**	**404,938**	**2,707,835**

(1) Capital and associated reserves at the period end consist of share capital of €155.3 million and share premium of €1,144.6 million. Share premium, under IFRS measurement, includes costs incurred in the issuance of share capital.

(2) Distributions comprise €2.6 million of profit share *(préciput)* automatically allocated to the general partners (R&Co Gestion and Rothschild & Co Commandité SAS). Distributions to non-controlling interests are analysed in Note 19.

(3) Consolidated reserves consist of retained earnings of €1,046.5 million less treasury shares of €118.2 million plus the Group share of net income of €160.5 million.

Cash flow statement
for the twelve months ending 31 December 2020

In thousands of euros	31/12/2020	31/12/2019
Consolidated profit before tax (I)	**368,950**	**464,487**
Depreciation and amortisation expense on tangible and intangible fixed assets	32,665	36,414
Depreciation and impairment of ROU assets and interest on lease liabilities	40,071	39,741
Net charge for impairments and provisions	3,629	5,568
Remove (profit)/loss from associates and from disposal of subsidiary	67	(3,569)
Remove (profit)/loss from investing activities	(37,942)	(133,517)
Non-cash items included in pre-tax profit (II)	**38,490**	**(55,363)**
Net (advance)/repayment of loans to customers	**(254,763)**	**(298,302)**
Cash (placed)/received through interbank transactions	(15,649)	(69,674)
Increase/(decrease) in customer deposits	513,975	539,382
Net inflow/(outflow) related to derivatives and trading items	17,716	38,756
Net (purchases)/disposals of assets held for liquidity purposes	249,600	(535,356)
Other movements in assets and liabilities related to treasury activities	3,562	(149,469)
Total treasury-related activities	**769,204**	**(176,361)**
(Increase)/decrease in working capital	(2,585)	(28,619)
Payment of lease liabilities	(41,290)	(37,702)
Tax paid	(52,317)	(69,135)
Other operating activities	**(96,192)**	**(135,456)**
Net (decrease)/increase in cash related to operating assets and liabilities (III)	**418,249**	**(610,119)**
Net cash inflow/(outflow) related to operating and treasury activities (A) = (I) + (II) + (III)	**825,689**	**(200,995)**
Purchase of investments	(126,025)	(163,868)
Purchase of subsidiaries and associates	–	(29,560)
Cash and cash equivalents acquired in new subsidiaries	–	3,341
Purchase of property, plant and equipment and intangible fixed assets	(38,812)	(20,590)
Total cash invested	**(164,837)**	**(210,677)**
Cash received from investments (disposals and dividends)	97,871	145,681
Cash received from subsidiaries and associates (disposals and dividends)	7,228	5,884
Cash and cash equivalents (sold) through disposal of subsidiaries	–	(7,154)
Cash from disposal of property, plant and equipment and intangible fixed assets	16,397	46,872
Total cash received from investment activity	**121,496**	**191,283**
Net cash inflow/(outflow) related to investing activities (B)	**(43,341)**	**(19,394)**
Distributions paid to shareholders and general partners of parent company[(1)]	(2,596)	(57,662)
Distributions paid to non-controlling interests (Note 19)	(156,294)	(144,990)
(Repayment) of preference shares	–	(27,129)
Interest paid on perpetual subordinated debt	(14,172)	(17,619)
(Acquisition)/disposal of own shares and additional interests in subsidiaries	8,557	11,673
Net cash inflow/(outflow) related to financing activities (C)	**(164,505)**	**(235,727)**
Impact of exchange rate changes on cash and cash equivalents (D)	**(133,860)**	**180,269**
NET INFLOW/(OUTFLOW) OF CASH (A) + (B) + (C) + (D)	**483,983**	**(275,847)**
Net opening cash and cash equivalents (Note 21)	5,383,025	5,658,872
Net closing cash and cash equivalents (Note 21)	5,867,008	5,383,025
NET INFLOW/(OUTFLOW) OF CASH	**483,983**	**(275,847)**

(1) Distributions paid in 2020 comprise €2.6 million of profit share *(préciput)* automatically allocated to the general partners (R&Co Gestion and Rothschild & Co Commandité SAS).

The presentation of the cash flow statement was amended in the current period. For the purposes of comparison, the prior year was restated.

1 Highlights

1.1 COVID-19

The COVID-19 pandemic, and the action taken by governments around the world to tackle its effects, have created a significant amount of uncertainty, and the consequences and duration of the impacts are still unclear. This makes the exercise of judgment for accounting estimates particularly difficult for the current accounting period, and increases the range of uncertainty for the figures reported.

A summary of how the impact of the pandemic has been considered in making these judgments is as follows:

1.1.1 Fair values

Wherever possible, the Group continues to use observable market prices to value its investments. In response to market dislocation during the period, the Group increased the frequency of the Merchant Banking valuation cycles and provided updated valuations to its investors, as at the end of March, June and December 2020. The effects of these valuation updates are fully reflected in the accounts for the period. During the period, the method of valuation and the controls surrounding the valuations have not changed, although specific attention has been given to the earnings, reported and projected, of the portfolio companies in such an uncertain market scenario.

Merchant Banking considers the industry sectors most affected by the COVID-19 crisis to be leisure, travel, aviation, non-food retail of the “bricks and mortar” kind, automotive and energy. Its exposure to these sectors is very limited, being approximately 6.2% of its total portfolio. The MB portfolio has proven to be resilient so far to the impact of the COVID-19 pandemic, with the majority of the businesses in which it has invested increasing their valuations during the year thanks to the mission-critical nature of their services, their entrenched market positions and the recurring nature of their revenue streams. MB continues to manage its assets very carefully to ensure that they are adequately prepared to face future outbreaks of the pandemic, but, at the same time, are able to take advantage of the available growth opportunities.

Comprehensive disclosures about the assumptions used and the sensitivities of the valuations are made in section 4.5 Fair value disclosures.

1.1.2 Credit risk on loans to customers and accounts receivable

In line with the recommendations of regulatory authorities and of the IASB in light of COVID-19, the Group has reviewed the methodology and assumptions it uses for the measurement of expected credit losses. The adaptations made are described in section 4.2.2.1 Grouping of instruments for losses measured on a collective basis.

The LGD has been determined in large part through a review of the collateral held against loans made. Where the collateral is difficult to value following the COVID-19 market dislocations, adjustments have been made to its assumed value that reflect recent market movements.

Accounts receivable from the GA business are already reviewed on a quarterly basis, and these reviews during the period have, in particular, focused on individual debtors that could have been adversely affected by the effects of the pandemic. The provisioning process is explained further in section 4.2.3 Credit risk management of other financial assets.

1.1.3 Moratoriums

Some borrowers in the corporate loan book have taken advantage of opportunities to postpone scheduled loan payments, known as moratoriums, following the onset of the COVID-19 crisis. The terms of the moratoriums granted by the Group to its clients vary from country to country. In France, for example, since March 2020, six-month moratoriums have been permitted on all outstanding corporate loans, with no specific granting conditions. During 2020, moratoriums granted by the whole Group were mainly for the corporate portfolio. As at December 2020, the majority of these moratoriums have expired. €34 million of moratoriums had not expired and were outstanding at year end. Under the terms of the moratoriums, interest continues to accrue and, in the absence of contradictory evidence, such a postponement is not automatically considered as a significant increase of credit risk (SICR), or a transfer into Stage 3. Postponement of payments are not considered as substantial modifications of the contractual cash flows of the loans, an event which would require derecognition of these loans.

1.1.4 Goodwill and intangible assets

Goodwill and intangible assets with an indefinite useful life are subject to an impairment test whenever there is any indication that their value may have diminished, and at least once a year. While the disruption related to COVID-19 does not in itself constitute an indication of impairment, the potential impact on the Group’s results and projections has been reflected in tests performed as at 31 December 2020 through consideration of stressed scenarios; these indicated no evidence of impairment.

1.1.5 Deferred tax assets

Deferred tax assets are recognised only if the relevant entity is likely to recover these assets. The Group only recognises deferred tax assets for losses carried forward after considering a projection of taxable income or expense of the relevant tax entities. As at 31 December 2020, the Group recognised deferred tax assets for losses carried forward only where recovery was probable after taking account of COVID-19 related uncertainties.

1.2 Changes of scope and adoption of new accounting policies

There are no significant changes in the consolidation scope in the twelve months ended 31 December 2020. There are also no changes in accounting standards which have a material impact on the Group's accounts.

2. Preparation of the financial statements

2.1 Information regarding the Company

The consolidated financial statements of the Group (i.e. Rothschild & Co SCA and its consolidated subsidiaries) for the twelve months ended 31 December 2020 are presented in accordance with IFRS in force at the reporting date, as adopted in the European Union by way of EC Regulation No. 1606/2002. The format used for the financial statements is a banking format. It is consistent with Recommendation No. 2017-02 of 2 June 2017 of the French Accounting Standards Authority (*Autorité des normes comptables*). The statements cover the period from 1 January 2020 to 31 December 2020.

The consolidated accounts have been approved by Rothschild & Co Gestion SAS, the Managing Partner of Rothschild & Co, and, for verification and control purposes, were considered by the Supervisory Board on 9 March 2021.

On 31 December 2020, the Group's holding company was Rothschild & Co, a French partnership limited by shares (*société en commandite par actions*), headquartered at 23 bis, avenue de Messine, 75008 Paris, France (Paris Trade and Companies Registry Number 302 519 228). The Company is listed on Euronext in Paris (Compartment A).

On 31 December 2020, the parent company of Rothschild & Co SCA was Rothschild & Co Concordia SAS, whose registered office is at 23 bis, avenue de Messine, 75008 Paris, France.

The Group has a worldwide presence and operates three main businesses: Global Advisory, Wealth and Asset Management, and Merchant Banking.

2.2 General principles

The notes to the accounts have been prepared having taken into account the understanding, relevance, reliability, comparability and materiality of the information provided. The Group has adequate resources to continue in operational existence for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

2.3 Changes to accounting standards

The following amendments to IFRS have been adopted for the first time in the EU for accounting periods starting from 1 January 2020:

2.3.1 Interest rate benchmark reform

The replacement of IBORs (Interbank Offered Rates), including LIBOR, with alternative risk-free rates is expected to happen after 2021. The Group, through the Group Asset and Liability Committee (Group ALCO), continues to monitor regulatory and market developments to evaluate the impact of this on its products, services and processes. Given the nature of the Group's businesses and the relatively limited exposure to long-term IBOR rates, there are not expected to be any significant issues resulting from IBOR transition for the Group or its clients.

In September 2019, the IASB published the Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS17), which clarifies the way to account for hedging relationships during the period of uncertainty linked to the IBOR reform. It does not have a material impact on our current hedging relationships.

In August 2020, the IASB published the Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), which mainly focuses on changes in contractual cash flows. The IASB allows entities to not derecognise or adjust the carrying amount of financial instruments to reflect the changes required by the reform, but rather to update the effective interest rate to reflect the change in the alternative reference rate. The Group decided not to adopt the Phase 2 amendments early and therefore will apply them from 1 January 2021.

2.3.2 Definition of material (amendments to IAS 1 and IAS 8)

These amendments are intended to facilitate the exercise of judgment during the preparation of financial statements, particularly when selecting the information to be presented in the notes. They introduced the notion of obscuring, and advise against disclosing excessive information that is not helpful to the primary users of the accounts. The definition of what is material is carefully considered when preparing the Group's accounts.

2.4 Forthcoming changes to accounting standards and reporting requirements

IFRS 17 Insurance contracts (applicable for periods starting on 1 January 2023, after adoption by the European Union for application in Europe) is not expected to have any effect on the Group.

In accordance with the option granted by the applicable regulation, the Company has elected to postpone by one year the publication of the financial annual report in accordance with the European single electronic format (ESEF) as defined by the European Delegated Regulation 2019/815 amended by the Delegated Regulation 2020/1989.

2.5 Subsequent events

Agreement to acquire Banque Pâris Bertrand

On 16 December 2020, the Group announced that its Wealth Management business had entered into an agreement to acquire Banque Pâris Bertrand. The transaction is expected to complete in the summer of 2021, subject to regulatory approvals and other customary conditions.

Banque Pâris Bertrand is a renowned private bank with headquarters in Switzerland and offices in Geneva and Luxembourg. Banque Pâris Bertrand's client base consists of wealthy families, family offices and institutional investors, primarily from Switzerland, as well as other markets in Europe.

Following this acquisition, client assets for the Rothschild & Co Wealth Management business in Switzerland will reach over CHF 20 billion (from around CHF 14 billion as at 30 September 2020).

This transaction does not affect the accounts as at 31 December 2020.

3. Accounting policies

3.1 Consolidation method

3.1.1 Financial year end of the consolidated companies

For this reporting period, the financial statements of the Group are drawn up to 31 December 2020 and consolidate the financial statements of the Company and its subsidiary undertakings. At each closing date, the Group draws conclusions from past experience and all relevant factors relating to its business.

Rothschild & Co and the majority of its subsidiaries are consolidated on the basis of a financial reporting date of 31 December 2020. A few entities report on the basis of a different financial reporting date. However, if a material subsequent event occurs between the closing date of these subsidiaries and 31 December, this event is accounted for in the consolidated financial statements of the Group as at 31 December.

3.1.2 Subsidiaries

Subsidiaries are all entities which are controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with that entity and has the ability to affect those returns through its power over that entity.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date on which the Group acquires control and cease to be consolidated from the date that control ceases.

3.1.3 Associates and joint arrangements

Associates are companies over whose financial and operational decisions the Group exercises significant influence but not control (this is generally demonstrated when the percentage of voting rights is equal to or greater than 20% but less than or equal to 50%).

Joint arrangements are where two or more parties, through a contractual arrangement, have joint control over the assets and liabilities of an arrangement. Depending on what those rights and obligations are, the joint arrangement will either be a joint operation (where the parties subject to the arrangement have rights to the assets and obligations for the liabilities of the arrangement) or a joint venture (where the parties subject to the arrangement have rights to the net assets of the arrangement).

The Group's investments in associated undertakings are initially recorded at cost. Subsequently, they are increased or decreased by the Group's share of the post-acquisition profit or loss, or by other movements reflected directly in the equity of the associated undertaking, such as dividends paid or translation movements. Positive goodwill arising on the acquisition of an associated undertaking is included in the cost of the investment (net of any accumulated impairment loss).

3.1.4 Business combinations and goodwill

Business combinations are accounted for using the acquisition method specified by IFRS 3 Business Combinations. Thus, upon initial consolidation of a newly acquired company, the identifiable assets acquired, liabilities assumed and any contingent liabilities of the acquired entity are measured at fair value in accordance with the provisions of IFRS. The costs directly attributable to business combinations are recognised in the income statement for the period.

Contingent cash consideration can be included in the acquisition cost at its fair value on the acquisition date, even if its payment is not certain. In this case, it is recognised as a liability in the balance sheet, and any subsequent adjustments to its value are booked in the income statement in accordance with IFRS 9. However, sometimes arrangements are made in which contingent payments for acquiring a company are made to a vendor who is an employee, and these can be forfeited if the employee leaves voluntarily. In this case, these contingent payments are not considered as part of the acquisition cost. Instead, these payments are accounted for as a post-purchase staff expense.

Goodwill in an associate or subsidiary represents the excess, at the date of acquisition, of an acquisition's cost over the fair value of the Group's share of net identifiable assets acquired. Identifiable intangible assets are those which can be sold separately or which arise from legal rights, regardless of whether those rights are separate. If the fair value exceeds the cost, the difference ("negative goodwill") is immediately recognised in the income statement. All necessary valuations of assets and liabilities must be carried out within twelve months of the date of acquisition, as must any corrections to the value based on new information.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised, but is tested annually for impairment, or more frequently when circumstances indicate that its carrying amount may be too high. Goodwill is allocated to cash-generating units for the purposes of impairment testing. If the value of each of the cash-generating units is insufficient to support its carrying value, then the goodwill is impaired. Impairment losses on goodwill are recognised in the income statement and are not reversed.

Results from subsidiaries acquired during the financial year are included from their acquisition dates and income from subsidiaries sold is included up to their disposal dates.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3.1.5 Non-controlling interests

For all business combinations, the Group assesses non-controlling interests as either:

- based on its share of the fair value of the identifiable assets and liabilities at the date of the acquisition, without recognising the goodwill for non-controlling interests (partial goodwill method); or
- at fair value at the date of acquisition. Consequently, the recognition of the goodwill is allocated to Group share and to non-controlling interests (full goodwill method).

On the date an entity is acquired, any stake in this entity already held by the Group is revalued at fair value through profit or loss, because taking control is accounted for as a sale and repurchase of the shares previously held.

In the event of an increase in the Group's stake in entities over which it already exercises control, the difference between the price paid for the additional stake and the fair value of the share of net assets acquired on this date is booked in the Group's reserves as a reallocation from non-controlling interests to other equity. In the same way, any reduction in the Group's stake in an entity which it continues to control is accounted for as an equity transaction between shareholders. On the date when the Group loses control of a consolidated subsidiary, any investment retained in the former subsidiary is revalued at fair value through the income statement.

3.1.6 Contracts to purchase non-controlled shares in subsidiaries

Where non-controlling shareholders have a contract to sell their equity interests in a subsidiary to the Group, the Group applies the anticipated-acquisition method of accounting for the interests that it did not already own. This means that the contract is accounted for as if the non-controlling shareholders had sold their shares to the Group, even though legally they are still NCoI. This happens regardless of how the exercise price is determined (e.g. fixed or variable) and how likely it is that the contract will be exercised. Where the deferred consideration is linked to a put option, not a forward purchase, the Group recognises changes in the carrying amount of the liability in equity, including the accretion of interest.

3.2 Accounting principles and valuation methods

3.2.1 Accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies. The key areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the accounts, include:

Valuation of financial assets and liabilities

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value used to measure a financial instrument is, where available, the listed price when the financial instrument is listed on an active market. In the absence of an active market, fair value is determined using measurement techniques.

A description of the valuation techniques used; analysis of assets and liabilities carried at fair value by valuation hierarchy; and a sensitivity analysis of valuations not primarily based on observable market data is provided in section 4.5 of the financial statements.

Impairment of financial assets at amortised cost

The Group uses judgments when recognising the Expected Credit Losses (ECL) for financial assets at amortised cost. This applies in particular to the assessment of significant increases in credit risk (SICR), and to the models and assumptions used to measure ECL. Management determines the size of the impairment allowance required using a range of factors such as the realisable value of any collateral; the likely recovery on liquidation or bankruptcy; the viability of the customer's business model; and their capacity to trade successfully out of financial difficulties and generate sufficient cash flow to service debt obligations.

The accuracy of the allowances made depends on how accurately the Group estimates future cash flows for credit-impaired financial assets (stage 3), in particular the fair value of any collateral, and the model assumptions and parameters used in determining allowances for financial assets classified in Stages 1 and 2. While this necessarily involves judgment, the Group believes that its allowances are reasonable and supportable.

A description of the methodology used for assessing collective impairments of the main instruments classified at amortised cost is provided in section 4.2.2.1 of the financial statements.

Pensions

Defined benefit obligations are calculated at least annually by independent actuaries using the projected unit credit method and the principal assumptions used are set out in Note 20. The assumptions that have the greatest impact on the measurement of the pension fund liability, along with their sensitivities, are also set out in Note 20.

Deferred tax

Deferred tax assets, including those in relation to tax losses carried forward, are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised. Further details are provided in Note 17.

Goodwill and intangible assets with indefinite lives

Goodwill and intangible assets with indefinite lives are assessed at least annually to determine whether they are impaired. The assessment includes management assumptions on future income flows and judgments on appropriate discount rates. Management performs sensitivity analysis of these assumptions as part of this assessment. Further details of management's assessment are contained in Note 10 and Note 11.

Provisions

From time to time the Group is involved in legal proceedings or receives claims arising from the conduct of its business. Based upon available information and, where appropriate, legal advice, provisions are made where it is probable that an outflow of resources will be required and the amount can be reliably estimated.

Consolidation of structured entities

The Group manages some structured entities in the form of funds in which the Group's own money is also invested. In these situations, a judgment must be made whether there is a need to consolidate these funds or not. The judgment is explained further in Note 18.

3.2.2 Foreign currency transactions

The consolidated financial statements are presented in euros, which is the Company's functional currency and the Group's reporting currency. Items included in the financial statements of each of the Group's subsidiaries and associates are measured using their functional currency. The functional currency is the currency of the primary economic environment in which the entity operates.

Income statements and cash flows of foreign entities are translated into the Group's reporting currency at closing exchange rates for each month, where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Their balance sheets are translated at the exchange rate at the end of the period. Exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. On disposal or substantive disposal of a foreign entity, these translation differences are recognised in the income statement as part of the gain or loss on sale.

Translation differences on equities classified as FVTPL are reported as part of the fair value gain or loss in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

The table below shows at each quarter end the main exchange rates against the euro that were used to prepare the consolidated accounts.

	2020			2019		
	GBP	CHF	USD	GBP	CHF	USD
1 January	**0.8522**	**1.0860**	**1.1214**	**0.8938**	**1.1288**	**1.1439**
31 March	0.8840	1.0603	1.1003	0.8617	1.1175	1.1225
30 June	0.9088	1.0654	1.1251	0.8955	1.1107	1.1382
30 September	0.9083	1.0772	1.1745	0.8847	1.0871	1.0902
31 December	**0.8992**	**1.0804**	**1.2281**	**0.8522**	**1.0860**	**1.1214**

3.2.3 Financial assets and liabilities – classification and measurement

Initial recognition

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial instruments are recognised when the Group becomes a party to the contractual provisions. Under IFRS, regular way purchases and sales can be recognised on the trade or the settlement date. A regular way purchase is a purchase of a financial asset under a contract whose terms require delivery of the asset within an established time frame (for example, T+2). The Group applies trade date accounting for the purchase and sale of securities. Trade date accounting means that the purchase or sale is recognised on the day when the Group commits to purchase or sell the securities. For FX spot contracts, the Group applies settlement date accounting. Settlement date accounting means that the contract is only recognised at the point of delivery.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in section 3.2.4 Financial assets – impairment. Interest income from these financial assets is included in “Interest income” using the effective interest method.

Financial assets at fair value through other comprehensive income (FVOCI)

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument’s amortised cost, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net banking income. Interest income from these financial assets is included in “interest income” using the effective interest method.

On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in OCI. This election is made on an investment-by-investment basis. Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that meet the criteria for the classification of amortised cost or FVOCI, but which are managed, and whose performance is evaluated, on a fair value basis, are measured at FVTPL on a designated basis.

Financial assets that do not meet the criteria for the classification of amortised cost or FVOCI are measured at FVTPL on a mandatory basis.

These financial assets are recognised at fair value, with transaction costs recorded immediately in the income statement, and they are subsequently measured at fair value. Gains and losses arising from changes in fair value, or on derecognition, as well as interests and dividends from financial assets at FVTPL are recognised in the income statement as net gains or losses on financial assets at FVTPL.

Business model assessment

When considering classification, the Group’s assessment of the business model in which an asset is held is made at the portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, the Group considers whether management’s strategy focuses on earning interest revenue; maintaining a particular interest profile; matching the duration of the financial assets to the duration of the liabilities that are funding those assets; or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated, e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods; the reason for such sales; and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group’s stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amounts and timing of cash flows;
- prepayment and extension terms;
- leverage features;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

A prepayment compensation is considered as reasonable, and therefore SPPI compliant, when the amount is calculated as a percentage of the outstanding amount of the loan and is capped by regulations. For example, in France, compensation for the prepayment of mortgage loans by individuals is legally capped at an amount equal to six months of interest or 3% of the principal outstanding, and this is treated as SPPI.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except when the Group changes its business model for managing financial assets.

Financial liabilities

Financial liabilities are carried at amortised cost using the effective interest rate method, except for derivatives that are classified as fair value through profit or loss on initial recognition (unless designated as cash flow hedges).

3.2.4 Financial assets – impairment

Scope of application

The Group recognises loss allowances for Expected Credit Loss (ECL) on the following financial instruments that are not measured at FVTPL:

- loans, advances and debt securities;
- accounts receivable;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

Credit risk and provisioning stages

IFRS 9 outlines a three-stage model for impairments based on changes in credit quality since initial recognition, as summarised below:

- A financial instrument that is not credit impaired on initial recognition is classified in Stage 1.
- If a significant increase in credit risk (SICR) since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit impaired. See below for a description of how the Group determines when an SICR has occurred.
- If the financial instrument is credit impaired, the financial instrument is then moved to Stage 3.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of the lifetime ECL that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on ECL on a lifetime basis. See below for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- Purchased or originated credit-impaired (POCI) financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

For the accounts receivable, the Group uses a simplified approach, under which impairments are calculated as the lifetime ECL from initial recognition, regardless of any changes in the counterparty's credit risk.

The key judgments and assumptions adopted by the Group in addressing the requirements of the standard are disclosed below.

Significant increase in credit risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, which are based on the Group's credit risk management process. The Group has decided that an SICR is indicated if the relevant credit committee decides that the credit rating of a financial asset is Category 2 or 3.

Financial instruments are often considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments. For fee income receivable by the GA business, the Group has rebutted this presumption and it considers that a significant increase is experienced only after 90 days past due. This rebuttal is based on historical experience of payments and is in line with the internal provisioning process (more detail is in section 4.2.2.1).

The Group has not used the low credit risk exemption for any financial instruments in the period.

Definition of credit impairment and default

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt instruments at FVOCI are credit impaired (Stage 3). When an asset is considered as credit impaired, it is also considered to be in default. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated cash flows of the financial asset have occurred.

Objective evidence that a financial asset or group of assets is credit impaired includes the following observable data:

- significant financial difficulty of the issuer;
- a breach of contract, such as a default or delinquency in repayment of interest or principal;
- granting to the borrower, for economic or legal reasons relating to its financial difficulty, a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

A financial asset that is classified as credit impaired (Stage 3) has a credit rating of Category 4 or 5 (more detail on credit rating is given in 4.2.1).

