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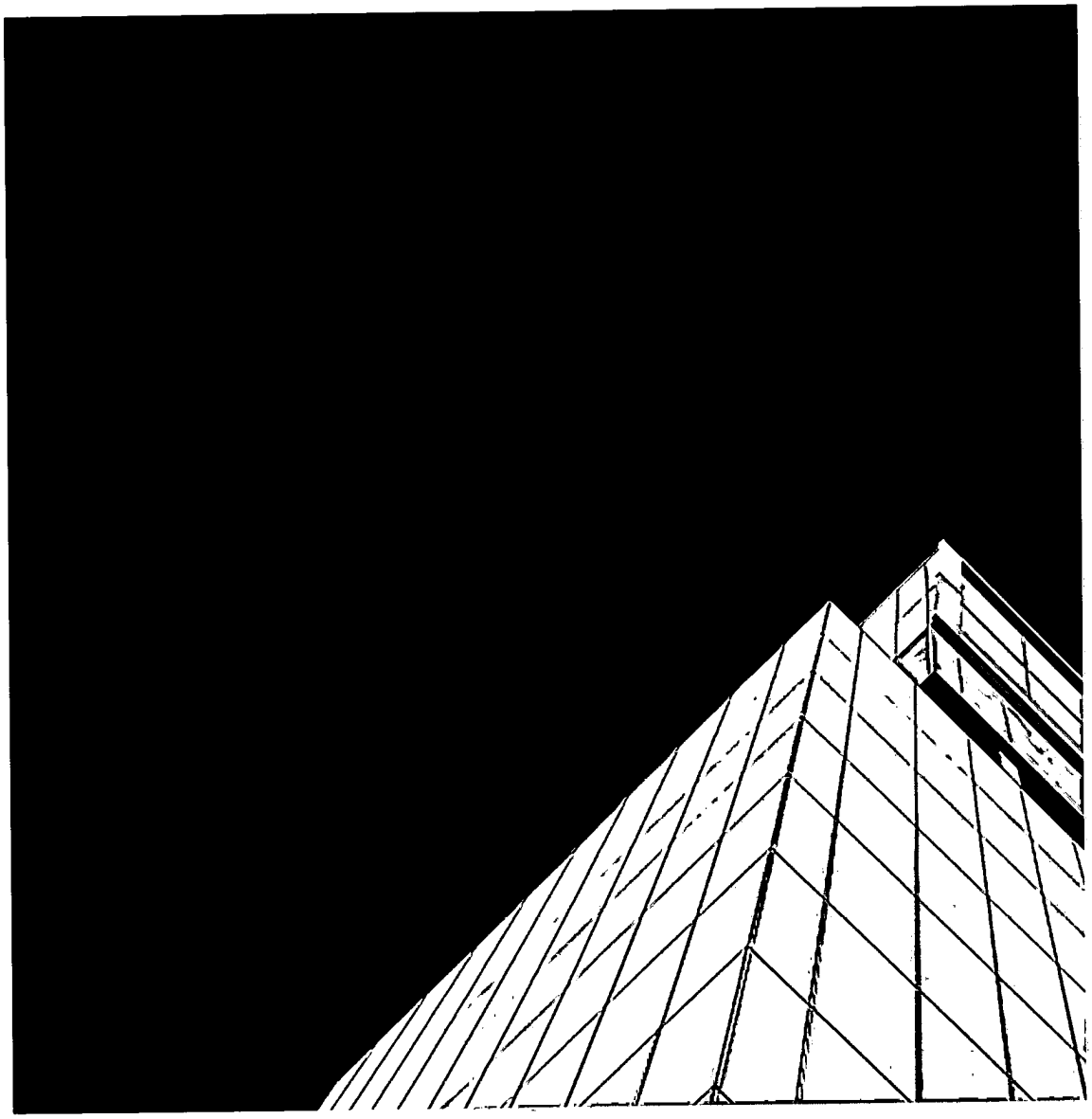
N.M. Rothschild & Sons Limited

Annual Report & Accounts for the year to 31 December 2022

Registered number: 00925279



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Strategic report

Principal activities

N.M. Rothschild & Sons Limited ("NMR" or "the Company") is the main UK operating subsidiary of Rothschild & Co SCA, the French listed parent company. The principal activity of the Company is Global Advisory ("GA"), which focuses on providing advice in the areas of Strategic Advisory and M&A, Financing Advisory encompassing Debt Advisory, Restructuring and Equity Markets Solutions. Alongside our UK GA business, NMR owns 50.01% of Rothschild & Co Europe B.V. and 100% of Rothschild & Co Australia Limited, which are the holding companies for our continental European and Australian GA businesses. The remaining 49.99% of Rothschild & Co Europe B.V. is owned by Rothschild & Co Continuation Holdings AG.

Further information on the Rothschild & Co Group (the "R&Co Group") can be found on www.rothschildandco.com.

Strategic developments

NMR's strategy continues to be focused on developing its GA business, having almost entirely reduced its legacy banking exposures since the 2008 financial crisis. NMR also provides functional support for the R&Co Group's other activities.

During the year, our GA business delivered a strong performance supported by its leading market position and despite a worsening macro-economic environment. The GA business across the R&Co Group has maintained its leading market position and, once again, ranked 1st in the UK and in Europe by number of completed transactions, as well as ranking 1st globally based on the same measure.

Over the course of 2022, the Company saw only a 7% fall in M&A revenue compared to the prior year despite a weaker market environment. In Financing Advisory, revenue was down 10%, which was a strong performance notwithstanding low levels of activity in the capital markets, demonstrating our capabilities to advise clients on their most important strategic and financial needs across a wide range of situations and environments.

Results overview

Total operating income for the year to December 2022 was £521.1m, down 6.6% compared to full year 2021 which was a record year.

Operating expenses of £396.2m were 4.6% higher than last year. Whilst variable compensation awards were generally down compared to 2021 largely due to lower revenue performance, total staff costs were slightly up due to increased headcount, as well as the effect of the higher levels of deferred compensation in the prior year. In addition, travel and certain other non-personnel costs were up compared to 2021 as a result of the resumption of marketing-related travel and other activity as coronavirus restrictions lifted, as well as due to inflationary effects. Part of compensation is paid by way of deferred bonuses which are normally paid up to 3 years after award on condition that the relevant staff remain in the employment of the R&Co Group. Accordingly, the costs of deferred bonuses are spread over the vesting period rather than expensed in the year of award.

	2022 £m	2021 £m	*Variance %*
Net GA fee income	502.9	550.9	*(8.7)*
Net fee income - other	(0.1)	(0.1)	-
Net interest income/(expense)	0.4	(2.9)	*115.1*
Dividend income	21.6	13.0	*65.7*
Other income / (expense)	(3.7)	(3.3)	*(11.9)*
Total operating income	**521.1**	**557.7**	*(6.6)*
Impairments	0.3	0.2	*27.8*
Impairment of investment in subsidiary undertaking	-	(0.1)	*100.0*
Net operating income	**521.4**	**557.8**	*(6.5)*
Operating expenses (inc. depreciation)	(396.2)	(378.1)	*(4.6)*
Profit before tax	**125.2**	**179.7**	*(30.3)*
Tax	(30.2)	(26.8)	*(12.9)*
Profit after tax	**95.0**	**152.9**	*(37.9)*

Net interest income includes £7.2m of IFRS16 related interest expense on funding of property leases but has benefitted from increased rates in 2022. Dividend income of £21.6m was largely driven by distributions from Rothschild & Co

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Europe B.V. and Rothschild & Co Australia Holdings Limited.

As a result, profit before tax for the year to December 2022 was £125.2m, down £54.5m from the record result in 2021 at £179.7m.

Balance sheet

The balance sheet at £1,376.1m was up £89.9m on the prior year. The Company's lending activities are now largely confined to supporting the wider R&Co Group through the use of surplus liquidity. At 31 December 2022 the balance sheet remained very liquid, with liquid assets of £391.6m (down from £468.7m as at December 2021), including loans with banks (primarily £150.0m with R&Co Group banks), UK Government debt securities and AAA rated money market funds.

Capital and dividends

Total equity increased by £72.8m to £844.1m, driven by increased earnings and actuarial gains related to the DB pension fund, partly offset by the payment of £148.0m of dividends, of which £96m related to prior year's earnings.

Governance and risk management

NMR is an integral part of the wider R&Co Group and, as such, the governance and risk management framework operates within the overall R&Co Group structure, whilst ensuring that the requirements of the Company are fully covered. The Committees of the Board and the key governance committees to which the NMR Board has delegated authority during the year are summarised on pages 12 to 14.

The Group Chief Risk Officer co-ordinates policy and promotes the development and maintenance of effective risk management procedures throughout the R&Co Group. Alongside this, the Group Internal Audit team reviews the internal control framework and reports its findings to the R&Co Group Audit Committee, as well as reporting NMR matters to the NMR Board.

Principal risks and uncertainties

The key risks and uncertainties to which the Company is exposed are the macroeconomic conditions in the markets in which we operate and changes in the regulatory environment. Currently, these include the potential impact on revenues of a downturn in global M&A activity caused by geo-political and / or macro-economic events.

The Company's principal risks are integrated with those of the R&Co Group and are managed on a Group wide basis. These arise in relation to pension fund (note 23 to the accounts), regulatory, reputational, technology and other operational factors. For a business such as ours, loss of key personnel is a material risk which the Company seeks to mitigate through training, career development and remuneration policies. NMR's exposure to credit, liquidity and market risks continues to reduce and further information regarding financial risk management and use of financial instruments is disclosed in note 2 to the accounts.

Outlook

Levels of activity in 2022 remained strong following a record year in 2021. However, macro-economic headwinds have impacted deal making and therefore announced transaction levels reduced towards the end of 2022. We therefore expect a weaker start to 2023 compared to the levels of activity we saw in 2022. The outturn for 2023 will be highly dependent on market conditions, in particular those in debt markets being more supportive of M&A activity.

S172 statement

The Board has a duty under s172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole and in doing so, to have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term,

b) the interests of the Company's employees,

c) the need to foster the Company's business relationships with suppliers, clients and others,

d) the impact of the Company's operations on the community and the environment,

e) the desirability of the Company maintaining a reputation for high standards of business conduct, and

f) the need to act fairly as between members of the Company.

During the year the Board has considered its duties under s172 and how it fulfils its obligations thereof in respect to the following key stakeholder groups:

Shareholders

The Board is appointed by the shareholders to oversee, govern and make decisions on their

Strategic report

behalf and so is directly responsible for protecting and managing their interests in the Company, such as approving the payment of dividends by statements. As part of the wider R&Co Group, some of these responsibilities are managed at a group level and described in greater detail in the R&Co financial statements that are available on www.rothschildandco.com/en/investor-relations/.

Employees and pension funds

The Company champions equal opportunities and inclusion throughout all aspects of the employee lifecycle, including but not limited to recruitment, annual appraisals and opportunities for promotion. NMR expects its employees to treat each other fairly and with respect, regardless of age, disability, gender identity, marital and civil partnership status, pregnancy and maternity, paternity, race, ethnicity, national, religion and belief and sexual orientation.

Both NMR and the wider R&Co Group comply with all laws regarding non-discrimination, harassment and victimisation and human rights in the jurisdictions in which it operates. The Company takes discrimination and harassment very seriously and will make every effort to provide a working environment free from harassment, intimidation, victimisation and discrimination, all of which it considers unacceptable behaviour.

In order to help create and maintain a balanced, inclusive and supportive environment, which enables all employees to achieve their personal and professional aspirations and also to provide long-term opportunities for growth, the Company has established a number of networks as part of a Balance & Inclusion initiative, including a Women's Network, LGBT Network, BAME Network and Family Network.

Numerous activities have again been undertaken throughout the year in order to both engage with and support employees, including:

- Regular virtual seminars relating to family, mental, physical and financial wellbeing.
- Initiatives to support Black History Month.
- Initiatives to support International LGBT Pride Month.
- Events to support International Women's Day.
- The mental wellbeing tool, Unmind, which provides support to employees to boost wellbeing by focusing on areas such as sleep, relaxation, focus and energy.
- An alumni network to connect former employees of the Group.
- Agile working charter which outlines a company-wide approach to help employees work in the most appropriate and effective way through a combination of office and home working.

The recruitment, training, career development and promotion of less abled persons are fully and fairly considered having regard to the aptitudes and abilities of each individual. Efforts are made to enable employees who become less able during employment to continue their career with the Company, and, if necessary, appropriate training is provided.

The Company offers training and development opportunities, including technical training, personal development and eLearning, to help employees reach their full potential and equip them to deliver the best possible solutions for our clients. The Learning & Development team builds and develops learning programmes in-house, as well as organising external courses for employees at all levels within the organisation.

The R&Co Group Health & Safety Policy, which is published on the R&Co Group's intranet, guides the Company's direction and approach to responsible health and safety management. To ensure a consistent approach to maintaining the health, safety and well-being of all persons who might be affected by the activities within an office, all locations commit to implementing the conformance standard by setting procedures listed within the Group Health & Safety requirements (HSRs) prescribed in the Policy.

The Company provides support to current and former members of staff who are members of the defined benefit pension plans. The Company also offers a defined contribution scheme for those who are not members of the defined benefit scheme. These pension schemes are explained further in note 23 to the accounts.

Further details of staff policies and practices are contained in the "Human resources and social information" section of the R&Co financial statements.

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Strategic report

Clients

The Company's clients are vital to the success of the business and it is important that we deliver with integrity the best possible advice. We are aligned with, and focused on, our clients' success, and care about their business. We know that long lasting relationships depend on this, and our market share is an important indicator of client satisfaction.

We also understand the impact that all clients can have on our business, for example from a reputational, corruption, tax-avoidance or money laundering perspective, and all new clients are subject to thorough due diligence before being accepted.

Suppliers

The Company has developed a responsible UK purchasing policy to include consideration of items such as environment, diversity, health and safety and the modern slave trade. Further details are contained in the "Corporate conduct" section of the R&Co financial statements.

We are committed to countering modern slavery in all its forms and we are taking proportionate measures to ensure that slavery and human trafficking are not taking place in our business or in our 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 we can seek to mitigate them on a pragmatic, risk-assessed basis. The Company publishes an annual statement describing the steps taken to combat modern slavery within their businesses. This joint statement (with Rothschild & Co Wealth Management UK Limited ("R&CoWMUK")) can be found on the R&Co website.

Equally, we expect suppliers to NMR to adhere to the same high standards of respect for the individual as we adhere to ourselves. If a supplier is considered a high risk from a modern slavery perspective, then we request their adherence to our Anti-Slavery Policy. In addition, we may also draft supplementary modern slavery protections into a contract with a supplier who operates in a sector which is assessed to be high risk.

It is the Company's intention to agree appropriate terms of payment with suppliers and to abide by those terms based on the timely submission of valid invoices. In the absence of agreed terms, the Company's policy is to pay within 30 days from receipt of a valid invoice. The Company is required to report to HMRC twice a year on its payment practices and performance, including the average time taken to pay supplier invoices.

Regulators and tax authorities

The Company insists on the highest standards of professionalism and integrity from our employees who are expected to refrain from any conduct or behaviours that could be perceived unfavourably. This extends to dealing honestly and openly with regulators and tax authorities and in compliance with all relevant laws and regulations.

The Company adheres to the Senior Managers & Certification Regime, which is designed by the FCA to improve trust in financial services by making individuals accountable for their decisions.

In order to maintain these high standards of practice, the Group also publishes policies, procedures and guidance on the intranet for easy access by employees. This includes policies on financial crime compliance, whistleblowing, market abuse and inside information, and business line specific documents.

The Financial Conduct Authority's new prudential regime for MiFID investment firms (the Investment Firms Prudential Regime, or "IFPR") came into force on 1 January 2022. The Company is therefore now subject to the new rules under IFPR which set out requirements for, amongst other things, regulatory capital, liquidity levels, regulatory reporting and supervision of investment firms. The Board is responsible for ensuring compliance with these new requirements.

The UK tax strategy is in line with the overall approach of the R&Co Group to taxation matters. The full strategy is published on the R&Co website.

The Company also ensures that employees undertake regular training through both mandatory online assessments and real-time training sessions and seminars, covering matters of professional competence, regulatory compliance and risk. These help to ensure that everyone has a common understanding of the legal and regulatory requirements of the Group.

The wider community

The Company's approach to business includes a deeply held sense of responsibility to the environment and the communities in which we operate.

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Community Investment

In 2020, the Group announced the launch of R&Co4Generations as a platform to further build on its long philanthropic tradition of supporting charities and social enterprises.

R&Co4Generations is a dedicated philanthropic fund and programme to organise and manage associated activities across the Group.

R&Co4Generations' key objective is to support future generations by giving them the means to face and adapt to the social and environmental changes that they will encounter during their lifetimes. It supports organisations working to combat the effects of inequalities and of climate change, with a special focus on projects which

- develop skills and talents,
- cultivate entrepreneurial mindsets in young people,
- promote innovation in response to inequalities and climate change.

R&Co4Generations' primary focus lies on supporting local charities that are operating in the geographies in which Rothschild & Co has a presence. In addition, each year R&Co4Generations will support a number of global flagship projects, providing an increased level of support to selected initiatives working across geographies on issues of global significance.

In supporting such initiatives R&Co4Generations aims to make full use of the tools Rothschild & Co has at its disposal, including:

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

The R&Co4Generations fund is managed under the umbrella of the King Baudouin Foundation ('KBF'), a public utility foundation registered in Belgium. Rothschild & Co entities contribute to the fund either directly or via KBF's global network of subsidiaries and partner foundations.

The fund is governed by a Management Committee comprised of Rothschild & Co executives and independent subject matter experts. The Management Committee selects projects for support on the basis of objective criteria and tools specially designed to assist with this process. Selection criteria include: alignment with the R&Co4Generations mission; likelihood of contributing to long term, sustainable change; scalability or replicability; employee engagement opportunities including fundraising, volunteering and pro-bono advisory.

Engaging employees is central to the R&Co4Generations' mission. All Rothschild & Co colleagues are encouraged to put forward their proposals for causes to support, and to get involved in selected projects through volunteering or by joining a pro-bono advisory team. Regular updates on project selection, activities and progress are shared with employees on the group's intranet or via email.

Environment

Rothschild & Co is committed to contributing to a more environmentally sustainable economy and limiting the Group's environmental impact. The support of the transition to a low-carbon economy and the preservation and protection of biodiversity are two key sustainability priorities of the Group.

From the Group's operational impact to the products and services offered in its business lines, to the clients and supply chain partners it engages with, the Group aims to consider its defined sustainability priorities at every level of its business model. As such, ESG considerations play an increasing role in the Group's approach to Responsible Investment, and in transaction advice given in the Global Advisory business.

Rothschild & Co recognises that climate-related physical and transition risks have the potential to destabilise the global economy, leading to unexpected market changes.

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The Group is in favour of improved climate impact disclosure as a basis for better informed decisions by all market participants. That is why the Group supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and aims to continue to develop its assessment of the potential impact of climate change on its business, and its businesses' impact on a changing climate. Rothschild & Co published in November 2022 a dedicated Climate Impact Report presenting the key elements constituting its strategy to manage climate-related risks and seize opportunities resulting from the low-carbon-transition of the global economy, as well as the key actions taken so far with the aim to mitigate these risks for the business and its stakeholders. The Group continues its work on presenting a consolidated transition plan across its business model.

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

A number of Group and business-level policies are aimed at managing environmental risks, including climate-related risks, and the environmental impact of its products and services.

Rothschild & Co provides advisory services to and invests in businesses in several sectors which are exposed to a wide variety of environmental-related risks and opportunities - ranging from physical risks that may affect the businesses' operations, as well as market shifts, regulatory and public pressure, which may affect a traditional business model, but also offer new business opportunities.
The energy transition creates opportunities for coordinated and competitive action by businesses with a dynamic impact on the allocation of capital and the entire operating context for some companies. The ability to identify these opportunities and the associated risks forms part of the tailored M&A advisory services. Global Advisory's debt advisory team has advised on a substantial number of transactions including an ESG angle. A particular focus was given to assisting clients with sustainability-linked financing and debut green bonds. As ESG credentials are increasingly critical in retaining and attracting capital to deliver optimal outcomes for clients, a dedicated ESG Advisory team supports clients by combining dedicated ESG expertise with deep sector experience and the ongoing development of sector specific integrated ESG knowledge.

Limiting the environmental impact of the Group's activities is a key consideration in the ESG investment frameworks and policies and constitutes an ongoing objective for the businesses' investment teams. Existing policies and frameworks constitute the basis for monitoring the environmental impact related to the Group's investment activities, and the management of sustainability risks likely to significantly impact clients' best interests.

Operational physical risks resulting from a changing climate have been assessed with regards to the exposure of individual offices to the effects of extreme weather and water stress as part of the Group's Business Continuity assessment and planning programme.
Operational transition risks for the Group originate from the direct impact that the Group's operations have on a changing climate and on nature, in particular through business travel, energy consumption and purchase of goods and services. These risks are likely to affect the Group in the form of, amongst others: expanded legal and compliance requirements, change in costs for energy and carbon credits, as well as reputational considerations related to the climate and broader environmental impact of the Group's operations. For example, operational costs may increase in the medium-term because of increasing carbon prices - with the potential to impact the costs of international travel. In order to manage these risks, the Group has developed policies and implemented actions to reduce, replace and compensate for its operational environmental impacts as outlined below.

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Strategic report

Operational environmental impact – progress against commitments

A continuous approach to operational environmental management is anchored in the Group Environmental Management Policy, which promotes compliance and the strengthening of environmental performance and awareness across the Group, based on a philosophy of "Reduce, Replace and Compensate".

The Group's commitment to reduce operational scope 1, 2 and 3 emissions by 30% between 2018 and 2030 is aligned with the trajectory of the Paris Agreement. This reduction target for operational emissions was set in 2021, covers the Group's scope 1, 2 and most material operational scope 3 emissions, and represents an ambitious update to previous reduction commitments made.

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

To support the reduction efforts, the Group has set an Internal Carbon Price (ICP), which is charged to all business units annually based on actual emissions at €60 per ton of CO2e (2022). This mechanism places a monetary value on operational GHG emissions and is a way to responsibly influence emissions within all business lines, including those related to travel.

Total market-based operational GHG emissions for the Group have increased in 2022 by 105%, from 8,779 tCO2e in 2021 to 18,031 tCO2e in 2022, but have decreased by 40% vs target baseline year 2018. For the Group's UK offices, total reported operational GHG emissions have increased by 91%, from 2,067 tCO2e in 2021 to 3,939 tCO2e in 2022.

To ensure sustainable sourcing of energy, and further limit related operational GHG emissions, the Group has committed to procuring 100% of electricity from renewable sources by 2025. At end of 2022, 92% of the electricity in the Group's offices was sourced from renewable sources – further guidance has been issued in 2022 via a new Renewable Electricity Procurement Standard under the Group Environmental Management Policy, and advice is offered to each individual office to bridge the remaining gap. Within the UK, the Group's offices in London, London Adam Street, Birmingham, Leeds, Manchester, and Wilmslow procure electricity from renewable sources, with the London office also procuring biogas as an alternative to natural gas.

Due to a significant increase in office occupancy levels as well as an increase in Group FTE in 2022, compared to 2021, the total energy use by UK offices has increased by 602 MWh (8%) to 7,811 MWh of energy (2021: 7,209 MWh), comprising 4,447 MWh of electricity, 2,870 MWh of biogas and 494 MWh of natural gas and other energy, which led to 3,939 tCO2e of greenhouse gas emissions or 4.50 tCO2e per employee. In the current energy market context, the Group will continue to strive to reduce energy consumption from heating, cooling, and lighting in the buildings occupied, through both energy efficiency measures and responsible management practices.

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

Please refer to the Sustainability section of the Annual Report 2022 for further detail.

By Order of the Board

DocuSigned by:
Robert Leitao
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Robert Leitão

N.M. Rothschild & Sons Limited

Registered number: 00925279

New Court, St Swithin's Lane, London EC4N 8AL

10 March 2023

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Report of Directors

The Directors present their Directors' report and financial statements for the year ended 31 December 2022. An overview of the business and its performance is included in the strategic report.

Branches and representative offices overseas

The Company had a branch office during the year in Denmark.

Dividends

During the year to December 2022, the Directors declared and paid dividends totalling £148,000,000. A dividend of £68,000,000 was approved by the Directors and will be paid in March 2023 (2021: £96,000,000).

Going concern

The Directors are satisfied that, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and, as a result, the Directors continue to adopt the going concern basis in preparing the financial statements.

Directors

The Directors who held office during the period were as follows:

- Nicholas Wrigley (Non-executive Chairman)
- Robert Leitão (Chief Executive Officer)
- Christopher Coleman
- Andrew Didham (Non-executive)
- Anthony De Rothschild (Non-executive)
- Sir Peter Estlin (Non-executive)
- Paul O'Leary
- Jonathan Westcott
- Jessica Hanmer (appointed 31 May 2022)

Directors' indemnity

The Company has provided qualifying third-party indemnities for the benefit of its Directors. These were provided during the period and remain in force at the date of this report.

Employee information and employment policy

Details of the Company's employment and corporate and social responsibility policies are included in the strategic report with further information provided in the R&Co Group's annual report which can be found at www.rothschildandco.com.

Political donations

No political donations were made, or political expenditure incurred during the period.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office for the next financial year.

Audit Information

The Directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' responsibilities statement

The Directors are responsible for preparing the strategic report, the report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing

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these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Board

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Robert Leitao
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Robert Leitão
N.M. Rothschild & Sons Limited
Registered number: 00925279
New Court, St Swithin's Lane, London EC4N 8AL
10 March 2023

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Committees

NMR has constituted the following Committees of the Board, whose memberships generally comprise NMR Non-Executive Directors only or, in the case of the NMR Remuneration Committee, at least 50% of the membership is non-executive:

NMR Board Committees	
NMR Nominations Committee This committee has been established to lead the process for appointments, ensure plans are in place for orderly succession to both the Board and senior management positions, and oversee the development of a diverse pipeline for succession to both the Board and wider senior management.	Nicholas Wrigley (Chair), Anthony de Rothschild, Andrew Didham, Sir Peter Estlin
NMR Remuneration Committee This committee has been established to exercise competent and independent judgement on remuneration policies and practices and the incentives created for managing risk, capital and liquidity and to be responsible for preparing decisions regarding remuneration, including decisions which have implications for the risk and risk management of the firm and which are to be taken by the NMR Board. When preparing the decisions, the Remuneration Committee must take into account the public interest and the long-term interests of shareholders, investors and other stakeholders in NMR	Sir Peter Estlin (Chair), Robert Leitao
NMR Risk Committee This committee has been established to advise the Board on the firm's overall current and future risk appetite and strategy; and assist the Board in overseeing the implementation of that strategy by senior management	**Membership** Sir Peter Estlin (Chair), Anthony de Rothschild, Andrew Didham, Paul O'Leary

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Committees

To facilitate the efficient and effective administration of the Company's affairs, certain functions and responsibilities have been delegated by the NMR Board to the following committees, a number of which cover the wider Rothschild & Co ("R&Co") Group. The terms of reference and membership of these committees are regularly reviewed.