Measurement of expected credit loss

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit impaired (Stage 1 & 2) at the reporting date: measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit impaired (Stage 3) at the reporting date: measured as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

ECL is the discounted product of the following factors:

ECL = Probability of Default (PD) x Exposure at Default (EAD) x Loss Given Default (LGD)

The PD represents the likelihood of a borrower defaulting on its financial obligation (based on the definition of default in our accounting principles), either over the next twelve months (12m PD), or over the remaining lifetime (lifetime PD) of the obligation.

The EAD is based on the amount the Group expects to be owed at the time of default, over the next twelve months (12m EAD) or over the remaining lifetime (lifetime EAD). The Group derives the EAD from the current exposure to the counterparty.

LGD is the percentage of the exposure likely to be lost if there is a default. The Group estimates LGD parameters informed by historical recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral and recovery cost of any collateral that is provided to secure the financial asset. For loans secured by property, LTV ratios are a key parameter in determining LGD.

These parameters are generally derived from internally developed models and other historical data.

Presentation of allowance for ECL in the balance sheet

Loss allowances for ECL are presented in the balance sheet as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the balance sheet because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

The Group writes off financial assets (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

3.2.5 Derivative instruments and hedge accounting

Derivatives

Derivatives are entered into for trading or risk management purposes. Derivatives used for risk management are recognised as hedging instruments when they qualify as such under IAS 39. According to the transitional provisions of IFRS 9, the Group made the choice to maintain the IAS 39 provisions related to hedge accounting.

Derivatives are initially recognised at fair value and are subsequently measured at fair value with changes in fair value recognised in the income statement. If there is a designated hedging relationship between a hedging instrument and a hedged item, the recognition of the profit or loss on the hedging instrument and the hedged instrument must comply with the conditions of IAS 39, depending on the hedging relationship.

Hedge accounting

The Group may apply hedge accounting when transactions meet the criteria set out in IAS 39. At the inception of the hedge, the Group assesses whether the hedging derivatives meet the effectiveness criteria of IAS 39 in offsetting changes in the fair value or cash flows of the hedged items. The Group then documents the relationship between the hedging instrument and the hedged item. It also records its risk management objectives, its strategy for undertaking the hedge transaction and the methods used to assess the effectiveness of the hedging relationship.

After inception, effectiveness is tested on an ongoing basis. Hedge accounting is discontinued when it is determined that a derivative has ceased to be highly effective, or when the derivative or the hedged item is derecognised, or when the forecast transaction is no longer expected to occur.

Fair value hedge accounting

Changes in value of fair value hedge derivatives are recorded in the income statement, together with fair value changes to the underlying hedged item in respect of the risk being hedged.

If the hedge no longer meets the criteria for hedge accounting, the difference between the carrying value of the hedged item on termination of the hedging relationship and the value at which it would have been carried had the hedge never existed is amortised to the income statement over the residual period to maturity based on a recalculated effective interest rate.

Net investment hedge in foreign operations

Hedges of net investments in foreign operations are accounted for in a similar way to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are transferred to the income statement when the foreign operation is disposed of.

3.2.6 Derecognition

The Group derecognises a financial asset when:

- the contractual rights to cash flows arising from the financial assets have expired; or
- it transfers the financial asset, including substantially all of the risks and rewards of the ownership of the asset; or
- it transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of the asset, but no longer retains control of the asset.

If a sale is followed by an immediate buyback and the Group considers that it has substantially retained the risks and rewards of ownership, it would not derecognise the asset.

3.2.7 Securitisation transactions

The Group may enter into funding arrangements with lenders in order to finance specific financial assets.

In general, the assets from these transactions are held on the Group's balance sheet on origination. However, to the extent that substantially all the risks and returns associated with the assets have been transferred to a third party, the assets and liabilities are derecognised in whole or in part.

Interests in securitised financial assets may be taken in the form of senior or subordinated tranches of debt securities, or other residual interests. The Group makes an assessment of whether the tranches held meet the SPPI criteria. A critical point to consider is whether the given tranche has a credit rating that is higher than the underlying portfolio of assets. Those which do (generally the senior tranches) can be classified as amortised cost. Those which do not (generally the junior tranches) must be classified as FVTPL.

3.2.8 Intangible assets

Intangible assets include software, intellectual property rights and assets acquired through business combinations such as brands, contracts to earn management fees, and client relationships. These are carried at historical cost less amortisation, if any, and less any accumulated impairment losses.

For assets with a definite life, amortisation is charged over the useful economic life of the asset, which is determined case by case based on the asset or contract. Contracts to earn management fees are amortised in line with income earned from the contracts; otherwise a straight-line amortisation method is used. The intangible assets which have a definite useful life are reviewed at each reporting date to determine whether there is objective evidence of impairment. If such evidence exists, an impairment test is performed.

The Group's acquired brands have been considered to have an indefinite life and are not amortised; instead they are subject to an annual impairment test.

3.2.9 Tangible assets

Tangible assets comprise plant, property and equipment and are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the given asset. The deemed cost refers to the situation in which, on transition to IFRS, the Group elected to consider the fair value of a tangible asset at that time to be its deemed cost.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write down the cost of assets to their residual values over their estimated useful lives, as follows:

Computer equipment	2 – 10 years
Cars	3 – 5 years
Fixtures and fittings	3 – 10 years
Leasehold improvements	4 – 24 years
Buildings	10 – 60 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These gains and losses are recognised in the income statement, in "net income/(expense) from other assets".

3.2.10 Impairment of tangible assets

At each balance sheet date, or more frequently where events or changes in circumstances dictate, tangible assets are assessed for indications of impairment. If such indications are present, these assets are subject to an impairment review. If impaired, the carrying values of assets are written down by the amount of any impairment and the loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss relating to a fixed asset may be reversed when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset could then increase up to the amount that it would have been had the original impairment not been recognised.

3.2.11 Provisions and contingent liabilities

Provisions are recognised only when the Group has a present obligation (legal or constructive) as a result of past events. In addition, it must be probable that a transfer of economic benefits will be required to settle the obligation, and it must also be possible to make a reliable estimate of the amount of the obligation.

Contingent liabilities can be possible obligations arising from past events whose existence will be confirmed by one or more uncertain future events not wholly within the Group's control. Alternatively, they could be present obligations that are not recognised either because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be reliably estimated. Contingent liabilities are disclosed unless the possibility of a transfer of economic benefits is remote.

3.2.12 Pensions

The Group operates a number of pension and other post-retirement benefit schemes, both funded and unfunded, and of the defined benefit and defined contribution types.

For defined contribution schemes, the contribution payable in respect of the accounting period is recognised in the income statement.

Remeasurement gains and losses for defined benefit schemes are recognised outside the income statement and are presented in the statement of comprehensive income.

The amount recognised in the balance sheet in respect of defined benefit schemes is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of the plan's assets. Independent actuaries calculate the defined benefit obligation at least annually, using the projected unit credit method. The obligations' present values are determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currencies in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

3.2.13 Revenue from contracts with customers

The Group earns fee and commission income from a range of services it provides to clients. Fee income generated by the Group can be categorised into the two broad categories below, depending upon the timing of the relevant service.

Point in time services

These fees are earned from providing services for which revenue is earned only when the service has been completed, i.e. once a performance obligation has been satisfied. Examples include a payment for advisory services that will only be made after the successful completion of a mandate, or an asset management performance fee which relies on meeting a specified return over a specified period. Revenue is recognised when it is highly probable that there will not be a significant reversal of the revenue in future. To minimise subjectivity and enhance comparability from year to year, the revenue is only recognised by the Group when a performance obligation has been contractually met.

Services provided over time

These are fees earned from services that are provided over a period of time. Examples in the WAM business include asset management fees related to investment funds as well as income from wealth management, financial planning and custody services that are continuously provided over an extended period of time. For GA, these services include advisory services paid upfront or on a retainer basis. Revenue is recognised over the period in which the services are provided, once one of the following occurs:

i) the customer consumes the benefits provided by the Group and another entity would not need to substantially re-perform the work that the Group has completed to date; or

ii) the Group has an enforceable right to payment for performance completed to date.

The amount of fee and commission income is based on consideration specified in a legally enforceable contract. The revenue recognised for each mandated service represents a market price, and consideration received is allocated to the separately identifiable performance obligations in the contract.

Fees and commissions that are an integral part of a loan, and loan commitment fees for loans that are likely to be drawn down, are deferred (together with related direct costs) and recognised over the life of the loan as an adjustment to the effective interest rate.

Costs can sometimes be charged to the client in the course of a mandate. Where recoverable, these are recognised as a receivable when incurred and do not impact profit or loss when recovered.

3.2.14 Interest income and expense

Interest receivable and payable includes interest arising from the lending and deposit-taking business, interest on related hedging transactions and interest on debt securities, as well as discounting of lease and other liabilities. Interest on all financial instruments, excluding those classified as held for trading or designated at fair value through profit or loss, is recognised in the income statement using the effective interest rate method.

Where negative interest arises from financial assets, the negative interest income is disclosed within interest expense. Where negative interest arises from financial liabilities, the negative interest expense is disclosed within interest income.

The effective interest rate is the rate that exactly discounts the estimated future cash flows of a financial instrument to its net carrying amount. It is used to calculate the amortised cost of a financial asset or a financial liability and to allocate the interest over the relevant period (usually the expected life of the instrument). When calculating the effective interest rate, the Group considers all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes any premiums or discounts, as well as all fees and transaction costs that are an integral part of the loan.

3.2.15 Carried interest

The Group is entitled to receive carried interest in relation to certain of the private equity and private debt funds that it manages. Carried interest receivable is accrued if the performance conditions associated with earning it would be achieved, on the assumption that the remaining assets in the fund were realised at the balance sheet date at fair value. Fair value is determined using the valuation methodology applied by the Group in its role as manager to its funds and is measured at the balance sheet date. An accrual is made equal to the Group's share of profits in excess of the performance conditions, taking into account any cash already paid to the fund's investors and the fair value of assets remaining in the fund.

Certain employees may also hold classes of share capital which give them a right to receive carried interest from investments managed by the Group. Where such carry shares held by staff are in an investment vehicle which is not consolidated, the interests of the staff are reflected in a reduced investment return of the Group's own interests. Where the carry shares held by staff are in a vehicle which is consolidated, the interests of the staff are treated as non- controlling interests of the Group. The valuation of the interests held by staff is calculated at the balance sheet date using the same method as the valuation of the Group's interests, as described above.

3.2.16 Long-term incentive schemes

Long-term profit share schemes

The Group operates long-term profit share schemes for the benefit of employees. The costs of such schemes are recognised in the income statement over the period in which the services are rendered that give rise to the obligation. Where the payment of profit share is deferred until the end of a specified vesting period, and the payment is contingent of the employee working until the vesting period ends, then the deferred amount is recognised in the income statement over the period up to the date of vesting.

Share-based payments

The Group has issued share options which are treated as equity-settled share-based payments. These are valued at the date they are granted to employees and that value is recognised in staff costs over the vesting period, with a corresponding adjustment to shareholders' equity. The fair value is calculated on the basis of the overall plan value at the date of grant. In the absence of any market for the Group's stock options, models are used to value the share-based payments. The only assumptions revised after the initial measurement, and hence resulting in a revaluation of the expense, are those relating to the probability that employees will leave the Group.

The Group also pays certain employees using non-cash instruments in the form of R&Co shares (which are also treated as equity-settled share-based payments), or cash awards linked to the value of R&Co shares (which are treated as cash-settled share-based payments). Equity-settled payments are valued at the date they are granted to employees and that value is recognised in staff costs over the vesting period. The cash-settled payments are also valued at the date they are granted, but the liability is then revalued in the income statement up to the point of settlement.

3.2.17 Taxation

Tax payable on profits and deferred tax are recognised in the income statement, except to the extent that they relate to gains and losses that are recognised in equity, in which case the relevant tax is also recognised in equity.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is determined using tax rates and laws that are expected to apply when a deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets, including the tax effects of income tax losses available for carry forward, are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax liabilities are provided on temporary differences arising from investments in subsidiaries and associates, unless the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

3.2.18 Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders at the Annual General Meeting or, in the case of interim dividends, when they are paid by the Company after decisions of the Managing Partner, Rothschild & Co Gestion.

3.2.19 Classification of debt and shareholders' equity

Under IFRS, the critical feature in differentiating a debt instrument from an equity instrument is the existence of a contractual obligation of the Group to deliver cash (or another financial asset) to another entity. Where there is no such contractual obligation, the Group will classify the financial instrument as equity; otherwise it will be classified as a liability and carried at amortised cost. The terms of the perpetual debt instruments issued by the Group permit interest payments to be waived unless discretionary dividends have been paid in the previous six months. These instruments are, therefore, considered to be equity. Equity securities issued by the Company are recorded within Capital and associated reserves. If they are issued by Group subsidiaries and held by parties outside the Group, these securities are recognised as non-controlling interests.

3.2.20 Fiduciary activities

The Group acts as custodian and in other fiduciary capacities that result in the holding or placing of assets on behalf of customers. These assets are excluded from the Group's financial statements, as they are not assets of the Group.

3.2.21 Leases

Accounting for leases as a lessee

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A lease conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract contains a lease, the Group assesses whether:

- the contract involves the use of an identified asset without a substantive substitution right given to the lessor.
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

The Group recognises a right of use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at the initial amount of the lease liability recognised, plus an estimate of costs to dismantle and restore the underlying asset, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method. The estimated useful lives of ROU assets usually match the expected term of the lease. The ROU asset may be adjusted if the lease liability is remeasured, and can be reduced by impairment losses, if applicable.

The lease liability is initially measured at the present value of the lease payments at the commencement date, discounted using the incremental borrowing rate in the region where the lease is held. Extension and termination options exist for a number of leases, particularly for rentals of offices. In determining the length of the lease term, extension and termination options are included in the assessment only where the Group is reasonably certain that these options will be exercised; this assessment looks beyond contractual terms and considers the broader economic context of the arrangements. In practice, it is rare that the Group will consider an option to be reasonably certain to exercise if it is due to be exercised over ten years in the future.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- any costs that the Group is reasonably certain to exercise relating to renewal or termination options on the lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset.

Short-term leases and leases of low-value assets

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, or leases of low-value assets, including most IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Accounting for leases as a lessor

Lessors in the Group continue to classify leases as finance or operating leases. A finance lease is a lease that transfers substantially all of the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

In some jurisdictions, the Group is a lessor of finance leases. When the Group holds assets subject to a finance lease, the present value of the lease payments is recognised as a receivable and the originally held asset is derecognised. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised in interest income over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

4. Financial risk management

4.1 Governance

The risks relating to financial instruments, and the way in which these are managed by the Group, are described below. A description of the Group's governance environment is provided in the Report on Corporate Governance section of the Management Report in the annual report.

4.2 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group.

4.2.1 Credit rating

The Group reviews credit exposures on financial assets on a quarterly basis and for this purpose they are classified as follows:

Category	Definition	Mapping to IFRS 9 three-stage model for impairment
Category 1	Exposures which are considered to be fully performing.	Stage 1
Category 2	Exposures where the payment of interest or principal is not currently in doubt, but which require closer observation than usual, due perhaps to some deterioration in the position of the client. Examples include: poor trading results; difficult conditions in the client's market sector; competitive or regulatory threats; or the potential impact from currency or other factors. Unimpaired GA receivables which are past due over 90 days are included in this category.	Stage 2
Category 3	Exposures where there has been further deterioration in the position of the client compared to Category 2. Although the exposure is not considered to be impaired, the relationship requires close monitoring by the front office team.	Stage 2
Category 4	Exposures that are considered to be impaired and which carry a provision against part of the loan. At least some recovery is expected to be made.	Stage 3
Category 5	Exposures that are considered to be impaired and which carry a full provision. No significant recovery of value is expected.	Stage 3

All Group companies map their own credit monitoring to these categories for the purposes of Group reporting.

The tables below disclose the maximum exposure to credit risk at 31 December 2020 and at 31 December 2019 for financial assets with exposure to credit risk, without taking account of collateral held or other credit risk mitigation. Following a review during the period of exposures that are classified as Category 1 to 3, certain changes have been made to enhance consistency between judgments made by different credit committees, and some comparative categories throughout section 4.2.1, 4.2.2 and 4.2.3 have been adjusted as at December 2019 to enhance comparability.

Allowances against commitments and guarantees are included in "Provisions for counterparty risk" (Note 15).

In millions of euros	Category 1	Category 2	Category 3	Category 4	Category 5	Impairment allowance	31/12/2020
Cash and amounts due from central banks	4,697.4	–	–	–	–	–	4,697.4
Financial assets at FVTPL(1)	213.1	–	–	–	–	–	213.1
Loans and advances to banks	2,250.8	–	–	–	–	–	2,250.8
Loans and advances to customers	3,445.4	8.7	3.9	77.9	12.8	(57.5)	3,491.2
Debt at amortised cost	1,347.3	–	–	–	–	(0.5)	1,346.8
Other financial assets	375.9	17.6	–	5.8	17.9	(24.4)	392.8
Subtotal assets	**12,329.9**	**26.3**	**3.9**	**83.7**	**30.7**	**(82.4)**	**12,392.1**
Commitments and guarantees	895.7	–	–	–	–	n/a	895.7
TOTAL	**13,225.6**	**26.3**	**3.9**	**83.7**	**30.7**	**(82.4)**	**13,287.8**

(1) Including hedging derivatives and excluding equities, for which credit risk does not apply

In millions of euros	Category 1	Category 2	Category 3	Category 4	Category 5	Impairment allowance	31/12/2019
Cash and amounts due from central banks	4,382.1	–	–	–	–	–	4,382.1
Financial assets at FVTPL(1)	147.8	5.4	–	–	–	–	153.2
Loans and advances to banks	2,001.7	–	–	–	–	–	2,001.7
Loans and advances to customers	3,223.4	9.4	5.3	67.6	16.3	(58.0)	3,264.0
Debt at amortised cost	1,521.7	–	–	–	–	(0.8)	1,520.9
Other financial assets	436.6	27.8	–	14.3	17.8	(27.8)	468.7
Subtotal assets	**11,713.3**	**42.6**	**5.3**	**81.9**	**34.1**	**(86.6)**	**11,790.6**
Commitments and guarantees	845.9	–	–	–	–	n/a	845.9
TOTAL	**12,559.2**	**42.6**	**5.3**	**81.9**	**34.1**	**(86.6)**	**12,636.5**

(1) Including hedging derivatives and excluding equities, for which credit risk does not apply.

4.2.2 Credit risk exposure

4.2.2.1 Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions calculated on a collective basis, a grouping of exposures is performed on the basis of risk characteristics that are shared by exposures.

Lending by the R&Co Group is primarily focused on supporting the WAM business by way of lending to private clients, against portfolios of securities (Lombard lending) or by way of mortgages against residential properties. In addition, there is a French portfolio of corporate exposures which includes some sector specialisations (this equates to €227 million of the total in the balance sheet as at December 2020 (December 2019: €345 million). The UK commercial legacy book continues to run off and is now down to less than €25 million net of provisions (less than €30 million as at December 2019).

The majority of the Private Client Lending (PCL) books are secured and there is no historical record of losses for these. Nevertheless, we have adopted a conservative approach to measuring losses on a collective basis for these loans, based on assumptions of PD and LGD for different loan types. The approach for the remaining book, which generally comprises a larger number of smaller loans, does have some loss data, and this has been factored into the IFRS 9 calculations.

PCL LOMBARD AND MORTGAGE LOANS

The Group has a history of very low defaults on its Lombard and mortgage loans made by PCL, and the PD and the LGD have been determined by the history of observed defaults alongside realistic downside scenarios based on management assessment.

For the Lombard loans, the LGD is estimated based on the amount of collateral held, and whether it is diversified or not, as well as the nature of the client and the potential difficulties of recovering the value of the collateral. In the base case for assessment of credit risk, the weighted average PD is 0.3% and the weighted average LGD is 6%.

For the mortgage loans, the LGD is estimated considering the value of the properties which are mortgaged, and varies based on the LTV; the amount of costs likely to be incurred in recovering and realising any collateral; the nature of the client; and the potential difficulties of recovering the value of the collateral. In the base case, the weighted average PD is 1.7% and weighted average LGD is 5%.

In response to market disruption caused by COVID-19, the forward-looking estimates used to calculate ECL in the PCL book have been reviewed. The base case assumptions have been revisited, and additional provisions have been made as at December 2020 to reflect increased uncertainty under a stressed scenario. However, the Group still considers that there is a very low risk of a material loss from these loans.

OTHER LOANS TO CUSTOMERS

The Group also makes other loans to customers, mainly in the French corporate market and to fund real estate development. Other lending is also provided from time to time to support Asset Management and Merchant Banking activities of the Group. In response to COVID-19, the ECL in these businesses has been considered on a sector-by-sector basis, and, wherever significant, on a loan-by-loan basis. The basis of assessment of the PD and LGD for each sector has been informed by historical losses, combined with a forward-looking judgment of the ways the current situation may increase the level of future losses.

Because of the relatively small size of this portfolio, especially any part which is not assessed for credit risk on an individual basis, the Group does not use a model to estimate correlations between the macroeconomic variables and the probability of default. For loans where there is no obvious sign of distress, or for loans which are too small for individual review, additional top-down management overlays have been made in cost of risk to reflect increases in the credit risk which are not possible to detect at an individual level.

DEBT AT AMORTISED COST

For debt securities in the treasury portfolio, S&P credit ratings are used to determine the ECL. These published ratings are monitored and updated daily. The 12m and lifetime PDs associated with each rating are determined based on realised default rates, also published by S&P. To estimate the LGD, the Group has used the Basel III LGD, which is 45% for senior debt.

The assumptions underlying the ECL calculation are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

4.2.2.2 Maximum exposure to credit risk – financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance might be recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets. As explained in section 4.2.1, some comparative Stages have been adjusted as at December 2019 to enhance comparability. The credit risk exposure of other financial assets is shown in section 4.2.3.

In millions of euros	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	31/12/2020	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	31/12/2019
Gross carrying amount								
Loans and advances to banks	2,250.8	–	–	2,250.8	2,001.7	–	–	2,001.7
PCL loans to customers	3,141.3	2.9	0.1	3,144.3	2,809.8	0.2	7.7	2,817.7
Other loans to customers	304.1	9.7	90.6	404.4	413.6	14.5	76.2	504.3
Securities at amortised cost	1,347.3	–	–	1,347.3	1,521.6	–	–	1,521.6
TOTAL	**7,043.5**	**12.6**	**90.7**	**7,146.8**	**6,746.7**	**14.7**	**83.9**	**6,845.3**
Loss allowance								
Loans and advances to banks	–	–	–	–	–	–	–	–
PCL loans to customers	(2.3)	(0.0)	(0.1)	(2.4)	(1.7)	(0.0)	(4.8)	(6.5)
Other loans to customers	(1.6)	(1.5)	(52.0)	(55.1)	(1.2)	(7.8)	(42.5)	(51.5)
Securities at amortised cost	(0.5)	–	–	(0.5)	(0.7)	–	–	(0.7)
TOTAL	**(4.4)**	**(1.5)**	**(52.1)**	**(58.0)**	**(3.6)**	**(7.8)**	**(47.3)**	**(58.7)**
Net carrying amount								
Loans and advances to banks	2,250.8	–	–	2,250.8	2,001.7	–	–	2,001.7
PCL loans to customers	3,139.0	2.9	–	3,141.9	2,808.1	0.2	2.9	2,811.2
Other loans to customers	302.5	8.2	38.6	349.3	412.4	6.7	33.7	452.8
Securities at amortised cost	1,346.8	–	–	1,346.8	1,520.9	–	–	1,520.9
TOTAL	**7,039.1**	**11.1**	**38.6**	**7,088.8**	**6,743.1**	**6.9**	**36.6**	**6,786.6**

For loans to customers, the cost of risk in the year was €4.4 million and the movement in the loss allowance of Stage 1, 2 and 3 loans is further explained in the table below. Additionally, the movement in all loss allowances is shown in “Impairments” (Note 16).

Information on how the ECL is measured and how the three stages above are determined is provided in “Expected credit loss measurement”, section 3.2.4.

MOVEMENT IN LOSS ALLOWANCE OF TOTAL LOANS TO CUSTOMERS

In millions of euros	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL
Loss allowance at beginning of period	**(2.9)**	**(7.8)**	**(47.3)**	**(58.0)**
Movements with P&L impact				
(Charge)	(0.9)	(0.7)	(11.4)	(13.0)
Release	–	0.5	8.1	8.6
Total net P&L (charge)/release during the period	**(0.9)**	**(0.2)**	**(3.3)**	**(4.4)**
Movements with no P&L impact				
Transfers	–	6.4	(6.4)	–
Written off	–	–	4.0	4.0
Exchange	(0.1)	0.1	0.9	0.9
LOSS ALLOWANCE AT END OF PERIOD	**(3.9)**	**(1.5)**	**(52.1)**	**(57.5)**

At the start of the year, a loss allowance of €6.4 million held against a portfolio of legacy loans was transferred from Stage 2 to Stage 3, reflecting the classification of the underlying portfolio. Changes in the gross amounts of loans to customers had a relatively insignificant effect on the Stage 1 and the Stage 2 allowances in the period.

No loans have been classified as purchased or originated credit impaired (POCI) assets.

The table below shows the ageing of loans to customers which are past due as at 31 December 2020 and at 31 December 2019. As explained in section 4.2.1, some comparative data has been adjusted as at December 2019 to enhance comparability.

LOANS TO CUSTOMERS WHICH ARE PAST DUE

In millions of euros	31/12/2020	31/12/2019
Less than 30 days past due	46.1	104.0
Between 30 and 90 days past due	4.7	8.2
Over 90 days past due	0.8	2.9
TOTAL	**51.6**	**115.1**

4.2.2.3 Collateral

The Group holds collateral against loans to customers, as substantially all third-party commercial lending is secured. The majority of collateral is in the form of charges over property assets, or over marketable securities (Lombard lending). There is a realistic possibility, if necessary, of both taking possession of, and realising, the collateral.

Stage 1 and 2 loans are usually covered by collateral, and the level of collateral at exit is expected to be sufficient to cover the balance sheet exposure. Where a loan is deemed to be impaired (Stage 3), the level of the impairment charge is primarily driven by any expected shortfall in the collateral value, though it is also influenced by the ability of the borrower to service the debt.

Collateral is valued independently at the time the loan is made and periodically thereafter. Management is able to roll forward a valuation between these events via a combination of specific knowledge of the collateral and the application of general indices.

The table below gives an estimate of the fair value of collateral held by the Group as security against its loans to customers that are credit impaired. For each loan, the value of collateral disclosed is capped to the nominal amount less provision of the loan that it is held against.

In millions of euros	31/12/2020 Stage 3 loans	31/12/2019 Stage 3 loans
Tangible assets collateral	36.5	35.9
Financial assets collateral	0.3	0.1
TOTAL	**36.8**	**36.0**
Gross value of credit-impaired loans	90.7	83.9
Impairment	(52.1)	(47.3)
Net value of loans	**38.6**	**36.6**
% of Stage 3 loans covered by collateral	95%	98%

4.2.3 Credit risk management of other financial assets

Other financial assets mainly contain trade receivables from the GA and WAM businesses. For these assets, the Group applies a simplified approach to the calculation of impairments. This means that the loss allowance is always measured at an amount equal to the asset's lifetime ECL. Therefore, the concept of a significant increase in credit risk is not applicable to these assets. Fee income is widespread in terms of location and of sector, so concentration risk is not significant.

The Group considers a receivable to be in default when the borrower is unlikely to pay the Group in full. For each GA office, a quarterly review is conducted by local management and the GA Global Finance Director of any outstanding receivables where there is any concern over recovery, as well as any receivable over 90 days. This review determines if the receivable should be impaired and ensures that impairments are made, or not made, consistently around the Group.

Management has reviewed historical payment behaviour and believes on this basis that receivables less than 90 days overdue have, prima facie, an immaterial risk of not being recoverable in full. These receivables are therefore classified as Category 1 in our internal credit risk table, unless there are specific reasons to consider them doubtful. Management considers that all individual unimpaired receivables over 90 days past due merit assessment for potential credit losses, in addition to more recent debts which are known to have credit issues. These receivables are considered to be on a watchlist. Where these are not impaired, management provides a percentage of all these assets to reflect losses that might be expected to eventually arise. The provision percentage takes account of both historical experience and management's assessment of future potential losses.

The table below shows the ageing of other financial assets and the associated provisions as at 31 December 2020 and at 31 December 2019.

		31/12/2020			31/12/2019		
In millions of euros	Credit risk category classification	% total gross exposure	Gross carrying amount	Lifetime ECL	% total gross exposure	Gross carrying amount	Lifetime ECL
Not impaired							
Current to 90 days past due	Category 1	90%	375.9	–	88%	436.6	–
90 – 180 days past due	Category 2	2%	8.8	(0.1)	4%	21.3	(0.3)
180 days – 1 year past due	Category 2	1%	4.1	(0.2)	1%	4.5	(0.4)
more than 1 year past due	Category 2	1%	4.7	(0.5)	0%	2.0	(0.3)
Impaired							
Partially impaired	Category 4	1%	5.8	(5.7)	3%	14.3	(9.0)
Fully impaired	Category 5	4%	17.9	(17.9)	4%	17.8	(17.8)
TOTAL		**100%**	**417.2**	**(24.4)**	**100%**	**496.5**	**(27.8)**

The movements in the loss allowance are disclosed in "Impairments" (Note 16).

4.2.4 Further credit risk analysis

The tables below show an analysis of credit risk by location and by sector as at 31 December 2020 and 31 December 2019.

4.2.4.1 Credit risk by location

Location for loans and advances is measured by reference to the location of the borrower. Debt securities are recorded based on the location of the issuer of the security.

In millions of euros	France	Switzerland	UK and Channel Islands	Rest of Europe	Americas	Australia and Asia	Other	31/12/2020
Cash and amounts due from central banks	1,815.4	2,850.1	–	31.9	–	–	–	4,697.4
Financial assets at FVTPL[1]	42.6	35.1	37.7	85.8	9.9	1.6	0.4	213.1
Loans and advances to banks	1,160.6	25.7	609.2	183.7	207.5	53.2	10.9	2,250.8
Loans and advances to customers	1,704.8	247.7	863.7	420.5	128.8	71.6	54.1	3,491.2
Debt at amortised cost	314.5	19.0	250.5	432.3	270.3	60.2	–	1,346.8
Other financial assets	135.0	13.3	39.4	110.9	72.2	11.2	10.8	392.8
Subtotal assets	**5,172.9**	**3,190.9**	**1,800.5**	**1,265.1**	**688.7**	**197.8**	**76.2**	**12,392.1**
Commitments and guarantees	542.6	30.6	99.2	202.2	16.7	2.0	2.4	895.7
TOTAL	**5,715.5**	**3,221.5**	**1,899.7**	**1,467.3**	**705.4**	**199.8**	**78.6**	**13,287.8**

(1) Including hedging derivatives and excluding equities, for which credit risk does not apply.

In millions of euros	France	Switzerland	UK and Channel Islands	Rest of Europe	Americas	Australia and Asia	Other	31/12/2019
Cash and amounts due from central banks	1,994.8	2,336.3	–	51.0	–	–	–	4,382.1
Financial assets at FVTPL[1]	52.2	28.3	21.2	35.1	16.1	0.3	–	153.2
Loans and advances to banks	1,099.7	58.6	316.2	244.9	214.2	49.1	19.0	2,001.7
Loans and advances to customers	1,629.0	173.8	825.4	392.7	116.2	78.0	48.9	3,264.0
Debt at amortised cost	398.8	6.6	397.5	425.7	228.7	63.6	–	1,520.9
Other financial assets	192.0	15.9	63.8	110.5	43.2	20.5	22.8	468.7
Subtotal assets	**5,366.5**	**2,619.5**	**1,624.1**	**1,259.9**	**618.4**	**211.5**	**90.7**	**11,790.6**
Commitments and guarantees	469.0	48.9	65.0	237.0	14.0	9.8	2.2	845.9
TOTAL	**5,835.5**	**2,668.4**	**1,689.1**	**1,496.9**	**632.4**	**221.3**	**92.9**	**12,636.5**

(1) Including hedging derivatives and excluding equities, for which credit risk does not apply.

4.2.4.2 Credit risk by sector

In millions of euros	31/12/2020	%	31/12/2019	%
Cash and amounts due from central banks	4,697.4	35%	4,382.1	35%
Credit institutions	3,244.0	24%	3,005.6	24%
Households	3,060.2	23%	2,697.8	21%
Other financial corporations	757.0	6%	677.4	5%
Real estate	533.1	4%	531.3	4%
Short-term fee income receivable (diversified customers)	342.1	3%	365.4	3%
Liquid debt securities (other sectors)	182.1	1%	269.5	2%
Government[1]	123.8	1%	308.9	2%
Other	348.1	3%	398.5	3%
TOTAL	**13,287.8**	**100%**	**12,636.5**	**100%**

(1) The "Government" exposure predominantly consists of high-quality government securities.

The sectors above are based on NACE classification codes (Nomenclature of Economic Activities), and other categories used for FINREP regulatory reporting.

Short-term accounts receivable and liquid debt securities, issued by non-financial corporations and held for treasury management, are exposed to various diversified sectors. Any exposure to these sectors is not thought by management to pose a significant sectoral risk, and in the case of short-term assets is not expected to be indicative of sectoral concentration for these assets in future. Therefore, these exposures are not analysed further in this section.

4.3 Market Risk

Market risks associated with treasury and equity positions are described below with a description of the levels of risk. Market risk management is covered in the Internal control, risk management and accounting procedures section of the Management Report in the annual report.

4.3.1 Equity investments

The Group has exposure to equity price risk through holdings of equity investments by its Merchant Banking business and through holding other equities, including those issued by mutual funds. The Group is also exposed to the risks affecting the companies in which it invests. Each MB investment is individually approved by management and is monitored on an individual basis.

If the price of these equities were to fall by 5% at 31 December 2020, then there would be a post-tax charge to the income statement of €54.7 million (31 December 2019: €55.1 million).

The table below shows the Group's equity price risk in relation to these instruments, by location.

In millions of euros	31/12/2020	%	31/12/2019	%
France	466.2	39%	470.6	39%
Rest of Europe	318.9	27%	281.7	24%
United Kingdom and Channel Islands	243.9	21%	223.1	19%
Americas	91.0	8%	123.9	10%
Australia and Asia	25.6	2%	55.3	5%
Other	36.0	3%	40.4	3%
TOTAL	**1,181.6**	**100%**	**1,195.0**	**100%**

4.3.2 Currency risk

The Group has exposure to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. The table below summarises exposure to foreign currency exchange rate risk. The net positions in the table are measured by reference to the net carrying amounts of monetary assets and liabilities other than those in a subsidiary's functional currency, and are shown after taking account of positions in derivatives.

In millions of euros	31/12/2020 Long/(short)	31/12/2019 Long/(short)
USD	42.1	36.3
EUR	11.2	13.9
GBP	(1.8)	(4.6)
CHF	2.7	0.1
Other	(5.9)	1.4

If the euro strengthened against these currencies by 5%, then the effect on the Group would be a loss to the income statement of €0.4 million (31 December 2019: gain of €0.2 million).

4.3.3 Interest rate risk

Interest rate risk is the risk to earnings or capital arising from movements in interest rates. Management of interest rate risk is covered in the Internal control, risk management and accounting procedures section of the Management Report in the annual report.

Because of the nature of its business, only the banking entities in the Group are exposed to significant interest rate risk. The Group calculates Interest Rate Risk in the Banking Book (IRRBB) in line with the EBA requirements. The following table sets out the results of the EVE (Economic Value of Equity) stress tests for each prescribed stress scenario, as a percentage of tier 1 capital. This illustrates the low level of interest rate risk that the Group's banking entities and, on a consolidated basis, the R&Co Group is exposed to, even under these severe stress tests.

The top section shows the results based on the assumption that sight deposits re-price overnight. It demonstrates the limited exposure to interest rate risk, which results from the Group's focus on private banking, as well as the very limited fixed-rate long-term lending exposures taken on in this activity.

There is, however, some interest rate risk for certain sight deposits which behave as 0% fixed non-maturity deposits. As a result of this, the Group behaviourally adjusts sight deposits in RMM, given the requirements of the French regulator along with the expectation that some of these deposits will behave in the same way as a fixed-rate liability. On the other hand, and in the light of RMM's deposits being of a largely private banking nature, these deposits are not considered to be very long term. Therefore, the Group behaviourally adjusts the stable amount linearly over five years with the non-stable amount re-fixing over three months. The results of this approach for RMM, and its impact on the Group, are set out in the lower half of the table. No behavioural adjustments are applied for IRRBB in the Group's other banks, because these are not required by the local regulators and, given the market flexibility to charge negative rates combined with the higher average deposit size, this is not appropriate at the current time.

IRRBB EVE results of the prescribed six shock scenarios as at 31 December 2020 are as follows. The table is not audited.

	Parallel up	Parallel down	Short rate up	Short rate down	Steepener	Flattener
Assumption: All sight deposits reprice overnight						
RMM	(5.9)%	1.5%	(4.5)%	1.5%	0.2%	(2.9)%
R&CoBZ	(2.6)%	2.9%	(2.2)%	2.3%	1.0%	(1.5)%
R&CoBI	(1.3)%	0.9%	(1.3)%	0.9%	0.7%	(1.0)%
Group	**(1.5)%**	**0.7%**	**(1.2)%**	**0.6%**	**0.2%**	**(0.8)%**
Assumption: Maturities of the stable portion of RMM sight deposit are behaviourally adjusted						
RMM	25.0%	(4.4)%	14.6%	(4.3)%	(2.4)%	7.4%
R&CoBZ	(2.6)%	2.9%	(2.2)%	2.3%	1.0%	(1.5)%
R&CoBI	(1.3)%	0.9%	(1.3)%	0.9%	0.7%	(1.0)%
Group	**4.4%**	**(0.4)%**	**2.4%**	**(0.5)%**	**(0.3)%**	**1.2%**

4.4 Liquidity risk

4.4.1 Liquidity

Liquidity risk arises from the mismatch between the legal maturity of assets and liabilities. Management of liquidity risk is covered in the Internal control, risk management and accounting procedures section of the Management Report in the annual report.

The Group continues to take a conservative approach to the management of liquidity risk and R&Co retains a very strong liquidity position at 31 December 2020 of €8.7 billion, which is 59% of gross assets and 90% of deposits.

Liquidity assets held by the Group consist mainly of amounts at central banks and banks (€6.9 billion) and investment grade debt securities (€1.8 billion). These debt securities are closely monitored and the holdings and limits for the weaker credits have been reduced where considered necessary. Overall there is limited exposure to securities in the BBB range of €119 million. Regarding sectors, the majority of the exposure is to financials and supranationals. Corporate exposure is €182 million and is reasonably well diversified across sectors and counterparties.

Movements in customer deposits are all as expected in the normal course of business and the core client deposit book has remained stable over the period to December 2020.

Each of the Group's banks maintains low loan-to-deposit ratios and a significant amount of high-quality liquidity, for example central bank deposits, to ensure they maintain a minimum level of 20% of all client deposits in cash or assets readily realisable into cash within 48 hours. Set out below are the regulatory liquidity coverage ratios (LCR) of the Group's banks, all of which are well in excess of the regulatory minimum of 100%. The reduction in the LCR of Rothschild Martin Maurel from the very high level at 31 December 2019 was due to a managed reduction in amounts placed with central bank.

The figures are taken from regulatory returns, but are not audited.

Liquidity coverage ratios (LCRs)	31/12/2020	31/12/2019
Rothschild & Co Bank AG Zurich	146%	140%
Rothschild Martin Maurel	146%	223%
Rothschild & Co Bank International Limited	335%	231%

The Group also retains a strong liquidity position in the central holding companies and other operating businesses.

4.4.2 Contractual maturity

The following table shows the Group's financial assets and liabilities, analysed by remaining contractual maturity at the balance sheet date.

In millions of euros	Demand – 1m	1m – 3m	3m – 1yr	1yr – 2yr	2yr – 5yr	>5 yr	No contractual maturity	31/12/2020
Cash and balances at central banks	4,697.4	–	–	–	–	–	–	4,697.4
Financial assets at FVTPL[1]	486.3	40.3	100.5	30.9	195.1	406.4	135.2	1,394.7
Securities at amortised cost	55.5	158.9	396.8	530.7	135.2	69.7	–	1,346.8
Loans and advances to banks	1,763.4	433.9	49.3	4.0	–	0.2	–	2,250.8
Loans and advances to customers	856.8	412.1	711.8	567.4	642.0	301.1	–	3,491.2
Other financial assets	301.0	81.0	7.0	2.0	1.0	0.8	–	392.8
TOTAL	**8,160.4**	**1,126.2**	**1,265.4**	**1,135.0**	**973.3**	**778.2**	**135.2**	**13,573.7**
Financial liabilities at FVTPL	20.0	14.2	108.0	1.0	–	–	–	143.2
Hedging derivatives	0.0	0.1	0.5	1.2	1.8	2.4	–	6.0
Due to banks and other financial institutions	152.6	2.0	2.7	7.0	210.7	138.5	–	513.5
Due to customers	9,765.3	36.7	52.8	3.4	13.3	1.6	–	9,873.1
Debt securities in issue	9.5	–	–	–	–	–	–	9.5
Lease liabilities	4.6	6.3	26.5	34.4	97.9	58.8	–	228.5
Other financial liabilities	124.2	7.3	1.9	0.8	3.4	–	–	137.6
TOTAL	**10,076.2**	**66.6**	**192.4**	**47.8**	**327.1**	**201.3**	**–**	**10,911.4**
Loan and guarantee commitments given	895.7	–	–	–	–	–	–	895.7

(1) Including hedging derivatives.

Loan and guarantee commitments given are disclosed in the period in which they could first be drawn down. The undiscounted cash flows of liabilities and commitments are not materially different from the amounts disclosed in the contractual maturity table above.

4.5 Fair value disclosures

4.5.1 Fair value hierarchy

For financial reporting purposes, IFRS 13 requires fair value measurements which are applied to financial instruments to be allocated to one of three Levels, reflecting the extent to which the valuation is based on observable data.

Level 1: instruments quoted on an active market

Level 1 comprises instruments whose fair value is determined based on directly usable prices quoted on active markets. This mainly consists of listed securities and derivatives traded on organised markets (futures, options, etc.) whose liquidity can be demonstrated, as well as shares of funds where the value is determined and reported daily.

Level 2: instruments measured based on valuation models which use observable inputs other than quoted prices

Level 2 comprises instruments not directly quoted on an active market, measured using a standard valuation technique incorporating parameters that are either directly observable (prices) or indirectly observable (price derivatives) through to maturity.

Level 3: instruments measured using models that are not commonly used and/or that draw on non-observable inputs

Level 3 comprises instruments which are measured, at least in part, on the basis of non-observable market data which is liable to materially impact the valuation.

4.5.2 Valuation techniques used

4.5.2.1 Assets mostly held at fair value through profit or loss

EQUITY SECURITIES

In the absence of a price available on an active market, an equity security is considered to be Level 3 if a significant adjustment is made to parameters that are observable. Where no significant adjustment is made to those observable parameters, the security is classed as Level 2.

The normal measurement techniques of equity securities held by the Group either directly, or within its managed funds, are:

- **TRANSACTION MULTIPLES**

The preferred measurement technique is based on transaction multiples. This technique uses recent transactions in the sector under consideration. Multiples are established based on the enterprise value (EV) of comparable transactions and accounting measures such as EBITDA (earnings before interest, tax, depreciation and amortisation), EBIT or profit, which are applied to the asset to be measured.

Transaction multiples often reflect a premium which is a consequence of the negotiation activity carried out during the transaction. MB therefore applies a marketability discount to transaction multiples used to value positions retained in the portfolio. Such marketability discounts are higher where MB retains a minority position in the portfolio company and cannot independently trigger a disposal. For the purpose of the IFRS 13 fair value hierarchy, the marketability discount is considered as an unobservable input, and, where significant, would lead to a Level 3 valuation.

- **OTHER EARNINGS MULTIPLES**

This consists of applying a multiple to the earnings of the company to be valued. It is based on multiples from a sample of listed companies, which are in the peer group of the company to be valued. The earnings multiples used might be EV/EBITDA, EV/EBIT and the price/earnings ratio (PER).

Companies in the selected peer group must operate in a similar sector to that of the target company. They are of a relatively comparable size and have similar growth prospects. Specific factors may also be taken into account in the selection, including country, regulatory aspects specific to each market, and the presence or otherwise of related business activities.

The value of the peer group companies is obtained by adding together the market capitalisation, net financial debt, and non-controlling interests, based on the most recently available financial data.

Stock exchange multiples are calculated excluding any control premium. The valuation is made from the point of view of a non-controlling shareholder. However, if the investment to be valued is not listed, the lack of liquidity relative to listed companies in the peer group may be reflected through an illiquidity discount. For the purpose of the valuation hierarchy, such an illiquidity discount is considered as an unobservable discount, and, where significant, would mean the valuation is considered as a Level 3 valuation.

INVESTMENTS IN PRIVATE EQUITY FUNDS WHICH HOLD INSTRUMENTS AT AMORTISED COST

Investments which give a share of underlying assets held by a fund are classified as Level 2 where the value of underlying assets are considered to be Level 2.

SHARES IN EXTERNAL FUNDS

Shares of private equity funds or investments managed by third parties, for which the manager and third-party assessor have published a net asset value, may use a valuation technique incorporating parameters that are not directly observable, or using observable inputs with a significant adjustment which is not observed. Where it is not clear that the valuations have been performed using only observable inputs, the external funds are assumed to be Level 3.

CREDIT MANAGEMENT PRODUCTS

Junior and subordinated tranches of securitised vehicles held directly by the Group are valued using prices obtained from active brokers and/or dealers. Transactions do not necessarily occur at the indicated prices due to the nature of the securities held and their usually low transaction volume. Therefore, these are considered to be Level 2.

The Group has invested in a credit investment company which invests in subordinated CLO tranches. These are valued by a third-party valuation provider using discounted cash flow (DCF) techniques giving a “mark to model” valuation which uses software to estimate future cashflows, based on a number of assumptions. Some of these assumptions, of which the default and recoverability rates are considered the most significant, are unobservable inputs, so this instrument is considered to be Level 3.

Other credit management investments consist mainly of investment funds and managed accounts. The majority of these are valued based on market prices, and are considered to be Level 2.

DERIVATIVES

The fair value of derivatives is predominantly derived from prices or quotations of other Level 1 and Level 2 instruments, through standard market extrapolation or interpolation or through corroboration by real transactions. Fair value can also be derived from other standard techniques and models. The most frequently used measurement model is the DCF technique. The values derived from these models are materially affected by the measurement assumptions used, such as the amounts and settlement dates of future cash flows, the discount rates and solvency. When those parameters are determined on the basis of directly observable inputs, the derivatives are classified in Level 2.

4.5.2.2 Assets mostly held at amortised cost

LOANS TO/DUE TO BANKS AND CUSTOMERS

Loans to customers and their associated interest rates are compared, by maturity, with similar recent transactions and are usually held as Level 2. In the event of a material difference in interest rates or any other factor indicating that an asset's fair value is materially different from the net carrying amount, the fair value is adjusted accordingly. To determine an asset's fair value, the Group estimates the counterparty's default risk and calculates the sum of future cash flows, taking into account the debtor's financial standing.

Repurchase agreements and amounts due to banks and customers are valued using a DCF technique, the discount rate of which is adjusted for the appropriate credit margin.

Impaired loans where the carrying value is determined by a DCF, using best estimates of recoverable cash flows, are classified as Level 3.

DEBT SECURITIES AND DEBT SECURITIES IN ISSUE

Debt securities are predominantly government bonds, corporate debt securities, senior tranches of securitised mortgage-backed securities, senior tranches of collateralised loan obligations, and certificates of deposit. They can be classified in Level 1 if listed, or Level 2 when external prices for the same security can be regularly observed from a reasonable number of market makers that are active in this security, but these prices do not represent directly tradable prices (when supplied, for example, by consensus pricing services or active brokers and/or dealers). Where prices are not directly observable in the market, a DCF valuation is used. The discount rate is adjusted for the applicable credit margin determined by similar instruments listed on an active market for comparable counterparties.

4.5.3 Fair value of financial instruments

Carried at amortised cost

	31/12/2020				
In millions of euros	**Carrying value**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets					
Cash and amounts due from central banks	4,697.4	4,697.4	–	4,697.4	–
Securities at amortised cost	1,346.8	1,347.1	1,277.7	69.4	–
Loans and advances to banks	2,250.8	2,250.8	–	2,250.8	–
Loans and advances to customers	3,491.2	3,493.5	–	3,484.9	8.6
TOTAL	**11,786.2**	**11,788.8**	**1,277.7**	**10,502.5**	**8.6**
Financial liabilities					
Due to banks and other financial institutions	513.5	539.4	–	539.4	–
Due to customers	9,873.1	9,873.1	–	9,873.1	–
Debt securities in issue	9.5	9.5	–	9.5	–
TOTAL	**10,396.1**	**10,422.0**	**–**	**10,422.0**	**–**

In millions of euros	Carrying value	Fair value	Level 1	Level 2	Level 3
	31/12/2019				
Financial assets					
Cash and amounts due from central banks	4,382.1	4,382.1	–	4,382.1	–
Securities at amortised cost	1,520.9	1,519.7	1,446.4	73.3	–
Loans and advances to banks	2,001.7	2,001.7	–	2,001.7	–
Loans and advances to customers	3,264.0	3,257.5	–	3,253.8	3.7
TOTAL	**11,168.7**	**11,161.0**	**1,446.4**	**9,710.9**	**3.7**
Financial liabilities					
Due to banks and other financial institutions	448.6	469.2	–	469.2	–
Due to customers	9,486.6	9,486.6	–	9,486.6	–
Debt securities in issue	3.2	3.2	–	3.2	–
TOTAL	**9,938.4**	**9,959.0**	**–**	**9,959.0**	**–**

Carried at fair value

In millions of euros	TOTAL	Level 1	Level 2	Level 3
	31/12/2020			
Financial assets				
Mutual funds	474.1	452.8	21.3	–
Other financial assets at FVTPL	810.8	120.3	216.6	473.9
Derivative financial instruments	109.8	–	109.8	–
TOTAL	**1,394.7**	**573.1**	**347.7**	**473.9**
Financial liabilities				
Derivative financial instruments	149.2	–	147.3	1.9
TOTAL	**149.2**	**–**	**147.3**	**1.9**

In millions of euros	TOTAL	Level 1	Level 2	Level 3
	31/12/2019			
Financial assets				
Mutual funds	580.0	557.7	22.3	–
Other financial assets at FVTPL	713.8	96.6	592.3	24.9
Derivative financial instruments	54.4	–	54.4	–
TOTAL	**1,348.2**	**654.3**	**669.0**	**24.9**
Financial liabilities				
Derivative financial instruments	77.2	–	77.2	–
TOTAL	**77.2**	**–**	**77.2**	**–**

4.5.4 Fair value Level 3 disclosures

Movement in Level 3 assets

The following table presents the movement in assets valued using Level 3 valuation methods in the period. All changes in value are recorded in the income statement in Net gains/(losses) on financial instruments at fair value through profit or loss. The majority of valuation changes are unrealised.

In millions of euros	Funds and other equities	Bonds and other fixed income securities	TOTAL
As at 1 January 2020	**23.2**	**1.7**	**24.9**
Transfer into Level 3	439.9	–	439.9
Transfer (out of) Level 3	(42.1)	–	(42.1)
Total gains or losses for the period included in income statement	27.4	0.7	28.1
Additions	91.0	–	91.0
Disposals	(65.4)	(1.0)	(66.4)
Other movements	(1.5)	–	(1.5)
AS AT 31 DECEMBER 2020	**472.5**	**1.4**	**473.9**

In the valuation hierarchy described above, the Group has an accounting policy of classifying its unquoted investments as Level 2 when the significant inputs to the valuation are observable. When there are significant unobservable inputs to the valuation, these valuations are classified as Level 3. Since the end of 2019, in the context of the growing importance of the Merchant Banking business to Rothschild & Co and the volatility of markets in the year to date, the Group has benchmarked its fair value Levels against other quoted companies and reassessed the materiality or otherwise of the unobservable elements in the valuations. During this exercise, the Group compared the extent to which the inputs for valuations are considered to be observable or not, as well as the point at which they were significant enough to cause a valuation to be in Level 3. The Group has not changed its valuation method during the year; nevertheless, following this exercise, certain assets with a value of €440 million were reclassified at the beginning of the year from Level 2 to Level 3.