R&Co Group Committees as at 31 December 2022	
R&Co Group Executive Committee The purpose of the Group Executive Committee is to set and monitor the R&Co Group's strategy and direction, determine the effective use of R&Co's financial resources, make decisions on major business issues, and supervise the process of talent development and succession across the businesses	Robert Leitão (Co-Chair), François Pérol (Co-Chair), Paul Barry, Grégoire Chertok, Mark Crump, Elsa Fraysse, Laurent Gagnebin, Javed Khan, Marc-Olivier Laurent, Alain Massiera, Jimmy Neissa, Gary Powell, Martin Reitz, Emmanuelle Saudeau, Helen Watson, Jonathan Westcott
R&Co Group Operations Committee The purpose of the Group Operations Committee is to improve the efficiency of all the Group's operations, ensure better coordination and harmonisation of operational matters across the businesses and the sharing of ideas, oversee cross-Divisional projects and initiatives, and control support costs	Mark Crump (Chair), Paul Barry, Pierre Baudard, Frédérique Bonnell, Aldo di Rienzo, Tracey Feldman, Elsa Fraysse, David Gerke, Ben Grain, Adam Greenbury, Anne Imbach, Philippe Le Bourgeois, John Malik, Warner Mandel, Caroline Nico, Dani Webber, Jonathan Westcott
R&Co Group Assets and Liabilities Committee This committee is responsible for monitoring and managing all balance sheet risks within the Group, overseeing all Treasury operations within the Group and having oversight of the Group Credit Committee	**Membership** Mark Crump (Chair), Adam Greenbury (Alternate Chair), Peter Barbour, Christian Bouet, Christopher Coleman, Aldo di Rienzo, Fabrice Guillard, Paul O'Leary, David Oxburgh
R&Co Group Credit Committee - Corporate Credit Sub-Committee This committee is responsible for the management of corporate lending exposures (including credit risk and the pricing of loans) and provisions for bad and doubtful debts. Exposures exceeding certain limits are subject to ratification by the R&Co Group Assets and Liabilities Committee	**Membership** Christopher Coleman (Chair), Sinead Granville, John King, Ian Walker, Adam Greenbury (non-voting member), Rosalyn Harper
New Client Acceptance Committee This committee approves, from a reputational, money laundering and due diligence perspective, all new NMR clients to be accepted by the Global Advisory business. All clients are then ratified by the UK GA Risk Committee, and certain matters are referred for approval to the UK GA Risk Committee or to the Global GA Risk Committee	**Membership** Jonathan Westcott (Chairman), Jessica Dale, Adam Greenbury (Alternate Chair), Nicholas Ivey, Sabina Pennings, Axel Stafflage, Albrecht Stewen, Stuart Vincent

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Committees

R&Co Supervisory Board Committees which have oversight responsibilities	
R&Co Audit Committee This committee supervises and reviews the Group's process of drawing up financial information, provides an appraisal of the relevance of accounting methods used to draw up individual and consolidated accounts, reviews internal audit arrangements, liaises with the R&Co Group's external auditors and monitors the overall system and standards of internal control	**Membership** Sir Peter Estlin (Chair), Gilles Denoyel, Suet-Fern Lee, Arielle Malard de Rothschild, Sipko Schat
R&Co Risk Committee This committee advises on the overall current and future risk appetite and strategy, oversees the implementation of that strategy, reviews the material risks and total Group exposures to such risks, reviews the Group's broad guidelines relating to risk management and the effectiveness of the risk management policies, and examines incentives provided by the remuneration policies and practices to ensure that they are consistent in the light of the risk, capital and liquidity, and likelihood and timing of expected earnings for entities	**Membership** Sipko Schat (Chair), Gilles Denoyel, Sir Peter Estlin, Suet-Fern Lee, Arielle Malard de Rothschild
R&Co Sustainability Committee The Committee monitors issues relating to corporate, social and environmental responsibility so that R&Co can best anticipate the opportunities, challenges and associated risks, and monitors the policies and objectives set, the procedures for identifying risks and preparing non-financial information	**Membership** Lucie Maurel-Aubert (Chair), Carole Piwnica, Lord Mark Sedwill

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Independent Auditor's report to the members of N.M. Rothschild & Sons Limited

Opinion

We have audited the financial statements of N.M. Rothschild & Sons Limited ("the Company") for the year ended 31 December 2022 which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, internal audit and other heads of departments and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.

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- Considering remuneration incentive schemes and performance targets for management; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that fee income is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted and approved by the same user, those posted by infrequent users and any unusual debit-credit pairings identified.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection laws, anti-bribery, employment law, and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws

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and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10 and 11, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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Independent Auditor's report to the members of N.M. Rothschild & Sons Limited

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Rawstron (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London E14 5GL

10 March 2023

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Income statement
for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Fee and commission income	4	591,494	631,794
Fee and commission expense	4	(88,639)	(80,960)
Net fee and commission income		**502,855**	**550,834**
Interest and similar income	5	9,607	4,666
Interest expense and similar charges	5	(9,175)	(7,519)
Net interest income / (expense)		**432**	**(2,853)**
Dividend income	6	21,568	13,014
Other operating (expense) / income	7	(3,724)	(3,328)
Total operating income		**521,131**	**557,667**
Impairment gains on financial instruments	11	294	230
Impairment of investment in subsidiary undertakings	15	-	(54)
Net operating income		**521,425**	**557,843**
Operating expenses	8	(383,877)	(371,329)
Depreciation and impairments	17,18	(12,349)	(6,852)
Profit before tax		**125,199**	**179,662**
Tax	10	(30,233)	(26,768)
PROFIT AFTER TAX		**94,966**	**152,894**
Attributable to:			
Ordinary shareholders		86,236	146,762
Holders of perpetual instruments		8,730	6,132
		94,966	**152,894**

The notes on pages 24 to 67 form an integral part of these financial statements

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Statement of comprehensive income for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Profit after tax		**94,966**	**152,894**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) on defined benefit pension funds	**23**	122,265	126,515
Movement in fair value reserve: net change in fair value of equity investments at FVOCI		38,374	26,357
Income tax thereon	**10**	(22,269)	(24,038)
Other comprehensive income for the period, net of income tax		**138,370**	**128,834**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**233,336**	**281,728**
Attributable to:			
Ordinary shareholders		224,606	275,596
Holders of perpetual instruments		8,730	6,132
		233,336	**281,728**

The notes on pages 24 to 67 form an integral part of these financial statements

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Balance sheet
as at 31 December 2022

	Notes	2022 £'000	2021 £'000
Assets			
Cash		10	12
Loans and advances - banks	11	238,026	224,558
Loans and advances - other	11	196,345	221,795
Investment securities	12	398,773	439,389
Derivatives	13	-	9,953
Other assets	14	166,239	116,937
Investments in subsidiary undertakings	15	5,899	5,899
Property, plant and equipment	17	14,221	14,971
Right of use assets	18	150,938	141,064
Defined benefit pension surplus	23	197,287	74,499
Current tax assets		8,343	11,348
Deferred tax assets	22	-	21,682
Goodwill	20	-	4,093
Total assets		**1,376,081**	**1,286,200**
Liabilities			
Due to group companies		36,100	47,348
Lease liabilities	19	184,332	173,120
Derivatives	13	4,698	-
Other liabilities	21	55,486	39,019
Deferred tax liability	22	2,802	-
Defined benefit pension liability	23	764	963
Accruals and deferred income		247,811	254,442
Total liabilities		**531,993**	**514,892**
Equity			
Share capital	30	57,655	57,655
Share premium account		97,936	97,936
Retained earnings		385,085	350,679
Fair value reserve		179,077	140,703
		719,753	**646,973**
Perpetual instruments	31	124,335	124,335
Total equity		**844,088**	**771,308**
TOTAL EQUITY AND LIABILITIES		**1,376,081**	**1,286,200**

The accounts on pages 19 to 67 were approved by the Board of Directors on 8 March 2023 and were signed on its behalf by:

DocuSigned by:
Robert Leitao
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Robert Leitão, Chief Executive Officer
10 March 2023

DocuSigned by:
P. O'L
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Paul O'Leary, Director
10 March 2023

The notes on pages 24 to 67 form an integral part of these financial statements

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Statement of changes in equity for the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Retained earnings £'000	Fair value reserve £'000	Perpetual instruments £'000	Total equity £'000
At 1 January 2022	**57,655**	**97,936**	**350,679**	**140,703**	**124,335**	**771,308**
Profit after tax	-	-	86,236	-	8,730	94,966
Other comprehensive income (net of tax):						
Actuarial gains on defined benefit pension funds	-	-	99,997	-	-	99,997
Equity instruments at fair value through OCI – net change in fair value	-	-	-	38,374	-	38,374
Total comprehensive income	**-**	**-**	**186,233**	**38,374**	**8,730**	**233,337**
Dividends paid	-	-	(148,000)	-	-	(148,000)
Equity-settled share-based payments	-	-	479	-	-	479
Tax relief re equity-settled share-based payments	-	-	(213)	-	-	(213)
Transfer of goodwill to Group entity	-	-	(4,093)	-	-	(4,093)
Interest on perpetual instruments	-	-	-	-	(10,725)	(10,725)
- tax thereon	-	-	-	-	1,995	1,995
At 31 December 2022	**57,655**	**97,936**	**385,085**	**179,077**	**124,335**	**844,088**

At 1 January 2021	**57,655**	**97,936**	**149,122**	**114,346**	**124,335**	**543,394**
Profit after tax	-	-	146,762	-	6,132	152,894
Other comprehensive income (net of tax):						
Actuarial gains on defined benefit pension funds	-	-	102,477	-	-	102,477
Equity instruments at fair value through OCI – net change in fair value	-	-	-	26,357	-	26,357
Total comprehensive income	**-**	**-**	**249,239**	**26,357**	**6,132**	**281,728**
Dividends paid	-	-	(52,000)	-	-	(52,000)
Equity-settled share-based payments	-	-	452	-	-	452
Tax relief re equity-settled share-based payments	-	-	3,866	-	-	3,866
Interest on perpetual instruments	-	-	-	-	(7,560)	(7,560)
- tax thereon	-	-	-	-	1,428	1,428
At 31 December 2021	**57,655**	**97,936**	**350,679**	**140,703**	**124,335**	**771,308**

The notes on pages 24 to 67 form an integral part of these financial statements

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Cash flow statement
for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Cash flow from operating activities			
Profit before tax		125,199	179,662
Non-cash items included in net profit and other adjustments			
Depreciation	17,18	12,102	6,852
Disposal of goodwill	20	4,093	-
Interest charge on lease liabilities	19	7,160	7,148
Dividends received from subsidiaries, associates and joint ventures	6	(20,569)	(13,009)
Adjustment to right of use valuation	18	247	6,062
Impairment of financial assets (net of recovery)		(294)	(176)
Profit on disposal of property, plant and equipment		-	5,036
Equity-settled share-based payments		479	452
		3,218	**12,365**
Net decrease/(increase) in operating assets and liabilities			
Derivatives	13	14,651	(4,833)
Debt and equity securities (excluding cash equivalents)	12	29,320	(19,174)
Loans and advances - other	11	25,744	49,771
Other assets		(49,302)	(5,736)
Net due to / from banks (excluding cash equivalents)		34,627	19,988
Due to group companies		(11,248)	(1,406)
Accrued expenses and other liabilities		8,007	75,853
Taxes paid (net)		(27,277)	(30,104)
		24,522	**84,359**
Net cash flow from/(used in) operating activities		**152,939**	**276,386**
Cash flow (used in)/from investing activities			
Dividends received from subsidiaries, associates and joint ventures	6	20,569	13,009
Proceeds from disposal of associate	16	-	(3,000)
Rent paid on right of use assets	19	(13,697)	(13,124)
Purchase of property, plant and equipment	17	(2,663)	(1,814)
Net cash flow (used in)/from investing activities		**4,209**	**(4,929)**
Cash flow used in financing activities			
Dividends paid	26	(148,000)	(52,000)
Interest paid on perpetual instruments	26	(10,725)	(7,560)
Net cash flow used in financing activities		**(158,725)**	**(59,560)**
Net increase/(decrease) in cash and cash equivalents		**(1,577)**	**211,897**
Cash and cash equivalents at beginning of period		320,789	108,892
Cash and cash equivalents at end of period	27	**319,212**	**320,789**

Interest receipts and payments during the period were as follows:

	2022 £'000	2021 £'000
Interest received	8,929	4,482
Interest paid	2,025	371

The notes on pages 24 to 67 form an integral part of these financial statements

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Notes to the financial statements (forming part of the financial statements)

1 Summary of significant accounting policies

N.M. Rothschild & Sons Limited ("the Company") is a private company limited by shares and incorporated in England and Wales. The Company's registered office address is at New Court, St Swithin's Lane, London, EC4N 8AL.

Developments in reporting standards and interpretations

Standards affecting the financial statements

There were no new standards or amendments to standards that have been applied in the financial statements for the year ended 31 December 2022.

New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for accounting periods ending after 31 December 2022 and therefore have not been applied in preparing these financial statements. The Company has reviewed these new standards to determine their effects on the Company's financial reporting. None of these are expected to have a significant effect on the Company's financial statements.

Basis of preparation

Functional and presentation currency

These financial statements are presented in sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Measurement Convention

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (adopted "IFRS"). The financial statements are prepared under the historical cost convention, except that financial assets held for trading or designated as fair value through profit or loss and all derivative contracts are stated at their fair value.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

The principal accounting policies set out below have been consistently applied in the presentation of the financial statements. Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed later in note 1.

Going concern

The Directors have continued to monitor the appropriateness of the going concern basis for the Company, both throughout the year and beyond the balance sheet date, for a period of at least 12 months.

Management has performed an assessment to determine whether there are any material uncertainties that could cast significant doubt on the ability of the Company to continue as a going concern; no significant issues have been noted. In reaching this conclusion, management considered:

- The financial impact of any uncertainty on the Company's balance sheet;
- Severe but plausible downside scenarios as part of their assessment including scenarios with a significant reduction in revenues;
- The Company's liquidity position based on current and projected cash resources; and
- The operational resilience of existing IT and infrastructure.

Notes to the financial statements (forming part of the financial statements)

Based on the above assessment of the Company's financial position, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed), Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Investments in subsidiary undertakings

Subsidiary undertakings are all entities which are controlled by the Company. The Company 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiary undertakings are carried at cost less any impairment losses.

Foreign exchange

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions, and from the translation at period end exchange rates of monetary items that are denominated in foreign currencies, are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates when the fair value was determined.

Translation differences on equities classified as at fair value through profit or loss are reported as part of the fair value gain or loss in the income statement. Translation differences on equities classified as FVOCI are included in the fair value reserve in equity.

Derivative financial instruments

Derivatives are entered into for risk management purposes and are measured at fair value, with transaction costs recorded immediately in the income statement. Subsequent to initial recognition, changes in fair value are recognised in the income statement.

Fee and commission income

The Company earns fee and commission income from services provided to clients. Fee income from advisory and other services can be divided into two broad categories: fees earned from services that are provided over a period of time, which are recognised over the period in which the service is provided; and fees that are earned on completion of a significant act or on the occurrence of an event, such as the completion of a transaction, which are recognised when the act is completed or the event occurs.

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.

Interest income and expense

Interest income and expense represents interest arising out of lending and borrowing activities, interest on related hedging transactions, interest on debt securities and finance charges on lease liabilities. Interest income and expense is recognised in the income statement using the effective interest rate method.

The effective interest rate is the rate that exactly discounts the estimated future cashflows of a financial instrument to its net carrying amount. It is used to calculate the amortised cost of a financial asset or liability and to allocate the interest over the relevant period (usually the expected life of the instrument). When calculating the effective interest rate, the Company 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 financial asset.

Notes to the financial statements (forming part of the financial statements)

Financial assets

The Company initially recognises loans and advances and deposits on the date on which they start. All other financial assets and liabilities are recognised on trade date.

On initial recognition financial assets are classified as measured at: amortised cost or fair value through other comprehensive income ("FVOCI") or fair value through profit and loss ("FVTPL").

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at 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 specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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 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 solely payments of principal and interest, the Company 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 Company considers:

- contingent events that would change the amounts and timing of cash flows;
- prepayment and extension terms;
- leverage features;
- terms that limit the Company's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money.

Subsequent measurement of financial assets measured at amortised cost, including interest, impairment and foreign exchange gains or losses, are recognised in the income statement.

Financial assets measured 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 at 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 specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial assets measured at fair value through profit and loss ("FVTPL")

All other financial assets are classified as measured at FVTPL. Any gains or losses arising on disposal of these assets are recognised within the P&L.

Notes to the financial statements (forming part of the financial statements)

Business model assessment

The Company makes an assessment of the business model in which a financial asset is held based on the way in which the business is managed, and information provided to management. The information considered includes:

- how the performance of the asset is evaluated and reported to management;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated; and
- the frequency and volume of historic and expected sales.

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognises expected credit losses ("ECL") for all financial assets recognised at amortised cost and for debt instruments that are measured at FVOCI. No impairment loss is recognised on equity investments.

ECLs are a probability-weighted estimate of credit losses and the Company measures it over a financial asset's lifetime except for financial assets that are not credit-impaired at the reporting date and on which credit loss has not increased significantly since initial recognition, for which they are measured at 12-month ECL. ECL is estimated at the present value of all expected cash shortfalls compared to those due under the contract. For financial assets that are credit-impaired at the reporting date, the ECL is calculated as the difference between the gross carrying amount of the asset and the estimate of the present value of future cash flows.

Debt/equity classification

Under IFRS the critical feature in differentiating a debt instrument from an equity instrument is the existence of a contractual obligation of the Company to deliver cash (or another financial asset) to another entity. Where there is no such contractual obligation, the Company 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 Company permit interest payments to be waived unless the Company has paid a dividend in the previous six months and are therefore considered to be equity.

Property, plant and equipment

All property, plant and equipment is stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset including, in respect of leasehold improvements, costs incurred in preparing the property for occupation.

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These gains and losses are recognised in the income statement.

Impairment of property, plant and equipment

At each balance sheet date, or more frequently where events or changes in circumstances dictate, property, plant and equipment is assessed for indications of impairment. If such indications are present, those 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 is only increased up to the amount that it would have been had the original impairment not been recognised.

Right of use assets and lease liabilities

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

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, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance 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;
- Lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- Penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

As a result of the coronavirus pandemic, rent concessions have been granted to lessees, which may take a variety of forms, including payment holidays and deferral of lease payments. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. No such rent concessions have been granted to the Company.

When leases are acquired in a business combination, their accounting treatment is reset as if they were brand new leases as at the acquisition date in the financial statements of the acquirer.

Business combinations

The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company. In determining whether a particular set of activities and assets is a business, the Company assesses whether the

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set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Goodwill

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 is too high. Impairment losses on goodwill are recognised in the income statement and are not reversed.

Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, including treasury bills and investments in money market funds.

Pensions

The Company's post-retirement benefit arrangements are described in note 23. The Company operates pension and other post-retirement benefit schemes, both funded and unfunded, 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.

Re-measurement gains and losses in the defined benefit schemes are recognised outside the income statement and presented in the statement of comprehensive income. The amount recognised in the balance sheet in respect of defined benefit schemes is the difference, if any, between the present value of the defined benefit obligation at the balance sheet date and the fair value of the plan's assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The principal assumptions are set out in note 23. The present value of the obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liabilities.

Compensation schemes

The Company operates bonus 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 a bonus is deferred until the end of a specified vesting period, the deferred amount is recognised in the income statement over the period up to the date of vesting.

The Company has entered into cash- and equity-settled share-based payment transactions as part of the long-term profit share schemes. The fair value of such awards is independently measured at the date the awards are made and re-measured at each reporting date. Such awards are recognised in the income statement over the vesting period.

Share options are treated as equity-settled share-based payments. They 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 based on the overall plan value at the date of grant. In the absence of any market for 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 R & Co Group.

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Taxation

Tax payable on profits and deferred tax are recognised in the income statement except to the extent that they relate to items that are recognised in equity, in which case the 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 when a 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 is not provided on temporary differences arising from investments in subsidiary undertakings and associated undertakings, unless the timing of the reversal of the temporary difference is controlled by a third party or it is probable that the difference will reverse in the foreseeable future.

Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are declared by the Company's Board of Directors.

Provisions and contingencies

Provisions are recognised only when the Company 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 are possible obligations arising from past events whose existence will be confirmed by one or more uncertain future events not wholly within the Company's control, or 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.

Accounting judgements 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 judgement in applying the accounting policies.

Valuation of financial assets and liabilities

Fair value is the price that would be received on selling an asset or paid to transfer a liability in an orderly transaction between market participants. For financial instruments carried at fair value, market prices or rates are used to determine fair value where an active market exists (such as a recognised exchange), as this is the best evidence of the fair value of a financial instrument. Market prices are not, however, available for certain financial assets and liabilities held or issued by the Company. Where no active market price or rate is available, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions existing at the balance sheet date.

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 note 3 to the financial statements.

Impairment of financial assets

The Company recognises expected credit losses for all financial assets recognised at amortised cost and for debt instruments that are measured at FVOCI.

Notes to the financial statements (forming part of the financial statements)

The accuracy of any ECL allowance subsequently made depends on how accurately the Company estimates future cashflows for specific counterparties, particularly the fair value of any collateral, and the model assumptions and parameters used in determining provisions. While this necessarily involves judgement, the Company believes that its allowances and provisions are reasonable and supportable.

Pensions

The defined benefit obligation is calculated by independent actuaries using the projected unit credit method and the principal assumptions used are set out in note 23. 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 23. Pension asset values are based on the position as at the balance sheet date, where available. In cases where the value is not readily available at this date then the most recent audited value has been used, updated to reflect known cashflow movements.

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. As part of the assessment of recoverability of deferred tax as at the balance sheet date, and using medium-term profit forecasts, the Company expects sufficient taxable profits to arise to utilise the deferred tax assets.

IFRS 16

All contracts are reviewed for evidence that they contain a lease. The calculation of the right of use asset and reciprocal liability includes management assumptions on the Group's incremental borrowing rate and any lease terms which include optional lease periods. Further information is set out in notes 18 and 19.

2 Financial risk management

2.1 Key risks in using financial instruments

The key risks arising from the Company's activities involving financial instruments are as follows:

- Credit risk – the risk of loss arising from client or counterparty default;
- Market risk – exposure to changes in market variables such as interest rates, currency exchange rates, equity and debt prices; and
- Liquidity and funding risk – the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

2.2 Credit risk

Credit risk arises from all exposures to clients and counterparties relating to the Company's lending and investment activities. Limits on credit risk are set by the R&Co Group Executive Committee and overseen by the R&Co Group Credit Committee. The Credit Committee reviews concentrations and makes recommendations on credit decisions to the R&Co Group Assets and Liabilities Committee. Credit risk limits are set, where appropriate, in respect of exposures to individual clients or counterparties, to industry sectors and to countries.

Exposure to credit risk is managed by detailed analysis of counterparty creditworthiness prior to entering into an exposure, and by continued monitoring thereafter. A significant proportion of the Company's non-group lending exposures is secured on property or other assets and the Company monitors the value of this collateral. For internal monitoring purposes, credit exposure on loans and debt securities is measured as the principal amount outstanding plus accrued interest. Credit exposure on derivatives is measured as the current replacement value plus an allowance for the potential change in replacement value.

The Company recognises expected credit losses for all financial assets recognised at amortised cost and for debt instruments that are measured at FVOCI. No impairment loss is recognised on equity investments.

Notes to the financial statements (forming part of the financial statements)

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired at the reporting date and on which credit loss has not increased significantly since initial recognition is classified as Stage 1 and its ECL is measured at expected credit losses over the next 12 months.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit impaired and its ECL is measured based on expected credit losses on a lifetime basis.
- A financial instrument that is deemed to be credit-impaired is moved to Stage 3 ECL is measured based on expected credit losses on a lifetime basis.

The Credit Committee reviews credit exposures on loans and debt securities on a quarterly basis using the following categories:

Category	Definition	ECL basis of measurement
Category 1	Exposures where the payment of interest or principal is not in doubt and which are not designated categories 2 to 5.	Stage 1 (except for trade receivables – Stage 2)
Category 2	Exposures where the payment of interest or principal is not in doubt, but which require closer observation than usual due to some deterioration in the position of the client, for example: poor trading results; difficult conditions in the client's market sector; competitive or regulatory threats; or the potential impact from currency or other factors.	Stage 2
Category 3	Exposures where there has been further deterioration in the position of the client. Although the exposure is not considered to be impaired, the relationship requires close monitoring by the front office team.	Stage 2
Past due but not impaired	Exposures that have failed to make a scheduled interest or principal repayment although full recovery is expected.	Stage 2
Category 4	Exposures that are considered to be impaired and which carry a provision against part of the loan. 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

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Notes to the financial statements (forming part of the financial statements)

A Credit risk exposure

The tables below disclose the maximum exposure to credit risk at the reporting date for financial assets with significant exposure to credit risk, without taking account of collateral held or other credit risk mitigation. Accounts receivable are treated as past due when more than 90 days has elapsed since the invoice was issued.

	Stage 1	Stage 2			Stage 3		
	Category 1	Category 2	Category 3	Past due but not impaired	Categories 4 and 5	Expected credit loss	Total (net)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2022							
Cash	10	-	-	-	-	-	10
Loans and advances - banks	238,026	-	-	-	-	-	238,026
Loans and advances - other	189,404	-	1,102	-	16,699	(10,860)	196,345
Debt securities	52,194	-	-	-	-	-	52,194
Commitments and guarantees	196,041	-	-	-	-	-	196,041
Other financial assets	114,923	-	-	17,328	6,788	(3,886)	135,153
TOTAL	**790,598**	**-**	**1,102**	**17,328**	**23,487**	**(14,746)**	**817,769**

	Category 1	Category 2	Category 3	Past due but not impaired	Categories 4 and 5	Expected credit loss	Total (net)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2021							
Cash	12	-	-	-	-	-	12
Derivatives	9,953	-	-	-	-	-	9,953
Loans and advances - banks	224,558	-	-	-	-	-	224,558
Loans and advances - other	214,842	-	1,104	-	16,699	(10,850)	221,795
Debt securities	52,883	-	934	-	-	-	53,817
Commitments and guarantees	141,310	-	-	-	-	-	141,310
Other financial assets	94,273	-	-	7,415	2,092	(1,873)	101,907
TOTAL	**737,831**	**-**	**2,038**	**7,415**	**18,791**	**(12,723)**	**753,352**

The table below analyses amounts past due but not impaired:

	Past due by < 6 months	Past due by > 6 months	Total
	£'000	£'000	£'000
At 31 December 2022			
Other financial assets	10,819	6,509	17,328
TOTAL	**10,819**	**6,509**	**17,328**
At 31 December 2021			
Other financial assets	3,469	3,946	7,415
TOTAL	**3,469**	**3,946**	**7,415**

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B Collateral

All third party commercial lending is secured. This collateral is split by type, as either specific or general.

Specific collateral is readily identifiable, the majority of which will be charges over property. If necessary, there is a realistic possibility of both taking possession of and realising the collateral.

General collateral will be more difficult to both identify and realise. It will usually be a general floating charge over the assets of a business and is typically attached to leveraged finance assets. It is not practicable to ascribe a specific value to this collateral.

Unimpaired loans (categories 1 to 3) are covered by both specific and general collateral. Unimpaired amounts covered by specific collateral include property lending of £nil. Where a loan is deemed to be impaired (category 4 and 5 assets), the level of the impairment charge is primarily driven by any expected shortfall in the collateral value, although 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 depending on the specific circumstances. Management are able to roll forward a valuation for reporting purposes via a combination of specific knowledge of the collateral, the market and the application of general indices.

The table below gives an estimate of the fair value of collateral, all of which is property related, that could be realised by the Company as security against exposures to customers that are individually impaired and past due but not impaired. There is no collateral recognised for other asset classes.

	Individually impaired 2022 £'000	Individually impaired 2021 £'000
Property	10,312	10,306
Amount of loans collateralised	16,699	16,699

C Forbearance

As refinancing and sale options continue to be limited, it is generally in the lender's and borrower's interest to extend certain facilities at maturity and not to foreclose on the security. This assumes there are no underlying issues regarding the borrower's ability to continue to service the loan and the level of collateral is expected to be of sufficient quality to secure the principal.