Disclosure about the inputs to the valuation of Level 3 assets, including the elements which are unobservable, are made below.

The following table summarises the inputs and assumptions used for equities categorised as Level 3 assets. Where the equity investment by the Group is in a managed fund or in a portfolio managed by a third party, the valuation method refers to the valuation of the underlying investments of that fund, of which the Group has a proportionate interest.

Investment	Value 31/12/2020 (in €m)	Valuation method	Weighted average pre-discount	
			31/12/2020	31/12/2019
Investment in unquoted equity, managed by the Group	339.0	Earnings multiple	14.3x	15.3x
Investment in MB fund, investing in external funds	72.7	NAV based on an external valuation	n/a	n/a
Investment in fund, managed by external providers	24.9	NAV based on an external valuation	n/a	n/a
Holding in credit investment company	34.8	Mark to model	n/a	n/a
Other	1.1	n/a	n/a	n/a
Total	**472.5**			

Investment	Value 31/12/2020 (in €m)	Main unobservable input	Weighted average pre-discount	
			31/12/2020	31/12/2019
Investment in unquoted equity, managed by the Group	339.0	Marketability and liquidity discount	8.6%	9.2%
Investment in MB fund, investing in external funds	72.7	External valuation parameters	n/a	n/a
Investment in fund, managed by external providers	24.9	External valuation parameters	n/a	n/a
Holding in credit investment company	34.8	Recoverability and default rate	2.0%	2.0%
Other	1.1	n/a	n/a	n/a
Total	**472.5**			

Out of the €472 million of FVTPL equity securities classified in Level 3 as at 31 December 2020, €339 million are investments made by the Group in managed funds, where the underlying instruments are valued using an earnings multiple or by an external valuation. The main unobservable input is the liquidity/marketability discount taken off valuations which have been calculated using earnings multiples. These reflect the difference in value between (i) a comparable liquid share whose value can be observed; or (ii) a comparable asset valued as part of an executed transaction; and an asset retained in a portfolio. In general, if the discount for an asset were 15% rather than 10%, the valuation used by R&Co would be 15% lower than that calculated using the earnings multiple, rather than 10% lower. To further quantify the fair value sensitivity of these investments, the Group has determined the impact in the event of a fall of 5% in the carrying value of the underlying instruments. In such an event, there would be a pre-tax charge to the income statement of €19.3 million, or 5.7% of this type of asset.

Additionally, €98 million are investments in funds, for which the underlying assets are subject to a third-party valuation. Because full details of all the valuations are not available, the assumption is made that some elements may be unobservable, and so these are classified as Level 3; none of the underlying assets are individually material to the Group's accounts. To quantify the fair value sensitivity of these instruments, measured using unobservable inputs, the Group has determined the impact in the event of a fall of 5% in the carrying value. In such an event, there would be a pre-tax charge to the income statement of €5.0 million or 5.1%.

The main unobservable input to value the holding in the credit investment company is considered to be the default rate. If the average default rate was 2.5% instead of 2.0%, the value of the holding would fall by €0.9 million or 2.5%.

4.5.5 Selected controls in the valuation process

Merchant Banking

The calculation of fair value is subject to control procedures aimed at verifying that fair values are determined or validated by an independent function. Fair values determined by reference to external quoted prices or market parameters are validated by the relevant fund's valuation committee.

These committees review, at least twice a year, the valuation of the investments made by Merchant Banking.

The parameters of valuation that are reviewed in committee include the following:

- the consistency of the various sources;
- the consistency of the valuation assumptions and of the related adjustments (if any);
- the events that took place during the period which could affect the value; and
- the frequency with which the data is updated.

Merchant Banking funds are valued by their management companies in accordance with the International Private Equity and Venture Capital Valuation (IPEV) guidelines or other commonly acknowledged industry standards. As such, where applicable, these valuation committees act as the valuator under the Alternative Investment Fund Managers Directive (AIFMD) requirements.

In addition, the valuations of assets held by MB funds are reviewed and supported by statutory audits of those funds.

Valuation of derivatives

The Group's over-the-counter (OTC) derivatives (i.e. non-exchange traded) are valued using external valuation models. These models calculate the present value of expected future cash flows. The Group's derivative products are of a "vanilla" nature, such as interest rate swaps and cross-currency swaps; for these, the modelling techniques used are standard across the industry. Inputs to the valuation models are determined from observable market data, including prices available from exchanges, dealers, brokers or providers of consensus pricing.

Exchange traded derivatives are valued by the exchange on which they are traded, which asks for margin calls depending on the value.

5. Notes to the balance sheet

Note 1 – Financial instruments at fair value through profit or loss

Financial assets

In thousands of euros	31/12/2020	31/12/2019
Debt securities held for liquidity	33,944	28,929
Debt securities and loans to customers held for investment	69,320	69,880
Equity instruments held for investment	633,329	562,830
Equity instruments issued by mutual funds, held for liquidity	474,053	580,014
Other equity instruments	74,211	52,123
Financial assets mandatorily at fair value through profit or loss	**1,284,857**	**1,293,776**
Trading derivative assets (see Note 2)	**109,241**	**53,325**
TOTAL	**1,394,098**	**1,347,101**

Assets held for investment at FVTPL are held primarily by the Merchant Banking business. Equity instruments issued by mutual funds are predominantly money market and low risk debt funds. The presentation of assets at fair value through profit or loss has changed in the period to better reflect the way that the assets are managed, and comparatives have, therefore, also been adjusted.

Financial liabilities

In thousands of euros	31/12/2020	31/12/2019
Trading derivative liabilities (see Note 2)	**143,223**	**70,735**
TOTAL	**143,223**	**70,735**

Note 2 – Derivatives

Trading derivatives

In thousands of euros	31/12/2020			31/12/2019		
	Notional principal	Of which: asset	Of which: liability	*Notional principal*	Of which: asset	Of which: liability
Firm interest rate contracts	*182,762*	55	9,175	*234,780*	175	1,946
Conditional interest rate contracts	*12,813*	–	241	*19,500*	5	106
Firm foreign exchange contracts	*12,372,498*	107,629	130,398	*9,236,039*	51,956	67,117
Conditional foreign exchange contracts	*437,457*	1,557	1,551	*337,989*	1,189	1,175
Other swaps	*7,100*	–	1,858	*7,100*	–	391
TOTAL	***13,012,630***	**109,241**	**143,223**	***9,835,408***	**53,325**	**70,735**

Hedging derivatives

In thousands of euros	31/12/2020			31/12/2019		
	Notional principal	Of which: asset	Of which: liability	*Notional principal*	Of which: asset	Of which: liability
Firm interest rate contracts	*99,010*	–	5,973	*98,000*	–	6,434
Firm foreign exchange contracts	*94,605*	605	45	*27,200*	1,029	–
TOTAL	***193,615***	**605**	**6,018**	***125,200***	**1,029**	**6,434**

Fair value hedges

The Group holds a portfolio of medium and long-term fixed-rate customer loans and is, therefore, exposed to changes in fair value due to movements in market interest rates. The Group manages this risk exposure by entering into interest rate swaps whereby it pays fixed rates and receives floating rates. The Group applies hedge accounting to these derivatives, which it treats as fair value hedges.

Only the interest risk element is hedged; other risks, such as credit risk, are managed but not hedged by the Group. The interest rate risk component which is hedged is the change in fair value of the medium/long-term fixed-rate customer loans arising solely from changes in EONIA (the benchmark rate of interest). Such changes are usually the largest component of the overall change in fair value.

For the purposes of hedge accounting, efficiency tests are performed, prospectively at the date of designation and retrospectively at each balance sheet date, to ensure that there is no risk of over-coverage. The ineffectiveness of these hedges is considered immaterial and has therefore not been recognised in the income statement.

Most of these macro hedging swaps are carried out against EONIA and are intended to be held until maturity without periodic revision (i.e. they are non-dynamic).

The following table sets out the maturity profile and average fixed rate payable on the hedging instruments that are used in the Group's non-dynamic hedging strategies as at 31 December 2020.

	Total	Demand – 1 month	1m – 3m	3m – 1yr	1yr – 5yr	>5yr
Fair value hedges – interest rate swap						
Notional (in thousands of euros)	99,010	3,000	2,000	3,000	66,010	25,000
Average fixed interest rate paid	1.42%	3.10%	3.10%	3.24%	1.41%	0.88%

The following table contains details of the loans and advances to customers that are covered by the Group's hedging strategies.

In thousands of euros	31/12/2020	31/12/2019
Notional principal of hedging derivatives	99,010	98,000
Carrying amount of hedged fixed rate loans	392,344	399,106
Accumulated amount of fair value increases on the hedged loans	5,973	6,434
Increase/(decrease) in fair value of hedged loans during the year for effectiveness assessment	(460)	630

Net investment hedges

A foreign currency exposure arises from a net investment in subsidiaries that have a different functional currency from that of the Group. The risk arises from the fluctuation in spot exchange rates between the functional currency of the subsidiaries and the Group's functional currency, which causes the amount of the net investment to vary. This risk may have a significant impact on the Group's financial statements. The Group's policy is to hedge these exposures only when not doing so would be expected to have a significant impact on the regulatory capital ratios of the Group and its banking subsidiaries.

The hedged risk in the Group's net investment hedges is the risk of weakening exchange rates against the euro that would result in a reduction in the carrying amount of the Group's net investment in its Swiss franc subsidiaries.

The Group uses forward foreign exchange contracts as hedging instruments. The Group assesses effectiveness by comparing past changes in the fair value of the derivatives with changes in the fair value of a hypothetical derivative. Because the Group expects to hold the net investment for a period longer than the maturity of the forward foreign exchange contract, and the Group policy is to hedge only a portion of the net investment, any ineffectiveness is expected to be immaterial.

The following table sets out the maturity profile and average exchange rate on the forward foreign exchange contracts that are used in the Group's net investment hedging strategies as at 31 December 2020.

	Total	Demand – 1 month	1m – 3m	3m – 1yr	1yr – 5yr	>5yr
Net investment hedges – currency forward						
Notional (in thousands of euros)	37,022	–	–	37,022	–	–
Average EUR-CHF exchange rate	1.20	–	–	1.20	–	–

The following table contains details of the Group's net investment hedges.

In thousands of euros	31/12/2020	31/12/2019
Notional principal of hedging derivatives	37,022	–
Gain/(loss) in value of the hedged net investment during the period for effectiveness assessment	(935)	8,345
Cumulative foreign currency translation reserve gain/(loss) – continuing hedges	935	–
Cumulative foreign currency translation reserve (loss) – discontinuing hedges	(8,877)	(8,877)

The cumulative foreign currency reserve on discontinued hedges (negative €8.9 million) will only be transferred to the P&L if the Group disposes of the underlying foreign operations, for which no plans exist.

Cash flow hedges

A foreign currency exposure arises in operating divisions which have a cost base in a currency that is different to its functional currency. The risk arises from the fluctuation in future spot rates, which would cause volatility in the Group's income statement. This risk may have a significant impact on the financial statements of the Group or the affected business.

The Group has introduced a hedging programme in certain divisions to reduce the volatility caused by exchange rate movements, by entering into forward foreign exchange contracts. The derivatives (a cash flow hedge) are designated as a hedge of a probable forecasted transaction, being the foreign currency sterling costs of the operating division.

The hedged risk in the Group's cash flow hedges is the risk of a strengthening of sterling exchange rates against the euro that would result in a reduction in profit. Because the Group policy is to hedge only a portion of the cost base, any ineffectiveness is expected to be immaterial.

The following table sets out the maturity profile and average exchange rate on the forward foreign exchange contracts that are used in the Group's cash flow hedging strategies as at 31 December 2020.

	Total	Demand – 1 month	1m-3m	3m-1yr	1yr-5yr	>5yr
Cash flow hedges – currency forward						
Notional (in thousands of euros)	57,583	–	–	11,949	45,634	–
Average EUR-GBP exchange rate	0.92	–	–	0.92	0.92	–

The following table contains details of the Group's cash flow hedges.

In thousands of euros	31/12/2020	31/12/2019
Notional principal of hedging derivatives	57,583	27,200
Gain/(loss) in value of the hedged sterling cost base during the period for effectiveness assessment	412	238
Gain/(loss) in cash flow hedge reserve transferred to P&L	(412)	(327)

Note 3 – Securities at amortised cost

In thousands of euros	31/12/2020	31/12/2019
Debt securities at amortised cost – gross amount	**1,347,313**	**1,521,633**
Stage 1 – 2 allowances	(534)	(754)
TOTAL	**1,346,779**	**1,520,879**

Note 4 – Loans and advances to banks

In thousands of euros	31/12/2020	31/12/2019
Interbank demand deposits and overnight loans	810,238	927,905
Interbank term deposits and loans	405,773	400,615
Reverse repos and loans secured by bills	1,033,340	671,484
Accrued interest	1,481	1,710
Loans and advances to banks – gross amount	**2,250,832**	**2,001,714**
Allowance for credit losses	–	–
TOTAL	**2,250,832**	**2,001,714**

Note 5 – Loans and advances to customers

In thousands of euros	31/12/2020	31/12/2019
Overdrafts	119,990	169,662
PCL loans to customers	3,144,314	2,817,690
Other loans to customers	266,738	315,011
Accrued interest	17,636	19,665
Loans and advances to customers – gross amount	**3,548,678**	**3,322,028**
Stage 1 – 2 allowances	(5,363)	(10,687)
Stage 3 allowances	(52,074)	(47,340)
Allowance for credit losses	**(57,437)**	**(58,027)**
TOTAL	**3,491,241**	**3,264,001**

Credit risk on loans to customers is further explained in section 4.2.2.

Note 6 – Other assets

In thousands of euros	31/12/2020	31/12/2019
Accounts receivable(1)	193,121	211,253
Guarantee deposits paid(1)	22,542	18,194
Settlement accounts for transactions of securities(1)	28,142	85,008
Defined benefit pension scheme assets (Note 20)	18,516	20,345
Other sundry assets	154,586	174,659
Other assets	**416,907**	**509,459**
Prepaid expenses	30,724	30,182
Accrued income(1)	148,984	154,197
Prepayments and accrued income	**179,708**	**184,379**
TOTAL	**596,615**	**693,838**

(1) These balances represent other financial assets as reported in section 4.

Note 7 – Investments accounted for by the equity method

The amounts in the balance sheet and income statement for associates are shown below.

In thousands of euros	31/12/2020 Equity accounted value	31/12/2020 Share of profit after tax	31/12/2019 Equity accounted value	31/12/2019 Share of profit after tax
Redburn (Europe) Limited	16,300	(569)	17,826	–
St Julian's Properties Limited	500	399	7,736	275
Auster Fund Advisory Ltd	670	700	–	–
Others	–	–	–	(16)
TOTAL	**17,470**	**530**	**25,562**	**259**

The Group acquired a minority stake of Redburn's equity on 31 December 2019. Redburn is treated as an associate in the Group's accounts and our share of the net assets of Redburn, plus the excess of the payment over that amount at acquisition, is disclosed as a single line in the accounts in the consolidated balance sheet.

Information about the underlying accounts of the associates is as follows.

In thousands of euros	31/12/2020 Redburn (Europe) Limited	31/12/2020 St Julian's Properties Limited	31/12/2020 Auster Fund Advisory Ltd
Activity	**GA**	**Other**	**MB**
Loans and receivables with bank, net	31,161	965	4,211
Settlement accounts for transactions of securities (asset)	271,723	–	–
Intangible fixed assets	23,895	–	–
Other assets	40,828	46	911
Total assets	**367,607**	**1,011**	**5,122**
Settlement accounts for transactions of securities (liability)	271,723	–	–
Other creditors	40,125	11	2,888
Total creditors	**311,848**	**11**	**2,888**
Net banking revenue	65,203	(112)	5,471
Profit before tax	(3,233)	983	2,360
Net income	**(2,245)**	**798**	**2,333**
Other comprehensive income	(38)	(5)	(98)
Total comprehensive income	**(2,283)**	**793**	**2,235**
Dividends paid	**–**	**14,457**	**–**

All associates are accounted for using the equity method. Information about Group voting rights and ownership interest is disclosed in Note 36.

Note 8 – Leases

The Group rents several offices around the world from which it conducts its business. The terms of these leases typically span from 5-15 years.

Many of these leases contain clauses whereby the lessee has the opportunity to extend the lease beyond the non-cancellable term of the lease or has the option to terminate the lease early in advance of the contractual end date. Where entities have judged that they are reasonably certain to utilise these options, they have included these early termination/extension options in their assessment of the lease term.

A significant proportion of the Group's property leases are for French commercial leases. Typically, French commercial leases are signed for at least nine years, with unilateral termination possible by the tenant after three or six years. For this reason, this form of lease is commonly also known as 3/6/9 in France. As the tenants of these properties are reasonably certain that they do not expect to utilise these unilateral termination options, they have estimated that the lease term will be for nine years.

The Group, where appropriate, subleases a proportion of these properties to entities outside the Group.

The Group also leases a number of motor vehicles and certain other equipment, which are collectively not significant to the Group's accounts.

Right of use assets

In thousands of euros	01/01/2020	Additions	Disposals/ write-offs	Depreciation and impairment	Exchange rate and other movements	31/12/2020
Gross right of use assets						
Leasehold property	251,037	14,276	(1,415)	–	(6,830)	257,068
Other assets	4,483	1,467	(46)	–	(18)	5,886
Total right of use assets – gross amount	**255,520**	**15,743**	**(1,461)**	**–**	**(6,848)**	**262,954**
Depreciation and allowances						
Leasehold property	(32,283)	–	728	(32,815)	1,469	(62,901)
Other assets	(1,474)	–	9	(1,806)	3	(3,268)
Total depreciation and allowances	**(33,757)**	**–**	**737**	**(34,621)**	**1,472**	**(66,169)**
TOTAL	**221,763**	**15,743**	**(724)**	**(34,621)**	**(5,376)**	**196,785**

Lease liabilities

In thousands of euros	01/01/2020	Additions	Disposals/ write-offs	Amounts paid	Unwinding of discount	Exchange rate and other movements	31/12/2020
Lease liabilities – property assets	252,693	14,462	(674)	(39,535)	5,422	(6,546)	225,822
Lease liabilities – other assets	3,015	1,393	(31)	(1,755)	28	(16)	2,634
TOTAL	**255,708**	**15,855**	**(705)**	**(41,290)**	**5,450**	**(6,562)**	**228,456**

Using permitted exemptions, the Group does not apply IFRS 16 to low value leases and short term leases. The amounts recorded in the P&L in respect of these leases were as follows:

In thousands of euros	31/12/2020	31/12/2019
Low value leases	–	(12)
Short term leases	(1,245)	(3,135)
TOTAL	**(1,245)**	**(3,147)**

Commitments payable

In thousands of euros	31/12/2020		31/12/2019	
	Land and buildings	Other	Land and buildings	Other
Up to one year	431	5	789	1,240
Between one and five years	–	–	–	731
Over five years	–	–	–	–
TOTAL	**431**	**5**	**789**	**1,971**

Amounts disclosed as commitments payable as at 31 December 2020 represent a commitment to pay for leases which are short term, low value, or otherwise not subject to IFRS 16 due to materiality.

Note 9 – Tangible fixed assets

In thousands of euros	01/01/2020	Additions	Disposals/ write-offs	Depreciation/ impairment charge	Exchange rate and other movements	31/12/2020
Gross tangible fixed assets						
Operating land and buildings	386,761	3,199	(22,969)	–	(13,259)	353,732
Other tangible fixed assets	146,642	23,736	(2,927)	–	(14,033)	153,418
Total tangible fixed assets – gross amount	**533,403**	**26,935**	**(25,896)**	**–**	**(27,292)**	**507,150**
Depreciation and allowances						
Operating land and buildings	(126,146)	–	8,112	(14,631)	4,944	(127,721)
Other tangible fixed assets	(100,353)	–	1,826	(12,000)	6,166	(104,361)
Total depreciation and allowances	**(226,499)**	**–**	**9,938**	**(26,631)**	**11,110**	**(232,082)**
TOTAL	**306,904**	**26,935**	**(15,958)**	**(26,631)**	**(16,182)**	**275,068**

Note 10 – Intangible fixed assets

In thousands of euros	01/01/2020	Additions	Disposals/ write-offs	Amortisation/ impairment	Exchange rate and other movements	31/12/2020
Gross intangible fixed assets						
Brand names	157,955	–	(440)	–	(30)	157,485
Other intangible assets	34,541	11,877	(3,577)	–	11,674	54,515
Total intangible assets – gross amount	**192,496**	**11,877**	**(4,017)**	**–**	**11,644**	**212,000**
Amortisation and allowances						
Brand names	–	–	440	(442)	2	–
Other intangible assets	(21,293)	–	3,577	(5,591)	(4,788)	(28,095)
Total amortisation and allowances	**(21,293)**	**–**	**4,017**	**(6,033)**	**(4,786)**	**(28,095)**
TOTAL	**171,203**	**11,877**	**–**	**(6,033)**	**6,858**	**183,905**

By far the most significant of the brand names is the asset related to the use of the “Rothschild & Co” name. This is considered to have an indefinite useful life and is, therefore, not amortised, but is instead subject to an impairment test performed at least annually.

Testing for impairment

As at 31 December 2020, the Group performed an impairment test for the “Rothschild & Co” name and additionally considered whether impairment losses are required due to the potential longer-term impact of COVID-19. It valued the name using the “royalty relief” method, whereby the value of the name is based on the theoretical amount that would be paid if the name were licensed from a third party, and not owned. Income for testing purposes has been determined on the basis of a three-year plan drawn up through the Group’s budget process and then extended in perpetuity to a terminal value, using a long-term growth rate. For the purposes of this test, the economic disruption resulting from the COVID-19 pandemic is considered to have an impact in 2020 followed by an improvement in results in 2021 and thereafter. Based on these tests, the amount by which the income would have to fall to cause an impairment would be 65%.

The other key assumptions used for the test and the value that would result in an impairment are:

Key assumptions	Value used	Value that will result in an impairment
Royalty rate	2%	0.7%
Discount rate	8%	18.5%
Growth rate in perpetuity	2%	(16%)

Note 11 – Goodwill

In thousands of euros	Global Advisory	Wealth & Asset Management	Merchant Banking	TOTAL
As at 1 January 2020	123,118	12,916	4,219	140,253
Decrease/Disposal	–	(3,718)	–	(3,718)
Currency translation	(1,068)	7	(366)	(1,427)
AS AT 31 DECEMBER 2020	**122,050**	**9,205**	**3,853**	**135,108**

Testing for impairment

The Group has performed its annual impairment tests as at 31 December 2020 and additionally considered whether impairment losses are required due to the potential longer-term impact of COVID-19. The tests are applied for each of the cash-generating units (CGU) to which goodwill has been allocated. The recoverable amount of the CGUs was calculated using the most appropriate method. The results of these tests concluded that no impairment was needed on any of the Group's goodwill.

For the main CGU covering the wider GA business, the fair value has been calculated using price/earnings (PER) multiples which have been applied to the normalised profits earned after tax. The value was determined using parameters derived from market conditions and based on data from comparable companies.

The following assumptions were used:

- normalised profit after tax is determined over the last three years; and
- trading multiples used were medium-term PER multiples of M&A-focused peers.

The valuation technique would be classified in Level 2 of the fair value hierarchy.

The performance of the GA business has been resilient through the COVID-19 crisis, and results of sensitivity tests on this CGU show that either the PER or the normalised profit would have to decrease by 60% for an impairment to be considered.

Parameters used to value other CGUs have been derived from market conditions and based on data from comparable companies. For these other CGUs, the weighted average amount by which the estimated value of that CGU exceeds its carrying value is 260%, with a minimum value of 18%.

Note 12 – Due to banks and other financial institutions

In thousands of euros	31/12/2020	31/12/2019
Interbank demand and overnight deposits	148,924	148,493
Repurchase agreements[(1)]	200,000	50,000
Interbank term deposits and borrowings	159,881	245,522
Accrued interest	4,734	4,579
TOTAL	**513,539**	**448,594**

(1) These balances consist of repurchase agreements made with central banks.

Note 13 – Customer deposits

In thousands of euros	31/12/2020	31/12/2019
Demand deposits	9,233,970	8,679,775
Term deposits	498,783	650,316
Borrowings secured by bills	139,524	154,100
Accrued interest	818	2,378
TOTAL	**9,873,095**	**9,486,569**

Note 14 – Other liabilities, accruals and deferred income

In thousands of euros	31/12/2020	31/12/2019
Due to employees	660,839	641,745
Other accrued expenses and deferred income	113,202	126,538
Accrued expenses	**774,041**	**768,283**
Settlement accounts for transactions of securities[1]	114,717	169,324
Accounts payable[1]	22,925	26,859
Sundry creditors	85,479	96,909
Other liabilities	**223,121**	**293,092**
TOTAL	**997,162**	**1,061,375**

(1) These balances represent other financial liabilities as reported in section 4.

Note 15 – Provisions

In thousands of euros	Note	01/01/2020	Charge/ (release)	(Paid)/ recovered	Exchange movement	Other movements	31/12/2020
Provisions for counterparty risk		1,047	(366)	–	–	–	681
Provisions for claims and litigation		29,187	(7,444)	(498)	(63)	(29)	21,153
Provisions for property		1,687	231	(74)	(64)	507	2,287
Provisions for staff costs		2,912	(47)	(529)	(30)	2,352	4,658
Other provisions		1,002	3,692	(1,002)	–	–	3,692
Subtotal		**35,835**	**(3,934)**	**(2,103)**	**(157)**	**2,830**	**32,471**
Retirement benefit liabilities	20	29,109	n/a	n/a	n/a	60,301	89,410
TOTAL		**64,944**	**(3,934)**	**(2,103)**	**(157)**	**63,131**	**121,881**

From time to time, the Group is involved in legal proceedings or receives claims arising from the conduct of its business. Based upon available information and, where appropriate, legal advice, provisions are made where it is probable that an outflow of resources will be required and the amount can be reliably estimated.

Also within provisions for claims and litigation are amounts set aside to cover estimated costs of other legal proceedings and claims arising from the conduct of business.

Management believes that the level of provisions made in these financial statements continues to be sufficient for any potential or actual proceedings or claims which are likely to have an impact on the Group's financial statements, based on information available at the reporting date.

Note 16 – Impairments

In thousands of euros	01/01/2020	Income statement (charge)	Income statement reversal	Written off	Exchange rate and other movements	31/12/2020
Loans and advances to customers	(58,027)	(12,289)	7,880	4,015	984	(57,437)
Other assets	(27,751)	(8,226)	5,098	5,711	590	(24,578)
Securities at amortised cost	(755)	–	220	–	1	(534)
TOTAL	**(86,533)**	**(20,515)**	**13,198**	**9,726**	**1,575**	**(82,549)**

Note 17 – Deferred tax

The movement in the deferred tax account is as follows:

In thousands of euros	31/12/2020	31/12/2019
Net asset/(liability) as at beginning of period	**17,996**	**2,741**
of which deferred tax assets	*59,469*	*50,587*
of which deferred tax liabilities	*(41,473)*	*(47,846)*
Recognised in income statement		
Income statement (expense)/income	(3,172)	9,881
Recognised in equity		
Defined benefit pension arrangements	19,380	5,588
Financial assets at fair value through other comprehensive income	381	1,284
Share options	143	(1,062)
Net investment hedge	(271)	–
Cash flow hedge	18	(136)
Exchange differences	(2,498)	1,095
Purchase/sale of a subsidiary	–	(1,117)
Other	434	(278)
NET ASSET/(LIABILITY) AS AT END OF PERIOD	**32,411**	**17,996**
of which deferred tax assets	*71,184*	*59,469*
of which deferred tax liabilities	*(38,773)*	*(41,473)*

Deferred tax net assets are attributable to the following items:

In thousands of euros	31/12/2020	31/12/2019
Deferred profit share arrangements	40,462	43,839
Defined benefit pension liabilities	15,756	3,456
Provisions	5,739	4,815
Losses carried forward	1,932	1,031
Share options	1,116	954
Accelerated depreciation	1,009	1,892
Financial assets at fair value	(1,039)	(839)
Other temporary differences	6,209	4,321
TOTAL	**71,184**	**59,469**

In accordance with the Group's accounting policy, some deductible temporary differences have not given rise to the recognition of deferred tax assets, mainly in the United States, Canada and Asia. Unrecognised deferred tax assets amounted to €42.5 million at 31 December 2020 (€47.6 million at 31 December 2019). The Group has not recognised significant amounts of deferred tax assets for tax losses carried forward.

Deferred tax net liabilities are attributable to the following items:

In thousands of euros	31/12/2020	31/12/2019
Intangible assets recognised following acquisition of subsidiaries	13,459	13,459
Fair value adjustments to properties	9,435	10,159
Financial assets at fair value	9,038	10,035
Accelerated capital allowances	2,912	2,179
Defined benefit pension assets	1,396	1,499
Other temporary differences	2,533	4,142
TOTAL	**38,773**	**41,473**

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to set-off and the balance relates to income tax levied by the same tax authority on the same taxable entity or tax group. There must also be the intention and the will to settle on a net basis or to realise the assets and liabilities simultaneously.

The deferred tax (expense)/income in the income statement comprises the following temporary differences:

In thousands of euros	31/12/2020	31/12/2019
Tax losses carried forward	2,667	(3,530)
Allowances for loan losses	1,308	(669)
Fair value adjustments to properties	747	6,639
Financial assets carried at fair value	321	(1,626)
Depreciation differences	(1,432)	(1,039)
Deferred profit share arrangements	(3,419)	15,589
Defined benefit pension liabilities	(6,721)	(5,001)
Other temporary differences	3,357	(482)
TOTAL	**(3,172)**	**9,881**

Note 18 – Structured entities

A structured entity is one which has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. It will often have restricted activities and a narrow or well-defined objective and can include some investment funds.

In most cases, it is clear under IFRS 10 that the Group need not consolidate its investments in structured entities. However, some structured entities are managed by the Group in the form of funds in which the Group's own money is also invested. In these situations, a judgment must be made as to whether there is a need to consolidate these funds or not. To do this, a combined assessment of two key indicators is made:

- remuneration and other economic interests in aggregate; and
- kick-out rights.

To assess economic interests, it is considered, at a particular level of returns, how much of any further increase in the performance of a fund accrues to the manager ("the variability of the economic interest"). The level of returns at which this is measured is the level at which performance fees begin to accrue.

A high level of variability would support the conclusion that a manager might be a principal (and would probably consolidate the managed fund). Meanwhile, a low level of variability would indicate that a manager might be an agent for the other investors (and would probably not consolidate).

Additionally, negligible rights for the investors to remove the manager or transfer their funds might indicate that a manager is a principal (and would probably consolidate) while strong rights might suggest that a manager is an agent (and would probably not consolidate).

The Group's judgment is guided by both IFRS 10 and its understanding of market practice.

Interest in unconsolidated structured entities

The following table shows the Group's interest in unconsolidated structured entities which it manages, and in which it has made an equity investment.

In thousands of euros	31/12/2020		
	Equity funds	Debt funds	TOTAL
Total assets within the underlying vehicles	**3,006,172**	**3,082,747**	**6,088,919**
Assets under management including third party commitments	**6,344,765**	**3,830,633**	**10,175,398**
Interest held in the Group's balance sheet:			
Debt and equity securities at FVTPL	484,283	151,151	635,434
Debt securities at amortised cost	–	69,660	69,660
Loans and advances to customers	30,302	–	30,302
Total assets in the Group's balance sheet	**514,585**	**220,811**	**735,396**
Off-balance sheet commitments made by the Group	540,265	59,211	599,476
Group's maximum exposure	**1,054,850**	**280,022**	**1,334,872**

Note 19 – Non-controlling interests

Non-controlling interests (NCoI) represent the share of fully consolidated subsidiaries that is not directly or indirectly attributable to the Group. These interests comprise the equity instruments which have been issued by these subsidiaries and which are not held by the Group. The Group's income, net assets and distributions which are attributable to NCoI arise from the following sources:

In thousands of euros	31/12/2020 Income	31/12/2020 Amounts in the balance sheet	31/12/2020 Distributions	31/12/2019 Income	31/12/2019 Amounts in the balance sheet	31/12/2019 Distributions
Share of profit attributable to non-controlling interests						
Preferred shares	134,725	118,105	154,226	136,692	137,713	172,003
Other	(498)	2,144	2,068	(200)	4,976	116
Expense, net of tax						
Perpetual subordinated debt	14,485	284,689	14,172	17,287	302,895	17,619
TOTAL	**148,712**	**404,938**	**170,466**	**153,779**	**445,584**	**189,738**

Preferred shares

Preferred shares within NCoI mainly consist of amounts calculated in accordance with statutory clauses applicable to French limited partnerships of the Group including Rothschild Martin Maurel SCS, the French holding company of our WAM and GA businesses located in France, and its relevant subsidiaries. The distributed profit share *(préciput)* is based on the partnerships' individual local earnings.

Preferred shares issued by R&CoCL a number of years ago were repaid in March 2019 at fair value, and the proceeds of €27.1 million are included in the 2019 distributions in the table above. As this was a transaction with shareholders, the uplift in fair value on repayment was charged directly to shareholders' funds in the consolidated statement of changes in equity.

Perpetual subordinated debt

Subsidiaries inside the Group have issued to third parties perpetual subordinated debt instruments which have discretionary clauses relating to the payment of the interest. Under IFRS, these instruments are considered to be equity instruments and are shown as part of NCoI because they were issued by subsidiaries and not held by the Group. The interest payable, net of tax relief, on these instruments is shown as a charge to NCoI. The instruments are shown below.

In thousands of euros	31/12/2020	31/12/2019
Perpetual fixed rate subordinated notes 9 per cent (£125 million)	164,466	173,537
Perpetual floating rate subordinated notes (€150 million)	57,522	60,694
Perpetual floating rate subordinated notes (US$200 million)	62,701	68,664
TOTAL	**284,689**	**302,895**

Note 20 – Retirement benefit obligations

The Group supports various pension schemes for the employees of operating subsidiaries. Where material, these are described below.

The NMR Pension Fund ("UK Fund") is operated by NMR for the benefit of employees of certain Group companies in the United Kingdom. This fund includes a defined benefit section, which closed to new entrants in 2003.

The NMR Overseas Pension Fund ("Overseas Fund") is operated for the benefit of employees of certain Group companies outside the United Kingdom. The defined benefit section also closed to new entrants in 2003. The employees in the Overseas Fund stopped earning additional defined benefit pensions in 2017. Benefits built up by former in-service members will increase between the date of closure and each member's retirement date in line with the standard deferred revaluation in the fund's rules.

Rothschild & Co North America Inc maintains an unfunded qualified non-contributory defined benefit pension plan and other pension agreements for certain employees ("US Fund"). Neither the plan nor the pension agreements provide for health or other benefits for employees or retirees. The last time that new benefits were accrued was 2001.

R&CoBZ also operates funded pension schemes ("Swiss Funds"). These schemes have been set up on the basis of the Swiss method of defined contributions but have certain characteristics of a defined benefit pension plan. Current employees and pensioners (former employees or their surviving partners) receive benefits upon retiring as well as in the event of death or invalidity. These benefits are financed through employer and employee contributions.

Additionally, certain companies in the Group have smaller unfunded obligations in respect of pensions and other post–employment benefits.

The latest formal actuarial valuations of the UK Fund and the Overseas Fund were carried out as at 31 March 2019. The value of the defined benefit obligation has been updated to 31 December 2020 by qualified independent actuaries. Valuations of the Swiss Funds are performed for each closing, also by qualified actuaries.

The defined benefit obligations expose the Group to a number of risks, including longevity, inflation, interest rate and investment performance. These risks are mitigated where possible by applying an investment strategy for the funded schemes which aims to minimise the long-term costs. This is achieved by investing in a diversified selection of asset classes, which aims to reduce the volatility of returns and also achieves a level of matching with the underlying liabilities. The matching assets, which the funded schemes invest in, include corporate bonds, government gilts and a specific liability-driven investment mandate, which provide a partial hedge of the funds' interest rate and inflation exposure. Overall, the objective is to select assets which will generate income and capital growth to fund the cost of current – and, where applicable, future – benefits payable by the funds. The choice of assets also reflects factors such as the funding position and whether the Fund is closed to future accrual.

Amounts recognised in the balance sheet

In thousands of euros	UK and Overseas Funds	Swiss Funds	US Fund	Other	31/12/2020
Present value of funded obligations	1,242,357	222,440	–	–	1,464,797
Fair value of plan assets	(1,184,360)	(223,008)	–	–	(1,407,368)
Subtotal	**57,997**	**(568)**	**–**	**–**	**57,429**
Present value of unfunded obligations	–	–	4,234	9,231	13,465
TOTAL	**57,997**	**(568)**	**4,234**	**9,231**	**70,894**
of which schemes with net liabilities	*69,424*	*6,521*	*4,234*	*9,231*	*89,410*
of which schemes with net (assets)	*(11,427)*	*(7,089)*	*–*	*–*	*(18,516)*

In thousands of euros	UK and Overseas Funds	Swiss Funds	US Fund	Other	31/12/2019
Present value of funded obligations	1,160,977	227,050	–	–	1,388,027
Fair value of plan assets	(1,170,868)	(227,005)	–	–	(1,397,873)
Subtotal	**(9,891)**	**45**	**–**	**–**	**(9,846)**
Present value of unfunded obligations	–	–	6,836	11,774	18,610
TOTAL	**(9,891)**	**45**	**6,836**	**11,774**	**8,764**
of which schemes with net liabilities	*3,365*	*7,134*	*6,836*	*11,774*	*29,109*
of which schemes with net (assets)	*(13,256)*	*(7,089)*	*–*	*–*	*(20,345)*

Movement in net defined benefit obligation

In thousands of euros	Plan (assets)	Defined benefit obligations	Net defined benefit liability
As at 1 January 2020	**(1,397,873)**	**1,406,637**	**8,764**
Current service cost (net of contributions paid by other plan participants)	–	13,423	13,423
Contributions by the employees	(3,040)	3,040	–
Past service costs	–	755	755
Interest (income)/cost	(24,567)	24,405	(162)
Remeasurements due to:			
– actual return less interest on plan assets	(82,629)	–	(82,629)
– changes in financial assumptions	–	169,575	169,575
– changes in demographic assumptions	–	3,976	3,976
– experience (gains)/losses	–	(8,147)	(8,147)
Benefits paid	56,318	(56,318)	–
(Contributions) by the Group	(33,773)	–	(33,773)
Administration expenses	1,936	–	1,936
Exchange and other differences	76,260	(79,084)	(2,824)
AS AT 31 DECEMBER 2020	**(1,407,368)**	**1,478,262**	**70,894**

Following the March 2019 triennial actuarial valuation of the UK Fund, the trustees of the defined benefit pension fund have agreed a contribution plan with the Group to reduce the resulting deficit in accordance with pensions regulation. The aim is to eliminate the funding deficit by 2023 with €16.7 million of additional contributions per year, although from March 2021 the contributions will be reviewed on the basis of the funding position of the UK Fund. In addition, participating employers in the fund have agreed to pay 55.2% of in-service members' pensionable salaries in respect of future accruals.

The Overseas Fund is in surplus on the agreed funding assumptions. Following its March 2019 triennial valuation, it was agreed that no contributions need to be made other than to cover certain expenses of the Overseas Fund.

It is estimated that total contributions of €34 million will be paid to the Group's defined benefit pension schemes in the twelve months ending 31 December 2021.

The Group has assessed that no further liability arises for the UK, Overseas and Swiss Funds under IFRIC 14 – IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. This conclusion was reached because the trustees of the UK and Overseas Funds do not have a unilateral power to wind up the fund and the fund's rules allow the sponsoring company an unconditional right to a refund assuming the gradual settlement of plan liabilities over time until all members have left the fund. Meanwhile, the plan assets of the Swiss Funds contain a repurchase value of CHF3.5 million, resulting from a reinsurance contract with Zurich Insurance Company Ltd, Zurich (Zurich Insurance). Zurich Insurance does not have a unilateral power to wind up the reinsurance contract.

The net pension asset in the Swiss Funds is expected to become available to the Group because the statutory employer contributions do not fully cover the employer service cost according to IAS 19. According to IFRIC 14, the maximum economic benefit is the capitalised value of the difference between the employer service cost and the expected employer's contributions to the fund for the following financial year.

The weighted average projected maturity of fund liabilities is 19.5 years for the UK Fund and 16.8 years for the main Swiss Fund.

Amounts recognised in the income statement relating to defined benefit post-employment plans

In thousands of euros	31/12/2020	31/12/2019
Current service cost (net of contributions paid by other plan participants)	13,423	12,727
Net interest (income)/cost	(162)	(322)
Past service (income)/cost	755	(2,915)
Administration costs	1,936	2,205
Curtailments	–	(85)
TOTAL (included in staff costs)	**15,952**	**11,610**

In January 2019, a past service gain of €2.9 million was booked following changes made to the terms of the Swiss Fund by its pension board.

Amounts recognised in statement of comprehensive income

In thousands of euros	31/12/2020	31/12/2019
Remeasurement (losses)/gains recognised in the period	(82,775)	(20,432)
Cumulative remeasurement losses recognised in the statement of comprehensive income	(293,750)	(210,975)

Actuarial assumptions and sensitivities

The principal actuarial assumptions used in the main funds as at the balance sheet date were as follows.

	UK and Overseas Funds		Swiss Funds	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Discount rate	1.4%	2.2%	0.10%	0.40%
Retail price inflation	2.8%	2.9%	n/a	n/a
Consumer price inflation	2.0%	2.0%	0.50%	0.50%
Expected rate of salary increases	2.0%	2.0%	1.0%	1.0%
Expected rate of increase of pensions in payment:				
Uncapped increases	n/a	n/a	0.0%	0.0%
Capped at 5.0%	2.8%	2.8%	n/a	n/a
Capped at 2.5%	2.0%	2.0%	n/a	n/a
Life expectancy in years of a:				
Male pensioner aged 60	29.0	29.0	27.6	27.4
Female pensioner aged 60	30.4	30.3	29.8	29.7
Male pensioner aged 60 in 20 years' time	30.4	30.3	29.3	29.7
Female pensioner aged 60 in 20 years' time	31.8	31.7	31.5	31.4

The value placed on the defined benefit net liabilities and assets is sensitive to the actuarial assumptions used. Those assumptions that have the most significant impact on the measurement of the liability, along with an illustration of the sensitivity to each assumption, are as follows:

In thousands of euros	31/12/2020	
	UK and Overseas	Swiss Funds
0.5% increase in discount rate	(113,000)	(18,000)
0.5% increase in inflation	95,000	1,000
One year increase in life expectancy	55,000	n/a

The sensitivities shown above reflect only an estimate of the change in the assessed defined benefit obligation for the funds. In practice, any movement leading to a change in the discount rate or price inflation is likely to be partially offset by a change in asset values, and the corresponding overall impact on the net liability is therefore likely to be lower than the amounts above.

Composition of plan assets

	UK Fund		Overseas Fund		Swiss Funds	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Equities – quoted	22%	23%	2%	18%	31%	33%
Bonds – quoted	20%	18%	42%	29%	40%	42%
Hedges of liabilities, including gilts	31%	29%	43%	38%	1%	1%
Hedge funds and private equity	8%	8%	–	–	9%	9%
Cash and net current assets	2%	8%	4%	3%	4%	5%
Other debt – quoted	13%	9%	6%	7%	–	–
Property and others	4%	5%	3%	5%	15%	10%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Note 21 – Net cash and cash equivalents

For the purposes of drawing up the cash flow statement, the “cash and cash equivalents” items are analysed as follows:

In thousands of euros	31/12/2020	31/12/2019
Cash and accounts with central banks	4,697,354	4,382,129
Interbank demand deposits and overnight loans (assets)	810,238	927,905
Other cash equivalents	508,340	221,484
Interbank demand deposits and overnight loans (liabilities)	(148,924)	(148,493)
TOTAL	**5,867,008**	**5,383,025**

Cash includes demand deposits placed with banks and cash on hand. Other cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of value change. These comprise overnight interbank reverse repos and public bills which are held for trading.

Note 22 – Commitments given and received

Commitments given

In thousands of euros	31/12/2020	31/12/2019
Given to banks	–	1,542
Given to customers	687,810	625,960
Loan and debt security commitments	**687,810**	**627,502**
Given to banks	12,325	25,885
Given to customers	195,550	192,472
Guarantee commitments	**207,875**	**218,357**
Investment commitments	393,706	391,396
Irrevocable nominee commitments	197,732	200,757
Other commitments given	3,007	14,377
Other commitments given	**594,445**	**606,530**

Investment commitments relate to equity investments in Merchant Banking funds and direct investments. Irrevocable nominee commitments represent commitments to funds where the Group acts as a nominee on behalf of its clients. The commitment to employees in respect of deferred remuneration is set out in Note 27. Following a review during the period of the definition of the categories above, changes have been made and some comparative categories have been correspondingly adjusted as at December 2019.

Commitments received

In thousands of euros	31/12/2020	31/12/2019
Received from banks	241,109	314,609
Loan commitments	**241,109**	**314,609**
Received from banks	35,479	47,723
Received from customers	2,480	3,072
Guarantee commitments	**37,959**	**50,795**

Financial instruments pledged as collateral

In thousands of euros	31/12/2020	31/12/2019
Pledged as collateral for liabilities with central banks	200,000	50,000
Available for refinancing	126,109	218,683
Financial instruments lodged with central banks	**326,109**	**268,683**
Securities sold under repurchase agreements	139,524	154,100
Other financial assets pledged as collateral for liabilities with credit institutions	19,058	21,107
Financial instruments given as collateral	**158,582**	**175,207**

Within these instruments, €19.1 million can be sold or reused by the beneficiaries (December 2019: €21.1 million).

Securities received under reverse repurchase agreement

In thousands of euros	31/12/2020	31/12/2019
Fair value of securities received under reverse repurchase agreements	1,040,935	669,006
of which: instruments that the Group is authorised to sell or reuse as collateral	*470,435*	*173,532*

As at December 2020, the Group has not sold or reused any collateral received (December 2019: nil).

Note 23 – Offsetting financial assets and financial liabilities

The following table shows the impact (1) on the consolidated balance sheet of offsetting assets and liabilities with the same counterparties. Amounts are offset when the Group has a legally enforceable right to set off the recognised amounts, and it intends either to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

The table also indicates (2) amounts subject to a master netting agreement, which may be offset in the event of the default of one of the counterparties, but whose characteristics make them ineligible for offsetting under IFRS. Fair values of financial instruments and collateral here are capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect. This part of the table ("net amount") is provided to indicate where master netting agreements mitigate the Group's exposure to financial instruments in the event of default by the counterparty. The Group also uses other risk mitigation strategies, such as holding collateral against its loans, but these are not disclosed in this table.

				(2) Impact of Master Netting Agreements		
In thousands of euros	**Gross amounts**	**(1) Amounts set off**	**Net amounts as per balance sheet**	**Cash collateral received/ pledged**	**Financial instrument received/ pledged as collateral**	**Net amount**
Derivative assets	147,844	(37,998)	109,846	(57,287)	–	52,559
Interbank demand deposits and overnight loans assets	810,238	–	810,238	(67,249)	–	742,989
Reverse repos and loans secured by bills	1,033,340	–	1,033,340	–	(1,033,340)	–
Guarantee deposits paid	22,542	–	22,542	(7,673)	–	14,869
Remaining assets not subject to netting	12,707,378	–	12,707,378	–	–	12,707,378
Total assets	**14,721,342**	**(37,998)**	**14,683,344**	**(132,209)**	**(1,033,340)**	**13,517,795**
Derivative liabilities	187,239	(37,998)	149,241	(74,922)	–	74,319
Interbank demand deposits and overnight loans liabilities	148,924	–	148,924	(57,287)	–	91,637
Repurchase agreements	200,000	–	200,000	–	(200,000)	–
Borrowings secured by repurchase agreements	139,524	–	139,524	–	(139,524)	–
Guarantee deposits received	107	–	107	–	–	107
Other liabilities not subject to netting	11,337,713	–	11,337,713	–	–	11,337,713
Total liabilities	**12,013,507**	**(37,998)**	**11,975,509**	**(132,209)**	**(339,524)**	**11,503,776**

6. Notes to the income statement

Note 24 – Net interest income

Interest income

In thousands of euros	31/12/2020	31/12/2019
Interest income – loans to banks	4,943	8,412
Interest income – loans to customers	56,187	63,126
Interest income – debt securities at FVTPL	733	761
Interest income – debt securities at FVOCI	–	1,277
Interest income – debt securities at amortised cost	7,691	7,618
Interest income – derivatives	31,693	61,580
Interest income – other financial assets	222	282
TOTAL	**101,469**	**143,056**

Interest expense

In thousands of euros	31/12/2020	31/12/2019
Interest expense – due to banks and other financial institutions	(6,623)	(8,876)
Negative interest income from loans to banks	(25,900)	(30,227)
Interest expense – due to customers	(8,244)	(26,257)
Interest expense – derivatives	(2,000)	(2,660)
Interest expense – lease liabilities	(5,450)	(5,545)
Interest expense – other financial liabilities	(3)	(1,072)
TOTAL	**(48,220)**	**(74,637)**

Note 25 – Net fee and commission income

In order to present information which is more consistent with the way that management view it, the categories of disclosure for fee and commission income and expense have been made more granular this year. The comparative values have been reallocated on a consistent basis.

Fee and commission income

In thousands of euros	31/12/2020	31/12/2019
Fees for M&A advisory work	773,782	885,549
Fees for Financing Advisory work and other services	387,442	300,930
Portfolio and other management fees – Wealth & Asset Management	467,165	456,951
Portfolio and other management fees – Merchant Banking	119,391	95,325
Banking and credit-related fees and commissions	7,950	6,129
Other fees	10,436	7,595
TOTAL	**1,766,166**	**1,752,479**

Fee and commission expense

In thousands of euros	31/12/2020	31/12/2019
Fees for M&A advisory work	(5,377)	(7,942)
Fees for Financing Advisory work and other services	(7,682)	(13,435)
Portfolio and other management fees – Wealth & Asset Management	(57,216)	(59,625)
Portfolio and other management fees – Merchant Banking	(11,849)	(2,978)
Banking and credit-related fees and commissions	(65)	(114)
Other fees	(2,556)	(3,584)
TOTAL	**(84,745)**	**(87,678)**

Note 26 – Net gains/(losses) on financial instruments at fair value through profit or loss

In thousands of euros	31/12/2020	31/12/2019
Net income – financial instruments at fair value through profit or loss	34,946	69,373
Net income – carried interest	7,215	45,817
Net income – foreign exchange operations	25,537	20,799
Net income – other trading operations	(2,340)	(553)
TOTAL	**65,358**	**135,436**

Net gains and losses on financial instruments at fair value through profit or loss include the changes in fair value of financial instruments at fair value through profit or loss, and financial instruments held in the trading portfolio, including derivatives.

Financial instruments at fair value through profit or loss include both ordinary equity and carried interest shares held by the Group in its Merchant Banking funds. They also include other interests in its Merchant Banking funds, including debt securities and loans.

Note 27 – Operating expenses

In thousands of euros	31/12/2020	31/12/2019
Compensation and other staff costs	(1,065,595)	(1,039,934)
Defined benefit pension expenses	(15,952)	(11,610)
Defined contribution pension expenses	(14,553)	(13,200)
Staff costs	**(1,096,100)**	**(1,064,744)**
Administrative expenses	(254,842)	(288,972)
TOTAL	**(1,350,942)**	**(1,353,716)**

Staff costs

As part of its variable pay strategy, the Group pays bonuses to employees. In some cases, the cash payment is deferred to future years.