Unimpaired loans extended in this manner are not categorised as either past due or as forborne. As at 31 December 2022, loans with a carrying value of £nil had been extended (2021: nil), all of which were property loans.

There were no loans which were overdue as at 31 December 2022 (2021: £nil).

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Notes to the financial statements (forming part of the financial statements)

D Credit risk concentrations

The Company monitors concentrations of credit risk by geographic location and by industry sector. The following tables show an analysis of credit risk by location and by sector. The location for loans and advances is determined by reference to the location of the borrower, and debt securities are recorded based on the location of the issuer of the security.

Credit risk by location	UK and Channel Islands £'000	Other Europe £'000	US and Canada £'000	Other £'000	Total £'000
At 31 December 2022					
Cash and balances at central banks	10	-	-	-	10
Loans and advances - banks	79,903	153,288	4,835	-	238,026
Loans and advances - other	148,207	46,812	-	1,326	196,345
Debt securities	52,194	-	-	-	52,194
Commitments and guarantees	194,782	-	-	1,259	196,041
Other financial assets	59,565	60,800	4,179	10,609	135,153
TOTAL	**534,661**	**260,900**	**9,014**	**13,194**	**817,769**
At 31 December 2021					
Cash and balances at central banks	12	-	-	-	12
Derivatives	9,953	-	-	-	9,953
Loans and advances - banks	38,864	177,134	8,560	-	224,558
Loans and advances - other	145,947	70,939	-	4,909	221,795
Debt securities	52,883	934	-	-	53,817
Commitments and guarantees	141,214	-	-	96	141,310
Other financial assets	56,359	32,751	1,636	11,161	101,907
TOTAL	**445,232**	**281,758**	**10,196**	**16,166**	**753,352**

Credit risk by industry sector	2022 £'000	2021 £'000
Financial (see below)	86,960	24,537
Real estate (see below)	9,136	8,641
Governments and Central Banks	52,194	52,883
Private persons	762	727
Related party loans, commitments and guarantees	533,564	564,657
TOTAL	**682,616**	**651,445**

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Financial and real estate sector exposures are analysed as follows:

Financial sector	2022 £'000	2021 £'000
Short term interbank exposures	85,555	22,597
Other	1,405	1,940
TOTAL	**86,960**	**24,537**

Short term interbank lending is held for liquidity management purposes.

Real estate sector	2022 £'000	2021 £'000
Senior loans	9,136	8,641
TOTAL	**9,136**	**8,641**

E Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

	2022			2021		
	Gross amount of financial asset £'000	Gross amount of financial liability offset £'000	Net amount £'000	Gross amount of financial asset £'000	Gross amount of financial liability offset £'000	Net amount £'000
Financial assets offset						
Loans and advances - banks	20,492	(19,087)	1,405	6,495	(4,555)	1,940
Loans and advances - others	216,051	(121,235)	94,816	112,379	(13,989)	98,390

2.3 Market risk

Market risk arises as a result of the Company's activities in interest rate, currency, equity and debt markets and comprises interest rate, foreign exchange and equity and debt price risk. Exposure to market risk continues to be small in relation to capital.

Limits on market risk exposure are set by the R&Co Group Assets and Liabilities Committee and are independently monitored.

Market risks associated with treasury and equity positions are set out below with a description of risk management and the levels of risk.

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Equities

The Company has exposure to equity price risk through holdings of equity investments (excluding pension assets). Each position is approved by senior management and is monitored on an individual basis. The table below shows the Company's equity price risk by location, excluding investments in money market funds which can be redeemed on demand (see note 12).

Equity price risk by location	UK £'000	Other Europe £'000	Total £'000
At 31 December 2022			
Equity investments	199,882	44,964	244,846
At 31 December 2021			
Equity investments	146,497	47,842	194,339

The equity exposure to "Other Europe" consists principally of minority investments held in Rothschild & Co SCA.

If the price of these equities were to fall by 5 per cent, then there would be a post-tax charge to the income statement of £980,000 and a post-tax charge to equity of £10,962,000 (2021: £546,000 and £9,043,000 respectively). Similarly, if the price of the remaining equities were to rise by 5 per cent, then there would be a post-tax credit to the income statement of £980,000 and a post-tax credit to equity of £10,962,000 (2021: £546,000 and £9,043,000 respectively).

Currency risk

The table below summarises net exposure to foreign currency exchange rate risk measured by reference to the foreign currency exposures of monetary assets and liabilities after taking account of positions in derivatives. The net exposure reflects timing differences between the recognition of foreign currency revenues and subsequent hedging transactions.

	Long/(short) 2022 £'000	Long/(short) 2021 £'000
US$	(148)	775
Euro	(728)	2,099
Other	1,570	973

If the value of these currencies fell by 5 per cent against sterling, then there would be a post-tax charge to the income statement of £27,000 (2021: charge of £156,000). There would be no material impact on equity.

If the value of these currencies rose by 5 per cent against sterling, then there would be a post-tax credit to the income statement of £27,000 (2021: credit of £156,000). There would be no material impact on equity.

Interest rate risk

The following table summarises exposure to interest rate risk by showing the impact on the fair value of interest-bearing assets and liabilities, and of interest rate derivatives, if base interest rates in each currency shown moved up or down by 1 per cent. This table includes all interest rate risk within the businesses, and the structural interest rate exposure that arises from the reinvestment of shareholders' funds.

Notes to the financial statements (forming part of the financial statements)

	Sterling	Euro
	£'000	£'000
At 31 December 2022		
+ 1%	(1,550)	1,074
- 1%	1,550	(1,074)
At 31 December 2021		
+ 1%	(2,036)	1,623
- 1%	2,036	(1,623)

IBOR (Interbank Offered Rates) reform has resulted in certain interest rate benchmarks being phased out during 2021 and over the coming years. EUR, GBP and CHF LIBOR were discontinued at the end of 2021 and USD LIBOR is due to be discontinued after 30 June 2023. The Company, via the Group ALCO which has oversight of the IBOR transition for the R&Co Group, evaluated the impact of this on its lending, borrowings and processes and given the nature of our business, no significant financial or operational effects resulting from IBOR transition have been noted. Lending facilities now reference SONIA (Sterling Overnight Index Average).

2.4 Liquidity risk

Liquidity risk is defined as the risk that an entity cannot meet its cash obligations as they fall due. Liquidity risk arises principally from the mismatch of contractual maturities of assets and liabilities inherent in the business, including contingent liabilities. The Company's policy is to ensure that it has sufficient resources to meet its financial commitments as they are expected to fall due and this is monitored on a daily basis. This is overseen by the NMR Balance Sheet and Treasury Committee which, along with approving the types of liquid assets held by the Company, monitors projected cash positions over the next 18 months.

The tables below analyse the Company's financial assets and liabilities based on contractual maturity, apart from the equity investments in the money market funds which can be called upon for settlement on demand. Loan commitments and guarantees are included at the earliest date they can be drawn down or called upon.

	Carrying Value	Demand/ next day	2 days - 3m	3m - 1 yr	> 1 year	No fixed maturity	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2022							
Cash	10	10	-	-	-	-	10
Loans and advances - banks	238,026	48,026	190,000	-	-	-	238,026
Loans and advances - other	196,345	-	59,349	14,011	122,985	-	196,345
Investment securities	398,773	101,733	52,194	-	-	244,846	398,773
Other financial assets	135,153	-	135,153	-	-	-	135,153
TOTAL	**968,307**	**149,769**	**436,696**	**14,011**	**122,985**	**244,846**	**968,307**
Due to group companies	36,100	36,100	-	-	-	-	36,100
Derivatives	4,698	-	4,698	-	-	-	4,698
Commitments and guarantees	196,041	-	196,041	-	-	-	196,041
Lease liabilities	184,332	-	1,553	4,844	177,935	-	184,332
Other financial liabilities	54,490	-	54,490	-	-	-	54,490
TOTAL	**475,661**	**36,100**	**256,782**	**4,844**	**177,935**	-	**475,661**

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	Carrying Value £'000	Demand/ next day £'000	2 days - 3m £'000	3m - 1 yr £'000	> 1 year £'000	No fixed maturity £'000	Total £'000
At 31 December 2021							
Cash	12	12	-	-	-	-	12
Loans and advances - banks	224,558	24,558	200,000	-	-	-	224,558
Derivatives	9,953	-	9,953	-	-	-	9,953
Loans and advances - other	221,795	-	54,771	39,781	127,781	(538)	221,795
Investment securities	439,389	52,883	191,233	-	934	194,339	439,389
Other financial assets	101,907	-	101,907	-	-	-	101,907
TOTAL	**997,614**	**77,453**	**557,864**	**39,781**	**128,715**	**193,801**	**997,614**
Due to group companies	47,348	47,348	-	-	-	-	47,348
Commitments and guarantees	141,310	-	141,310	-	-	-	141,310
Lease liabilities	173,120	-	1,262	3,942	167,916	-	173,120
Other financial liabilities	39,017	-	39,017	-	-	-	39,017
TOTAL	**400,795**	**47,348**	**181,589**	**3,942**	**167,916**	**-**	**400,795**

2.5 Maturity of financial liabilities

The following table shows undiscounted contractual cash flows, including interest, payable by the Company on financial liabilities, analysed by remaining contractual maturity at the balance sheet date. Loan commitments and guarantees are included at the earliest date they can be drawn down or called upon. This table does not reflect the liquidity position of the Company.

	Carrying Value £'000	Demand/ next day £'000	2 days - 3m £'000	3m - 1 yr £'000	> 1 year £'000	No fixed maturity £'000	Total £'000
At 31 December 2022							
Due to group companies	36,100	36,100	-	-	-	-	36,100
Derivatives	4,698	-	4,698	-	-	-	4,698
Lease liabilities	184,332	-	3,463	10,441	240,941	-	254,845
Other financial liabilities	54,490	-	54,490	-	-	-	54,490
TOTAL	**279,620**	**36,100**	**62,651**	**10,441**	**240,941**	**-**	**350,133**
Commitments and guarantees	**196,041**	**-**	**196,041**	**-**	**-**	**-**	**196,041**
At 31 December 2021							
Due to group companies	47,348	47,348	-	-	-	-	47,348
Lease liabilities	173,120	-	3,337	9,992	230,687	-	244,016
Other financial liabilities	39,017	-	39,017	-	-	-	39,017
TOTAL	**259,485**	**47,348**	**42,354**	**9,992**	**230,687**	**-**	**330,381**
Commitments and guarantees	**141,310**	**-**	**141,310**	**-**	**-**	**-**	**141,310**

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2.6 Capital management

The Company's capital management policy is to ensure that it is strongly capitalised and compliant with regulatory requirements. Furthermore, the Company's risk management processes are designed to ensure that all risks are identified and are covered by capital or other appropriate matters.

The FCA introduced a new set of regulatory rules for UK Investment firms with effect from 1st January 2022, named the Investment Firms Prudential Regime ('IFPR'). Under IFPR, NMR meets the balance sheet and revenue thresholds that make it a Large Non-SNI firm. The new prudential regime includes – inter alia – requirements for maintaining minimum levels of regulatory capital which are reported to the Financial Conduct Authority quarterly.

3 Fair value of financial assets and liabilities

Fair value is the price that would be received on selling an asset or paid to transfer a liability in an orderly transaction between market participants. For financial instruments carried at fair value, market prices or rates are used to determine that fair value where an active market exists (such as a recognised exchange), as this is the best evidence of the fair value of a financial instrument. Market prices are not, however, available for certain financial assets and liabilities held or issued by the Company. Where no active market price or rate is available, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions existing at the balance sheet date. The valuation may be derived from quotations received from various sources. Where the market is illiquid, the quotations may not be supported by prices from actual market transactions.

Valuation techniques are generally applied to over the counter derivative transactions and unlisted debt and equity securities. The most frequently applied pricing models and valuation techniques use discounted cashflows. The values derived from modelling discounted cashflows are significantly affected by judgements and assumptions made concerning factors such as the amounts and timing of future cashflows, discount rates and credit quality.

The methods adopted to determine the fair value of each type of financial asset or liability are summarised below:

- **Cash and balances at central banks, loans and advances - banks and due to banks.** The fair values of these instruments are materially the same as their carrying values due to their short-term nature.
- **Loans and advances - other.** The fair values of loans and advances to customers are based on observable market transactions, obtained from market data providers where available. Where observable market transaction data is not available, fair value is estimated using valuation models that incorporate a range of input assumptions. These assumptions include estimates of current market pricing and valuations of collateral held, adjusted by appropriate indices.
- **Due to group companies.** The fair values of these instruments are determined by discounting the future cashflows at current market interest rates for instruments of similar remaining maturities, adjusted for the appropriate credit spread.
- **Other financial assets and liabilities.** Fair value is considered to be the same as carrying value for these assets.
- **Derivatives and debt and equity securities.** These are carried in the balance sheet at fair value, usually determined using quoted market prices or other observable inputs. Debt securities or unlisted equity securities for which no price is available are valued by discounting expected future cashflows at market interest rates adjusted for appropriate credit spreads or using other valuation techniques.

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The fair values of financial assets and liabilities have been classified into a three level valuation hierarchy, whereby the valuation level is determined using the following criteria:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from market data to a significant extent). This category includes instruments that are valued based on quoted prices for similar instruments and for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Level 3: Inputs for the asset or liability that are not based primarily on observable market data (unobservable inputs). Typically, this will be used for instruments with uncertain cashflows and the valuation will therefore depend upon the expected cashflows, estimated maturity and the discount factor used.

Financial assets and liabilities carried at amortised cost

			Measured using		
	Carrying value £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
At 31 December 2022					
Financial assets					
Loans and advances - banks	238,026	238,026	-	238,026	-
Loans and advances - other	196,345	196,681	-	190,845	5,836
Debt securities	52,194	52,394	52,394	-	-
Other financial assets	135,153	135,153	-	135,153	-
TOTAL	**621,718**	**622,254**	**52,394**	**564,024**	**5,836**
Financial liabilities					
Due to group companies	36,100	36,100	-	36,100	-
Other financial liabilities	54,490	54,490	-	54,490	-
TOTAL	**90,590**	**90,590**	**-**	**90,590**	**-**
At 31 December 2021					
Financial assets					
Loans and advances - banks	224,558	224,558	-	224,558	-
Loans and advances - other	221,795	221,544	-	215,414	6,130
Debt securities	52,883	52,887	52,887	-	-
Other financial assets	101,907	101,907	-	101,907	-
TOTAL	**601,143**	**600,896**	**52,887**	**543,425**	**6,130**
Financial liabilities					
Due to group companies	47,348	47,348	-	47,348	-
Other financial liabilities	32,129	32,129	-	32,129	-
TOTAL	**79,477**	**79,477**	**-**	**79,477**	**-**

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Financial assets and liabilities carried at fair value

	Carrying value equal to fair value	Measured using		
		Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000
At 31 December 2022				
Financial assets				
Equity securities	346,579	162,311	44	184,224
TOTAL	**346,579**	**162,311**	**44**	**184,224**
Financial liabilities				
Derivatives	4,698	-	4,698	-
TOTAL	**4,698**	**-**	**4,698**	**-**

	Carrying value equal to fair value	Measured using		
		Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000
At 31 December 2021				
Financial assets				
Derivatives	9,953	-	9,953	-
Debt securities	934	-	934	-
Equity securities	385,573	240,451	44	145,078
TOTAL	**396,460**	**240,451**	**10,931**	**145,078**

Assets measured at fair value based on Level 3

There were no significant transfers between assets valued at Level 1 and at Level 2 in the period. The movements in assets valued using Level 3 valuation are as follows:

	2022	2021
Equity securities	£'000	£'000
Opening balance	145,078	129,889
Total gains and (losses):		
- through other comprehensive income	39,146	15,189
CLOSING BALANCE	**184,224**	**145,078**

The table below sets out information about significant unobservable inputs used at 31 December 2022 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Description	Fair value £'000	Valuation technique	Unobservable input	Fair value measurement sensitivity to unobservable inputs
Equity securities – fair value through OCI	184,224	External valuation based on asset value	Value of underlying property based on market yields	Increase in market yield of 0.1% would give rise to an increase in fair value of £1m

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4 Net fee and commission income

	2022 £'000	2021 £'000
Fee and commission income		
Global Advisory fees received	591,345	631,671
Banking and credit related fees and commissions	149	123
TOTAL	**591,494**	**631,794**
Fee and commission expense		
Global Advisory fees payable	88,456	80,753
Other fees paid	183	207
TOTAL	**88,639**	**80,960**

Global advisory fees payable represent fees paid to other members of the R&Co Group where the Company has worked in collaboration with another group company on a transaction.

5 Net interest income / (expense)

	2022 £'000	2021 £'000
Interest income		
Interest earned on loans and advances	5,820	3,016
Interest earned on investment securities measured at amortised cost	913	14
Interest earned on investment securities measured at fair value through profit and loss	202	14
Interest earned on other financial assets measured at fair value through profit and loss	2,672	1,622
TOTAL	**9,607**	**4,666**
Interest expense		
Interest on amounts due to banks and customers	2,015	371
Interest on lease liabilities	7,160	7,148
TOTAL	**9,175**	**7,519**

Included within interest income is £231,000 (2021: £284,000) in respect of interest income accrued on impaired financial assets.

6 Dividend income

	2022 £'000	2021 £'000
Dividends from subsidiary undertakings	17,000	10,700
Dividends from joint ventures	-	150
Dividends from other group companies	3,569	2,159
Dividends from investments measured at fair value through profit and loss	999	5
TOTAL	**21,568**	**13,014**

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7 Other operating (expense) / income

	2022 £'000	2021 £'000
Other operating income		
Rental income	34	71
Equities designated as fair value through profit and loss – net change in fair value	(4,127)	(1,018)
Foreign exchange gains/(losses)	298	(1,107)
Other	71	(1,274)
TOTAL	**(3,724)**	**(3,328)**

8 Operating expenses

	Note	2022 £'000	2021 £'000
Staff costs	9	381,385	367,614
Administrative expenses		41,626	35,701
Less: recharges to other group companies		(39,134)	(31,986)
TOTAL		**383,877**	**371,329**

The auditor's remuneration was as follows:

	2022 £'000	2021 £'000
Audit fees relating to the Company	384	219
Audit fees relating to subsidiary undertakings and other affiliates	69	84
TOTAL	**453**	**303**

Remuneration payable to the auditor and its associates for non-audit work was as follows:

	2022 £'000	2021 £'000
Audit-related assurance services	62	52
TOTAL	**62**	**52**

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9 Staff costs

	Note	2022 £'000	2021 £'000
Fixed and variable remuneration		305,851	295,383
Social security costs		44,829	42,370
Staff benefits and other staff costs		20,268	17,664
Pension costs			
- defined benefit plans	23	2,900	5,208
- defined contribution plans	23	7,265	6,362
Post-retirement benefits		272	627
TOTAL STAFF COSTS		**381,385**	**367,614**

The number of persons employed as at the period end was as follows:

	2022	2021
Global Advisory	594	513
Support	347	295
TOTAL	**941**	**808**

The average number of persons employed was as follows:

	2022	2021
Global Advisory	551	500
Support	325	285
TOTAL	**876**	**785**

Deferred remuneration and share-based payments

As part of its variable pay strategy, the Company operates various incentive schemes for the benefit of employees. These schemes consist of deferred cash bonuses and, for certain key staff, various deferred share-based payment awards.

The 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 R&Co Group.

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 £71,314,000 (2021: £71,713,000).

The objective of the deferred share-based payment awards is to link the reward of certain key staff with the performance of the Company. In addition to the requirement to remain employed by the R&Co Group, these awards may also be cancelled under specific circumstances.

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The terms of the different share-based payment awards are as follows:

Rothschild & Co equity scheme

Rothschild & Co has granted options in Rothschild & Co shares to a number of key staff. Under the equity scheme rules, the equity scheme participants have been required to invest in Rothschild & Co shares and, for each share owned, Rothschild & Co has granted four share options. Shares invested in are subject to a four-year lock-up period and the share options granted are subject to a vesting period before exercise. A quarter of the share options vest on each of the third, fourth, fifth and sixth anniversaries of the equity scheme and the share options are exercisable on the vesting dates, but not later than the tenth anniversary of the award, at various prices according to when the options were issued.

Movements in the number of share options outstanding are as follows:

	2022		2021	
	Number	Weighted average exercise price €	Number	Weighted average exercise price €
At beginning of period	**1,580,000**	**25.83**	**1,720,000**	**23.66**
Issued	-	-	170,000	40.58
Forfeited	-	-	-	-
Expired	-	-	-	-
Cancelled	-	-	-	-
Exercised	(275,000)	20.06	(310,000)	21.89
AT END OF PERIOD	**1,305,000**	**27.04**	**1,580,000**	**25.83**
Exercisable at the end of the period	923,750	24.74	940,000	23.63

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Share-options outstanding at the period end were as follows:

Exercise price range €	2022		2021	
	Number of options outstanding	Weighted average contractual life (years)	Number of options outstanding	Weighted average contractual life (years)
17.50	80,000	0.75	122,500	1.75
18.00	100,000	0.75	172,500	1.75
19.00	150,000	0.75	202,500	1.75
20.00	175,000	0.75	242,500	1.75
23.62	10,000	2.95	10,000	3.95
24.12	10,000	2.95	10,000	3.95
25.12	20,000	2.95	20,000	3.95
26.12	20,000	2.95	20,000	3.95
31.56	70,000	5.00	70,000	6.00
32.06	70,000	5.00	70,000	6.00
33.06	70,000	5.00	70,000	6.00
34.06	70,000	5.00	70,000	6.00
26.10	38,750	0.75	50,000	1.75
27.10	38,750	0.75	50,000	1.75
29.10	46,250	0.75	57,500	1.75
31.10	66,250	0.75	72,500	1.75
26.10	25,000	6.75	25,000	7.75
26.60	25,000	6.75	25,000	7.75
27.60	25,000	6.75	25,000	7.75
28.60	25,000	6.75	25,000	7.75
39.45	42,500	8.75	42,500	9.75
39.95	42,500	8.75	42,500	9.75
40.95	42,500	8.75	42,500	9.75
41.95	42,500	8.75	42,500	9.75
TOTAL	**1,305,000**	**3.30**	**1,580,000**	**3.80**

The options were valued by an independent valuer using a Black-Scholes option valuation model. The key inputs into this model were the price of the underlying Rothschild & 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 was based on the assumption that all recipients will remain with the Group.

The fair value of the share-based payments made in the period was £3.6m (2021: £3.0m). This amount is 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 options change in value.

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Rothschild & Co share-based payments

The Company has committed to pay a number of staff deferred awards in the form of Rothschild & Co shares. The shares will be delivered to employees as long as the recipients are still employed by the R & Co Group at the time of vesting. The value of the shares at the date of award is expensed over the service period, until vesting. The liability is treated as either a cash or equity-settled share-based payment and revalued at each reporting period, with the changes in value recognised in the income statement.

The charge for the period arising from share-based payment schemes was as follows:

	2022 £'000	2021 £'000
Rothschild & Co equity scheme	504	782
Rothschild & Co share-based payments	1,813	6,775
TOTAL	**2,317**	**7,557**

10 Tax

Tax charged to the income statement:

	2022 £'000	2021 £'000
Current tax:		
- Current year	25,111	32,468
- Prior year adjustments	3,941	(700)
Total current tax	**29,052**	**31,768**
Deferred tax:		
- Origination and reversal of timing differences	5,782	(4,495)
- Prior year adjustments	(4,601)	(505)
Total deferred tax	**1,181**	**(5,000)**
TOTAL TAX CHARGED TO INCOME STATEMENT	**30,233**	**26,768**

Tax on items credited to other comprehensive income:

	2022 £'000	2021 £'000
Deferred tax on securities measured at fair value through OCI	(30)	(12)
Current tax on securities measured at fair value through OCI	19	12
Deferred tax on actuarial gains and losses on defined benefit pension schemes	22,269	24,038
TOTAL TAX CREDITED TO OTHER COMPREHENSIVE INCOME	**22,258**	**24,038**

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Tax on items credited to equity:

	2022 £'000	2021 £'000
Current tax on distributions to holders of perpetual instruments	(1,995)	(1,428)
Current tax on exercise of share options	(567)	(5)
Current tax on IFRS 9 transition	(5)	(5)
Deferred tax on IFRS 9 transition	5	5
Current tax on right of use assets	(259)	(259)
Deferred tax on right of use assets	261	(1,161)
Deferred tax on valuation of share options	777	(2,453)
	(1,783)	**(5,301)**

For the purposes of these financial statements, it has been assumed that not all of the interest borne by the Company is tax deductible.

The tax charged on income differs from the theoretical amount that would arise using the standard tax rate as follows:

	2022 £'000	2021 £'000
Profit before tax	125,199	179,662
Tax calculated at the UK corporation tax rate of 19%	23,788	34,136
Adjustment to tax charge in respect of prior years	(660)	(1,205)
Impact on deferred tax of corporation tax rate change	9,679	(4,859)
Non tax deductible expenses	533	351
Group dividends not subject to tax	(3,908)	(2,451)
Irrecoverable dividend withholding tax	737	567
Non tax deductible impairment provisions	-	232
Other	64	(3)
TOTAL TAX CHARGED TO INCOME STATEMENT	**30,233**	**26,768**

Further information about deferred tax is presented in note 22.

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11 Loans and advances

	2022 £'000	2021 £'000
Loans and advances - banks:		
Included in cash and cash equivalents - group	111,941	81,948
Included in cash and cash equivalents – other	65,708	47,956
Other – group lending	40,191	95,014
Other – lending to banks	20,186	-
TOTAL	**238,026**	**224,558**

	2022 £'000	2021 £'000
Loans and advances - other:		
Loans and advances to group companies	186,803	212,425
Loans and advances – other customers	20,403	20,220
Allowance for credit losses - other	(10,861)	(10,850)
TOTAL	**196,345**	**221,795**

All loans and advances are measured at amortised cost less allowances for credit losses.

Loans and advances to and amounts due to certain group companies are subject to legally binding netting agreements and are thus reported net. The amount netted at 31 December 2022 was £140,359,000 (2021: £18,544,000).

The movement in the allowance for credit losses on loans and advances to customers is as follows:

	Stage 1 12 month ECL £'000	Stage 2 Lifetime ECL £'000	Stage 3 Lifetime ECL (impaired assets) £'000	Total £'000
At 1 January 2022	**38**	**500**	**10,312**	**10,850**
Charge/(credit) to income statement	11	-	(305)	(294)
Amounts written off	-	-	-	-
Recoveries	-	-	305	305
Exchange movements	-	-	-	-
Reclassification	-	-	-	-
AT 31 DECEMBER 2022	**49**	**500**	**10,312**	**10,861**
At 1 January 2021	**47**	**6,059**	**7,400**	**13,506**
Charge/(credit) to income statement	(9)	(1,230)	1,009	(230)
Amounts written off	-	-	(2,630)	(2,630)
Recoveries	-	-	221	221
Exchange movements	-	(17)	-	(17)
Reclassification	-	(4,312)	4,312	-
AT 31 DECEMBER 2021	**38**	**500**	**10,312**	**10,850**

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12 Investment securities

	2022 £'000	2021 £'000
Debt securities – amortised cost	51,956	52,878
Debt securities - fair value through profit and loss	-	934
Accrued interest	238	5
TOTAL DEBT SECURITIES	**52,194**	**53,817**
Equity securities - fair value through profit and loss (excluding money market funds)	25,607	13,473
Equity securities – fair value through OCI	219,239	180,866
	244,846	**194,339**
Equity securities – fair value through profit and loss (money market funds)	101,733	191,223
TOTAL EQUITY SECURITIES	**346,579**	**385,572**
TOTAL INVESTMENT SECURITIES	**398,773**	**439,389**

Debt and equity securities may be analysed as follows:

	2022 £'000	2021 £'000
Debt securities		
- Listed	52,194	53,817
Total debt securities	**52,194**	**53,817**
Equity securities		
- Listed	46,153	49,215
- Unlisted	300,426	336,357
Total equity securities	**346,579**	**385,572**
TOTAL DEBT AND EQUITY SECURITIES	**398,773**	**439,389**

Equity securities include shares in Rothschild & Co SCA and Third New Court Limited.

The movement in debt and equity securities is as follows:

	2022 £'000	2021 £'000
At beginning of year	**439,389**	**224,853**
Additions	243,395	296,818
Disposals (sale and redemption)	(319,003)	(108,772)
Gains from changes in fair value	34,758	26,490
Movement in accrued interest	234	-
AT END OF YEAR	**398,773**	**439,389**

Notes to the financial statements (forming part of the financial statements)

13 Derivatives

The Company's use of financial instruments, including derivatives, is set out in note 2. A derivative is a financial instrument, the value of which is derived from the value of another financial instrument, an index or some other variable ("the underlying"). Typically, the underlying is an interest rate, a currency exchange rate or the price of a debt or equity security. Derivative instruments are carried at fair value, shown in the balance sheet as separate totals of positive fair values (assets) and negative fair values (liabilities). Positive fair values represent the cost to the Company of replacing all transactions with a fair value in the Company's favour if the counterparties default. Negative fair values represent the cost to the Company's counterparties of replacing all their transactions with the Company with a fair value in the counterparties' favour if the Company were to default. Positive and negative fair values on different transactions are only netted if there is a legal right of set-off, the transactions are with the same counterparty and the cashflows will be settled on a net basis. Changes in fair values of derivative instruments are recognised in other income.

During the year, the Company has only entered into forward foreign exchange contracts.

	Notional principal		Positive fair value		Negative fair value	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Forward foreign exchange contracts	318,316	265,049	2,741	10,144	(7,439)	(191)
TOTAL	**318,316**	**265,049**	**2,741**	**10,144**	**(7,439)**	**(191)**

14 Other assets

	2022 £'000	2021 £'000
Accounts receivable and prepayments	63,532	57,521
Accrued income	26,164	15,073
Intra-group receivables	67,950	41,859
Stock	30	22
Other	8,563	2,462
TOTAL	**166,239**	**116,937**

Accounts receivable are net of allowances of £3,528,000 (2021: £1,873,000).

15 Investments in subsidiary undertakings

	2022 £'000	2021 £'000
Net book value at beginning of year	**5,899**	**5,953**
Impairment provisions	-	(54)
NET BOOK VALUE AT END OF YEAR	**5,899**	**5,899**

The subsidiary companies are held at cost of £45,766,000 less impairment provisions of £39,867,000.

The subsidiary undertakings of the Company as at 31 December 2022 are detailed in note 33.

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Notes to the financial statements (forming part of the financial statements)

16 Investments in associates and joint ventures

	2022	2021
	£'000	£'000
Cost at beginning of year	-	3,000
Disposals	-	(3,000)
COST AT END OF YEAR	-	-

17 Property, plant and equipment

	Leasehold improvements	Cars, fixtures and fittings	Computer equipment	Total
	£'000	£'000	£'000	£'000
Cost at 1 January 2022	**40,863**	**4,050**	**11,168**	**56,081**
Additions	1,401	665	597	2,663
Retirement	(5,476)	(2,505)	(6,506)	(14,487)
At 31 December 2022	**36,788**	**2,210**	**5,259**	**44,257**
Accumulated depreciation at 1 January 2022	**28,122**	**3,042**	**9,946**	**41,110**
Depreciation charge	2,265	378	770	3,413
Retirement	(5,476)	(2,505)	(6,506)	(14,487)
At 31 December 2022	**24,911**	**915**	**4,210**	**30,036**
NET BOOK VALUE AT 31 DECEMBER 2022	**11,877**	**1,295**	**1,049**	**14,221**
Cost at 1 January 2021	**48,622**	**3,250**	**11,508**	**63,380**
Additions	672	800	342	1,814
Disposals	(8,431)	-	(682)	(9,113)
At 31 December 2021	**40,863**	**4,050**	**11,168**	**56,081**
Accumulated depreciation at 1 January 2021	**29,223**	**2,725**	**9,468**	**41,416**
Depreciation charge	2,529	317	925	3,771
Disposals	(3,630)	-	(447)	(4,077)
At 31 December 2021	**28,122**	**3,042**	**9,946**	**41,110**
NET BOOK VALUE AT 31 DECEMBER 2021	**12,741**	**1,008**	**1,222**	**14,971**

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Notes to the financial statements (forming part of the financial statements)

18 Right of use assets

	2022 £'000	2021 £'000
Balance at beginning of year	**141,064**	**137,763**
Depreciation charge	(8,689)	(3,081)
Additions	13,725	-
Disposals	-	(88)
Impairment	(247)	-
Revaluations	5,085	6,470
RIGHT OF USE ASSETS AT END OF YEAR	**150,938**	**141,064**

19 Lease liabilities

	2022 £'000	2021 £'000
Balance at beginning of year	**173,120**	**172,604**
Additions	12,725	-
Revaluations	5,024	6,492
Rental payments	(13,697)	(13,124)
Interest expense	7,160	7,148
LEASE LIABILITIES AT END OF YEAR	**184,332**	**173,120**

20 Goodwill

	2022 £'000	2021 £'000
At beginning of year	4,093	4,093
Transfer to Group entity	(4,093)	-
At end of year	**-**	**4,093**

During the year, NMR transferred goodwill at book value to a fellow Group entity.

21 Other liabilities

	2022 £'000	2021 £'000
Accounts payable	4,750	4,876
Intra-group payables	40,976	27,546
Other liabilities	9,760	6,597
TOTAL	**55,486**	**39,019**

Notes to the financial statements (forming part of the financial statements)

22 Deferred income taxes

Deferred taxes are calculated on all temporary differences under the liability method using tax rates that have been substantively enacted at the balance sheet date and that are expected to apply when the temporary difference is realised. The current UK corporation tax rate is 19 per cent although an increase in the rate to 25 per cent from April 2023 was substantively enacted at the balance sheet date and is reflected in the carrying value of deferred tax. The movement on the deferred tax account is as follows:

	2022	2021
	£'000	£'000
At beginning of year	**21,682**	**37,098**
Recognised in income		
Income statement charge	(1,183)	4,980
Recognised in equity		
Defined benefit pension arrangements	(22,269)	(24,038)
Debt and equity securities		
- fair value measurement	30	12
Valuation of share options	(777)	2,474
Other	(19)	-
IFRS 9 & 16 transition	(266)	1,156
AT END OF YEAR	**(2,802)**	**21,682**

Deferred tax assets less liabilities are attributable to the following items:

	2022	2021
	£'000	£'000
Accelerated tax depreciation	1,677	2,098
Deferred profit share arrangements	38,782	31,689
Pension and other post-retirement benefits	(49,131)	(18,234)
Debt and equity securities	(122)	(152)
Right of use asset	5,971	6,232
Other temporary differences	21	49
TOTAL	**(2,802)**	**21,682**

The deferred tax charge in the income statement comprises the following temporary differences:

	2022	2021
	£'000	£'000
Accelerated tax depreciation	(421)	898
Deferred profit share arrangements	7,870	9,678
Pensions and other post-retirement benefits	(8,632)	(5,596)
TOTAL	**(1,183)**	**4,980**

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23 Defined benefit pension plans and other post-retirement benefits

The Company operates a pension scheme, the NMR Pension Fund ("the UK Fund"), for the benefit of employees of the Company as well as certain other R&Co Group companies in the United Kingdom. The Fund comprises a defined benefit section, which closed to new entrants in April 2003, and a defined contribution section established with effect from April 2003.

The R&Co Group also operates a separate pension arrangement, The NMR Overseas Pension Fund ("the Overseas Fund" – which together with the UK Fund are referred to below as "the Funds") that shares risks between entities within the group. The Overseas Fund comprises a defined benefit section and defined contribution section, both of which were closed to accrual in April 2017. The R&Co Group policy for allocating to individual entities in the Overseas Fund is based on the share of liabilities relating to employees/former employees of each participating group company.

The Company also has £764,000 (2021: £963,000) of unfunded obligations in respect of pensions and other post-retirement benefits.

Amounts recognised in respect of the various post-retirement schemes at the balance sheet date were as follows (N.B. For the Overseas Fund, all amounts shown relate to the share of obligations and assets allocated to the Company):

	UK Fund £'000	Overseas Fund £'000	Unfunded obligations £'000	Total £'000
At 31 December 2022				
Present value of obligations	(610,625)	(20,944)	(764)	(632,333)
Fair value of plan assets	799,347	29,509	-	828,856
Net defined benefit asset/(liability)	**188,722**	**8,565**	**(764)**	**196,523**

	UK Fund £'000	Overseas Fund £'000	Unfunded obligations £'000	Total £'000
At 31 December 2021				
Present value of obligations	(966,193)	(33,446)	(963)	(1,000,602)
Fair value of plan assets	1,035,060	39,078	-	1,074,138
Net defined benefit asset/(liability)	**68,867**	**5,632**	**(963)**	**73,536**

For the Funds, benefits are based on actual service and final pensionable salary. The weighted average duration of the expected benefit payments from the UK Fund is 15 years and 14 years for the Overseas Fund. The Funds are approved by HMRC for tax purposes (the UK Fund is a Registered Scheme and the Overseas Fund is a Section 615 Scheme) and are operated separately from the Company and managed by independent trustees. The trustees are responsible for payment of the benefits and management of the Funds' assets. The Funds are subject to UK funding regulations, which require the Company and trustees to agree a funding strategy and, if necessary, a contribution schedule.

As with most defined benefit schemes, the Funds expose the Company to a number of risks including longevity, inflation, interest rate and investment performance. These risks are mitigated to an extent 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. Overall, the objective for the Funds is to select assets which will generate income and capital growth to meet, together with new contributions (as necessary), the cost of current and, in the case of the UK Fund, future benefits payable by the Funds.

Notes to the financial statements (forming part of the financial statements)

The matching assets that the Funds invest in include corporate bonds, government securities and a specific liability driven investment ("LDI") mandate. The objective of the liability-driven investment mandate is to provide a portfolio of assets that mirror the sensitivity of the Funds' liabilities to changes in interest rates and inflation. For the purposes of efficient portfolio management, the mandates make use of derivative instruments (such as interest rate swaps, inflation swaps and gilt repo), which require collateral to be posted in the event that they have a negative mark to market value. During the year, the Trustee of the UK and Overseas Funds reviewed the level of interest rate and inflation hedging for the funds. Following this review, it was agreed that both Funds would instruct their LDI manager to target a level of hedging of 90% of interest rate sensitivity (excluding the hedging provided by Secure Income Assets) and 100% inflation sensitivity against the Funds' long-term funding targets. As at 31 December 2022, the trustees were in the process of implementing this position with the Funds' liability-driven investment manager.

A key risk of using liability-driven investment mandates is that, when interest rates rise, the UK and Overseas funds are required to meet collateral calls. If at some point either of the Funds was unable to do so, it could be forced into reducing its level of hedging. In order to mitigate this risk, the trustees monitor the level of leverage and collateral headroom within each Funds' liability-driven investment portfolio and holds regular discussions with the investment manager and the Funds' investment consultant. The trustees note that the Funds have a relatively low level of leverage compared to many other pension schemes and were not forced to reduce hedging during the second half of 2022 when UK Government yields rose significantly.

The latest formal actuarial valuations of the Funds were carried out as at 31 March 2019 and have been updated for IAS 19 (Revised) purposes to 31 December 2022 by qualified independent actuaries. The valuations as at March 2022 are currently underway. As required by IAS 19 (Revised), the values of the defined benefit obligation and current service cost have been measured using the projected unit credit method. The net charge to the income statement comprises current service cost, the net interest charge on the net defined benefit liability and administration expenses relating to the management of the pension funds. Remeasurement gains and losses are recognised in full, in the period in which they occur, outside the income statement and presented in other comprehensive income.

The principal actuarial assumptions used in respect of all post-retirement schemes as at the balance sheet date were as follows:

	2022	2021	2020
Discount rate	4.80% UK 2.0% Overseas 1.9%		1.40%
Retail price inflation	3.20%	3.30%	2.80%
Consumer price inflation	UK 2.4% Overseas 2.3%	2.40%	2.00%
Expected rate of uncapped salary increases	2.0%	2.00%	2.00%
Expected rate of increase in pensions in payments:			
Capped at 5.0% per annum	3.10%	3.10%	2.80%
Capped at 2.5% per annum	2.10%	2.10%	2.00%
Life expectancy of a pensioner aged 60:			
Male	28.8	29.1	29.0
Female	30.3	30.6	30.4
Life expectancy of a future pensioner aged 60 in 20 years'			
Male	30.1	30.4	30.4
Female	31.6	31.9	31.8

The CPI inflation assumption is set by assuming it is a fixed amount lower than RPI. Following the Government announcement on 25 November 2020 regarding the future of the Retail Prices Index, the CPI assumption has been set using a different fixed amount before and after 2030. The gap between RPI and

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CPI is assumed to be 1.1% pa up to 2030 and 0.1% pa thereafter. The figures shown in the table are weighted averages at each date.

The mortality assumption used at 31 December 2022 for the UK and Overseas Funds includes a 10% weighting for experience in 2021 to make some limited allowance for the long-term impact of the Covid 19 pandemic on long term life expectancies.

The defined benefit liability calculation is sensitive to the actuarial assumptions used above. Those that have the most significant impact on the measurement of the liability are as follows, along with an illustration of the sensitivity of the net liability of the UK Fund to those assumptions:

	2022 £'000	2021 £'000
0.5% increase in discount rate	(39,900)	(83,900)
0.5% increase in price inflation	29,200	61,400
1 year increase in life expectancy	18,500	34,400

The sensitivities shown above reflect only an estimate of the change in the assessed defined obligation for the UK Fund. 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 asset is therefore likely to be lower than the amounts above.

An illustration of the sensitivity of the net liability of the Overseas Fund to actuarial assumptions is shown below:

	2022 £'000	2021 £'000
0.5% increase in discount rate	(1,338)	(2,845)
0.5% increase in price inflation	1,032	2,221
1 year increase in life expectancy	612	1,208

The movement in the net defined benefit obligation is as follows:

	Plan assets £'000	Defined benefit obligations £'000	Net defined benefit liability £'000
At 1 January 2022	**1,074,138**	**(1,000,602)**	**73,536**
Current service cost (net of contributions paid by other plan participants)	-	(2,917)	**(2,917)**
Current service cost relating to other plan participants	-	(666)	**(666)**
Interest income/(cost)	21,273	(19,751)	**1,522**
Re-measurements due to:			
- actual return less interest on plan assets	(241,991)	-	**(241,991)**
- changes in financial assumptions	-	367,090	**367,090**
- changes in demographic assumptions	-	8,780	**8,780**
- experience gains/(losses)	-	(11,614)	**(11,614)**
-Benefits paid	(27,305)	27,347	**42**
Contributions by the Group	3,580	-	**3,580**
Contributions by other plan participants	666	-	**666**
Administration expenses	(1,505)	-	**(1,505)**
AT 31 DECEMBER 2022	**828,856**	**(632,333)**	**196,523**

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	Plan assets	Defined benefit obligations	Net defined benefit liability
	£'000	£'000	£'000
At 1 January 2021	**1,003,417**	**(1,063,419)**	**(60,002)**
Current service cost (net of contributions paid by other plan participants)	-	(3,066)	**(3,066)**
Current service cost relating to other plan participants	-	(1,115)	**(1,115)**
Interest income/(cost)	13,928	(14,634)	**(706)**
Re-measurements due to:			
- actual return less interest on plan assets	79,541	-	**79,541**
- changes in financial assumptions	-	57,408	**57,408**
- changes in demographic assumptions	-	(2,931)	**(2,931)**
- experience gains/(losses)	-	(7,503)	**(7,503)**
-Benefits paid	(34,658)	34,658	-
Contributions by the Group	12,231	-	**12,231**
Contributions by other plan participants	1,115	-	**1,115**
Administration expenses	(1,436)	-	**(1,436)**
AT 31 DECEMBER 2021	**1,074,138**	**(1,000,602)**	**73,536**

At 31 December 2022, the fair value of plan assets comprised:

	UK Fund 2022	Overseas Fund 2022	Total 2022
	£'000	£'000	£'000
Equities	36,185	1,057	37,242
Private Equity Funds	103,221	10	103,231
Private Market Funds	28,587	-	28,587
Reinsurance	58,526	1,742	60,268
Secure Income Assets	69,967	3,509	73,476
Illiquid credit	37,922	-	37,922
Diversified Credit	56,824	888	57,712
UK Corporate Bonds	204,770	11,115	215,885
LDI and Gilts	153,283	9,265	162,548
Cash and liquidity funds	50,062	1,923	51,985
TOTAL	**799,347**	**29,509**	**828,856**

The table above reflects the nature of the assets held by the scheme, whether those are directly held as segregated funds or held via pooled investment vehicles. All investments in pooled investment vehicles are considered unquoted. All directly held assets of the scheme are unquoted except for bonds amounting to £1.9 million which are included in the LDI and Gilts category. In classifying the assets into quoted and unquoted, Level 1 assets are classified as quoted while Level 2 and 3 are classified as unquoted.

The asset values are based on the position as at 31 December 2022, where available. In cases where the value was not readily available at this date then the most recent audited value has been used, updated to reflect known cashflow movements.

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Notes to the financial statements (forming part of the financial statements)

At 31 December 2021, the fair value of plan assets comprised:

	UK Fund 2021 £'000	Overseas Fund 2021 £'000	Total 2021 £'000
Equities	168,349	2,377	170,726
Structured Credit	53,095	1,425	54,520
Property / Infrastructure	49,054	-	49,054
Reinsurance	57,678	1,756	59,434
Emerging Market debt	23,352	-	23,352
Illiquid credit	128,949	-	128,949
Traditional credit	127,529	10,477	138,006
Gilts & LDI	261,366	14,287	275,653
Money market / cash	61,356	8,735	70,091
Private equity and hedge funds	104,332	21	104,353
TOTAL	**1,035,060**	**39,078**	**1,074,138**

Equities includes £nil (2021: £nil) of shares in companies that are related parties of the Company.

Amounts recognised in the income statement are as follows:

	Note	2022 £'000	2021 £'000
Employers' part of current service cost		2,917	3,066
Net interest cost		(1,522)	706
Administration expenses		1,505	1,436
TOTAL (INCLUDED IN STAFF COSTS)	**9**	**2,900**	**5,208**

Amounts recognised in the statement of comprehensive income:

	2022 £'000	2021 £'000
Actuarial gains/(losses) recognised in the period	122,265	126,515
Cumulative actuarial losses recognised in the statement of comprehensive income	(5,916)	(138,294)

Following the March 2019 triennial actuarial valuation of the UK Fund, the Company agreed a contribution plan with the trustees to reduce the resulting deficit in accordance with pensions regulation. The aim is to eliminate the funding deficit by March 2023 with annual contributions of £15.0m with contributions payable from 31 March 2021 being subject to a review on the basis of the funding position of the UK Fund. The funding position has improved more quickly than expected and as such deficit repair contributions ceased to be paid from 1 July 2021, with the position currently being reviewed quarterly. In addition, participating employers in the fund have agreed to pay 55.2% of in-service member's pensionable salaries each year in respect of future accrual of benefits. The contributions payable to the fund are subject to review as part of the actuarial valuation as at 31 March 2022, which is currently in progress.

Notes to the financial statements (forming part of the financial statements)

The Overseas Fund is in surplus on the agreed funding assumptions. Following its March 2019 triennial actuarial valuation, the Company agreed with the trustees that no contributions need to be made other than to cover the non-investment manager expenses.

The Company has assessed that no further liability arises and a surplus can be recognised 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 Funds do not have a unilateral power to wind up the Funds and the Funds' rules allow the Company an unconditional right to a refund assuming the gradual settlement of plan liabilities over time until all members have left the Funds.

Defined contribution schemes

	Note	2022 £'000	2021 £'000
Contributions paid	9	7,265	6,362

These amounts represent contributions to the defined contribution section of the UK Fund and other defined contribution pension arrangements.

24 Contingent liabilities and commitments

	2022 £'000	2021 £'000
Guarantees		
Guarantees and irrevocable letters of credit	133,239	126,066
Commitments		
Undrawn formal standby facilities, credit lines and other commitments to lend	62,802	14,244

From time to time the Company is involved in judicial 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 reasonably estimated.

25 Operating lease receivables

Minimum commitments receivable for non-cancellable leases of premises and equipment are as follows:

	2022 £'000	2021 £'000
Up to 1 year	33	71
Between 1 and 5 years	351	71
Over 5 years	547	-
TOTAL	**931**	**142**

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26 Distributions

	2022 £'000	2021 £'000
Other equity interests		
Perpetual Floating Rate Subordinated Loan (US$100 million)	1,863	461
Perpetual Fixed Rate Subordinated Loan (£75 million)	6,762	6,743
Perpetual Floating Rate Subordinated Loan (€150 million)	2,100	356
	10,725	**7,560**
Tax credit thereon	(1,995)	(1,428)
	8,730	**6,132**
Ordinary shares		
Dividends paid	148,000	52,000
TOTAL	**156,730**	**58,132**

The dividends per ordinary share were £2.57 (2021: £0.90).

27 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with an original maturity of less than three months or are readily convertible into cash.

	2022 £'000	2021 £'000
Cash	10	12
Loans and advances - banks	177,649	129,544
Equity securities – money market funds	101,733	191,233
Debt securities - treasury bills	39,820	-
TOTAL	**319,212**	**320,789**

28 Transactions with related parties

Key management personnel are the directors of the Company and of parent companies.

	2022 £'000	2021 £'000
Key management personnel compensation:		
Short-term employee benefits	9,953	9,518
Post-retirement benefits	159	141
Other deferred benefits	3,741	3,315
Termination benefits	-	-
Share-based payment benefits	4,633	4,250

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Amounts receivable from related parties of the Company are as follows:

	2022		2021	
	Loans and advances £'000	Other assets £'000	Loans and advances £'000	Other assets £'000
Amounts due from parent companies	127,078	-	129,144	-
Amounts due from subsidiary undertakings	1,102	9,885	1,099	9,277
Amounts due from other related parties	210,867	58,065	259,147	32,582

Amounts receivable include loans to related parties and amounts recoverable from related parties in respect of expenses incurred on their behalf and services provided. Loans are made in the ordinary course of business and on substantially the same terms as comparable transactions with third parties.

Amounts payable to related parties of the Company are as follows:

	2022			2021		
	Due to banks and customers £'000	Perpetual instruments £'000	Other liabilities £'000	Due to banks and customers £'000	Perpetual instruments £'000	Other liabilities £'000
Amounts due to subsidiary undertakings						
- subordinated	-	51,725	-	-	51,725	-
- other	1,936	-	21,915	1,595	-	6,949
Amounts due to other related parties						
- subordinated	-	72,610	-	-	72,610	-
- other	34,126	-	29,035	45,753	-	28,476

Amounts payable include intra group borrowings and bank account balances held in the ordinary course of business.

Guarantees made on behalf of and received from related parties of the Company are as follows:

	2022 £'000	2021 £'000
Guarantees made on behalf of subsidiary undertakings	133,027	126,066

The above guarantee of £133,027,000 (2021: £126,066,000) is of perpetual floating rate subordinated notes issued by Rothschild & Co Continuation Finance PLC. The issue proceeds have been placed on deposit with the Company on terms similar to those of the notes issued.

The Company has received guarantees from a fellow subsidiary of Rothschild & Co Concordia SAS in respect of certain customer loans.

Commitments provided to related parties of the Company are as follows:

	2022 £'000	2021 £'000
Undrawn credit commitments	62,654	14,085

The Company has entered into a lease agreement with a fellow subsidiary of Rothschild & Co Concordia SAS for the rental of office space. The lease agreement expires in 2040 and is on normal commercial terms.

Notes to the financial statements (forming part of the financial statements)

Amounts recognised in the income statement of the Company in respect of related party transactions are as follows:

	Parent companies £'000	Subsidiary undertakings £'000	Associates and joint ventures £'000	Other related parties £'000	Total £'000
Year to 31 December 2022					
Interest income	2,813	-	-	4,954	7,767
Interest expense	(1,749)	-	-	(7,233)	(8,982)
Fees and commissions income	145	17,895	-	62,809	80,849
Fees and commissions expense	-	(34,913)	-	(46,052)	(80,965)
Dividend income	-	17,000	-	3,569	20,569
Depreciation on right of use asset	-	-	-	(7,324)	(7,324)
Recoverable expenses	9,337	3,235	-	29,762	42,334
Year to 31 December 2021					
Interest income	1,636	-	-	2,659	4,295
Interest expense	(200)	-	-	(7,040)	(7,240)
Fees and commissions income	118	22,929	301	49,755	73,103
Fees and commissions expense	-	(29,808)	-	(45,364)	(75,172)
Dividend income	-	10,700	150	2,159	13,009
Depreciation on right of use asset	-	-	-	(1,896)	(1,896)
Recoverable expenses	8,135	2,617	-	23,808	34,560

Fees and commissions receivable/payable relate to transactions where the Company has worked in collaboration with other group companies.

29 Remuneration of Directors

	2022 £'000	2021 £'000
Directors' emoluments	2,911	2,956
Amounts receivable under deferred bonus schemes	1,097	889
	4,008	**3,845**
Pension contributions to money purchase schemes	2	1
	4,010	**3,846**

The emoluments of the highest paid director were £1,021,000 (2021: £1,205,000).

	2022	2021
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	2	1

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Notes to the financial statements (forming part of the financial statements)

30 Share capital

	2022	2021
Allotted, called up and fully paid ordinary shares of £1 each	57,654,551	57,654,551

31 Perpetual instruments

	2022	2021
	£'000	£'000
Perpetual fixed rate subordinated notes 9% (£75 million)	48,750	48,750
Perpetual floating rate subordinated notes (€150 million)	51,725	51,725
Perpetual floating rate subordinated notes (US$100 million)	23,860	23,860
TOTAL	**124,335**	**124,335**

32 Parent undertaking and ultimate holding company

The largest group in which the results of the Company are consolidated is that headed by Rothschild & Co Concordia SAS, incorporated in France, and whose registered office is at 23bis, Avenue de Messine, 75008 Paris. The smallest group in which they are consolidated is that headed by Rothschild & Co SCA, a French public limited partnership whose registered office is also at 23bis, Avenue de Messine, 75008 Paris. The accounts are available on the Rothschild & Co website at www.rothschildandco.com.

The Company's immediate parent company is Rothschild & Co Continuation Limited, a private company limited by shares and incorporated in England and Wales whose registered office is at New Court, St Swithin's Lane, London, EC4N 8AL.

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Notes to the financial statements (forming part of the financial statements)

33 Subsidiary undertakings

The subsidiary undertakings of the Company as at 31 December 2022 are detailed below. All subsidiary undertakings are registered in England and Wales except where otherwise indicated.