In most circumstances, deferred cash awards are paid one, two and three years after the year of the award, and the expense is recognised over the two, three and four-year periods from the start of the year of the award to the date of payment. These awards are paid on the condition that the recipient is still an employee of the Group. For certain employees, a portion of the bonus will be settled in the form of a non-cash instrument. There are two forms of non-cash instruments in the R&Co Group, used in response to the Capital Requirements Directive 4 (CRD4). Firstly, an equity-settled deferred share award consisting of R&Co shares: the R&Co shares are released to the employees six months after the vesting date of the award. Secondly, a cash-settled share-linked cash award (non-deferred): this vests immediately but the value of the amount paid moves in line with the R&Co share price over a six month holding period. Occasionally, in certain circumstances, the Group allows employees to accelerate the vesting of deferred cash awards, and in this case, the uncharged expense is recognised immediately.

A commitment to employees exists in connection with deferred remuneration. Some of this has not yet accrued because it relates to a future service period. The amount of potential future payments that have not yet accrued is €97.1 million (€109.7 million as at 31 December 2019).

The objective of the deferred share-based payment awards is to link the reward of certain key staff with the performance of the Group. In addition to the requirement to remain employed by the Group, these awards may also be cancelled under specific circumstances.

R&Co Equity Scheme

R&Co also operates Equity Schemes for some of its senior staff. Equity Scheme participants are required to invest in R&Co shares and, for each share owned, they are granted four share options. The shares are subject to a three-year to four-year lock-up period and the share options granted are subject to a vesting period before exercise. Some staff use deferred cash awards to fund their investment in the R&Co shares. In this case, the element of the deferred awards they use that has not yet been expensed at the point of purchase is recognised over the lock-up period.

Movements in the number of share options outstanding are as follows:

	31/12/2020		31/12/2019	
	Number, 000s	Weighted average exercise price, €	Number, 000s	Weighted average exercise price, €
At the beginning of the period	4,798	24.9	3,960	23.5
Issued	–	–	1,150	28.0
Forfeited	(40)	24.7	(20)	32.7
Exercised	(274)	18.8	(292)	18.6
AS AT THE END OF THE PERIOD	**4,484**	**25.2**	**4,798**	**24.9**
Exercisable at the end of the period	2,786	21.8	2,288	19.2

Share options outstanding at the end of the period were as follows:

	31/12/2020		31/12/2019	
Exercise price €	Number of outstanding options, 000s	Weighted average contractual life (years)	Number of outstanding options, 000s	Weighted average contractual life (years)
€16.01 – €18.00	735	2.8	840	3.8
€18.01 – €20.00	1,129	2.8	1,298	3.8
€20.01 – €22.00	–	–	–	–
€22.01 – €24.00	55	4.8	65	5.8
€24.01 – €26.00	160	4.8	180	5.8
€26.01 – €28.00	740	4.9	750	5.9
€28.01 – €30.00	288	4.4	288	5.4
€30.01 – €32.00	500	5.2	500	6.2
€32.01 – €35.00	877	6.9	877	7.9
TOTAL	**4,484**	**4.4**	**4,798**	**5.3**

The fair value of the share-based payment made was €nil (31 December 2019: €2.6 million). Fair values are charged to the income statement over the period of employee service required under the vesting conditions. As the options are equity-settled, there is no liability booked in the balance sheet in respect of these options, and there is no periodic charge or credit in the income statement as the employees' options change in value.

On issuance, options are valued by an independent valuer using a Black-Scholes option valuation model. The key inputs into this model are the price of the underlying R&Co shares, the expected volatility of the share price (for which the historic volatility has been the primary consideration), and the estimated exercise date of the options (which is assumed to be the mid-point between the dates of vesting and expiry). The valuation is based on the assumption that all recipients will remain with the Group.

The charge arising in the period that relates to share-based payments is included in the line Compensation and other staff costs, and amounts to €2.0 million (31 December 2019: €1.3 million).

Note 28 – Depreciation, amortisation and impairment of tangible and intangible fixed assets

In thousands of euros	31/12/2020	31/12/2019
Depreciation of tangible assets	(26,631)	(28,714)
Depreciation of right of use assets	(34,453)	(32,972)
Amortisation of intangible assets	(6,033)	(3,069)
Depreciation and amortisation	**(67,117)**	**(64,755)**
Impairment of intangible assets	–	(566)
Impairment of right of use assets	(168)	(1,223)
Impairments	**(168)**	**(1,789)**
TOTAL	**(67,285)**	**(66,544)**

Note 29 – Cost of risk

In thousands of euros	Impairment	Impairment reversal	Recovered loans	31/12/2020	31/12/2019
Loans and advances to customers	(12,289)	6,107	1,773	(4,409)	3,864
Securities at amortised cost	–	220	–	220	(429)
Other assets	(8,226)	4,732	–	(3,494)	(9,365)
Commitments given to customers	–	366	–	366	–
TOTAL	**(20,515)**	**11,425**	**1,773**	**(7,317)**	**(5,930)**

Note 30 – Net income/(expense) from other assets

In thousands of euros	31/12/2020	31/12/2019
Gains/(losses) related to sales of tangible or intangible assets	278	18,130
Gains/(losses) on disposal and impairment of subsidiaries	(597)	3,421
Non-operating income/(expense)	(4,648)	(3,158)
TOTAL	**(4,967)**	**18,393**

The comparative period in the note above includes the result on sale, and impairment prior to sale, of two office buildings.

The loss in non-operating income includes the unrealised change in value and dividend income from certain fair-valued legacy investments, which are excluded from the management result.

Note 31 – Income tax expense

In thousands of euros	31/12/2020	31/12/2019
Current tax	(56,555)	(77,905)
Deferred tax	(3,172)	9,881
TOTAL	**(59,727)**	**(68,024)**

Further details of the current and deferred tax charge are as follows:

Current tax

In thousands of euros	31/12/2020	31/12/2019
Tax charge for the period	(65,210)	(67,720)
Adjustments related to prior periods	(1,251)	(577)
Irrecoverable dividend-related tax	(2,461)	(9,543)
Other	12,367	(65)
TOTAL	**(56,555)**	**(77,905)**

Following changes to tax law in the US, passed in response to the COVID-19 pandemic, it became possible during 2020 to carry back tax losses. The €12.4m profit disclosed as “Other” relates to tax losses in the US which will be fully recovered by the end of 2021 as a result of these changes.

Deferred tax

In thousands of euros	31/12/2020	31/12/2019
Temporary differences	(5,282)	10,950
Changes in tax rates	1,010	979
Adjustments related to prior periods	1,100	(2,048)
TOTAL	**(3,172)**	**9,881**

Reconciliation of the tax charge between the French standard tax rate and the effective rate

In thousands of euros	31/12/2020		31/12/2019	
Profit before tax		**368,950**		**464,487**
Expected tax charge at standard French corporate income tax rate	32.02%	118,138	34.43%	159,923
Main reconciling items(1)				
Tax on partnership profits recognised outside the Group	(11.5%)	(42,302)	(9.2%)	(42,916)
Impact of foreign profits and losses taxed at different rates	(7.0%)	(25,743)	(13.4%)	(62,165)
Recognition of previously unrecognised deferred tax	(1.3%)	(4,952)	(1.9%)	(8,783)
Tax impact on deferred tax relating to change of the corporate income tax rate	(0.3%)	(1,010)	(0.2%)	(980)
Tax impacts relating to prior years	+0.0%	151	+0.6%	2,625
Irrecoverable and other dividend-related taxes	+0.7%	2,461	+2.1%	9,543
Impact of deferred tax unrecognised on losses	+0.9%	3,370	+0.4%	2,008
Tax on dividends received through partnerships	+1.1%	3,879	+0.7%	3,289
Permanent differences	+1.5%	5,364	+1.2%	5,745
Other tax impacts	+0.1%	371	(0.1%)	(265)
Actual tax charge	**16.2%**	**59,727**	**14.6%**	**68,024**
EFFECTIVE TAX RATE		**16.2%**		**14.6%**

(1) The categories used in the comparative disclosure are presented in a way that is consistent with the categories used to explain the tax in the current period.

Note 32 – Related parties

The term "Executive Directors", in the context of this note and the Group governance arrangements surrounding the decision-making process at the R&Co level, refers to executive corporate officers *(mandataires sociaux)* of R&Co Gestion, the Managing Partner of R&Co. In accordance with the provisions of R&Co Gestion's articles of association, its chairman is the sole executive corporate officer in the twelve-month financial period to 31 December 2020. The following remuneration was received by the executive corporate officer in 2020, paid by R&Co Gestion but reimbursed by R&Co in accordance with the provisions of R&Co's articles of association relating to R&Co Gestion's operating expenses:

In thousands of euros	31/12/2020
Fixed remuneration of chairman	500
TOTAL	**500**

The chairman of R&Co Gestion did not benefit from payments in shares in respect of 2020 and no severance benefits were provided for termination of work contracts. No other long-term benefits were granted.

The transactions during the period and balances at the end of the period between Group companies which are fully consolidated are eliminated on consolidation, and so are not disclosed. Transactions and balances with companies accounted for by the equity method are shown separately in the table below.

Other related parties are: R&Co Gestion, the Managing Partner of R&Co; the members of the Supervisory Board; people with control of the Group; people with control of the parent company of R&Co as Rothschild & Co Concordia SAS directors; companies that are controlled by the principal officers; and any person directly or indirectly responsible for management or control of the activities of R&Co. They also include close family members of any person who controls, exercises joint control or significant influence on R&Co; and persons closely related to Executive Directors, members of the Supervisory Board or to board members of its parent company.

Amounts reported in the Group's accounts that are linked to related parties are disclosed below.

In thousands of euros	31/12/2020 Companies accounted for by the equity method	31/12/2020 Executive Directors	31/12/2020 Other related parties	31/12/2019 Companies accounted for by the equity method	31/12/2019 Executive Directors	31/12/2019 Other related parties
Assets						
Loans and advances to customers	–	–	9,097	–	–	11,882
Right of use assets	–	–	–	4,857	–	–
Other assets	–	–	–	–	–	–
TOTAL ASSETS	**–**	**–**	**9,097**	**4,857**	**–**	**11,882**
Liabilities						
Due to customers	–	3,042	52,928	–	573	115,317
Lease liabilities	–	–	–	4,905	–	–
Other liabilities	9	–	–	7	–	–
TOTAL LIABILITIES	**9**	**3,042**	**52,928**	**4,912**	**573**	**115,317**

In thousands of euros	31/12/2020 Companies accounted for by the equity method	31/12/2020 Executive Directors	31/12/2020 Other related parties	31/12/2019 Companies accounted for by the equity method	31/12/2019 Executive Directors	31/12/2019 Other related parties
Income and expenses from transactions with related parties						
Net interest income/(expense)	(90)	–	38	(99)	–	51
Net fee and commission income/(expense)	109	–	–	114	–	–
Other income	–	–	35	–	–	144
TOTAL NET BANKING INCOME	**19**	**–**	**73**	**15**	**–**	**195**
Other expenses	(526)	–	(2,688)	(522)	–	(2,913)
TOTAL EXPENSES	**(526)**	**–**	**(2,688)**	**(522)**	**–**	**(2,913)**

Note 33 – Fees to statutory auditors

In thousands of euros	KPMG 31/12/2020	KPMG 31/12/2019	Cailliau Dedouit et Associés 31/12/2020	Cailliau Dedouit et Associés 31/12/2019
AUDIT				
Statutory audit of consolidated and solo accounts, and related services				
R&Co (parent company)	162	161	162	161
Subsidiaries	2,258	2,180	237	241
Services other than the statutory audit of accounts, required for legal or regulatory reasons				
R&Co (parent company)	38	19	–	–
Subsidiaries	288	260	4	8
Subtotal	**2,746**	**2,620**	**403**	**410**
SERVICES OTHER THAN THE STATUTORY AUDIT OF ACCOUNTS, PROVIDED AT THE REQUEST OF ENTITIES				
Law, tax and social	5	12	–	–
Other	41	230	–	–
Subtotal	**46**	**242**	**–**	**–**
TOTAL	**2,792**	**2,862**	**403**	**410**

Services other than the statutory audit of accounts include €330,000 (31 December 2019: €287,000) for the review of the compliance of group entities with regard to regulatory provisions. In the year ended 31 December 2019, €185,000 was additionally incurred for the restructuring of certain businesses (mergers, disposals and capital reductions).

Note 34 – Segmental information

The table below presents a segmental analysis by business line, used internally for assessing business performance, which is then adjusted to conform to the Group's statutory accounting policies. The reconciliation to IFRS mainly reflects: the treatment of profit share *(préciput)* paid to French partners as non-controlling interests; accounting for deferred bonuses over the period that they are earned; the application of IAS 19 for defined benefit pension schemes; adding back non-operating gains and losses booked in "net income/(expense) from other assets" or administrative expenses; and reallocating impairments and certain operating income and expenses for presentational purposes.

Segmental information split by business

In thousands of euros	Global Advisory	Wealth & Asset Management	Merchant Banking	Other business and corporate centre	Total before IFRS reconciliation	IFRS reconciliation	31/12/2020
Net banking income	**1,145,958**	**499,041**	**147,976**	**10,887**	**1,803,862**	**(4,931)**	**1,798,931**
Operating expenses	(977,261)	(421,795)	(90,573)	(53,212)	(1,542,841)	124,614	(1,418,227)
Cost of risk	–	(3,155)	–	–	(3,155)	(4,162)	(7,317)
Operating income	**168,697**	**74,091**	**57,403**	**(42,325)**	**257,866**	**115,521**	**373,387**
Share of profits of associated entities	–	–	–	–	–	530	530
Non-operating income	–	–	–	–	–	(4,967)	(4,967)
Profit before tax	**168,697**	**74,091**	**57,403**	**(42,325)**	**257,866**	**111,084**	**368,950**

In thousands of euros	Global Advisory	Wealth & Asset Management	Merchant Banking	Other business and corporate centre	Total before IFRS reconciliation	IFRS reconciliation	31/12/2019
Net banking income	**1,159,571**	**496,663**	**197,253**	**24,497**	**1,877,984**	**(5,959)**	**1,872,025**
Operating expenses	(993,569)	(425,555)	(85,999)	(53,244)	(1,558,367)	138,107	(1,420,260)
Cost of risk	–	1,707	–	–	1,707	(7,637)	(5,930)
Operating income	**166,002**	**72,815**	**111,254**	**(28,747)**	**321,324**	**124,511**	**445,835**
Share of profits of associated entities	–	–	–	–	–	259	259
Non-operating income	–	–	–	–	–	18,393	18,393
Profit before tax	**166,002**	**72,815**	**111,254**	**(28,747)**	**321,324**	**143,163**	**464,487**

Net banking income split by geographical segment

In thousands of euros	31/12/2020	%	31/12/2019	%
France	570,876	32%	544,704	29%
United Kingdom and Channel Islands	521,415	29%	586,834	31%
Americas	293,543	16%	224,180	12%
Rest of Europe	241,342	13%	321,407	17%
Switzerland	110,348	6%	110,078	6%
Australia and Asia	44,822	2%	60,160	3%
Other	16,585	1%	24,662	1%
TOTAL	**1,798,931**	**100%**	**1,872,025**	**100%**

The breakdown by geographic segment is based on the geographic location of the entity that records the income.

Note 35 – Earnings per share

	31/12/2020	31/12/2019
Net income – Group share (millions of euros)	160.5	242.7
Profit share *(préciput)* adjustment (millions of euros)	(2.6)	(1.3)
Net income – Group share after *préciput* adjustment (millions of euros)	**157.9**	**241.4**
Basic average number of shares in issue – 000s	71,906	71,340
Earnings per share – basic (euro)	**2.20**	**3.38**
Diluted average number of shares in issue – 000s	72,254	72,049
Earnings per share – diluted (euro)	**2.19**	**3.35**

Basic earnings per share are calculated by dividing Net income – Group share (after removing accrued profit share (*préciput*), which is not part of the distributable profit available to shareholders) by the weighted average number of shares in issue during the period. The *préciput* adjustment is spread evenly over the reporting period.

Diluted earnings per share are calculated using the treasury share method, whereby net income is divided by the sum of the weighted average number of shares outstanding plus the bonus number of shares that would be issued through dilutive option or share awards. Share options and awards which are dilutive are those which are in the money, based on the average share price during the period. The majority of potential shares which are not dilutive are connected to the Rothschild & Co Equity Scheme.

As there were no gains or losses on discontinued activities, the earnings per share on continuing activities are the same as earnings per share.

Note 36 – Consolidation scope

Article L.511-45 of the French Monetary and Financial Code requires financial holding companies to publish information on their locations and activities in certain countries and territories.

The following table shows the material subsidiaries and associates which are included in the Group consolidated financial statements, and the territory in which they are domiciled. The list below does not include dormant companies, on account of their immateriality.

The activities below are those used in Note 34, and the abbreviations used are defined in the glossary of this report.

		31/12/2020		31/12/2019		Consolidation method[1]	
Company name	Activity	% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/12/2020	31/12/2019
Australia							
Rothschild & Co Australia Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Belgium							
Rothschild & Co Belgium SA NV	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Wealth Management Belgium – Belgium branch	WAM	100.00	99.99	100.00	99.99	FC	FC
Transaction R&Co Belgique – Belgium branch	GA	100.00	99.74	100.00	99.71	FC	FC
Brazil							
Rothschild & Co Brasil Ltda	GA	100.00	100.00	100.00	100.00	FC	FC
Canada							
Rothschild & Co Canada Inc.	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Holdings Canada Inc.	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Securities Canada Inc.	GA	100.00	100.00	100.00	100.00	FC	FC
Cayman Islands							
Auster Capital Ltd	MB	30.00	30.00	–	–	EM	–
Auster Fund Advisory Ltd	MB	30.00	30.00	–	–	EM	–
Auster Holdings Ltd	MB	30.00	30.00	–	–	EM	–
VC Acquisition Limited Partnership	Other	100.00	100.00	99.00	99.00	FC	FC
China							
Nathan Financial Advisory Services (Tianjin) Co. Ltd	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Advisory (Beijing) Company Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Advisory (Beijing) Company Limited – Shanghai Branch	GA	100.00	100.00	100.00	100.00	FC	FC
Curaçao							
Rothschild & Co Latin America N.V.	Other	–	–	100.00	100.00	–	FC
Denmark							
N.M. Rothschild & Sons Limited, Denmark Filial	GA	100.00	100.00	100.00	100.00	FC	FC
France							
Aida SAS	Other	100.00	100.00	100.00	100.00	FC	FC
Aix-Rabelais	Other	100.00	99.99	100.00	99.99	FC	FC
Albinoni SAS	Other	100.00	99.99	100.00	99.99	FC	FC
Bastia Rabelais SAS	WAM	100.00	99.99	100.00	99.99	FC	FC
Cavour SAS	Other	100.00	100.00	100.00	100.00	FC	FC
Concordia Holding Sarl	Other	100.00	100.00	100.00	100.00	FC	FC
Courtages Etoile SNC	WAM	100.00	99.99	100.00	99.98	FC	FC
Financière Rabelais SAS	Other	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Managers GP SAS	MB	100.00	100.00	–	–	FC	–
Five Arrows Managers SAS	MB	100.00	100.00	100.00	100.00	FC	FC
GEDAF SAS	WAM	100.00	99.99	100.00	99.99	FC	FC
GIE Rothschild & Co	Other	100.00	99.99	100.00	99.99	FC	FC

(1) FC: full consolidation. EM: equity method.

Company name	Activity	31/12/2020 % Group voting interest	31/12/2020 % Group ownership interest	31/12/2019 % Group voting interest	31/12/2019 % Group ownership interest	Consolidation method[1] 31/12/2020	Consolidation method[1] 31/12/2019
K Développement SAS	MB	100.00	100.00	100.00	100.00	FC	FC
Lyxor RMM Treasury Fund	WAM	100.00	99.99	100.00	99.99	FC	FC
Martin Maurel SA	WAM	99.99	99.99	97.90	99.99	FC	FC
Messine Participations	WAM	100.00	99.99	100.00	99.99	FC	FC
Messine SAS	WAM	99.70	99.69	99.70	99.69	FC	FC
Montaigne Rabelais SAS	Other	100.00	99.99	100.00	99.99	FC	FC
Paris Orléans Holding Bancaire SAS	Other	100.00	100.00	100.00	100.00	FC	FC
PO Capinvest 1 SAS	MB	100.00	100.00	100.00	100.00	FC	FC
PO Fonds SAS	MB	100.00	100.00	100.00	100.00	FC	FC
PO Mezzanine SAS	MB	100.00	100.00	100.00	100.00	FC	FC
R&Co Investments France SAS	WAM	100.00	99.99	100.00	99.99	FC	FC
Rothschild & Cie SCS[2]	GA	99.98	99.97	99.98	99.97	FC	FC
Rothschild & Co Asset Management Europe SCS[2]	WAM	100.00	99.99	100.00	99.99	FC	FC
Rothschild & Co Europe SNC	GA	100.00	99.98	100.00	99.98	FC	FC
Rothschild & Co Immobilier SCS – (formerly RTI Partenaires SCS)[2]	GA	98.80	98.77	98.80	98.77	FC	FC
Rothschild & Co SCA	Other	100.00	100.00	100.00	100.00	Parent company	Parent company
Rothschild & Co TA SCS – (formerly Rothschild & Co Immobilier)	GA	100.00	99.97	100.00	99.97	FC	FC
Rothschild Martin Maurel SCS[2]	WAM	99.99	99.99	99.99	99.99	FC	FC
SCI Du 20 Rue Grignan	WAM	100.00	99.99	99.99	99.97	FC	FC
SCI Du 6 Rue De La Bourse	WAM	100.00	99.99	99.99	99.98	FC	FC
SCI Prado Marveyre	WAM	100.00	99.99	99.99	99.98	FC	FC
SCS Holding SAS	Other	100.00	100.00	100.00	100.00	FC	FC
Transaction R&Co Immobilier SCS	GA	100.00	99.74	100.00	99.74	FC	FC
Transaction R&Co SCS[2]	GA	99.79	99.74	99.79	99.76	FC	FC
TrésoPlus	WAM	100.00	99.99	100.00	99.99	FC	FC
TRR Partenaires SAS – (formerly Transaction R&Co Partenaires)	GA	50.00	49.87	50.00	49.86	FC	FC
Verdi SAS	Other	100.00	100.00	100.00	100.00	FC	FC
Verseau SAS	MB	100.00	100.00	95.00	95.00	FC	FC
Wargny BBR SA	WAM	100.00	99.99	100.00	99.99	FC	FC
Germany							
Rothschild & Co Deutschland GmbH	GA	100.00	99.98	100.00	99.98	FC	FC
Rothschild & Co Vermögensverwaltung GmbH	WAM	100.00	100.00	100.00	100.00	FC	FC
Greece							
Rothschild & Co Greece Single Member S.A.	GA	100.00	100.00	100.00	100.00	FC	FC
Guernsey							
Blackpoint Management Limited	WAM	–	–	100.00	99.99	–	FC
Jofran Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Maison (C.I.) Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Asset Management Holdings (CI) Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Bank International Limited	WAM	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Continuation Finance CI Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Shield Holdings (Guernsey) Limited	Other	100.00	100.00	100.00	100.00	FC	FC

(1) FC: full consolidation. EM: equity method.
(2) Some subsidiaries are limited partnerships *(sociétés en commandite simple)*. The percentage interest recorded in the consolidated accounts is calculated in accordance with the statutory regulations applicable to limited partnerships based on the individual results of each partnership.

Company name	Activity	31/12/2020 % Group voting interest	31/12/2020 % Group ownership interest	31/12/2019 % Group voting interest	31/12/2019 % Group ownership interest	Consolidation method[(1)] 31/12/2020	Consolidation method[(1)] 31/12/2019
Shield Securities Limited	Other	100.00	100.00	100.00	100.00	FC	FC
St. Julian's Properties Limited	Other	50.00	50.00	50.00	50.00	EM	EM
TM New Court Plan Trust	Other	100.00	100.00	100.00	100.00	FC	FC
Hong Kong							
HongKong Win Go Fund Management Limited	MB	–	–	33.33	33.33	–	EM
Rothschild & Co Hong Kong Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Wealth Management Hong Kong Limited	WAM	–	–	100.00	100.00	–	FC
India							
Rothschild & Co India Private Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Indonesia							
PT RothschildCo Advisory Indonesia	GA	100.00	100.00	100.00	100.00	FC	FC
Israel							
Rothschild & Co Israel B.V. – Israel Branch	GA	100.00	99.98	100.00	99.98	FC	FC
Italy							
Rothschild & Co Asset Management Europe – Milan Branch	WAM	100.00	99.99	100.00	99.99	FC	FC
Rothschild & Co Italia S.p.A.	GA	100.00	99.98	100.00	99.98	FC	FC
Rothschild & Co Wealth Management Italy SIM SpA	WAM	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Wealth Management UK Limited – Milan Branch	WAM	–	–	100.00	100.00	–	FC
Japan							
Rothschild & Co Japan Ltd	GA	100.00	100.00	100.00	100.00	FC	FC
Jersey							
Arena Plaza Jersey GP Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Luxembourg							
Centrum Jonquille S.à r.l.	MB	100.00	100.00	100.00	100.00	FC	FC
Centrum Narcisse S.à r.l.	MB	100.00	100.00	100.00	100.00	FC	FC
Elsinore I GP S.à r.l.	MB	100.00	100.00	100.00	100.00	FC	FC
FACS C General Partner	MB	100.00	100.00	100.00	100.00	FC	FC
FAMI GP S.à r.l.	MB	100.00	100.00	–	–	FC	–
FIN PO S.A., SICAR	MB	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Credit Solutions General Partner	MB	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Managers SA	MB	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Mezzanine Investments Sàrl	MB	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Principal Investments International Feeder SCA SICAR	MB	100.00	100.00	100.00	100.00	FC	FC
HRA Investment SCSp	MB	84.62	84.20	84.62	84.20	FC	FC
Oberon GP S.à r.l.	MB	100.00	100.00	100.00	100.00	FC	FC
Oberon II GP S.à r.l.	MB	100.00	100.00	100.00	100.00	FC	FC
Oberon III GP S.à r.l.	MB	100.00	100.00	100.00	100.00	FC	FC
Oberon USA General Partner S.à r.l	MB	100.00	100.00	100.00	100.00	FC	FC
Parallel GP S.à.r.l.	MB	100.00	100.00	100.00	100.00	FC	FC
PO Co Invest GP S.à.r.l.	MB	100.00	100.00	100.00	100.00	FC	FC
PO Invest 2 SA	MB	93.85	93.85	93.85	93.85	FC	FC
R Commodity Finance Fund General Partner	WAM	100.00	99.99	100.00	99.99	FC	FC

(1) FC: full consolidation. EM: equity method.