	Percentage ownership %
The following companies are incorporated in England and Wales and have their registered offices at New Court, St Swithin's Lane, London EC4N 8AL:	
Five Arrows Finance Limited	100
Five Arrows Leasing Holdings Limited	100
Lanebridge Holdings Limited	100
Lanebridge Investment Management Limited	100
Marplace (Number 480) Limited	100
O.C. Investments Limited	100
RJVTMCO UK Limited	99
Rothschild & Co Australia Holdings Limited	100
Rothschild & Co Nominees Limited	50
Rothschild & Co Reserve Limited	100
Rothschild & Co Continuation Finance PLC	100
Shield Trust Limited	100
Shield MBCA Limited	100
The following companies are incorporated overseas:	
Rothschild & Co Australia Limited *(incorporated in Australia with registered office at Level 34, 88 Phillip Street, Sydney, NSW 2000)*	100
Elsinore Part. e Serv. Ltda. *(incorporated in Brazil with registered office at Av. Brigadeiro Faria Lima 2055/18o. Andar, Jardim Paulistano - São Paulo, SP - 01451-000)*	100
Arena Plaza Jersey GP Limited (in liquidation) *(incorporated in Jersey, C.I. with registered office at Whiteley Chambers, Don Street, St. Helier JE4 9WG)*	100

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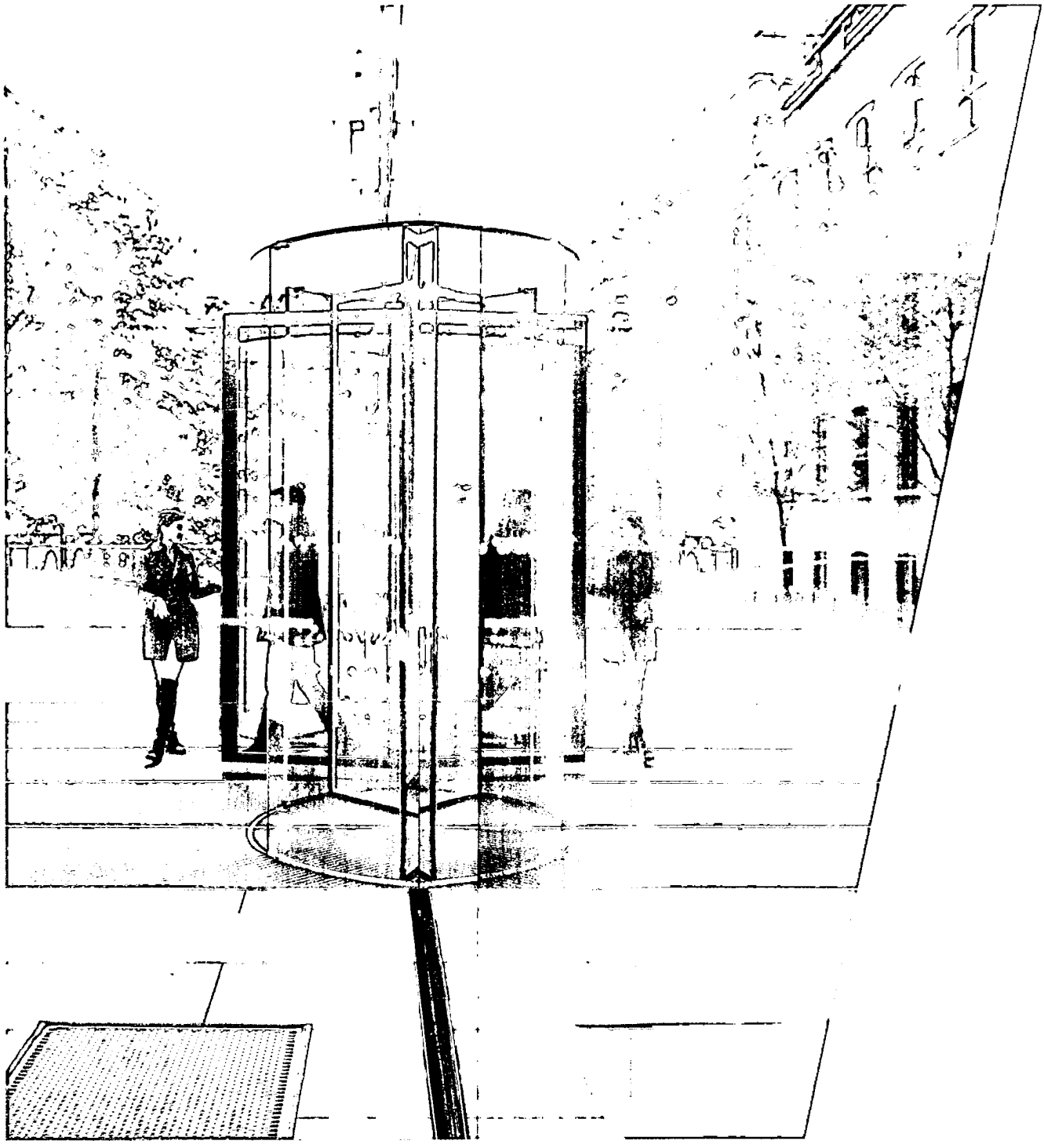
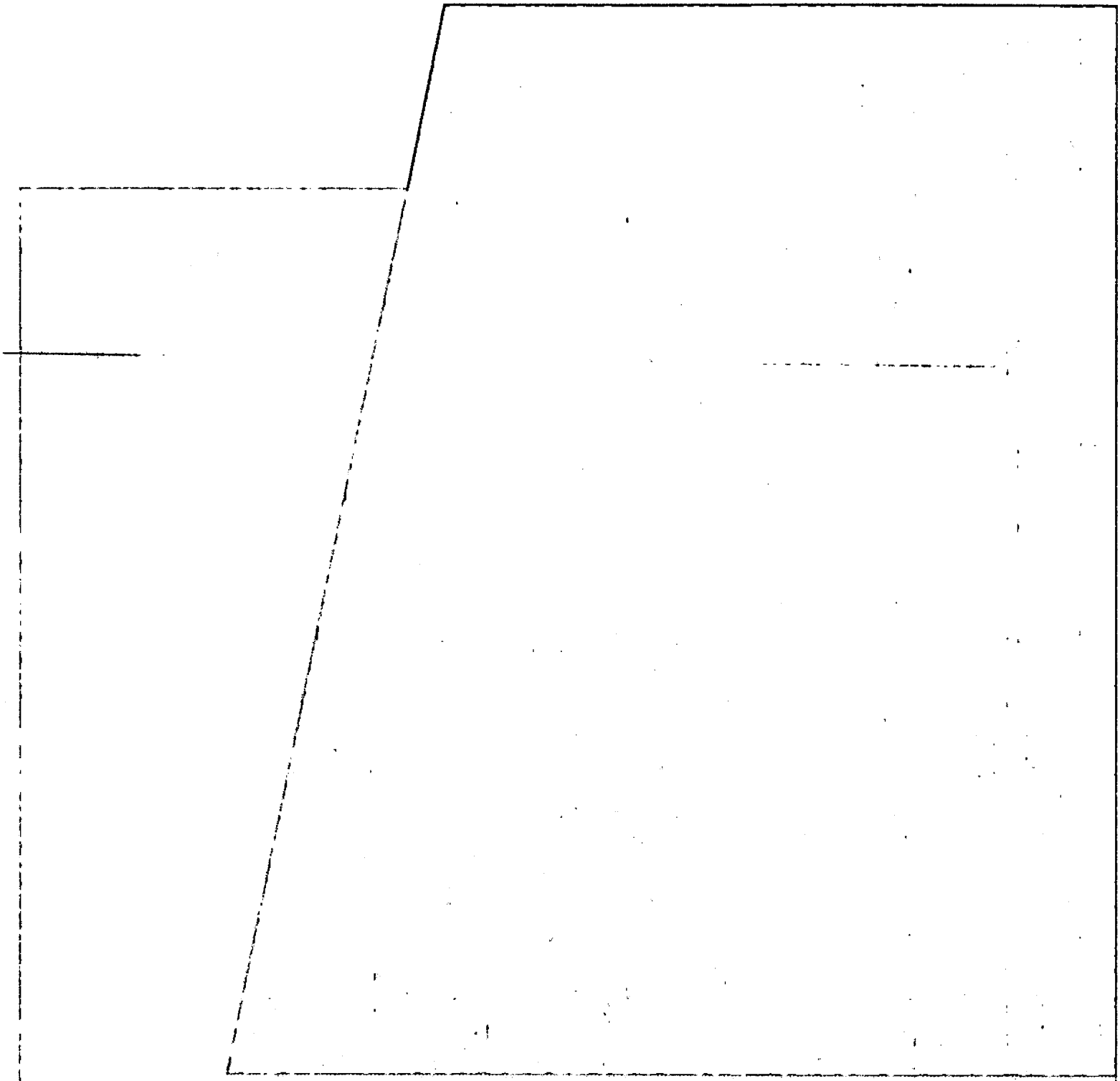
Notes to the financial statements (forming part of the financial statements)

	Percentage ownership	
	%	%
Rothschild & Co Europe B.V. (incorporated in The Netherlands with registered office at Ankersmidplein 2, 1506 CK Zaandam), which owns the following subsidiaries:		50.01
Rothschild & Co Deutschland GmbH (incorporated in Germany with registered office at Börsenstrasse 2-4, 60313 Frankfurt)	100	
Rothschild & Co Italia S.p.A. (incorporated in Italy with registered office at Via Santa Radegonda 8, 20123 - Milan)	90.45	
RothschildCo España S.A. (incorporated in Spain with registered office at Paseo de la Castellana 35, 3 planta, 28046 Madrid)	98	
Rothschild & Co Portugal Lda (incorporated in Portugal with registered office at Calçada Marquês de Abrantes, 40 - 1 Esq., 1200 - 719 Lisboa)	99.66	
Rothschild and Co Kurumsal Finansman Hizetleri Limited Sirketi (incorporated in Turkey with registered office at Akmerkez Rezidans Apart Otel No. 14D2, Akmerkez IS Mekezi Yani, Nispetiye Caddesi, 34340 Etiler, Istanbul)	100	
Rothschild & Co Polska Sp. z o.o. (incorporated in Poland with registered office at Emilii Plater 53, 00-113 Warsaw)	100	
Rothschild & Co CIS B.V. (incorporated in The Netherlands with registered office at Ankersmidplein 2, 1506 CK Zaandam)	100	
Rothschild & Co Middle East Limited (incorporated in Dubai with registered office at Office 203, Level 2, Burj Daman, DIFC, PO Box 506570, Dubai)	100	
Rothschild & Co Doha LLC (incorporated in Qatar with registered office at PO Box 31316, Al Fardan Office Tower, West Bay 8th - 9th Floor, Doha)	100	
Rothschild & Co Israel B.V. (incorporated in The Netherlands with registered office at Ankersmidplein 2, 1506 CK Zaandam)	100	
Rothschild & Co Nordic AB (incorporated in Sweden with registered office at Hovslagargatan, 111 48 Stockholm)	100	

Rothschild & Co



Annual Report
2022



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Message from the Honorary Chairman of the Supervisory Board

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

"The Managing Partner delivered solid results across all three businesses in an uncertain economic environment."

Dear shareholders,

2022 has been another rich year, marked by different events, but for me it is particularly important as it was my last year as Chairman of the Supervisory Board although I continue to sit on it as Honorary Chairman.

I would therefore particularly like to thank all the members of the Supervisory Board who have shown unfailing support and provided sound guidance since I joined the Supervisory Board.

It is with great pleasure and confidence that, on 1 January 2023, I handed over my responsibilities as Chairman to Marc-Olivier Laurent, previously Managing Partner of Rothschild & Co Gestion. Marc-Olivier's deep knowledge and understanding of the Group, his proven track record developed over three decades within the firm and his strong relationship with the existing Supervisory Board members will ensure continuity and stability for Rothschild & Co.

This development is a natural next step since the transition which started in 2018 when I became Chairman of the Supervisory Board and Alexandre became Executive Chairman of the Managing Partner.

The economic climate in 2022 took a marked turn for the worse. Inflation had already risen well above trend, due to a combination of post-pandemic supply constraints with resurgent aggregate demand, but surging energy prices driven by Russia's invasion of Ukraine saw it spike on both sides of the Atlantic to levels not seen in decades. Central banks responded by raising interest rates decisively and most major asset markets fell markedly.

In this context, the Managing Partner, represented by Alexandre de Rothschild, Executive Chairman, and the three Managing Partners, Javed Khan, Robert Leitão and François Pérol, delivered strong results across all three business lines thanks to clear established strategies.

They have demonstrated strong leadership during a particularly challenging year. I would also like to congratulate all the teams in our Group across our different geographies who have worked so hard to achieve the collective success of Rothschild & Co in 2022.

During the year, Daniel Daeniker left the Supervisory Board, after more than seven years of service. I would like to thank Daniel for his significant contribution to the Supervisory Board during his mandate.

At the Annual General Meeting held on 19 May 2022, the shareholders ratified the appointments of Lord Mark Sedwill and Jennifer Moses as members of the Supervisory Board. In addition, the shareholders approved the renewal of the appointments of Arielle Malard de Rothschild, Carole Piwnica and Véronique Weill. Finally, they appointed Marc-Olivier Laurent as a member of the Supervisory Board.

In February 2023, the Supervisory Board was informed of the confirmation of Concordia's intention, the largest shareholder of Rothschild & Co, to file a simplified tender offer for Rothschild & Co's shares at a price of €48 per share (with right to distributions attached)[1], with a view to requesting the implementation of a squeeze out. Under Marc-Olivier's Chairmanship, the Supervisory Board considered the proposed offer favourably.

At our Annual General Meeting in May 2023, shareholders will therefore be asked to approve an ordinary dividend of €1.40 per share and an exceptional distribution of reserves of €8 per share, conditional upon Concordia's final decision to file the offer.

Marc-Olivier joins me in thanking you, our shareholders, for your valuable support over the many years of Rothschild & Co as a listed company.

(1) The announced offer price would be reduced by the contemplated ordinary dividend and exceptional distribution of reserves (see Section 2.5 of the report).

Message from the Management Board

Alexandre de Rothschild
Executive Chairman of Rothschild & Co Gestion

Javed Khan
Robert Leitão
François Pérol
Managing Partners of Rothschild & Co Gestion

"Despite challenging market conditions, our strong results in 2022 are a result of the dedication and hard work of everyone at Rothschild & Co and we would like to take this opportunity to thank all our colleagues."

Dear shareholders,

Rothschild & Co received confirmation in February 2023 of the intention of Concordia, the principal shareholder of Rothschild & Co, to file a simplified tender offer for Rothschild & Co's shares at a price of €48 per share (cum dividend)[1]. Should the required number of acceptances be received, Concordia plans to implement procedures provided under French stock market regulations to achieve a full de-listing of the Rothschild & Co Group.

The objective of this transaction would be to make Rothschild & Co a privately-held group, with Concordia holding the majority of the share capital and voting rights. The Rothschild family and its long-term partner, the Maurel family, would be joined in the capital by a limited number of family investors who share the same ambitions for Rothschild & Co, to join the shareholding group as long-term partners.

We will keep you informed of the main developments of this project.

Financial Results

Global markets experienced a sharp downturn in 2022, with negative performance from both equity and bond markets, the worst year since the global financial crisis.

Despite these challenging conditions, our solid performance in 2022 reflects the dedication and hard work of everyone at Rothschild & Co. We would like to take this opportunity to thank all our colleagues for their commitment over the last 12 months.

In **Global Advisory**, revenue for 2022 was €1,837 million, down 4% compared to our record level of performance last year, representing the second-best annual performance in our history. For the twelve months to December 2022, we ranked fifth globally by financial advisory revenue[2]. Profit before tax for 2022 was €372 million, representing an operating margin of 20.2%.

We ranked first globally by number of both completed and announced M&A transactions for the twelve months to December 2022[3], up from fourth for both respectively in 2021. 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[3].

We ranked first in Europe and third globally by number of completed restructuring transactions for 2022[3].

During the period, Global Advisory was also active in advising clients on innovative sustainability-linked financing transactions and in raising financing for renewable energy projects.

(1) The announced offer price would be reduced by the contemplated ordinary dividend and exceptional distribution of reserves (see Section 2.5 of this report).
(2) Source : Company filings.
(3) Source : Refinitiv.

Overall, in the financial and economic environment left few safe havens for investors and negatively impacted our clients' portfolios in **Wealth and Asset Management** (WAM). Within this context, the business delivered strong performance, with Assets under Management (AuM) down 2% to €101.6 billion.

In November 2022, we announced the sale of our US Asset Management business to Great Lakes Advisors, LLC, a subsidiary of Wintrust Financial Corporation. We expect the transaction to complete in April 2023.

Our WAM Europe business continued to recruit client advisors. We opened two new offices; one in Leeds (UK) and one in Tel Aviv (Israel). We also acquired a small French IFA at the beginning of the year which is now fully consolidated into our Wealth Management business in France.

AuM for WAM Europe declined by 1% from €95.0 billion to €94.2 billion despite net new assets of €2.9 billion (3% growth), of which net inflows were €2.5 billion in Wealth Management and €0.4 billion in Asset Management Europe.

Our investment management teams have navigated relatively well the difficult market conditions and produced an annual performance for 2022 above their respective benchmarks in most client portfolios and currencies.

Revenue for 2022 was a record high, up 19% to €703 million, of which €679 million was in WAM Europe, up 20%. This growth was driven by a more than doubling of net interest income and an increase in fees and commissions.

Excluding AM US, profit before tax for WAM Europe in 2022 was up 34% at €157 million, representing an operating margin of 23.1%.

Merchant Banking generated revenue for the full year of €406 million, up 2% versus prior year, driven by strong investment performance revenue combined with significant year-on-year growth in recurring revenue. This is the highest full year revenue on record for Merchant Banking.

Revenue for 2022 benefitted in particular from value accretion on certain private equity positions where exit agreements were signed during the year.

This resulted in our revenue surpassing the result achieved in 2021, a year which was itself characterised by exceptional investment gains. When compared to the average of the previous three years, revenue was up 64%. Capital raised during the year exceeded €5bn, with total AuM at year-end reaching €22.9 billion.

The year-on-year revenue growth was the result of two positive effects: a 34% increase in recurring revenue, which reached €156.4 million, also the highest level ever, and a significant contribution from investment performance revenue, of €249.8 million.

This strong revenue generation in 2022 led to profit before tax of €273 million, which represents the second-best result in the history of Merchant Banking, surpassed only by 2021. The overall operating margin for 2022 was 67%.

The profitability margin of Merchant Banking's fund management activities (which excludes revenue related to investment performance) also improved during the year, reaching 15%.

The alignment of interests between the Group and our third-party investors continues to represent a key differentiator for Merchant Banking. As at 31 December 2022, Rothschild & Co's positions in Merchant Banking assets totalled €1,054 million.

Corporate Sustainability

The Group continued to pursue its long-term ambition to use its influence and expertise to support the transition to sustainability of the global economy.

A common set of strategic ESG priorities provides our Group with a long-term roadmap for the integration of sustainability considerations across the Group's businesses. In 2022, the Group's investment businesses adopted a new Responsible Investment roadmap with a focus on climate action and inclusive growth, supporting business lines' strategies and contributing to the Group's long-term sustainability ambition. Our Global Advisory business continued to take a leading advisory role on transactions relating to innovative energy and climate transition technology and energy management.

We remain focused on Group-wide commitments to ensuring a diverse and inclusive people culture and a balanced working environment. Additionally, our commitment to reduce operational GHG emissions by 30% between 2018 and 2030 is on a trajectory aligned with the goals of the Paris Agreement.

Outlook

Subject to external events, we expect our core businesses to continue to perform well during 2023, albeit below the levels reached in 2022. The clear long-term strategies of each business give us confidence for the future, but 2023 will be a more challenging year given the macroeconomic and geopolitical environment.

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Overview of businesses

Key figures for 2022 (versus 2021)

Revenue	Net income – Group share	EPS (Earnings Per Share)
€2,965m +1%	€606m -21%	€8.38 -21%

Shareholders' equity – Group share	Global solvency ratio	ROTE (Return on tangible equity)
€3.6bn +14%	22.3%	20.7%

Number of employees
4,201 +10%

Global Advisory

- Strategic advisory and M&A
- Financing advisory
  - Debt advisory and Restructuring
  - Equity Markets Solutions (ECM advisory, Private Capital Investor advisory and Investor marketing)

Worldwide platform with a presence in over 40 countries

1,465 bankers, of which 276 Managing Directors

Adviser on c. 700 transactions with a total value of c. USD640 billion

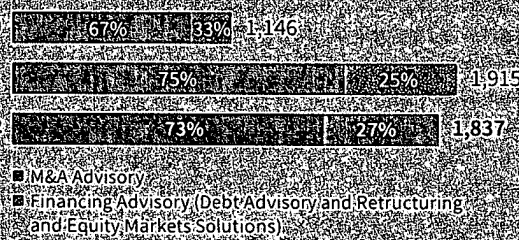
5th globally(1)

By revenue
(12 months to December 2022)

1st globally and 1st in Europe

By number of completed M&A transactions(2)

Revenue
(in millions of euros)



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

Wealth and Asset Management

- Wealth Management
- Asset Management Europe (AM Europe)
- Asset Management US (AM US)

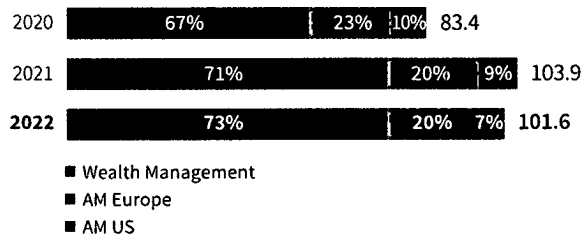
€101.6bn

Assets under Management
(as at 31 December 2022)

305 client advisers for Wealth Management

54 investments managers for Asset Management

Assets under Management
(in billions of euros)



Merchant Banking

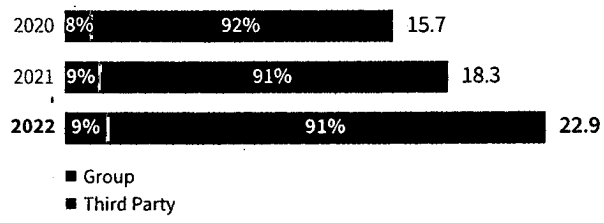
- Private equity
  - Corporate private equity
  - Multi-strategies (secondaries, multi-manager funds and co-investments)
- Private debt
  - Direct lending
  - Credit management

€22.9bn

Assets under Management
(as at 31 December 2022)

140 investment professionals

Assets under Management
(in billions of euros)



Rothschild & Co business model

Having been at the centre of the world's financial markets for over 200 years, our expertise, intellectual capital and global network enable us to provide a distinct perspective that makes a meaningful difference to our clients, communities and planet.

Values-driven culture

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

Thoughtful

Considered

Strategic

Long-term

Principled

Responsible

Empathetic

Committed

Creative

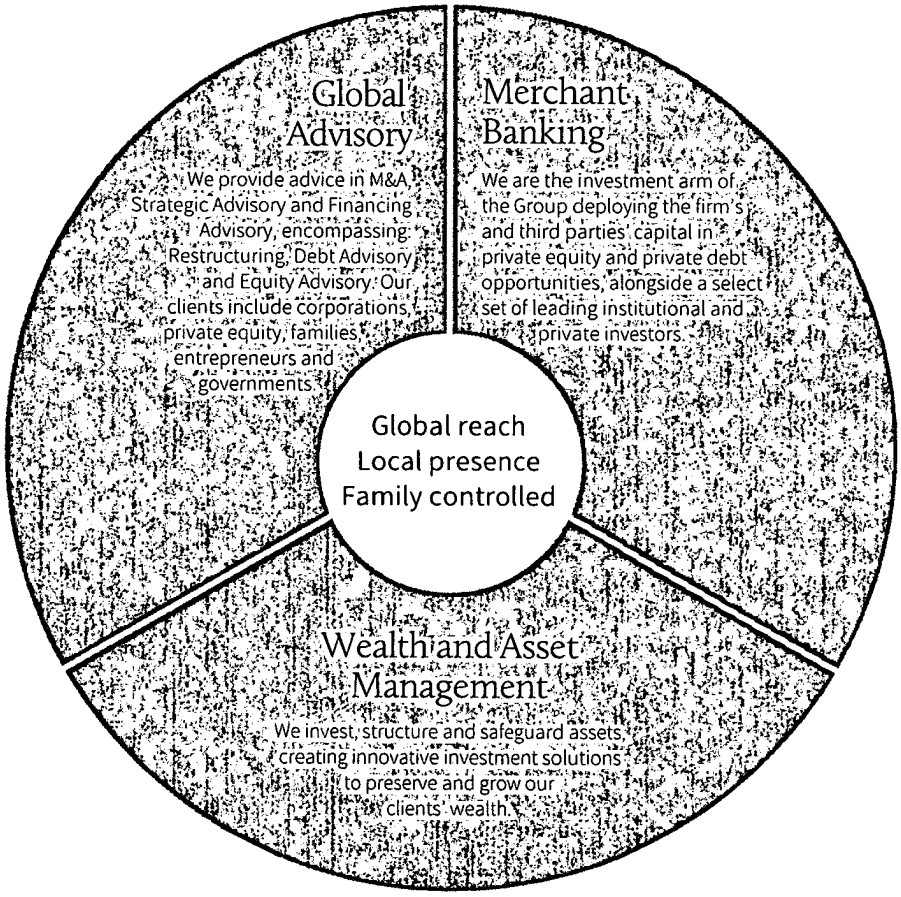
Innovative

Collaborative

Entrepreneurial

Three established businesses

One Group consisting of three established businesses



Key differentiators

Long-term view
- Family controlled
- Strong capital position
- Enduring client relationships

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

Unique brand heritage
- Strong credibility
- High affiliation

Business aligned strategy

Focus
Build strong market positions and expertise around our three core businesses

Growth
Growth across our three businesses, both organically and through targeted acquisitions, mitigating the impact of cyclicality in our markets

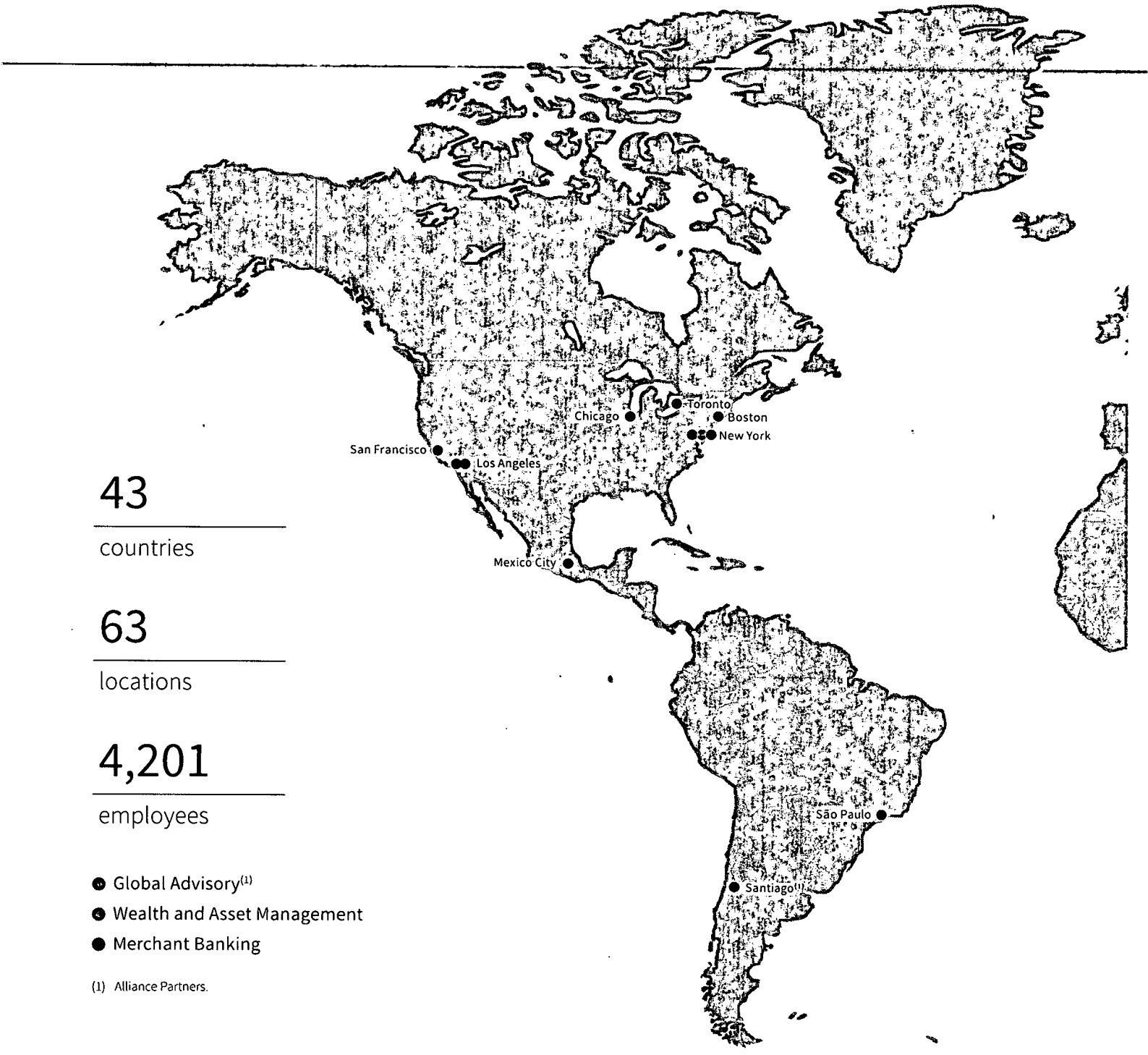
Value-creation
Three established businesses with strong synergies between them focused on sustainable performance and value creation

Strong returns
Effective use of capital generates long-term profit growth, supporting our progressive dividend policy

Sustainability ambition
Use our influence and expertise to support the sustainability transition of the global economy

World presence

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



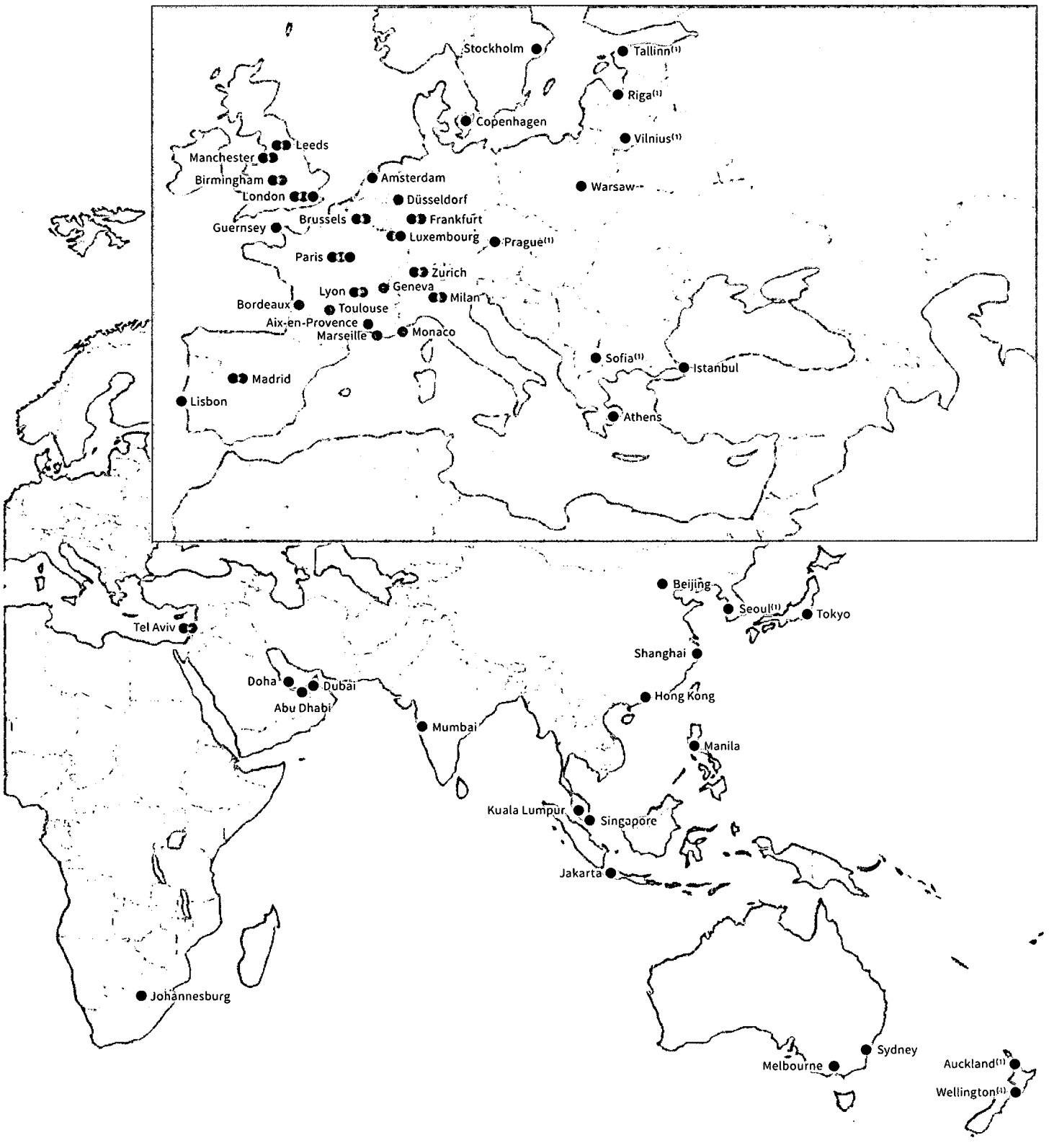
43
countries

63
locations

4,201
employees

- Global Advisory(1)
- Wealth and Asset Management
- Merchant Banking

(1) Alliance Partners.


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

Corporate governance

The 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

At the date of this report, the Management Board comprised :

Alexandre de Rothschild
Executive Chairman

Javed Khan
Managing Partner of Rothschild & Co Gestion

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

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

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.

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 comprised, at the date of this report, 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

Elsa Fraysse
Secretary General, Group Head of Legal and Compliance

Laurent Gagnebin
Head of Rothschild & Co Bank AG

Javed Khan
Managing Partner - Head 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
Deputy Head, Wealth and Asset 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

Jonathan Westcott
Chairman of Legal and Compliance

The Supervisory Board and the 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 Sustainability Committee.

At the date of this report, the composition of the Supervisory Board and its specialised committees is as follows:

		Specialised committees			
Members	**Supervisory Board**	**Audit Committee**	**Risk Committee**	**Remuneration and Nomination Committee**	**Sustainability Committee**
Marc-Olivier Laurent – French	■ ■				
David de Rothschild – French	■ ■				
Éric de Rothschild – French	■ ■				
Lucie Maurel-Aubert – French	■ ■				■ ■
Adam Keswick – British	■ ■				
Gilles Denoyel – French	■	■	■		
Sir Peter Estlin – British	■	■ ■	■	■	
Sylvain Héfès – French	■			■ ■	
Suet-Fern Lee – Singaporean	■	■	■		
Arielle Malard de Rothschild – French	■	■	■		
Jennifer Moses– American	■				
Carole Piwnica – Belgian	■			■	■
Sipko Schat – Dutch	■	■	■ ■		
Lord Mark Sedwill – British	■				■
Véronique Weill – French	■			■	

■ Chair
■ Honorary chairman
■ Vice-Chair
■ Independent member
■ Non-independent member

15
members

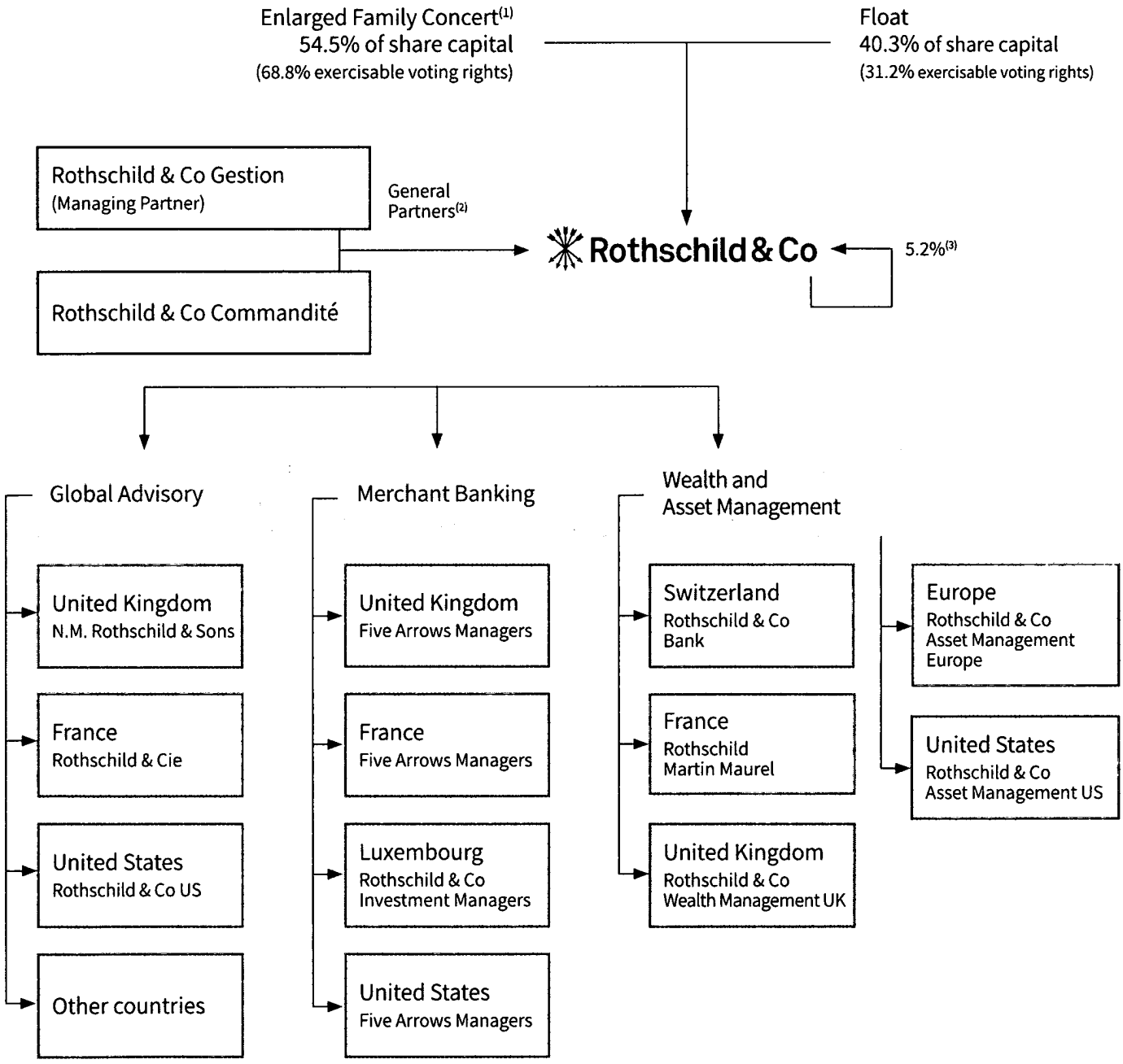
6
independent members

6
nationalities

40%
women

60%
men

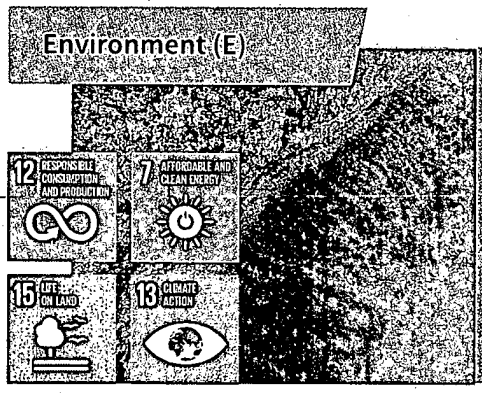
Simplified organisation chart as at 31 December 2022



(1) Please refer to Section 3.2.3, paragraph "Enlarged Family Concert" of this report for more information.
(2) Controlled by the Rothschild family.
(3) Treasury shares and controlling shares, excluding the shares held by N.M. Rothschild & Sons Limited which are aggregated in the Enlarged Family Concert.

Sustainability: Key Highlights 2022

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

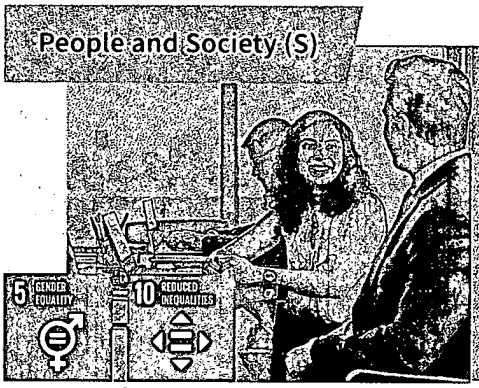


Strategic priorities

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

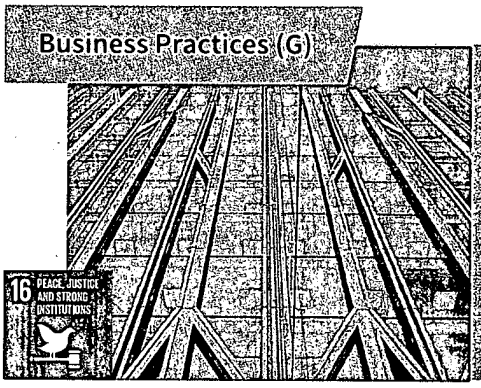
Operational ESG highlights

- 40% decrease in operational GHG emissions[1]
- 100% compensation of operational GHG emissions (33% is covered by carbon removals solutions)
- 92% renewable electricity procurement



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

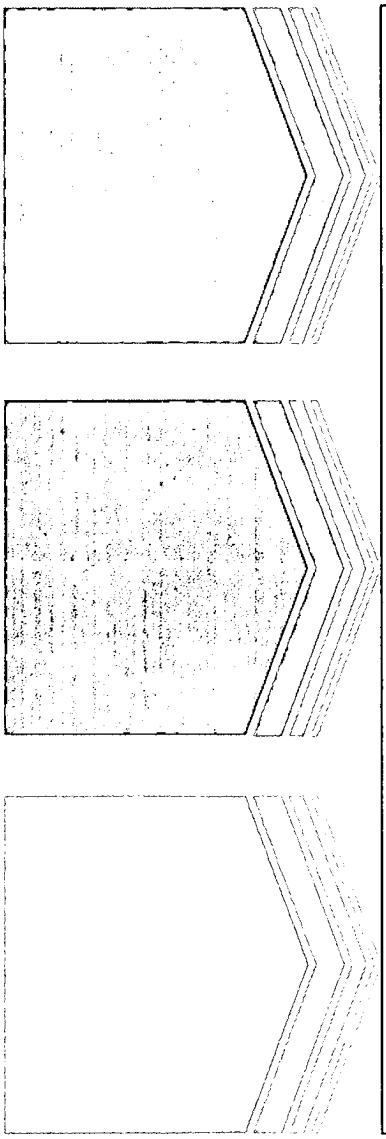
- 26% female Assistant Director and above
- 40% female Supervisory Board members
- 41% average tenure of employees > five years



- Safeguard **responsible business conduct**

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

(1) Vs. 2018 baseline; against 30% reduction target by 2030 (aligned with trajectory of the Paris Agreement).



Business line ESG integration highlights

High voting coverage:
- 100% Wealth Management UK[2]
- 98% Asset Management Europe[3]

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

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

Common Responsible Investment Roadmap with three priorities:
- Act for climate and preserve our planet
- Contribute to a more inclusive economy
- Enable the orientation of financial flows towards sustainable investments

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

Financing advisory on innovative sustainable financing products

(2) Equities in discretionary portfolios or the funds operated by Wealth Management UK.
(3) Total eligible AuM (excl. legacy funds).
(4) Excluding dedicated investment solutions.
(5) SFDR framework: based on available information and businesses' own analysis.
(6) Source: Refinitiv, Sustainable Finance Review, Full Year 2022, Sustainable Finance: Mergers and Acquisitions, Financial Advisor League Table, by number of transactions.

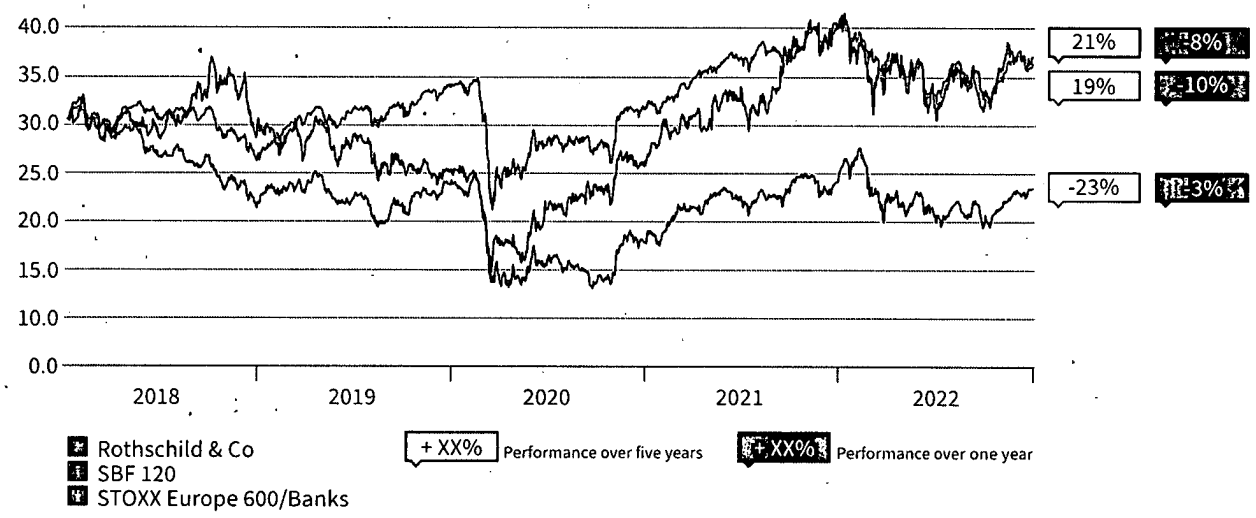
Rothschild & Co and its shareholders

Market data

Key share data

	2018	2019	2020	2021	2022
Market capitalisation *(in millions of euros)*	2,391	1,987	2,011	3,137	2,877
Share price *(in euros)*					
At the end of the financial year	30.9	25.6	25.9	40.4	37.4
Maximum	37.3	31.0	27.6	41.2	41.9
Minimum	28.4	24.0	15.0	26.0	30.7
Yearly average	31.6	27.5	22.2	33.5	35.9
Number of shares					
Issued	77,512,776	77,617,512	77,657,512	77,732,512	77,029,777
Of which treasury shares	*3,023,132*	*4,151,321*	*3,476,731*	*3,526,632*	*3,533,785*
Capital *(in euros)*	155,025,552	155,235,024	155,315,024	155,465,024	154,059,554
ISIN Code					FR0000031684

Rothschild & Co share price evolution over five years

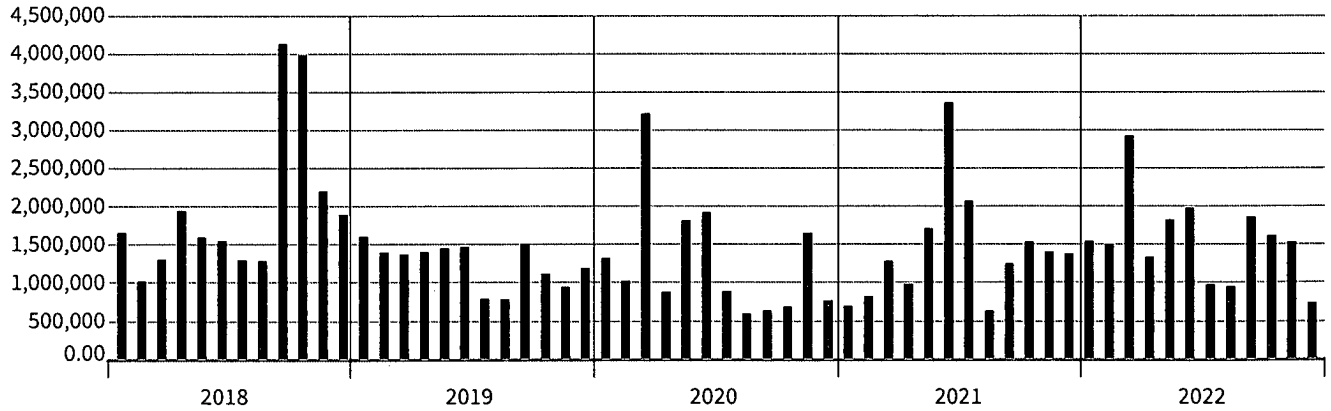


Shareholder scorecard

	2018	2019	2020	2021	2022
Dividend per share	0.79	–[1]	0.70[1]	3.79[1][2]	1.40[3]
Earnings per Share (EPS)	3.88	3.88	2.20	10.59	8.38
EPS excluding exceptional items	4.10	3.24	2.37	10.59	8.38
Market data					
Total value traded *(in millions of euros)*	**773.3**	**398.9**	**325.9**	**569.7**	**667.6**
TOTAL TRADING VOLUME	**23,934,305**	**15,056,967**	**15,396,530**	**17,145,256**	**18,777,829**
Average daily traded volume	93,860	59,047	59,909	66,454	73,065
% traded on Euronext	*36%*	*38%*	*45%*	*48%*	*32%*
% traded on other platforms	*64%*	*62%*	*55%*	*52%*	*68%*

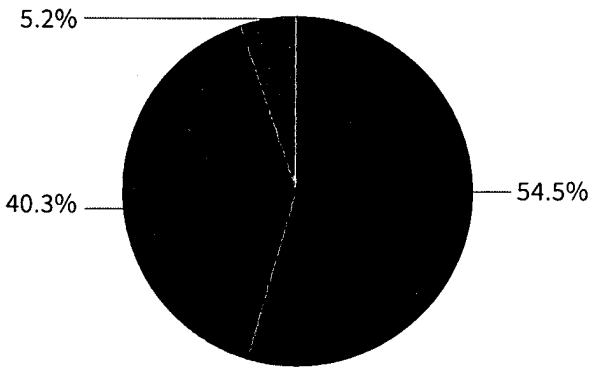
(1) Under our normal progressive dividend policy, we would have paid a dividend per share of €0.85 and €0.89 in respect of the 2019 and 2020 financial years. However, due to the regulatory restrictions then in place due to the pandemic, the €0.85 for 2019 was paid in October 2021, and the €0.89 for 2020 was paid in two tranches of €0.70 in May 2021 and €0.19 in October 2021.
(2) It comprises a normal dividend of €1.15, a special dividend of €1.60 as well as the interim dividend of €1.04, paid in October 2021.
(3) Ordinary dividend proposed at the Annual General Meeting to be held on 25 May 2023.

Rothschild & Co share monthly volume evolution over five years



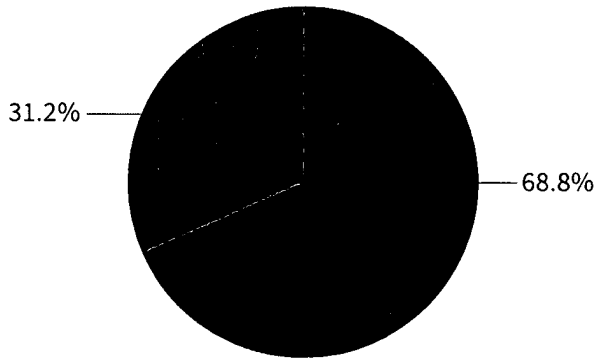
Shareholding structure as at 31 December 2022

Share capital



- Enlarged Family Concert[1]
- Float
- Treasury shares and controlling shares[2]

Exercisable voting rights



- Enlarged Family Concert[1]
- Float

(1) For more information, please refer to Section 3.2.3, paragraph "Enlarged Family Concert" of this report.
(2) Treasury shares and controlling shares, excluding the shares held by N.M. Rothschild & Sons Limited which are aggregated in the Enlarged Family Concert.

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.

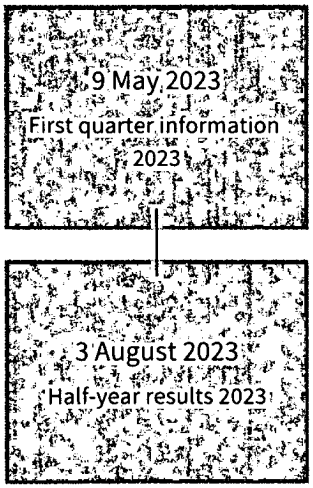
Rothschild & Co's press releases, financial reports and presentations are available in the "Investor Relations" Section on the Group's website www.rothschildandco.com.

Relationship with institutional investors and financial analysts

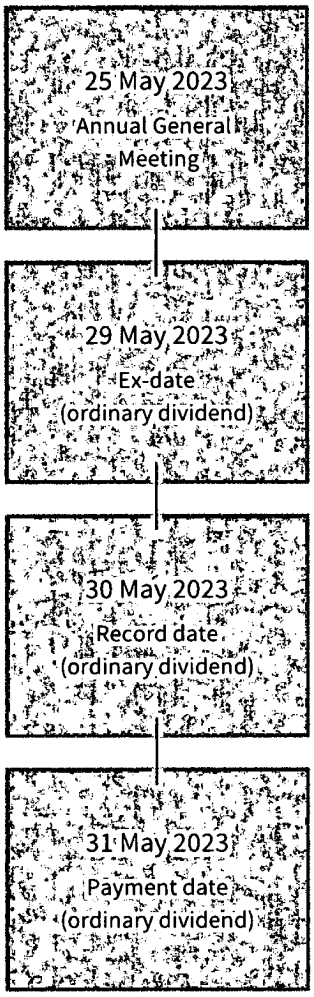
To ensure good relations with the financial community, the Investor Relations department regularly participates in events to enable institutional investors and financial analysts to meet with management.

In 2022, Rothschild & Co organised approximately 135 meetings.

Calendar for financial communication



Shareholders' timetable



Registered shares

SOCIETE GENERALE
"Tenue de registre Nominatif"
SGSS/SBO/ISS/INS/NAN
32, rue du Champ de Tir
BP 81236
44312 Nantes Cedex 3
France

Investor relations

InvestorRelation@rothschildandco.com

Media

Groupmediaenquiries@rothschildandco.com

1

Business review

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1.1 Global Advisory

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.

1st globally and 1st in Europe
by number of completed M&A transactions[2]

5th globally
by revenue[3]

1,465 bankers[1]
of which 276 Managing Directors

We advise 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[2]

By value *(in billions of USD)*	2022	2021	% change
M&A	417	413	1%
Financing Advisory	226	281	(20)%
TOTAL VALUE	**643**	**694**	**(7)%**

By number	2022	2021	% change
M&A	425	456	(7)%
Financing Advisory	281	285	(1)%
TOTAL TRANSACTIONS	**706**	**741**	**(5)%**

Our expertise was recognized in several leading industry awards:

The Banker Investment Banking Awards, 2022
- Independent Investment Bank of the Year
- Investment Bank of the Year for M&A
- Investment Bank of the Year for Restructuring

GlobalCapital, 2022
- Best Corporate Financial Advisor

Mergermarket European M&A Awards, 2022
- European Mid-Market Financial Adviser of the Year
- Benelux Financial Adviser of the Year
- MENA Financial Adviser of the Year

IFR Awards, 2022
- Bank for Governments of the year

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

Financial results for 2022

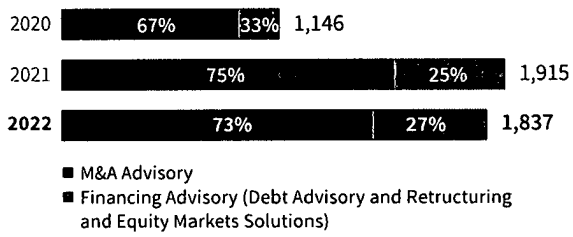
Revenue for 2022 was €1,837 million, down 4% compared to our record year in 2021 (€1,915 million), representing our second-best annual performance. For the 12 months to December 2022, we ranked 5th globally by financial advisory revenue[1].