Company name	Activity	31/12/2020 % Group voting interest	31/12/2020 % Group ownership interest	31/12/2019 % Group voting interest	31/12/2019 % Group ownership interest	Consolidation method[1] 31/12/2020	Consolidation method[1] 31/12/2019
Rothschild & Co Investment Managers S.A.	MB and WAM	100.00	100.00	100.00	100.00	FC	FC
RPI Invest 2 SCSp	MB	100.00	100.00	100.00	100.00	FC	FC
RPO GP S.à.r.l.	MB	100.00	100.00	100.00	100.00	FC	FC
RPO Invest 1 SCSp	MB	100.00	100.00	99.50	99.50	FC	FC
Malaysia							
RothschildCo Malaysia Sdn. Bhd.	GA	100.00	100.00	70.00	100.00	FC	FC
Mexico							
Rothschild & Co Mexico Holdings Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Mexico, S.A. de C.V.	GA	100.00	100.00	100.00	100.00	FC	FC
Monaco							
Rothschild Martin Maurel Monaco	WAM	99.97	99.95	99.97	99.95	FC	FC
Rothschild Martin Maurel Monaco Gestion	WAM	99.30	99.25	99.30	99.25	FC	FC
Rothschild Martin Maurel SCS – Monaco branch	WAM	100.00	99.99	100.00	99.99	FC	FC
SCI VDP 2	WAM	100.00	71.27	100.00	71.27	FC	FC
SCPM VDP 1	WAM	71.00	70.98	71.00	70.98	FC	FC
Netherlands							
Rothschild & Co CIS B.V.	GA	100.00	99.98	100.00	99.98	FC	FC
Rothschild & Co Continuation Finance B.V.	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Europe B.V.	GA	100.00	99.98	100.00	99.98	FC	FC
Rothschild & Co Israel BV	GA	100.00	99.98	100.00	99.98	FC	FC
Poland							
Rothschild & Co Polska sp. z o. o.	GA	100.00	99.98	100.00	99.98	FC	FC
Portugal							
Rothschild & Co Portugal Limitada	GA	100.00	99.98	100.00	99.98	FC	FC
Qatar							
Rothschild & Co Doha LLC	GA	100.00	99.98	100.00	99.98	FC	FC
Russia							
Rothschild & Co CIS B.V. – Moscow Branch	GA	100.00	99.98	100.00	99.98	FC	FC
Rothschild & Co CIS B.V. Moscow Representative Office	GA	100.00	99.98	100.00	99.98	FC	FC
Singapore							
Rothschild & Co Singapore Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild Wealth Management Singapore Limited	WAM	–	–	100.00	100.00	–	FC
South Africa							
Rothschild & Co (South Africa) Foundation Trust	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild and Co South Africa (Pty) Ltd	GA	100.00	100.00	100.00	100.00	FC	FC
Southern Arrows Proprietary Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Spain							
RothschildCo España S.A.	GA	100.00	99.98	100.00	99.98	FC	FC
Sweden							
Rothschild & Co Nordic AB	GA	100.00	99.98	100.00	99.98	FC	FC
Switzerland							
Rothschild & Co Bank AG	WAM	100.00	100.00	100.00	100.00	FC	FC

(1) FC: full consolidation. EM: equity method.

Company name	Activity	31/12/2020		31/12/2019		Consolidation method(1)	
		% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/12/2020	31/12/2019
Rothschild & Co China Holding AG	Other	–	–	100.00	100.00	–	FC
Rothschild & Co Continuation Holdings AG	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Global Advisory Switzerland AG	GA	100.00	100.00	100.00	100.00	FC	FC
Turkey							
Rothschild & Co Kurumsal Finansman Hizmetleri Limited Sirketi	GA	100.00	99.98	100.00	99.98	FC	FC
United Arab Emirates							
Rothschild & Co Europe B.V. – Abu Dhabi Representative Office	GA	100.00	99.98	100.00	99.98	FC	FC
Rothschild & Co Middle East Limited	GA	100.00	99.98	100.00	99.98	FC	FC
United Kingdom							
Arrowpoint Advisory LLP	GA	100.00	100.00	100.00	100.00	FC	FC
Arrowpoint Advisory Services Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Continuation Computers Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Five Arrows (Scotland) General Partner Limited	MB	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Credit Solutions Co-Investments, LP	MB	100.00	100.00	50.00	50.00	FC	EM
Five Arrows Finance Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Managers LLP	MB	100.00	100.00	100.00	100.00	FC	FC
International Property Finance (Spain) Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Lanebridge Holdings Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Lanebridge Investment Management Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Marplace (Number 480) Limited	Other	100.00	100.00	100.00	100.00	FC	FC
N.M. Rothschild & Sons Limited	GA and Other	100.00	100.00	100.00	100.00	FC	FC
New Court Securities Limited	Other	100.00	100.00	100.00	100.00	FC	FC
O.C. Investments Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Redburn (Europe) Limited	GA	25.31	25.31	25.52	25.52	EM	EM
Risk Based Investment Solutions Limited	WAM	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Australia Holdings Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Continuation Finance Holdings Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Continuation Finance PLC	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Continuation Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Credit Management Limited	MB	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Europe Partnership	GA	100.00	99.98	100.00	99.98	FC	FC
Rothschild & Co Gold Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Holdings Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Holdings UK Limited	Other	–	–	100.00	100.00	–	FC
Rothschild & Co Wealth Management UK Limited	WAM	100.00	100.00	100.00	100.00	FC	FC
Scott Harris UK Limited	GA	–	–	100.00	100.00	–	FC
Second Continuation Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Shield MBCA Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Shield Trust Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Third New Court Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Walbrook Assets Limited	Other	100.00	100.00	100.00	100.00	FC	FC

(1) FC: full consolidation. EM: equity method.

Company name	Activity	31/12/2020		31/12/2019		Consolidation method[1]	
		% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/12/2020	31/12/2019
United States of America							
FACP General Partner LP	MB	**100.00**	**100.00**	100.00	100.00	**FC**	FC
FACP GP-GP	MB	**100.00**	**100.00**	100.00	100.00	**FC**	FC
Five Arrows Managers (North America) LLC	MB	**100.00**	**100.00**	100.00	100.00	**FC**	FC
Five Arrows Managers (USA) LLC	MB	**100.00**	**100.00**	100.00	100.00	**FC**	FC
Francarep Inc	MB	**100.00**	**100.00**	100.00	100.00	**FC**	FC
PO Black LLC	MB	**100.00**	**100.00**	100.00	100.00	**FC**	FC
PO Elevation Rock, Inc	MB	**100.00**	**100.00**	100.00	100.00	**FC**	FC
Rothschild & Co Asset Management US Inc.	WAM	**100.00**	**100.00**	100.00	100.00	**FC**	FC
Rothschild & Co North America Holdings Inc.	Other	**100.00**	**100.00**	100.00	100.00	**FC**	FC
Rothschild & Co North America Inc.	GA	**100.00**	**100.00**	100.00	100.00	**FC**	FC
Rothschild & Co Realty Group Inc.	Other	**100.00**	**100.00**	100.00	100.00	**FC**	FC
Rothschild & Co Risk Based Investments LLC	WAM	**100.00**	**100.00**	100.00	100.00	**FC**	FC
Rothschild & Co US Inc.	GA	**100.00**	**100.00**	100.00	100.00	**FC**	FC

(1) FC: full consolidation. EM: equity method.

Note 37 – Results, tax and headcount by territory

Pursuant to Article L.511-45 II to V of the French Monetary and Financial Code, referred to in Note 36, the table below specifically provides information linked to net banking income, pre-tax profit, income tax and headcount for the twelve months to 31 December 2020.

Country/region of operation	Net banking income (in millions of euros)	Profit before tax (in millions of euros)	Current tax (in millions of euros)	Deferred tax (in millions of euros)	Headcount (full-time equivalent at the period end)
France	570.9	175.3	(22.9)	4.4	1,188
United Kingdom	506.3	82.7	(13.3)	(4.6)	1,014
North America	273.2	46.9	(0.5)	(3.6)	374
Other Europe	201.0	22.3	(9.4)	(0.1)	434
Switzerland	110.3	19.2	(5.4)	0.3	259
Asia-Pacific and Latin America	65.2	(11.7)	(1.8)	0.0	212
Luxembourg	41.0	33.1	(3.5)	0.1	22
Channel Islands	15.1	3.3	(0.6)	0.1	36
Cayman Islands	–	0.7	–	–	–
Curaçao	–	0.0	–	–	–
Other	17.0	(2.8)	0.8	0.2	50
Total before intercompany elimination	**1,800.0**	**369.0**	**(56.6)**	**(3.2)**	**3,589**
Intercompany elimination	(1.1)	–	–	–	–
TOTAL	**1,798.9**	**369.0**	**(56.6)**	**(3.2)**	**3,589**

Revenues and profits are measured before the elimination of intercompany fees and interest income and expense.

The Group has not received any public subsidies in the period. For France, profit before tax is stated before amounts deducted as non-controlling interests, being profit share *(préciput)* paid as preferred amounts to French partners who individually account for tax (see also Note 31).

Statutory auditors' report on the consolidated financial statements
For the year ended 31 December 2020

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Dear Shareholders,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of Rothschild & Co SCA for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics *(code de déontologie)* for statutory auditors.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

1. Valuation of financial instruments carried at Fair Value through P&L

KEY AUDIT MATTER

As at 31 December 2020, the Group holds financial instruments categorised as level 2 and level 3 according to the IFRS fair value hierarchy. These financial instruments are presented at fair value through P&L on the asset side of the balance sheet for €822 million, representing 5.6% of total assets.

The fair value of these financial assets, whose market prices are not available or the valuation parameters are not observable, is determined using valuation techniques or complex internal and external valuation models and requires exercise of judgment.

We considered that the valuation of level 2 and 3 financial instruments recognised at fair value through P&L was a key audit matter for the consolidated financial statements due to the exercise of the judgment that it requires and its sensitivity to the assumptions made.

Information on the valuation of financial instruments is presented in section 4.5 of the consolidated financial statements.

OUR RESPONSE

Our procedures consisted of:

- understanding of the internal control and governance put in place by the management to identify and value the financial assets in level 2 and 3 of the fair value hierarchy;
- assessing the soundness of the methodology applied and the relevance of the parameters and assumptions used by the Group to determine the fair values of these financial assets;
- testing the valuations used by the Group for these level 2 and 3 financial assets.

We have ensured that the information presented in the consolidated financial statements is appropriate.

2. Provision for litigation

KEY AUDIT MATTER

As at 31 December 2020, the Group has accrued a total provision of €21 million arising from litigation proceedings.

The Group may be involved in legal proceedings or receive claims arising from the conduct of its business. Based on available information and, where appropriate, legal advice, provisions are recognised when it is probable that a settlement will be necessary and a reliable estimate of this amount can be made.

We considered the determination of litigation provisions as a key audit matter because of the significant judgment required to evaluate these estimates.

Information on provisions for litigation is presented in note 15 to the consolidated financial statements.

OUR RESPONSE

Our procedures consisted in obtaining an understanding of the internal control and governance system put in place by the management to identify, evaluate and measure potential obligations arising from legal proceedings or claims in the conduct of the Group's business.

For significant legal proceedings that have undergone significant developments or that have emerged during the period, we have:

- assessed the facts and circumstances that motivate the existence of the obligation and the need to recognise a provision;
- questioned the Group's internal and external legal advice;
- carried out a critical analysis of the assumptions retained and the key judgments applied.

For the other procedures, we ensured that there was no development that could question Management's assessment of the level of the obligation and the resulting provision.

We have ensured that the information presented in the consolidated financial statements is appropriate.

3. Revenue recognition for Advisory work and other services

KEY AUDIT MATTER

As at 31 December 2020, the Group records net fees for Advisory work and other services over the year of €1,148 million, representing 64% of net banking income.

Revenues are recognised either during the period during which the service is provided, or when a significant act is completed or an event occurs.

We considered that revenue recognition for Advisory work and other services was a key audit matter considering the relative importance of these fees in the Group's income statement and because the recognition of these revenues requires a case-by-case analysis of the contractual conditions.

Information on the recognition of revenue from Advisory work and other services is presented in section 3.2.13 and note 25 of the consolidated financial statements.

OUR RESPONSE

Our procedures consisted of:

- understanding the internal control system put in place within the Group;
- testing, on a sample basis, the occurrence of the events generating contractual exigibility of the fees as well as the correct cut-off to the related accounting period.

Lastly, we made sure that the information presented in the consolidated financial statements is appropriate.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement, required by Article L.225-102-1 of the French Commercial Code *(Code de commerce)*, is included in the Group's management report, it being specified that, in accordance with the provisions of Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information provided therein and this information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

Format of presentation of the financial statements intended to be included in the Annual Financial Report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after 1 January 1 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code *(code monétaire et financier)*.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Rothschild & Co SCA by the General Meeting held on 29 September 2005 for KPMG S.A and on 24 June 2003 for Cailliau Dedouit et Associés S.A.

As at 31 December 2020, KPMG S.A. and Cailliau Dedouit et Associés S.A. were in the 16th year and 18th year of total uninterrupted engagement, which are the 16 and 18 years since securities of the Company were admitted to trading on a regulated market, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved *(arrêtés)* by the Managing Partner.

Statutory Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris, 11 March 2021
The statutory auditors

KPMG S.A.	Cailliau Dedouit et Associés S.A.
Arnaud Bourdeille	**Sandrine Le Mao**
Partner	Partner

Assets

In thousands of euros	Notes	31/12/2020 Gross value	31/12/2020 Depreciation, amortisation and provisions	31/12/2020 Net carrying amount	31/12/2019 Net carrying amount
Non-current assets					
Intangible assets					
Concessions, patents, brands and software		258	249	9	11
Total intangible assets		**258**	249	**9**	**11**
Property, plant and equipment					
Land		3,170	–	3,170	3,170
Buildings		4,410	863	3,546	3,758
Other property, plant and equipment		533	180	353	172
Total property, plant and equipment	1	**8,112**	1,043	**7,069**	**7,100**
Non-current financial assets					
Investments in Group and other companies	2	1,732,911	7,663	1,725,248	1,723,657
Portfolio holdings	3	116,494	21,651	94,842	110,766
Receivables related to portfolio holdings		–	–	–	5
Loans		1	–	1	22,294
Other non-current financial assets		6	–	6	6
Total non-current financial assets		**1,849,412**	29,314	**1,820,098**	**1,856,729**
Total non-current assets		**1,857,783**	30,607	**1,827,176**	**1,863,840**
Current assets					
Accounts receivable	4	**27,010**	–	**27,010**	**31,042**
Marketable securities	5				
Treasury stock		–	–	–	927
Other securities		40,956	–	40,956	38,330
Cash		328,446	–	328,446	228,878
Prepaid expenses		43	–	43	57
Total current assets		**396,455**	–	**396,455**	**299,233**
Unrealised translation gains	6	**8**	–	**8**	106
TOTAL ASSETS		**2,254,246**	30,607	**2,223,639**	**2,163,179**

Liabilities and shareholders' equity

In thousands of euros	Notes	31/12/2020	31/12/2019
Shareholders' equity			
Share capital		**155,315**	155,235
Share premium		**1,114,964**	1,114,344
Reserves			
Legal reserves		**15,524**	15,503
Other reserves		**153,044**	153,044
Retained earnings		**516,542**	**209,757**
Net income for the year		**84,497**	**309,401**
Regulated provisions		**303**	303
Total shareholders' equity	7	**2,040,189**	**1,957,587**
Provisions for contingencies and charges			
Provisions for contingencies		**11,347**	106
Provisions for charges		**4,719**	1,993
Total provisions for contingencies and charges	8	**16,066**	**2,099**
Liabilities			
Financial liabilities			
Borrowings and other financial liabilities – banks	9	38	70,022
Borrowings and other financial liabilities – others		31	31
Operating liabilities	10	**22,900**	**9,625**
Other liabilities	11	**144,343**	**123,816**
Total liabilities		**167,313**	**203,493**
Unrealised translation losses	6	**72**	–
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,223,639**	**2,163,179**

In thousands of euros	Notes	31/12/2020	31/12/2019
Income transactions			
Operating income transactions			
Operating income	12	3,135	1,690
Operating expenses	13	(24,538)	(20,432)
Net operating income		**(21,403)**	**(18,742)**
Other income transactions			
Income from investments in group and other companies and portfolio holdings	14	121,926	345,744
Other financial income	15	1,073	68
Capital gains/(losses) on disposals of marketable securities	16	136	(195)
Charge/(recovery) of provisions on other income transactions	17	99	(105)
Financial expenses	18	(1,465)	(7,612)
Income from other income transactions		**121,769**	**337,930**
Current income before tax		**100,366**	**319,188**
Income from capital transactions	19	**(18,117)**	**(19,781)**
Income tax charge	20	2,249	9,995
NET INCOME		**84,497**	**309,401**

I. Highlights of the financial year

R&Co ended the 2020 calendar year with net income of €84.5 million, compared with €309.4 million in the prior year.

For the year ended 31 December 2020, the Company received dividends of €121.8 million from its French subsidiaries (Paris Orléans Holding Bancaire (POHB) €73.9 million; K Développement €38.6 million; Martin Maurel €7.3 million; and Rothschild Martin Maurel €2.1 million), versus €345.2 million for the previous year.

The focus of the R&Co Group throughout the COVID-19 crisis has been and remains the safety and welfare of the colleagues and the needs of the clients. R&Co and its subsidiaries were able to move swiftly into a home-working set-up for all of our employees without major impact on productivity. In addition, the R&Co Group has undertaken actions to limit the adverse effects of the COVID-19 outbreak. In this context, the overall impact on revenue is not significant and the activity remains at the 2019 level. The additional costs related to this health crisis (social distance and increased hygiene measures), offset by savings (travel), did not have a significant impact on operating income.

II. Subsequent events

No significant adjusting events have occurred after 31 December 2020 closing date.

III. Accounting principles and valuation methods

To abide by principles of going concern, conservatism and reliability, and to ensure consistency of accounting methods from one reporting period to the next, the financial statements have been prepared in accordance with the provisions of French law and with French generally accepted accounting principles.

The financial statements have been approved in accordance with Financial Regulation 2014-03 modified by regulations 2015-06 and 2016-07 from the French Accounting Standards Authority *(Autorité des normes comptables)*.

The income statement is presented in accordance with the 'TIAP' model, as recommended by the French Accounting Standards Authority for financial companies.

Income transactions are split in two: firstly, operating income transactions, followed by other income transactions (primarily financial transactions).

Current income corresponds to 'income from ordinary activities', i.e. all activities in which the company engages in the normal course of its business, and any related activities that it carries out on an add-on basis or as an extension of its ordinary activities.

Operating profit does, however, include non-recurring income and expenses from events which are clearly separate from the Company's ordinary activities and which are not, therefore, deemed to occur on a frequent or regular basis.

Capital transactions include transactions concerning holdings classified as non-current assets.

The main accounting policies applied are as follows:

Intangible assets and property, plant and equipment are valued at their acquisition cost and amortised and depreciated in the following manner:

	Estimated useful life	Method
Start-up costs	3 years	straight-line
Software	3 years	straight-line
Buildings	20 to 30 years	straight-line
Leasehold and general improvements	8 to 10 years	straight-line
Vehicles	5 years	straight-line
Office equipment	3 years	reducing-balance
Office furniture	10 years	straight-line

Non-current financial assets are valued at their acquisition cost. The values of holdings denominated in foreign currencies are translated into euro at the exchange rate on the transaction date. All loans and receivables denominated in foreign currencies that are classified among non-current financial assets are translated at the closing rate for the financial year.

Investments in Group and other companies and portfolio holdings are recognised at their acquisition cost. An impairment loss is recognised when fair value is below acquisition cost.

The fair values of investments in Group and other companies and portfolio holdings are calculated in the following manner:

- treasury stock and other listed securities: Average quoted price of the last month before the closing;
- unlisted securities: market value. This is obtained using either the Company's share of book net assets, or re-appraised net assets of the investment, or the price used for a recent transaction in the security;
- funds: an impairment is recognised when the acquisition cost or total investment in the fund exceeds the Company's share of the fund's adjusted net asset value as certified by the fund's auditors or the redemption value as determined by the issuer. The portion of unrealised capital losses linked to currency effects is recognised separately from impairment, which relates solely to changes in the value of the underlying assets.

The value of the portfolio at 31 December 2020 was measured using the same methodology as applied in the preceding financial year. Dividends are recorded in the month in which it is decided to distribute them.

Regarding private equity funds, in accordance with market practice, only amounts actually called up are recorded in the balance sheet, and the unfunded capital commitment is recorded as an off-balance sheet item.

Sales of treasury shares, shareholdings, long-term portfolio holdings or investment securities are recognised using the first-in, first-out (FIFO) method, i.e. the longest-held securities will be deemed to be the first sold.

Receivables are recognised at their nominal value. An impairment loss is recognised when the value is lower than the carrying cost. Receivables denominated in foreign currencies are translated at the closing rate for the financial year.

Marketable securities are recognised initially at their acquisition cost. When their overall value is lower than their acquisition cost, an impairment loss is recognised.

Transactions denominated in foreign currencies are recognised at the rate on the transaction date. At the end of the financial year, all financial assets and liabilities are converted at the closing rate.

IV. Notes to the Company balance sheet

Note 1 – Property, plant and equipment

In thousands of euros	01/01/2020	Acquisitions	(Disposals)	31/12/2020
Gross value	7,916	251	(55)	**8,112**
		(Increases)	Decreases	
Impairment/amortisation	(816)	(267)	40	(1,043)
TOTAL	**7,100**	**(16)**	**(15)**	**7,069**

Note 2 – Investments in Group and other companies

In thousands of euros	01/01/2020	Acquisitions	(Disposals)	Other	31/12/2020
Gross value	1,728,726	4,185	–	–	1,732,911
		(Increases)	Decreases		
Impairment	(5,069)	(2,572)	–	(22)	(7,663)
TOTAL	**1,723,657**	**1,613**	**–**	**(22)**	**1,725,248**

Acquisitions of equity securities for the year concerned mainly the French subsidiary Martin Maurel SA.

Note 3 – Portfolio holdings

This heading includes all non-current strategic portfolio investments that cannot be classified as 'Investment in Group and other companies'.

In thousands of euros	01/01/2020	Acquisitions	(Disposals)	31/12/2020
Gross value	134,001	27	(17,534)	116,494
		(Increases)	Decreases	
Impairment	(23,234)	(2,299)	3,882	(21,651)
TOTAL	**110,766**	**(2,272)**	**(13,652)**	**94,842**

Acquisitions as well as disposals for the year mostly concerned R&Co treasury shares.

As at 31 December 2020, the estimated value of the portfolio of participating interests and investments amounted to €95.0 million.

Note 4 – Accounts receivable

In thousands of euros	Total	< 1 year	Between 1 and 5 years	> 5 years
Group and associated companies' advances and current accounts (cash pooling)	2,228	2,228	–	–
Current accounts related to the tax consolidation group	14,059	14,059	–	–
Amounts receivable from the tax authorities(1)	9,551	9,551	–	–
Other accounts receivable	1,172	1,172	–	–
TOTAL	**27,010**	**27,010**	**–**	**–**

(1) Of which accrued income: €1.0 million.

Note 5 – Marketable securities

Marketable securities consist of:

- The other securities (€41.0 million) consist mainly of mutual funds and short-term liquid investments. As at 31 December 2020, the fair value of these securities amounted to €41.0 million, with an unrealised gain of €87,000.

Note 6 – Unrealised translation adjustments

Assets

- Related to accounts receivable for €8,000

Liablities

- Related to accounts payable for €72,000

Note 7 – Shareholders' equity

In thousands of euros	Share capital	Share premium	Legal reserves	Other reserves	Retained earnings	Regulated provisions	Net income for the year	Total shareholders' equity
Shareholders' equity as at 01/01/2020	**155,235**	**1,114,344**	**15,503**	**153,044**	**209,757**	**303**	**309,401**	**1,957,587**
Capital increase	80	620	–	–	–	–	–	700
Appropriation of net income for FY 31/12/2019	–	–	21	–	309,380	–	(309,401)	–
Dividend payment	–	–	–	–	(2,596)	–	–	(2,596)
Net income for FY 31/12/2020	–	–	–	–	–	–	84,497	84,497
SHAREHOLDERS' EQUITY AS AT 31/12/2020	**155,315**	**1,114,964**	**15,524**	**153,044**	**516,542**	**303**	**84,497**	**2,040,189**

At 31 December 2020, the Company's capital comprised 77,657,512 shares with a nominal value of €2 each.

Treasury shares

As at 31 December 2020, R&Co holds 3,476,531 of its own shares, of which none are held as part of the liquidity contract
As at 31 December 2019, R&Co held 4,151,321 own shares, including 38,550 shares held as part of the liquidity contract.

Note 8 – Provisions for contingencies and charges

In thousands of euros	01/01/2020	Charge for the year	Recovery for the year (provision used)	31/12/2020
Provisions for contingencies	**106**	**11,347**	**(106)**	**11,347**
– hedging of foreign currency risk	106	8	(106)	8
– treasury shares	–	11,339	–	11,339
Provisions for charges	**1,993**	**2,726**	**–**	**4,719**
TOTAL	**2,099**	**14,073**	**(106)**	**16,066**

The provision for contingencies and charges mainly relates to a possible expense of €11.3 million linked to the exercise of stock options.

The accounting method for retirement commitments, recommended by French General Chart of Accounts, was not applied in these accounts and would not have had a material impact on the balance sheet or income statement of the Company.

Note 9 – Borrowings and financial liabilities - banks

In thousands of euros	Total	< 1 year	Between 1 and 5 years	> 5 years
Deposits received	31	31	–	–
Bank overdrafts	38	38	–	–
TOTAL	**69**	**69**	**–**	**–**

Note 10 – Operating liabilities

In thousands of euros	Total	< 1 year	Between 1 and 5 years	> 5 years
Accounts payable(1)	7,330	7,330	–	–
Tax and social liabilities(2)	15,570	15,390	180	–
TOTAL	**22,900**	**22,720**	**180**	**–**

(1) Of which accrued expenses: €7.1 million.
(2) Of which accrued expenses: €1.7 million.