Profit before tax (PBT) for 2022 was €372 million, down 12% (2021: €421 million). Total costs were down 2% following a reduction in variable compensation, partially offset by increases in non-personnel costs as a result of the resumption of marketing-related travel and other activity as coronavirus restrictions have lifted, as well as inflationary and foreign exchange effects. The compensation ratio was 65.3% in 2022 (66.8% in 2021) and the PBT margin reduced to 20.2% in 2022, largely due to lower revenue (2021: 22.3%).

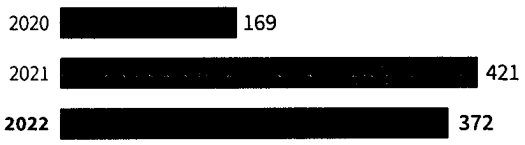
Our M&A revenue for the full-year 2022 was €1,349 million, down 6% (2021: €1,432 million) driven by strong levels of activity across all our main geography and sector franchises, and across both corporate and financial sponsor clients. We ranked 1st globally by both number of completed and announced transactions for the 12 months to December 2022[2], up from 4th for both respectively in 2021. 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[2].

Financing Advisory revenue for 2022 was €488 million, up 1% (2021: €483 million), as a result of increased activity in our Private Capital business, particularly around unlisted minority stake investments, which offset lower levels of revenue in ECM Advisory, Debt Advisory and Restructuring. We ranked 1st in Europe and 3rd globally by number of completed restructuring transactions for 2022[2]. During the period, Global Advisory was also active in advising clients on innovative sustainability-linked financing transactions and in raising financing for renewable energy projects.

Revenue
(in millions of euros)



Profit before tax[3]
(in millions of euros)



(1) Source: Company filings.
(2) Source: Refinitiv.
(3) Including ongoing investment in the development of our North American M&A franchise.

1.1.1 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.

c. 420 M&A transactions

with a total value of c. USD420 billion

More than **50%** of deals are cross-border

For 2022, we ranked 1st among M&A advisers globally by number of completed transactions. 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. 420 M&A transactions in 2022, including 8 out of the top 20 European M&A transactions by value and 3 out of the top 20 global M&A transactions by value[1].

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 2022, we ranked 1st among M&A advisers globally by number of completed cross-border transactions, representing more than 50% of our total activity[1].

For the financial year, we held top 5 positions[1] in the majority of industry sectors globally and for all sectors in Europe, being particularly active in the consumer, infrastructure, transport and industrials sectors. We were also the most active adviser on deals with financial sponsor involvement in Europe[1].

M&A league table rankings by region[1]

	By number		By value	
Region	**2022**	**2021**	**2022**	**2021**
Global	1	4	10	12
Global cross-border	1	1	9	8
Europe	1	1	6	6
Asia (including Japan)	15	17	19	32
North America	12	15	18	13
Rest of the world	1	1	12	7

(1) Source: Refinitiv.

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

Suez
(France)

- Adviser on its recommended tender offer from Veolia (€26bn).
- Demonstrates our unique track record of defence mandates combined with our deep understanding of Suez and the waste and water sector.

Blackstone
(United Kingdom, Netherlands)

- Adviser on the sale and recapitalisation of Mileway (€21bn).
- Europe's largest ever real estate transaction and the largest ever private real estate transaction globally.

PGNiG
(Poland)

- Adviser on its merger with PKN Orlen (€18bn).
- Landmark deal for Poland, creating a significant European energy player with a diversified business portfolio.

Macquarie Infrastructure and Real Assets
(Australia, Italy, United States)

- Adviser on its acquisition of Autostrade per l'Italia (€9.6bn).
- Landmark deal in the European infrastructure sector as well as in Italy with Autostrade per l'Italia operating c. 50% of the Italian toll road network.

Covéa
(France and Bermuda)

- Adviser on its acquisition of PartnerRe (USD9bn).
- Advised on the overall acquisition strategy, including negotiations on transaction structure, valuation parameters and closing mechanisms.

Fortune Brands Home & Security
(United States)

- Adviser on its separation into two publicly traded companies, Fortune Brands Innovations and MasterBrand (USD7.6bn).
- Continues our long relationship as trusted adviser to Fortune Brands.

FL Entertainment
(France, Netherlands)

- Adviser on its business combination with Pegasus Entrepreneurs and €550 m equity raising (€7.2bn).
- Landmark transaction in the European market, representing one of the largest ever SPAC business combinations.

Apollo
(United States)

- Adviser on its acquisition of Tenneco (USD7.1bn).
- One of the largest take-private transactions in the Automotive sector and one of its largest private equity transactions.

Bridgepoint and Element Materials Technology
(United Kingdom, Singapore)

- Adviser on the sale of Element to Temasek (USD7bn).
- Tailored approach to buyer outreach, leveraging strong knowledge of the large cap sponsoruniverse to generate significant demand for the asset.

HELLA Family Pool
(Germany, France)

- Adviser on the sale of its 60% stake in HELLA to Faurecia (€6.7bn).
- Illustrates our expertise in managing highly complex processes for family-controlled companies, successfully navigating multistakeholder complexities.

Meggitt
(United Kingdom, United States)

- Adviser on its recommended cash offer from Parker Hannifin (£6.3bn).
- Long-standing relationship with Meggitt, having acted as retained adviser for over 20 years.

CC Neuberger Principal Holdings II
(United States)

- Adviser on its merger with Getty Images (USD4.8bn).
- Provided strategic and tactical advice on all aspects of the landmark business combination, optimising both transaction execution and go-forward strategy as a public entity.

Veoneer
(Sweden, United States)

- Adviser on its sale to Qualcomm (USD4.5bn).
- Landmark industry event for autonomous driving, highlighting our leading reputation in the sector globally, and leadership in complex public US and cross-border M&A.

Falck Renewables
(Italy)

- Adviser on its disposal to J.P. Morgan Asset Management (€3.6bn).
- Demonstrates our leading position in the renewable energy sector and our trusted long-term relationship with Falck.

Enagás
(Spain, United States, Chile)

- Adviser on its disposal of a 80% stake in GNL Quintero to an EIG Partners-led consortium (USD2bn).
- Continues our relationship as adviser of choice for Enagás having advised on all of its strategic transactions in the last 8 years.

Astorg and Goldman Sachs
(United States, France)

- Adviser on its sale of HRA Pharma to Perrigo (€1.8bn).
- Demonstrates our intimate involvement in the transformation of HRA Pharma and unparalleled expertise in the European consumer health sector.

1.1.2 Financing Advisory

Our Financing Advisory teams, encompassing Debt and Restructuring Advisory and Equity Markets Solutions, 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.

c. 210 debt and restructuring transactions

with a total value of c. USD170 billion

c. 70 equity marketing solutions transactions

with a total value of c. USD60 billion

Debt Advisory and Restructuring

Our Debt Advisory and Restructuring teams provide strategic capital structure advice to deliver the best possible capital raising, 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. 210 transactions with a total value of c. USD 170 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 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 first by number of deals in Europe and third globally[2].

Restructuring league table rankings by region[2]

	By number		By value	
Region	**2022**	**2021**	**2022**	**2021**
Global	3	2	6	2
EMEA	1	1	8	1

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

Equity Markets Solutions

Our Equity Markets Solutions business includes ECM Advisory, Private Capital, Investor Advisory, Investor Marketing and Redburn. 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. The teams work in collaboration with our industry sector specialists to deliver integrated advice to our clients, including simultaneous dual-track disposal/IPO advisory and advice on unlisted minority stake investments.

Our ECM Advisory teams assist clients throughout the preparation and execution of an initial public offering (IPO) process, and help listed companies optimise returns when using the public equity markets to raise equity or crystallise value, through secondary offerings, block trades, spin-offs or convertible instruments. During the year ended December 2022, we advised on c. 70 equity capital market transactions worldwide with a total value of c. USD60 billion[1].

In Private Capital we focus on comprehensive equity raising solutions for private companies. As part of that, we act as a trusted adviser to growth companies for their entire journey, from late stage fundraising through to exit via IPO or M&A. We also advise GP's on a full range of continuation vehicles, liquidity, follow-on capital and recapitalisation options. Lastly, we assist founders and financial sponsors in securing minority investment from the private markets. During the year, we advised on more than 50 Private Capital transactions.

Our Investor Advisory team provides clients with strategic advice on investor-related issues including de-risking and executing M&A and AGM votes and tenders, bid defence and activist challenges. We have developed a leading ESG capability, advising clients on a dedicated basis and integrating ESG considerations into the advice we provide across our full product range including climate strategy, Capital Market Days and investment case messaging for public and private clients. Our Geopolitical Advisory offering provides a strategic geopolitical assessment together with an investor's lens.

Our Investor Marketing team provides equity market advice and investor engagement services to help clients compete for capital as effectively as possible. This includes analysis of investor behaviour, market perception studies, and equity marketing support including investor roadshows.

During the year, our Investor Advisory and Investor Marketing teams advised over 90 clients, including 12 activist situations and 19 investor perception studies, as well as over 300 investor roadshows.

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

(1) Source: Internal data.

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

Volkswagen
(Germany)

- Adviser on the IPO of Dr. Ing. h.c. F. Porsche AG on the Frankfurt Stock Exchange (€9.4bn).
- The largest IPO in Germany since 1996 and the third largest IPO in Europe in Euro-terms of all time.

Nordic Aviation Capital
(Ireland)

- Adviser on its Chapter 11 restructuring (USD 6.4bn).
- Seamless execution from a fully integrated cross-border US and UK restructuring team.

Saipem
(Italy)

- Adviser on its financing package including a €2.0bn rights issue (€5.0bn).
- Demonstrates the strength of our financing advisory business with the transaction comprising of a rights issue, revolving credit facility as well as bridge financing.

John Wood
(United Kingdom)

- Adviser on its debt portfolio and multiple lender consents (USD2.6bn).
- Continues our long-standing relationship with this deal representing our sixth debt advisory mandate for Wood.

Public Investment Fund and Americana Restaurants
(Saudi Arabia, United Arab Emirates)

- Adviser on the concurrent dual listing of Americana Restaurants on ADX and Tadawul (USD1.8bn).
- Landmark transaction for the Middle East representing a major milestone for the development of the capital markets in the UAE and Saudi Arabia.

P3 Logistics Parks
(Czech Republic)

- Adviser on its debut green bonds (€1.0bn and €750 m, respectively).
- Advised on the ESG rating process including the selection of a second party opinion provider (Sustainalytics) and the preparation of a Green Finance Framework.

Delivery Hero
(Germany)

- Adviser on its US TLB and RCF financing (€1.4bn).
- Advised on all matters related to the financing process, including overall strategy, timeline and approach of potential bookrunners and RCF lenders.

Pierre & Vacances-Center Parcs
(France)

- Adviser on its debt restructuring (€1.2bn).
- Continues our long standing relationship with Pierre & Vacances-Center Parcs Group having advised on a number of transactions over the past 20 years.

Sanofi
(France)

- Adviser on its partial spin-off of EUROAPI (€1.2bn).
- Strengthens our leading position in advising on ECM transactions across Europe and expertise within the healthcare sector.

Moto
(United Kingdom)

- Adviser on its social and environmental-linked investment grade refinancing (£835 m).
- Demonstrates our market-leading position in infrastructure financings and our continued activity in the UK motorway service area operator sector across both M&A and debt transactions.

Uniper
(Germany)

- Adviser on its nationalisation by the Federal Republic of Germany (€30bn).
- Builds on our extensive experience advising on German, and European, state recapitalisation measures.

Hornbach
(Germany)

- Adviser on its public delisting tender offer to all shareholders of HORNBACH Baumarkt (€1.5bn).
- Builds on our ongoing relationship with HORNBACH Group developed via a perception study, investment case messaging and investor targeting work.

Ukraine Ministry of Finance
(Ukraine)

- Adviser on its Eurobonds Consent Solicitation and official sector debt rescheduling (USD21.1bn).
- Highlights Rothschild & Co's leadership advisory position in Ukraine and long-standing advisory mandate with the Ministry of Finance since 2017.

Public Investment Fund
(Saudi Arabia)

- Adviser on its triple tranche 5Y/10Y/100Y inaugural green bond offering (USD3bn).
- First green Eurobond issuance by a sovereign wealth fund globally and by a public entity in Saudi Arabia.

Global Infrastructure Partners (GIP)
(United States, Japan)

- Adviser on its minority stake sale of 25.7% in Freeport LNG (USD2.5bn).
- Utilised our deep understanding of the asset and broader North America Liquid Natural Gas sector, resulting in a value materially higher than GIP's expectations.

Insight Partners
(United States)

- Adviser on its strategic investment in Precisely (USD2.2bn).
- Transaction represents a landmark technology and SaaS/Software deal with a Tier 1 software investor and further strengthens our U.S. Technology track record.

1.2 Wealth and Asset Management

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 and every client.

€101.6bn

Assets under Management[1]

€1.4bn

Net New Assets in 2022

We serve a diverse client base from our European offices in France (Paris, Marseille, Lyon, Bordeaux, Toulouse, Aix-en- Provence), United Kingdom and Channel Islands (London, Guernsey, Manchester, Birmingham, Leeds), Switzerland (Zurich, Geneva), Germany (Frankfurt, Düsseldorf), Belgium (Brussels), Italy (Milan), Israel (Tel Aviv), Spain (Madrid), Luxembourg and Monaco. In addition, we have announced the divestment of our Asset Management business in North America and expect to close the transaction in April 2023.

Rothschild & Co continues to develop its Wealth and Asset Management activities in line with the Group strategy to diversify its sources of income.

Responsible Investment

For Rothschild & Co, a proactive approach to Responsible Investment is key to protecting the value of investment portfolios, expand our range of investment solutions in line with clients' expectations and seize opportunities while playing an active role in the global transition effort towards a more sustainable economy.

While all Wealth and Asset Management business lines are responsible for the deployment of their specific ESG integration strategies in line with their business constraints and specificities, all entities apply the Group's ESG-investment framework, ensuring consistency in terms of actions and messages.

Responding collectively to an ambitious sustainable finance policy agenda

- MiFID II, requiring the assessment of a client's sustainability preferences, was an opportunity to reinforce and enhance consistency of the ESG integration processes for Wealth & Asset Management business lines through the coordinated development of common definitions, minimum standards, and a common philosophy. This was supported by the guidance of an external consultancy, providing the perspective of a recognised third party and enabling us to better challenge our frameworks compared to market practices.
- Article 29 of the French Energy-Climate law, which concerns Asset Management Europe and Rothschild Martin Maurel is supportive to greater consideration of ESG in investment policies and risk management including the approaches, actions, commitments and ambitions to contribute to the energy and ecological transition, the fight against climate change and the preservation of biodiversity. The reports published in 2022 were first iterations presenting this work, which demonstrated the onboarding of different teams on these topics. Improvements and further details will be published in the coming reports in line with data quality improvements and reinforcements of our process.

New commitments

Adoption of a new Group responsible investment roadmap translating into actions at entity level

- Building on a foundation of Responsible Investment actions covering ESG Integration, Stewardship, and the development of sustainable products, Wealth and Asset Management business lines contributed to the development of a new Responsible investment Roadmap for the period 2022-2025 with three common objectives:
  - Act for climate and preserve our Planet;
  - Contribute to a more inclusive economy;
  - Enable the orientation of financial flows towards sustainable investments.
- This new Responsible investment roadmap defines a common minimum calendar and common priorities supporting WAM entities' business strategies.

AM Europe – Net Zero Asset Managers Initiative

In November 2022, Rothschild & Co Asset Management Europe announced its Initial Target as signatory to the Net Zero Asset Managers Initiative.

(1) Includes double counting assets.

Financial results for 2022

NNA for 2022 for WAM Europe were €2.9 billion, or 3.0% net new money growth, of which net inflows were €2.5 billion in Wealth Management and €0.4 billion in Asset Management Europe. The deceleration in the second half of the year is due to a small number of clients deleveraging portfolios, mostly in France. Excluding this negative effect, WAM Europe NNA would have stood at €4.0 billion (or 4.3% net new money growth).

Our WAM Europe business continued to see good momentum in expanding and attracting new clients, with positive NNA in all its locations. Over the year, we continued to recruit client advisors across Europe; we opened a new regional office in the UK (Leeds); and our new subsidiary in Israel started operating in August. We acquired a French IFA at the beginning of the year which is now fully consolidated into our Wealth Management business in France.

Our investment management teams have coped relatively well in difficult market conditions and are showing an annual performance for 2022 above their respective benchmarks in most client portfolios and currencies.

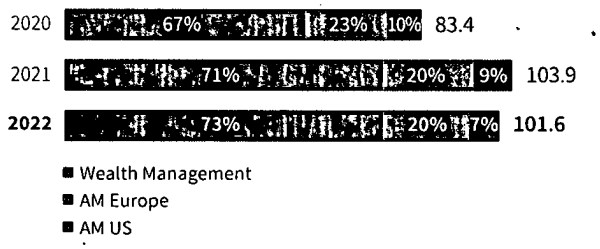
AuM for WAM Europe have declined by 1% since the beginning of the year from €95.0 billion to €94.2 billion mainly driven by negative market movement and FX effects.

Total AuM have declined by 2% from €103.9 billion to €101.6 billion mainly driven by negative market and FX effects as well as outflows in the US. NNA for 2022 for the division were €1.4 billion after net outflows of €1.5 billion in Asset Management US. In November 2022, we announced the sale of our Asset Management US business to Great Lakes Advisors, LLC, a subsidiary of Wintrust Financial Corporation. We expect the transaction to complete in April 2023.

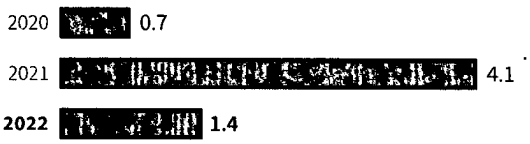
Revenue for 2022 was a record high, up 19% to €703 million (2021: €593 million), of which €679 million was in WAM Europe, up 20% (2021: €565 million). The growth was driven by net interest income (NII) more than doubling to €121 million (+151%) compared to 2021 (€48 million), driven by the benefit of higher interest rates, and growth of the private client lending book (+14%), especially the Lombard lending book. Fees and commissions also increased to €570 million, up 7% (2021: €534 million). Commissions and fees represent 81% of the total revenue.

Excluding AM US, Profit before tax for WAM Europe in 2022 was up 34% at €157 million (2021: €117 million), representing a PBT margin of 23.1% (2021: 20.7%). The strong level of operating margin in 2022 was mainly driven by the sharp increase in NII, with costs remaining under control. We expect the former to remain a driver in the coming months, as interest rates continue their positive trajectory. However, we might see some softening in lending volumes growth and still expect to invest in the business to support our organic growth (*i.e.* recruitment, platform enhancements).

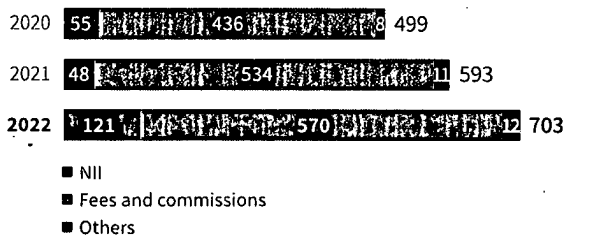
Assets under Management
(in billions of euros)



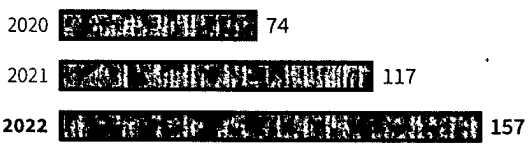
Net New Assets
(in billions of euros)



Revenue
(in millions of euros)



Profit before tax[1]
(in millions of euros)



(1) Profit before tax for WAM Europe, excluding AM US.

1.2.1 Wealth and Asset Management Europe

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.

€73.9bn
Assets under Management

€2.5bn
Net New Assets in 2022

305
Client advisors

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. Our clients are looking to preserve and grow the real value of their capital. As an independent and family-controlled business, we have the freedom to make impartial decisions, focused on long-term perspective to generate the best returns for our clients.

Our Wealth Management business operates in France, UK and the Channel Islands, Switzerland, Germany, Belgium, Italy, Israel, Spain, Luxembourg, and Monaco.

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.

Our expertise in providing advice, investment solutions and wealth planning enables us to take a comprehensive view of a business-owner's professional and personal assets, in order to be the banker of the entrepreneur, the family and the company. 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 owners continues to resonate with an increasing number of clients around the world, especially in the current economic environment. We offer a wide range of wealth management services with a focus on discretionary managed portfolios and advisory portfolios.

We also offer our Wealth Management clients, a direct access to the Rothschild & Co Asset Management and Merchant Banking funds as well as quality execution on all international financial markets.

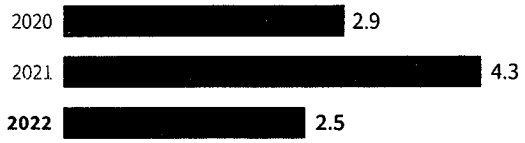
Market conditions

Global markets had a sharp downturn in 2022, with both equities and bond markets down double digits, in the worst year since the Global Financial Crisis. Beyond the prolonged pandemic crisis and disrupted supply chains, Russia's invasion of Ukraine in February 2022 kicked off historic policy actions and moves across global markets. The surge in inflation led to central banks increasing rates aggressively in an attempt to contain it. All, the environment left few safe places to hide for investors and negatively impacted our clients' portfolios.

Our investment management teams have coped relatively well in difficult market conditions and are showing an annual performance for 2022 above their respective benchmarks in most client portfolios and currencies, often ranked in the top quartile when compared to peers.

AuM of Wealth Management
(in billions of euros)

Net New Assets of Wealth Management
(in billions of euros)



Business development

In terms of business development, we continued to deliver exceptional client service. More importantly than ever, given the difficult market conditions, we remained close to our clients.

The business's performance remained resilient during the whole year, despite challenging circumstances. AuM stood at €73.9 billion, unchanged versus 2021. Net New Assets at €2.5 billion, with inflows coming from each country in which we operate, partly contributed to offset the very negative market effect. The acquisition of a French IFA at the beginning of the year (€3.0 billion additional AuM) helped to counterbalance a large negative market performance impact of €5.4 billion in 2022 across all our assets.

As part of our global Wealth Management offering, we provide lending facilities for our clients. Our private client lending activity continued to grow in 2022, increasing by 14%. This was mostly driven by an increase in Lombard lending secured on client portfolios, which has been very strong, despite the rising interest environment, albeit slowing down.

As of 31 December 2022, our total loan book was €5.0 billion (2021: €4.4 billion) of which €4.6 billion (2021: €4.0 billion) was private client lending, which is primarily Lombard loans and residential mortgages in the UK, France and Switzerland. The rest of the lending book relates to our clients' business activities.

Major new developments in 2022

We continued to grow organically, to invest in the business, opportunistically strengthening our client adviser teams with several announced senior recruitments across Europe.

2022 was also marked by the opening of a new Wealth Management representative office in Israel in August. This represents a further step in Rothschild & Co's strategy, which seeks to invest for the long term in key markets where it already has an established network and reputation. The launch of this new business area is a natural progression from the established Global Advisory presence in the country, as well as strong historical family ties.

In the UK, we opened a new office in Leeds to expand our regional coverage and proximity with local clients and entrepreneurs.

In terms of inorganic growth, in March, Rothschild & Co reached an agreement with a French IFA to acquire a €3 billion AuM portfolio, almost entirely invested in an insurance-based savings scheme with guaranteed returns ("French Euros Funds" or "*Fonds en Euros*").

Besides, in November 2022, Rothschild & Co announced the sale of AM US to Great Lakes Advisors LLC, a subsidiary of Wintrust Financial Corporation. We expect the transaction to close in April 2023.

Asset Management Europe

Asset Management Europe is a global, independent multi-specialist asset manager, delivering bespoke investment solutions and advisory services to institutional clients, financial intermediaries, and third-party distributors.

€20.3bn	€0.4bn	36
Assets under Management	Net New Asset in 2022	Investment managers

With headquarters in Paris, our European branch offers a full range of products, including open-ended funds, dedicated mandates, fund of funds and multi-management.

Thanks to its complementary strategies and approaches, Asset Management Europe offers dedicated investment solutions, in all geographical areas and each asset classes including equities, fixed income, convertible bonds and flexible diversified funds, in line with the needs of our clients, whether they are institutional clients, external distributors and independent financial advisors.

We provide sustainable investment solutions. Our sustainable investment approach is based on two complementary principles: the integration of ESG criteria into financial analysis and an engagement policy that allows us to have an impact on the companies in our investment universe. We wish to encourage companies to adapt their practices and to participate in the orientation of financial flows towards players who integrate ESG challenges into their strategy and provide concrete solutions.

We deliver innovative investment solutions through high-conviction portfolios and bespoke advisory services.

With the benefit of more than 20 years of experience, we are recognised as one of the pioneers of open architecture fund allocation and selection. We offer innovative solutions: fund research and fund related advisory, consultancy to portfolio managers, investment management advisory. We rely on four core principles: a rigorous Open Architecture, the search of excellence, an active portfolio management and a robust risk management.

Asset Management Europe continued its development in 2022. On the back of negative market moves, AuM declined by 4%, from €21.1 billion to €20.3 billion at the end of 2022, of which around a quarter are included in our Wealth Management client portfolios.

Over the past year, we have continued to strengthen our fund range with the launches of a new fund dedicated to the blockchain technology and the development of our eighth generation of maturity fund. We also celebrated the three-year anniversary of our "Net Zero" expertise, whose results in reducing the carbon intensity of the portfolios are on track with our objectives. In term of business development, we expanded our international coverage with the appointment of a country head in Spain and the opening of a dedicated office as well as the appointment of a new country head in Switzerland.

As part of our ongoing commitment to sustainable finance, earlier this year we became a member of One Percent for the Planet, an international organization whose members contribute at least 1% of their annual revenue to environmental causes. In addition, as an active member of the Finance for Tomorrow initiative, we helped to draft and are a signatory to the Pledge for the Development of Impact Finance.

1.2.2 Asset Management North America

€7.4bn

Assets under Management

18

Investment managers

Headquartered in New York, Rothschild & Co Asset Management US Inc. manages investments in large-cap, small/mid-cap, small-cap equities in American companies along with balanced strategies.

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

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

Assets under Management declined by 25% in 2022 at around USD 7.9 billion (2021: USD 10.4 billion) due to challenging market conditions resulting in negative market performance of USD 1.0 billion as well as negative net outflows of USD 1.6 billion. Investment results for the year were good, with performance across most US equity strategies coming in ahead of benchmark returns. Client flows continue to suffer from a poor market environment for active management in the US.

In November 2022, we announced the sale of our Asset Management US business to Great Lakes Advisors, LLC, a subsidiary of Wintrust Financial Corporation. We expect the transaction to complete in April 2023.

1.3 Merchant Banking

Merchant Banking is the investment arm of the Rothschild & Co Group with global Assets under Management of €22.9 billion across Corporate Private Equity, Multi-Strategies, Direct Lending and Credit Management.

€22.9bn	140	4
Assets under Management	Investment professionals	Strategies

Since 2009, when Merchant Banking was founded, its Assets under Management have grown from c. €1.0 billion to €22.9 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 162 front office professionals, including 140 investment professionals across six offices (London, Paris, Luxembourg, New York, Los Angeles and San Francisco).