Note 11 – Other liabilities

In thousands of euros	Total	< 1 year	Between 1 and 5 years	> 5 years
Group advances and current accounts	143,335	143,335	–	–
Sundry liabilities	1,008	1,008	–	–
TOTAL	**144,343**	**144,343**	**–**	**–**

V. Notes to the Company income statement

R&Co ended the 2020 financial year with net income of €84.5 million compared with €309.4 million for the prior period. The 2020 financial year saw €121.8 million in dividend income from its French subsidiaries against €345.2 million for 2019. The Company made a profit on ordinary activities before tax of €100.4 million in 2020, compared with €319.2 million in the 2019.

Note 12 – Operating income

In thousands of euros	31/12/2020	31/12/2019
Expenses recharged to related companies	**2,827**	1,363
Other operating income	308	327
TOTAL	**3,135**	**1,690**

Note 13 – Operating expenses

In thousands of euros	31/12/2020	31/12/2019
General and administration costs	(17,943)	(15,018)
Taxes other than those on income	(1,735)	(1,278)
Salaries and payroll taxes	(3,721)	(3,045)
Depreciation and amortisation	(278)	(453)
Other expenses	(861)	(638)
TOTAL	**(24,538)**	**(20,432)**

Note 14 – Income from investments in Group and other companies and portfolio holdings

In thousands of euros	31/12/2020	31/12/2019
Dividends from investments in Group and other companies[1]	121,825	345,164
Dividends from portfolio holdings	101	610
TOTAL	**121,926**	**345,774**

(1) See Highlights of the financial year

Note 15 – Other financial income

In thousands of euros	31/12/2020	31/12/2019
Interest income on forward contracts and certificates of deposit	148	67
Interest income from advances granted to Group companies	187	(36)
Foreign exchange gain	737	38
TOTAL	**1,073**	**68**

Note 16 – Capital gains/(losses) on disposals of marketable securities

In thousands of euros	31/12/2020	31/12/2019
Capital gains on sales of marketable securities	175	28
Capital losses on sales of marketable securities	(39)	(222)
TOTAL	**136**	**(195)**

Note 17 – (Charge)/recovery of provisions on other income transactions

In thousands of euros	31/12/2020	31/12/2019
Provisions on exchange rate risk	(7)	(106)
Recoveries on exchange rate risk	106	1
TOTAL	**99**	**(105)**

Note 18 – Financial expenses

In thousands of euros	31/12/2020	31/12/2019
Interest on medium-term borrowings from subsidiaries	(168)	(444)
Interest on medium-term borrowings from third parties	(407)	(282)
Other interest expense	(112)	–
Exchange losses	(778)	(6,885)
TOTAL	**(1,465)**	**(7,612)**

Note 19 – Income from capital transactions

In thousands of euros	31/12/2020	31/12/2019
Capital gains on disposals of investments in Group and other companies and portfolio holdings	109	2,050
Recoveries of impairment of investments in Group and other companies and portfolio holdings	3,882	521
Capital losses on disposals of investments in Group and other companies and portfolio holdings	(5,903)	(4,030)
Charges for impairment of investments in Group and other companies and portfolio holdings	(16,210)	(18,322)
Losses on disposals of property, plant and equipment	4	–
TOTAL	**(18,117)**	**(19,781)**

Note 20 – Income tax

The Company is the head of a tax group, that includes the following companies:

- Paris Orléans Holding Bancaire SAS;
- Concordia Holding SARL;
- Financière Rabelais SAS;
- K Développement SAS;
- Martin Maurel SA;
- PO Fonds SAS;
- PO Mezzanine SAS;
- Verseau SAS.

As part of the tax consolidation process each subsidiary in the tax consolidation group calculates its income tax as if it were taxed on a stand-alone basis.

In thousands of euros	31/12/20	31/12/19
Income tax revenue	2,249	9,995
TOTAL	**2,249**	**9,995**

For the year ended 31 December 2020, the net tax income amounts to €2.2 million.

VI. Other information

A. Employees

For the year ended 31 December 2020, the average headcount was 16 people, all of whom were executives.

B. Compensation of management bodies

In respect of their functions as corporate officers of R&Co for 2020, members of the Supervisory Board who were entitled to compensation under the terms fixed by the Supervisory Board received compensation of €861,000.

C. Consolidation

R&Co, the parent company of the R&Co Group, prepares consolidated financial statements as at 31 December 2020, which are in turn consolidated into the Rothschild & Co Concordia SAS, registered at 23 bis, avenue de Messine, 75008 Paris, France.

D. Off-balance sheet commitments

In thousands of euros	31/12/2020	31/12/2019
Commitments given		
Guarantees given and other commitments	289	289
Earn-out amounts to be paid for shares purchased	4,470	8,156
TOTAL	**4,759**	**8,445**
Commitments received		
Undrawn lines of credit	115,000	92,600
TOTAL	**115,000**	**92,600**

1. Off-balance sheet commitments relating to the purchase of preferred shares in MMI

In July 2015 and March 2016, R&Co acquired from minority shareholders all b1, b2, b3 and b4 preference shares not yet held by MMI, a subsidiary of R&Co. The purpose of MMI was to link the Company's management to potential capital gains that may be realised by the Company within its private equity activities on making divestments. Within the framework of agreements with these minority shareholders, the Company agreed to pay them earnouts on shares transferred, estimated at €2.2 million as at 31 December 2020.

2. Off-balance sheet commitments relating to the R&Co Equity Schemes

As at 31 December 2020, the only securities granting access to the share capital of the Company are the stock options granted by Rothschild & Co for the benefit of the senior employees and executive corporate officers of the Company and its subsidiaries.

Within the framework of the delegations of authority granted by the shareholders and characteristics specific to Rothschild & Co six equity schemes have been implemented and remained in force as at 31 December 2020.

- on 11 October 2013 (the "2013 Equity Scheme");
- on 9 December 2015 (the "2015 Equity Scheme");
- on 13 December 2017 (the "2017 Equity Scheme");
- on 20 June 2018 (the "2018 Equity Scheme"); and
- on 11 October 2019 (the "2019 Existing Partners Scheme" and the "2019 New Partners Scheme").

The main characteristics of the plans are disclosed in section 3B of the Annual report with the following parts:

- Participants
- Pricing and other conditions set out to promote the long-term performance of the Group

Situation as of 31 December 2020

The table below summarises all information on outstanding stock options as at 31 December 2020:

		Date of authorisation by the General Meeting	Grant date by the Managing Partner	Total of options granted	Number of beneficiaries	% of Share capital at the grant date	Subject to the fulfilment of performance conditions	Exercise period start date	Expiration date	Stock option subscription or purchasing price approved by the Managing Partner on the grant date (in euro)	Total options exercised	Total options forfeited	Total options remaining
2013 Equity Scheme	**Options 2013-1**	26 Sept. 2013	11 Oct. 2013	780,000	57	1.10%	No	30 Nov. 2016	11 Oct. 2023	17.50	412,500	20,000	347,500
	Options 2013-2	26 Sept. 2013	11 Oct. 2013	780,000	57	1.10%	No	11 Oct. 2017	11 Oct. 2023	18.00	372,500	20,000	387,500
	Options 2013-3	26 Sept. 2013	11 Oct. 2013	780,000	57	1.10%	No	11 Oct. 2018	11 Oct. 2023	19.00	265,000	30,000	485,000
	Options 2013-4	26 Sept. 2013	11 Oct. 2013	780,000	57	1.10%	No	11 Oct. 2019	11 Oct. 2023	20.00	106,025	30,000	643,975
2015 Equity Scheme	**Options 2015-1**	26 Sept. 2013	9 Dec. 2015	115,000	10	0.16%	No	11 Oct. 2018	9 Dec. 2025	23.62	50,000	10,000	55,000
	Options 2015-2	26 Sept. 2013	9 Dec. 2015	115,000	10	0.16%	No	11 Oct. 2019	9 Dec. 2025	24.12	30,000	10,000	75,000
	Options 2015-3	26 Sept. 2013	9 Dec. 2015	115,000	10	0.16%	No	11 Oct. 2020	9 Dec. 2025	25.12	20,000	10,000	85,000
	Options 2015-4	26 Sept. 2013	9 Dec. 2015	115,000	10	0.16%	No	11 Oct. 2021	9 Dec. 2025	26.12	20,000	10,000	85,000
2017 Equity Scheme	**Options 2017-1**	29 Sept. 2016	13 Dec. 2017	277,500	20	0.36%	Yes(1)	11 Oct. 2020	13 Dec. 2027	31.56	–	5,000	272,500
	Options 2017-2	29 Sept. 2016	13 Dec. 2017	277,500	20	0.36%	Yes(1)	11 Oct. 2021	13 Dec. 2027	32.06	–	5,000	272,500
	Options 2017-3	29 Sept. 2016	13 Dec. 2017	277,500	20	0.36%	Yes(1)	11 Oct. 2022	13 Dec. 2027	33.06	–	5,000	272,500
	Options 2017-4	29 Sept. 2016	13 Dec. 2017	277,500	20	0.36%	Yes(1)	11 Oct. 2023	13 Dec. 2027	34.06	–	5,000	272,500
2018 Equity Scheme	**Options 2018-1**	17 May 2018	20 June 2018	20,000	1	0.02%	Yes(1)	11 Oct. 2020	13 Dec. 2027	31.56	–	–	20,000
	Options 2018-2	17 May 2018	20 June 2018	20,000	1	0.02%	Yes(1)	11 Oct. 2021	13 Dec. 2027	32.06	–	–	20,000
	Options 2018-3	17 May 2018	20 June 2018	20,000	1	0.02%	Yes(1)	11 Oct. 2022	13 Dec. 2027	33.06	–	–	20,000
	Options 2018-4	17 May 2018	20 June 2018	20,000	1	0.02%	Yes(1)	11 Oct. 2023	13 Dec. 2027	34.06	–	–	20,000
2019 Existing Partners Scheme	**Options EP 2019-1**	17 May 2018	11 Oct. 2019	207,500	49	0.27%	Yes	11 Oct. 2020	11 Oct. 2023	26.10	–	–	207,500
	Options EP 2019-2	17 May 2018	11 Oct. 2019	207,500	49	0.27%	Yes	11 Oct. 2020	11 Oct. 2023	27.10	–	–	207,500
	Options EP 2019-3	17 May 2018	11 Oct. 2019	207,500	49	0.27%	Yes	11 Oct. 2021	11 Oct. 2023	29.10	–	–	207,500
	Options EP 2019-4	17 May 2018	11 Oct. 2019	207,500	49	0.27%	Yes	11 Oct. 2022	11 Oct. 2023	31.10	–	–	207,500
2019 New Partners Scheme	**Options NP 2019-1**	17 May 2018	11 Oct. 2019	80,000	6	0.10%	Yes	11 Oct. 2022	11 Oct. 2029	26.10	–	–	80,000
	Options NP 2019-2	17 May 2018	11 Oct. 2019	80,000	6	0.10%	Yes	11 Oct. 2023	11 Oct. 2029	26.60	–	–	80,000
	Options NP 2019-3	17 May 2018	11 Oct. 2019	80,000	6	0.10%	Yes	11 Oct. 2024	11 Oct. 2029	27.60	–	–	80,000
	Options NP 2019-4	17 May 2018	11 Oct. 2019	80,000	6	0.10%	Yes	11 Oct. 2025	11 Oct. 2029	28.60	–	–	80,000
Total				**5,920,000**		**8.04%**					**1,276,025**	**160,000**	**4,483,975**

As at 31 December 2020, 2,786,475 stock options were still outstanding and exercisable in accordance with the terms and conditions of the Equity Schemes. Liabilities related to Equity schemes are disclosed in Note 8.

3. Off-balance-sheet commitments in connection with the acquisition of Martin Maurel SA (MM) shares from certain managers

Between 1 June 2016 and 10 June 2016 R&Co signed memoranda of understanding with a number of managers at MM including commitments to buy and sell MM shares held by these managers and unavailable as a result of the legal obligation to hold these shares until the fifth anniversary of their payment into the Martin Maurel group savings plan.

In accordance with the stipulations of these memoranda of understanding, Rothschild & Co is entitled to buy these MM shares in the month following the date that the restriction to various managers is lifted.

As the restricted shares are paid into the Martin Maurel group savings plan staggered over several years, the scheduled availability of shares on a staggered basis was between 12 March 2017 and 22 March 2021.

R&Co notified managers for whom the shares' restricted period ended on 12 March 2017, with the promise to buy these shares being exercised on 31 March 2017. Accordingly, during the 2020 financial year, R&Co acquired 15,647 MM shares, representing 1.25% of MM's share capital, held by 16 MM managers, for €4.1 million in total consideration.

These promises initially covered a total number of 39,417 MM shares, which represented a commitment estimated at €9.7 million. Following the exercise of these options, there remain 8,247 MM shares subject to put and call options that R&Co is entitled to buy, which may be acquired according to the terms and conditions laid down in the preliminary agreements. These represent a commitment of €2.3 million for R&Co.

E. Analysis of subsidiaries and participating interests

Companies or groups of companies	Share capital	APIC, reserves and retained earnings excluding net income for the period	Share of capital held	Carrying value of shares held		Outstanding loans and advances from the company	Gross revenues (excluding VAT) for the last financial year	Net income for the last financial year	Dividends received by the Company during the financial year
In millions of euro				**Gross**	**Net**				
A. Subsidiaries (Company holds at least 50% of capital)									
Paris Orléans Holding Bancaire SAS (Paris)(2)(4)	729.6	510.3	100%	1,335.5	1,335.5	9.8	–	75.9	73.9
K Développement SAS (Paris)(2)(4)	99.0	102.3	100%	104.2	104.2	–	–	8.0	38.6
Francarep Inc. (USA)(2)(4)	–	3.7	100%	2.6	2.4	–	–	(0.2)	–
Cavour SASU (Paris)(2)(4)	0.06	–	100%	0.1	0.05	–	–	0.0	–
Verdi SASU (Paris)(2)(4)	0.07	(0.01)	100%	0.13	0.05	–	–	0.0	–
Aida SASU (Paris)(2)(4)	0.3	(0.2)	100%	0.3	0.08	0.1	–	0.0	–
Martin Maurel SA(2)(4)	51.2	139.6	99.27%	222.3	222.3	2.4	–	9.6	7.3
B. Participating interests (Company holds 5 to 50% of capital)									
Rothschild Martin Maurel(2)(4)	35.0	236.9	9.1%	55.2	55.2	–	–	78.8	2.1
Finatis SA (Paris)(1)(3)(4)(5)	85.0	(493.0)	5.0%	12.3	5.2	–	34.7	(1.5)	–

(1) Consolidated figures.
(2) Financial year ended 31 December 2020 (FX rate: 1 EUR = 1.12140 USD).
(3) Reserves and net income (Group share).
(4) No guarantees were given by the Company to the above companies or groups of companies.
(5) Financial year ended 31 December 2019.

Statutory auditors' report on the financial statements For the year ended 31 December 2020

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Dear Shareholders,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of Rothschild & Co SCA for the year ended 31 December 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (*code de déontologie*) for statutory auditors.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Impairment of investments in Group, other companies and portfolio holdings

KEY AUDIT MATTER

As at 31 December 2020, the Company held 1,820 million euros through investments in Group, other companies and portfolio holdings, which represent 82% of the total amount of assets.

The net asset value of these investments in Group, other companies and portfolio holdings is determined by the management, depending on the availability of the data and by using quotation prices, net or revalued share in equity or references to recent transactions.

When the inventory value thus determined is lower than the acquisition cost of these investments, an impairment is recognised.

The methodology and assumptions used to determine the inventory value of investments in Group, other companies and portfolio holdings requiring the exercise of judgment, and considering the relative importance of the amount of these financial assets in the balance sheet of the Company, we considered that the determination of impairment of investments in Group, other companies and portfolio holdings is a key audit matter for the annual accounts of the Company.

Paragraph III "Accounting principles, rules and methods" of the appendix sets out the methods for recording an impairment to cover the risk of a decline in the value of investments in Group, other companies and portfolio holdings.

OUR RESPONSE

Our procedures consisted in:

- understanding the internal control and governance put in place by the management to measure the inventory value of investments in Group, other companies and portfolio holdings;
- considering the validity of the methodologies applied and the relevance of the parameters and assumptions used by the Company to determine the inventory values of these financial assets;
- testing, on a sample basis, the inventory values used by the Company for these financial assets and the correct application of the methods.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report (*rapport de gestion*) and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, required under Article D.441-4 of the French Commercial Code (*Code de commerce*).

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code (*code de commerce*) relating to remunerations and benefits received by corporate officers (*mandataires sociaux*) and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of presentation of the financial statements intended to be included in the Annual Financial Report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after 1 January 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*).

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Rothschild & Co SCA by the General Meeting held on 29 September 2005 for KPMG and on 24 June 2003 for Cailliau Dedouit et Associés.

As at 31 December 2020, KPMG and Cailliau Dedouit et Associés were in the 16th year and 18th year of total uninterrupted engagement, which are the 16 years and 18 years since securities of the Company were admitted to trading on a regulated market, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved (*arrêtés*) by the Managing Partner.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris, 11 March 2021
The statutory auditors

KPMG S.A.
Arnaud Bourdeille
Partner

Cailliau Dedouit et Associés S.A.
Sandrine Le Mao
Partner

General Information

Abbreviations and glossary

Term	Definition
ACPR	*Autorité de Contrôle Prudentiel et de Résolution* (French Prudential and Resolution Authority)
AD	Assistant Director
AM	Asset Management
AMF	*Autorité des Marchés Financiers* (French Financial Markets Authority)
AML	Anti-money laundering
AuM	Assets under Management
B&I	Balance and Inclusion
bp	Basis point
Category 1/2/3/4/5	Classification of credit risk rating by the Group, explained in section 4.2.1 of the Consolidated Financial Statements for 2020
CET 1	Common Equity Tier 1
CFMM	Compagnie Financière Martin Maurel
CGU	Cash-generating unit
CO_2	Carbon dioxide
CO_2e	Carbon dioxide equivalent is a universal unit of measurement used to compare the emissions from various greenhouse gases based upon their global warming potential
Company	Rothschild & Co SCA
CRD 4	Capital Requirements Directive 4
CRD 5	Capital Requirements Directive 5
DCF	Discounted cash flow
EAD	Exposure at default (IFRS 9)
EBA	European Banking Authority
ECL	Expected credit loss (IFRS 9), which can be measured on either a 12-month basis (12m ECL) or a lifetime basis (lifetime ECL)
EMAP	Environmental Management Action Plan
Emissions, location-based	A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data)
Emissions, market-based	A market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice).
Emissions, scope 1	Direct emissions from owned or controlled sources as defined by the GHG Protocol Corporate Standard
Emissions, scope 2	Indirect emissions from the generation of purchased energy as defined by the GHG Protocol Corporate Standard
Emissions, scope 3	All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions as defined by the GHG Protocol Corporate Standard
EPS	Earnings Per Share
ESG	Environmental, Social and Governance
EVE	Economic Value of Equity
FACP	Five Arrows Capital Partners
FACS	Five Arrows Capital Solutions
FADL	Five Arrow Direct Lending
FAPEP	Five Arrows Private Equity Program
FAPI	Five Arrows Private Investments
FASO	Five Arrows Secondary Opportunities
FIFO	First-in, first-out
Financing advisory	A subset of the Global Advisory business, encompassing debt advisory; restructuring and equity advisory; and investor advisory work
FTE	Full time equivalents
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GA	Global Advisory (business segment)
GCC	Group Credit Committee

Term	Definition
GEC	Group Executive Committee
General Meeting	General meeting of the shareholders of the Company
General Partners	Rothschild & Co Gestion and Rothschild & Co Commandité, general partners of the Company
GHG	Greenhouse Gas
Group	Rothschild & Co SCA and its consolidated subsidiaries
Group ALCO	Group Assets and Liabilities Committee
GW	Gigawatt
HR	Human resources
IBOR	Interbank Offered Rate
ICP	Internal carbon price
IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
IRRBB	Interest Rate Risk in the Banking Book
LBO	Leveraged Buy-Out
LCR	Liquidity Coverage Ratio
LED	Light-emitting diode
Level 1/2/3	IFRS 13 fair value hierarchy, explained in section 4.5.1 of the Consolidated Financial Statements for 2020
LGBTQ	Lesbian, Gay, Bisexual, Transgender and Queer
LGD	Loss given default (IFRS 9)
LIBOR	London Interbank Offered Rate
Lombard lending/loan	Lending secured against portfolios of securities
LTV	Loan to value
M&A	Mergers and Acquisitions
Managing Partner	Rothschild & Co Gestion SAS, as manager of the Company *(gérant)*
MB	Merchant Banking (business segment)
MMI	Messine Managers Investments SAS
MOIC	Multiple of Invested Capital
MT	Megaton
MWh	Megawatt hour
NAV	Net Asset Value
NCI	Non-Cash Instruments
NCoI	Non-controlling interest
NGO	Non-governmental organisation
NMR	N. M. Rothschild & Sons Limited
NNA	Net New Assets
NNI	Net Interest Income
OCF	Operating Cash Flow
OCI	Other comprehensive income
OECD	Organisation for Economic Co-operation and Development
OTC	Over the counter
Overseas Fund	N. M. Rothschild & Sons Limited overseas pension fund
PATMI	Profit After Tax and Minority Interest
PBT	Profit Before Tax
PCCC	Private Client Credit Committee
PCL	Private Client Lending (business line)
PD	Probability of default (IFRS 9)
PER	Price/Earnings ratio
POCI	Purchased or originated credit-impaired financial asset (IFRS 9)

Abbreviations and glossary

Term	Definition
POHB	Paris Orléans Holding Bancaire *SAS*
PPE	Personal protective equipment
R&Co	Rothschild & Co SCA
R&CoBI	Rothschild & Co Bank International Limited
R&CoBZ	Rothschild & Co Bank AG Zurich
R&CoCL	Rothschild & Co Continuation Limited
R&Co Gestion	Rothschild & Co Gestion SAS
R&Co PO	Rothschild & Co Private Opportunities
RAC	Risk Adjusted Capital
RCSAS	Rothschild & Co Concordia SAS
Revenue	Net banking income
RI	Responsible Investment
RMM	Rothschild Martin Maurel SCS
RORAC	Return On Risk Adjusted Capital
ROU asset	Right of use asset (IFRS 16)
ROTE	Return on Tangible Equity
SA	*Société anonyme*
SARL	*Société à responsabilité limitée*
SAS	*Société par actions simplifiée*
SASU	*Société par actions simplifiée unipersonnelle*
SC	*Société civile*
SCA	*Société en commandite par actions*
SCS	*Société en commandite simple*
SDGs	Sustainable Development Goals
SFDR	Sustainable Finance Disclosure Regulation
SICR	Significant increase in credit risk (IFRS 9)
SNC	*Société en nom collectif*
SPPI	Solely payments of principal and interest (IFRS 9)
SRI	Socially responsible investing
Stage 1/2/3	IFRS 9 credit quality assessments
Supervisory Board	Rothschild & Co SCA Supervisory Board
Swiss Funds	Rothschild & Co Bank AG Zurich pension funds
TCFD	*Taskforce on Climate Related Financial Disclosure*
UK Fund	N. M. Rothschild & Sons Limited pension fund
UNPRI	United Nations Principles for Responsible Investment
US Fund	Defined benefit pensions maintained by Rothschild & Co North America Inc.
USUP	Unnecessary single-use plastics
VC	Video conferencing
WAM	Wealth and Asset Management (business segment)
WM	Wealth Management
WTT	Well to tank, upstream emissions associated with, for example, the extraction, production and transportation of fuel before combustion

Persons responsible for the annual financial report

Rothschild & Co Gestion SAS
Managing Partner

Mark Crump
Group Chief Financial Officer
and Chief Operating Officer

Statement by the persons responsible for the annual financial report

We confirm that, to the best of our knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and fairly present the assets, liabilities, the financial position and the profit or loss of the Company and its consolidated subsidiaries, and that the management report included in this report fairly presents the evolution of the business, results and financial position of the Company and its consolidated subsidiaries and describes the main risks and uncertainties that they face.

Paris, 31 March 2021

Rothschild & Co Gestion SAS
Managing Partner
Represented by Alexandre de Rothschild,
Executive Chairman

Mark Crump
Group Chief Financial Officer
and Chief Operating Officer

Persons responsible for the audit of the financial statements

Statutory auditors

Cailliau Dedouit et Associés SA
Represented by Mrs. Sandrine Le Mao
19 rue Clément-Marot
75008 Paris, France

Date of first appointment: 24 June 2003
Date of last renewal: 28 September 2017
End of term: General Meeting called to approve the financial statements for the financial year ended 31 December 2022

KPMG SA
Represented by Mr. Arnaud Bourdeille
Tour Eqho 2 avenue Gambetta
92066 Paris la Défense Cedex, France

Date of first appointment: 29 September 2005
Date of last renewal: 28 September 2017
End of term: General Meeting called to approve the financial statements for the financial year ended 31 December 2022

The information relating to the fees paid to the Statutory Auditors in respect of the financial year ended 31 December 2020 is presented on Note 33 "Fees to statutory auditors" of the Consolidated Financial Statements for 2020.

Content of this report

This report includes (i) the components of the annual financial report *(rapport financier annuel)* referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code as well as in Article 222-3 of the AMF General Regulation *(Règlement Général de l'AMF)*, (ii) the management report to the General Meeting to be held on 20 May 2021 and (iii) the corporate governance report established pursuant to Articles L.226-10-1 and L.22-10-78 of the French Commercial Code and appended to the management report.

About Rothschild & Co

Rothschild & Co is family-controlled and independent and has been at the centre of the world's financial markets for over 200 years. With a team of c. 3,600 talented financial services specialists on the ground in over 40 countries, Rothschild & Co's integrated global network of trusted professionals provides in-depth market intelligence and effective long-term solutions for our clients in Global Advisory, Wealth & Asset Management, and Merchant Banking.

Rothschild & Co is a French partnership limited by shares (société en commandite par actions) listed on Euronext in Paris, Compartment A with a share capital of €155,315,024. Paris trade and companies registry 302 519 228. Registered office: 23 bis avenue de Messine, 75008 Paris, France.

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