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 embrace 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.

Our interactions with the broader environment includes our well-developed sustainability strategy, within which we consider climate change to be one of the most urgent priorities.

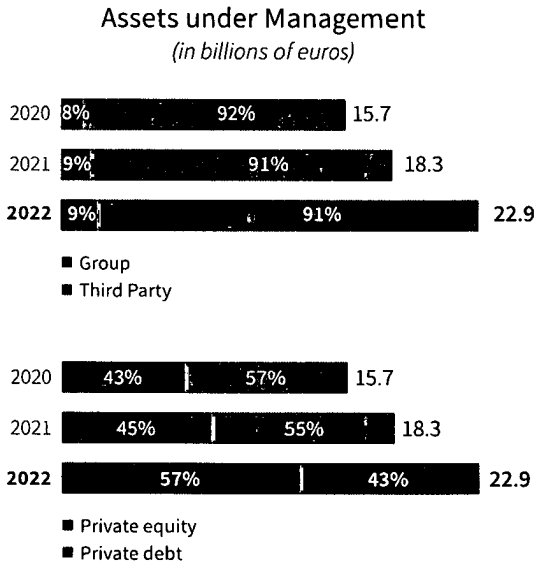
In 2022 we launched a project to define our Climate Strategy and deepen our focus. Designed with the help of external climate and strategy experts, we aim to address the investment specificities and levers of influence for each of our strategies.

We have created a specialised training programme through an interactive format called "The Climate Collage" and have a particular emphasis on stewardship. In 2022, Merchant Banking created bespoke reports for each of the General Partners and portfolio companies that contribute to our ESG reporting process to help us monitor, benchmark and identify areas of improvement.

We strongly believe that being a responsible investor not only benefits society as a whole, but can help lower risk whilst increasing our financial performance. It is a culture we live and breathe every day.

As at 31 December 2022, our Assets under Management totalled €22.9 billion, €13.0 billion in private equity and €9.9 billion in private debt across the following strategies:

- **Corporate Private Equity**, comprised of Five Arrows Principal Investments (FAPI), Five Arrows Growth Capital (FAGC), Five Arrows Capital Partners (FACP) and Five Arrows Long Term Fund (FALT);
- **Multi-Strategies** (Secondaries, multi-manager funds and co-investments), including Five Arrows Secondary Opportunities (FASO), Five Arrows Private Equity Programme (FAPEP), Five Arrows Minority Investments (FAMI), Five Arrows Global Technology (FAGT) and Five Arrows Sustainable Investments (FASI);
- **Direct Lending**, made up of Five Arrows Direct Lending (FADL), Five Arrows Debt Partners III (FADP III); and related managed accounts; and
- **Credit Management**, including funds and managed accounts investing in leveraged loans, high-yield bonds and structured credit products, as well as CLO (Collateralised Loan Obligation) structures.



Financial results for 2022

Revenue for 2022 was €406 million, up 2% (2021: €398 million), driven by strong investment performance revenue, combined with significant year-on-year growth in recurring revenue. This is the highest full year revenue on record for Merchant Banking. Revenue for 2022 benefitted, in particular, from value accretion on certain private equity positions where exit agreements were signed during the year. This led our revenue to surpass the result achieved in 2021, a year which was itself characterised by exceptional investment gains. When compared to the average of the previous three years, revenue was up 64%.

The year-on-year revenue growth was the result of two positive effects:

- 34% increase in recurring revenue, which reached €156.4 million, also the highest level ever, in line with the growth trajectory of fee-earning AuM, with multiple new product launches and closings completed in 2022; and
- Significant contribution from investment performance revenue, of €249.8 million (second-highest result after 2021: €281.6 million), mainly driven by:
  - realised gains following successful exits from our corporate private equity portfolio,
  - continued value creation in the corporate private equity and secondaries portfolios, generating unrealised investment gains and carried interest income,
  - unrealised foreign exchange gains, mainly from USD positions, and
  - accrued interest income generated by the Group's private debt positions.

The level of investment performance revenue achieved by our private equity portfolios in 2022 continued to validate our investment algorithm centred around three key industry sectors (Data & Software, Healthcare and Technology-Enabled Business Services) and a portfolio of carefully selected high-quality assets, combining growth prospects and downside protection.

Strong revenue generation in 2022 led to Profit before tax of €273 million, which represents the second-best result in the history of Merchant Banking, surpassed only by 2021 (€292 million). The overall PBT margin for 2022 was 67% (2021: 73%).

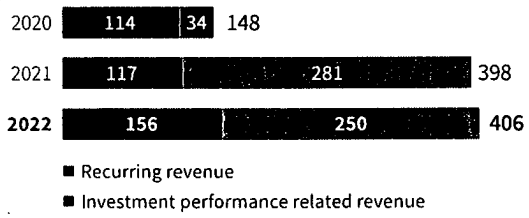
The profitability margin of Merchant Banking's fund management activities (which excludes revenue related to investment performance) improved during the year, reaching 15% (2021: 9%). This increase was mainly driven by higher recurring revenues from new product launches in 2022.

The critical indicator used to measure performance across the investment cycle 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 2022, RORAC was 33%, the highest result achieved by the division, surpassing last year's level of 29% and remaining well above the division's stated target ("above 15% over the cycle").

The alignment of interests between the Group and our third-party investors continues to represent a key differentiator for Merchant Banking. As at 31 December 2022, Rothschild & Co's positions in Merchant Banking assets totalled €1,054 million (of which €877 million was in private equity and €177 million in private debt). During 2022, the Group invested €211 million in Merchant Banking assets (of which €184 million was in private equity and €27 million in private debt) and received distributions of €303 million (of which €253 million was from private equity and €50 million from private debt).

Revenue

(in millions of euros)



Profit before tax

(in millions of euros)

New business initiatives in 2022

During 2022, Merchant Banking continued to develop its private equity and private debt businesses, by raising new funds and holding additional closings for fundraising initiatives already underway at the start of the year.

Two new funds were launched in Corporate Private Equity: Five Arrows Principal Investments IV (FAPI IV), the 4th generation European mid-market private equity fund, and Five Arrows Long Term Fund (FALT), the 1st generation private equity fund with a long term investment horizon. Multiple closings for both funds were held during 2022.

In Multi-Strategies, Five Arrows Global Technology I (FAGT I), the 1st generation fund of funds specialising in global technology companies, mainly headquartered in the US, continued to secure commitments throughout the year. Also, Five Arrows Sustainable Investments (FASI), our first minorities impact fund, started fundraising in 2022, and held multiple closings during the year.

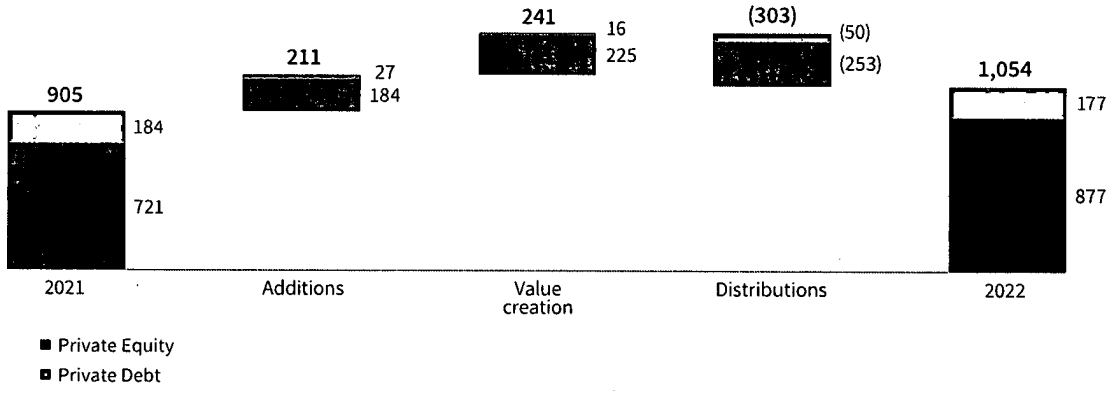
For our private debt products, in Credit Management, the team launched new CLOs in Europe and in the US, further increasing its AuM. Additionally, in May 2022 Credit Management held the 1st closing of Five Arrows Global Loan Investments II (GLI II), the 2nd generation vehicle predominantly investing in equity tranches of CLOs managed by the Credit Management team.

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

	2022 *(in millions of euros)*	2021 *(in millions of euros)*	AuM 2022 *(in billions of euros)*
Private equity	**877**	**721**	**13.0**
Primary (incl. FAPI/FACP/FAGC)	619	511	9.1
Secondary (incl. FASO/FAPEP)	161	102	3.4
Five Arrows Minority Investments (FAMI) and others	97	108	0.5
Private debt	**177**	**184**	**9.9**
Direct Lending (incl. FACS/FADL)	52	45	2.0
Credit Management (incl. Oberon/CLOs)	125	139	7.9
NET ASSET VALUE	**1,054**	**905**	**22.9**

Change in NAV

(in millions of euros)



Private Equity

In private equity, we manage €13.0 billion through a team of 99 investment professionals across two different business lines:

- Corporate Private Equity; and
- Multi-Strategies (secondaries, multi-manager funds and co-investments).

1.3.1 Corporate Private Equity

Corporate Private Equity comprises a series of funds focused on different size segments of the market. They each have a similar strategy, investing in growth and buyout deals in Europe and North America. The investment strategy is 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 & Software, Healthcare, and Technology-Enabled Business Services.

Mid-Market

Our mid-market focused business is called Five Arrows Principal Investments (FAPI), launched in 2010 with a focus predominantly on Europe.

In 2022, five funds were managed within this strategy: FAPI I Continuation Fund (FAPI CF), to which FAPI I sold its remaining assets in 2021; FAPI II, which raised €781 million in 2015, FAPI III, which raised €1.28 billion in 2019, FAPI IV, which is currently fundraising, having already secured €2.1 billion in 2022, and Five Arrows Florence Continuation Fund. The investment teams are based in Paris and London.

During the year FAPI II completed the exit of Hygie31, a multi-channel group purchasing organisation for pharmacy and medical equipment products. In addition, it signed the exit of A2Mac1, a benchmarking data company for the automotive industry, which closed during Q1 2023. In May 2022 FAPI II and Five Arrows Capital Partners (FACP) – our US lower mid-market private equity fund (see below) – also sold their respective holdings in RLDatix, a leading healthcare risk, governance and compliance software provider, to a continuation fund (Five Arrows Florence Continuation Fund), which is managed by our Corporate Private Equity team.

In Q4 2022 FAPI I CF signed the exit of The Binding Site, a cancer diagnostics business, which closed in January 2023.

At the start of 2022 FAPI III closed its investment period after completing its last investment in Intescia, a leading B2B market watch and tender data provider located in France.

FAPI IV completed its first two investments in 2022:

- Mintec, a global agricultural and commodity pricing data & analytics platform, serving the food industry; and
- GEDH, a leading European private higher education platform offering accredited bachelor and masters diplomas focused on digital communication, creative arts and coding.

Mintec

In January 2022, FAPI IV completed the acquisition of Mintec, a leading global agricultural and commodity pricing data & analytics platform.

Mintec offers 15,000+ datasets on food ingredients and non-food raw materials. The data spans 650+ commodity types and serves the ~USD9tn food industry, using an unparalleled range of data sources, including proprietary data and prices. Mintec's cloud-based SaaS platform overlays a wide array of granular agri-data with analytics software, user interface and capabilities. Its functionalities include plotting tools, dashboards, forecasts, cost models, and hedging tools, creating an overall platform essential to the procurement, risk management, and negotiation processes of food retailers and manufacturers globally. Mintec has a blue-chip customer base of food retailers and manufacturers including Walmart, Auchan, Tesco, Albertsons, Unilever, SPAR, Lidl, Mars, Pepsico, McDonalds, L'Oréal, etc.

In the first year of FAPI ownership, the company has grown organically by 53% and EBITDA by 96% while also closing an accretive bolt-on acquisition which expands Mintec's presence into continental Europe.

Mintec is headquartered in the UK and has 90 employees.

A2MAC1

In October 2022, FAPI II exited its holding in A2MAC1 and re-invested in the company through FAPI IV alongside another financial sponsor.

A2MAC1 is the leading provider of highly mission-critical benchmarking data & insights for the automotive industry. A2MAC1 provides the most comprehensive set of benchmarking and costing solutions.

Since our original investment in 2017, we enhanced the management team and set the company up for its next phase of growth. Through a combination of internal initiatives and targeted small acquisitions, we have enriched the product offering and grown the addressable market. We have also supported value creation in various ways with the reorganisation of the Sales and Customer Success teams, the improvement of performance monitoring and the rationalisation of the decision-making processes.

During FAPI II's ownership (2017-2022), billings grew from c. €35 million to c. €120 million and billings EBITDA from c. €13 million to c. €60 million, CAGRs of 28% and 37% respectively.

RLDatix

In September 2021, FAPI III invested in RLDatix to fund the transformational acquisition of Allocate. Subsequently in May 2022 FAPI II and FACP exited their respective holdings in RLDatix to a newly raised fund, Five Arrows Florence Continuation Fund.

RLDatix is a market leading provider of cloud-based governance, risk and compliance ("GRC") software tools that drive improved safety and quality of care. Through the highly synergistic acquisition of Allocate, the company has also become the only provider of Human Capital Management healthcare software with a global footprint. It is sold to over 6,000 organisations around the world in over 20 countries. Since our original investment in 2013 we have supported value-creation in various ways including installation of a professional management team, global expansion including entry in the US market, accretive M&A transactions and a transition to a SaaS-led product portfolio.

During the Five Arrows ownership (2013 – current), revenue has grown from c. USD15 million to over USD430 million and EBITDA from c. USD8 million to more than USD190 million, CAGRs of over 40%.

Lower Mid-Market/Growth

For this size segment, we have a US-focused fund, Five Arrows Capital Partners (FACP) and in Europe, Five Arrows Growth Capital (FAGC).

FACP targets North American companies with an investment team based in New York. FACP I raised USD655 million in 2018.

FAGC is focused on investing in fast-growing lower mid-market European companies with a team based in Paris and London. FAGC I raised €456 million in 2021.

FAGC and FACP jointly completed an investment in Kpler, a leading provider of technology-led data, analytics and market insights focused on the energy markets. This transaction was FAGC I's 4th investment and followed the acquisition of Padoa, a SaaS software for occupational health centres in France, which closed in January 2022.

KPLER

In May 2022, FAGC I and FACP I completed a preferred minority investment in Kpler, a leading provider of technology-led data, analytics, and market insight in the energy sector.

Kpler's information is a core part of the daily workflow of more than 550 customers who use it to make high value trading decisions in the energy markets. Its revenue model is 100% recurring with customers signing up to 1 to 3 year contracts with the annual subscription paid up front. It exhibits high quality revenue KPIs with NRR of > 120% and low churn of c. 3% and has grown ARR at 55% CAGR since 2016. Kpler will continue its organic and inorganic growth trajectory through new customer wins, upsell and cross-sell. In addition, it will broaden its product portfolio and commodity coverage.

Kpler is founder-led, headquartered in Belgium, and employs c. 270 FTEs globally across 9 locations.

Upper Mid-Market

Our upper mid-market vehicle, Five Arrow Long Term Fund (FALT) focuses on larger transactions with a strategy to build a more concentrated portfolio with the flexibility to hold the assets for a longer period of time. FALT I secured capital commitments of c. €770 million as of the end of December. In Q1 2023 FALT completed additional closings taking the total capital commitments to c. €1.1 billion. The investment team is based in London and San Francisco.

As at 31 December 2022, the NAV of the Group's investment in Corporate Private Equity funds was €619 million.

1.3.2 Multi-Strategies

Five Arrows Secondary Opportunities (FASO)

The FASO team specialises in GP-led mid-cap secondary transactions. FASO acquires assets from sellers seeking liquidity, divesting non-core assets or managing actively their PE portfolio, as well as from fund managers rebalancing their portfolios.

Following FASO III, raised in 2012, and FASO IV, raised in 2016, FASO V completed its fundraising in 2019 securing commitments of c. €1.0 billion.

The FASO team has completed c. 60 secondary transactions to date across its three funds, acquiring diversified portfolios in Europe, and more recently with FASO V, in the US, supported by a local presence in Europe and the US. As at 31 December 2022, FASO V had completed 26 transactions in total (in Europe and the US), deploying 107% of its capital.

UFENAU
CAPITAL PARTNERS

In March 2022, FASO V completed the acquisition of a portfolio of 2 companies, both with leading positions in well-protected healthcare niches, through a vehicle managed by Ufenau Capital Partners: (i) Corius, the largest dermatology and phlebology practice group across Germany, Switzerland and the Netherlands; and (ii) Altano, the leading platform of equine clinics in Europe with an excellent reputation among horse professionals, breeders and amateurs.

Ufenau Capital Partners is a top-performing pan-European mid-market manager, specialising in buy & build deals in asset-light companies, mainly in the business services, healthcare and financial services sectors. FASO secured and co-led the transaction thanks to a long-standing relationship built with Ufenau over time. As a co-lead investor, FASO has an active governance role on the advisory board of the vehicle.

Five Arrows Private Equity Programme (FAPEP)

FAPEP is Merchant Banking's global multi-manager private equity strategy. 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 European and North American private equity in a well-structured solution.

FAPEP I committed its capital of €195 million in 34 transactions across Europe and the US.

FAPEP II closed its investment period in 2022, completing 53 transactions and committing 119% of its €445 million capital.

Five Arrows Global Technology (FAGT)

Launched in 2021, FAGT I is a technology-focused private equity multi-manager fund consisting of a portfolio of GPs and asset managers in venture capital, growth capital and buyouts.

The target portfolio consists of primary commitments to private equity funds, co-investments and secondary portfolios. The strategy is centred around specific sectors (mainly Software, with diversification in Internet and Tech-Enabled Services) with most of the investments in the US and the balance in Europe and Israel.

FAGT is currently fundraising and has secured USD257 million of capital commitments to date. It has already committed capital to 19 underlying funds and one co-investment.

Five Arrows Sustainable Investments (FASI)

In 2022 we launched our first growth and buyout fund dedicated to sustainable investments (FASI), in partnership with Air Liquide and the Solar Impulse Foundation. FASI has a flexible investment mandate, predominantly focused on minority direct transactions in SMEs demonstrating a positive measurable impact on the environment across Europe. The key investment themes focus on clean energy, sustainable food and agricultural production and consumption and sustainable cities.

The fund is currently fundraising and has secured c. €167 million of capital commitments so far.

Five Arrows Minority Investments (FAMI)

FAMI is Merchant Banking's co-investment strategy, investing alongside a proprietary network of international fund managers. It has deployed over €650 million of capital in more than 100 transactions since 2005, mainly in growth capital and buyout 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 manages three co-investment programmes (R&Co Private Opportunities I & II, and FAMI III) structured as investment clubs. In 2022, the team completed two new investments and distributed proceeds from the disposals of Mirion and HRA.

As at 31 December 2022, the NAV of the Group's investment in Multi-Strategies was €258 million.

Private Debt

In private debt, we manage €9.9 billion through a team of 41 investment professionals across two different business lines:

- Direct Lending; and
- 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 leveraged loan markets. These asset classes are currently attracting strong demand, as investors look to diversify away from traditional fixed-income products.

1.3.3 Direct Lending

Our direct lending business provides customised debt financing solutions to privately-owned, mid-market businesses across Europe. Our principal focus is on senior-secured lending, but our funds have the flexibility to invest across the entire capital structure, including unitranche, second lien, mezzanine, PIK note and preferred equity instruments. We support private equity sponsors, entrepreneurs and family-owned businesses with a broad range of financing needs, including leveraged buyouts, expansion and acquisition financings, as well as recapitalisations and refinancings.

We share a common investment ethos with our corporate private equity funds, with a strategy focused on supporting high-quality businesses within a set of carefully-chosen sectors, namely Healthcare & Education, Software, Data & IT Services and Business & Financial Services. Our funds address the significant funding requirements of mid-sized corporates, which traditional banks continue to retreat from due to regulatory and capital constraints.

Five Arrows Debt Partners III (FADP III)

Our currently-investing, third-generation fund, held its final closing in 2021, securing €1.4 billion of commitments. This was comfortably in excess of its target and more than double the size of its predecessor fund.

As at the end of December 2022, the fund is more than 90% committed to 24 transactions, and has realised three exits to date. Given the strong deployment momentum and attractive opportunity pipeline, fundraising for the successor vehicle will be launched during 2023.

Five Arrows Direct Lending (FADL)

Launched in 2017, our second-generation direct lending fund held its final closing in 2018, securing total commitments of €657 million. FADL provides first-ranking, senior secured loans to mid-market corporates.

The fund has been 119% committed into 19 transactions and has exited 9 of its investments to date, each delivering attractive returns.

Five Arrows Credit Solutions (FACS)

FACS, our first European direct lending fund, closed in 2014 with €415 million of commitments. Its principal focus was on originating and structuring customised junior/subordinated financing solutions for mid-market companies.

The fund was fully deployed into 16 transactions, investing a total of €500 million, and has now been successfully realised in full.

The NAV of the Group's investment in Direct Lending was €52 million as at 31 December 2022.

CORNWALL INSIGHT
CREATING CLARITY

In June 2022 FADP III provided debt and equity financing to Cornwall Insight, a leading provider of market data, insight, research and analytics, and consultancy services to customers across the energy supply chain.

The business is a leading authority in a high-growth market underpinned by sustainable secular trends, with demand expected to continue to grow strongly as the global effort to transition to "net zero" drives significant investment into renewable and low-carbon solutions. Revenue growth, margins and cash generation are strong, and we have invested alongside a leading UK private equity sponsor to help the business grow through further developing its international footprint.

GROUPE
RÉSONANCE IMAGERIE

In June 2022 FADP III provided a unitranche financing to Résonance Imagerie, a leading French chain of outpatient radiology clinics, with a strong market position in both conventional and cross-sectional imaging in larger French cities.

The business operates in a well-protected, non-cyclical market, further characterised by long-term volume growth allied to structural capacity shortages in both equipment and qualified personnel. In addition to refinancing the existing indebtedness, the key rationale for the transaction was to provide committed financing to help the company continue to pursue a buy-and-build strategy in a fragmented market.

In July 2022 FADP III provided a unitranche loan to support the refinancing and continued expansion of SGI Compliance, a UK-based provider of testing, inspection and certification services focused on the water hygiene and hazardous materials markets.

The business provides non-discretionary, regulation-driven testing and inspection services with a strong public health and safety angle, leading to stable, highly-recurring and non-cyclical revenues. The financing is intended to help the business further enhance its position as a leading player in a highly-fragmented but increasingly consolidating market.

In September 2022 FADP III provided both senior and junior facilities to support the secondary buyout of Hygie31, a leading player in the French pharmacy market.

The business operates in a stable and resilient market, with a highly distinctive value proposition that enables pharmacists to run their businesses more efficiently and more profitably. The company has a strong track record of revenue growth, high margins and cash conversion, with significant opportunities to continue growing both organically and through M&A.

1.3.4 Credit Management

Credit Management (R&Co CM) invests in leveraged loans, high yield bonds and structured credit solutions in Europe and the US. The business line has AuM of €7.9 billion across CLOs, senior secured credit and multi-strategy credit funds, as well as managed accounts for a number of institutional clients. At the heart of R&Co CM's investment philosophy is capital preservation based on fundamental credit analysis combined with active portfolio management.

CLO management business

In 2019, R&Co CM launched Five Arrows Global Loan Investments (GLI), a vehicle which invests in the subordinated tranches of Rothschild & Co-managed CLOs in Europe and the US. This investment entity secured €235 million of commitments for its 1st generation and is now fully deployed.

In 2022, R&Co CM launched a successor vehicle, GLI II, which held its 1st closing in May last year, securing €115 million of capital commitments. The team's fundraising efforts on GLI II are continuing in 2023 to increase the vehicle's available capital.

During 2022, R&Co CM launched two new CLOs, Ocean Trails XII in the US with assets of USD361 million, and Contego X in Europe with assets of €303 million. The team also started to deploy GLI II, opening the warehouse for a new US CLO vehicle (Ocean Trails XIV) in Q4 2022, and worked on the liquidation of two CLO vehicles that were called during the year.

The combined European and US teams of R&Co CM currently manage 15 CLOs, representing €5.6 billion of AuM (2021: €5.3 billion). These comprise:

- eight Contego CLOs invested in European assets; and
- seven Ocean Trails CLOs invested in US assets.

These vehicles are consistently ranked in the top two quartiles and exhibit strong risk adjusted returns largely due to low default and loss rates.

Senior loan strategy

R&Co CM manages a group 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. The aim of this strategy is to deliver steady quarterly cash distributions to its investors; so far, the execution has been successful as the strategy has outperformed the European and US leveraged loan index benchmarks since inception. This product group had an AuM of €2.1 billion at the end of 2022 (2021, €2.5 billion).

Elsinore multi-strategy credit

Launched in 2017, Elsinore offers investors a combination of credit solutions in an actively managed portfolio. Elsinore invests in senior loans, high yield bonds and structured credit products, to deliver attractive returns across debt asset classes. This strategy has total AuM of €141 million at the end of 2022 in funds and managed accounts (2021 : €170 million).

As at 31 December 2022, the Group's investment in R&Co CM products represented €125 million.

The Wella Company

- Leading global provider of professional and retail hair care products
- USD1.8 bn of senior secured term loans supporting the carve out of the Company from Coty

Axel Springer

- A leading European Media company which operates in New Media, Classifieds and Marketing Media.
- Repricing of the existing Hold Co TLB at a notional value of €637 m

Dorna Sports

- A global sport rights management business with the exclusive rights to manage and promote the *Fédération Internationale de Motocyclisme* ("FIM") Road Racing World Championship Grand Prix ("Moto GP") until 2041 and the FIM World Superbike Championship ("WSBK") until 2036
- The transaction related to the refinancing of the existing €840 m TL which was upsized to €975 m as part of the deal

McAfee

- World's second largest consumer cybersecurity software
- USD6.6 bn senior secured debt facilities and USD2.3 bn senior unsecured debt facilities to finance the acquisition of the business

Clinigen

- Specialty pharma products and services provider
- £610 m senior secured debt facilities and £140 m 2nd lien debt facilities to finance the acquisition of the business

2

Activities and results for the 2022 financial year

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2.1 Group activities, results and financial position

2.1.1 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 2022 is set out in Note 38 of the Consolidated Financial Statements for 2022.

2.1.2 Key financial figures

The tables below should be read in connection with the consolidated financial statements of Rothschild & Co SCA for the year ended 31 December 2022 which are set out in Chapter 7 of this report (the "Consolidated Financial Statements for 2022"). 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	2022	2021	2020
Revenue (Net banking income)	**2,965**	**2,925**	**1,799**
Staff costs	(1,575)	(1,453)	(1,096)
Administrative expenses	(333)	(267)	(255)
Depreciation and amortisation	(87)	(73)	(67)
Cost of risk	(3)	(1)	(7)
Operating income	**967**	**1,131**	**374**
Other income/(expense) (net)	(8)	0	(5)
Profit before tax	**959**	**1,131**	**369**
Income tax	(158)	(170)	(60)
Consolidated net income	**801**	**961**	**309**
Non-controlling interest	(195)	(195)	(148)
NET INCOME – GROUP SHARE	**606**	**766**	**161**
Adjustments for exceptionals[1]	0	0	12
NET INCOME – GROUP SHARE EXCL. EXCEPTIONALS[2]	**606**	**766**	**173**
Earnings per share (EPS)[3]	€8.38	€10.59	€2.20
EPS EXCL. EXCEPTIONALS[2][3]	**€8.38**	**€10.59**	**€2.37**
Return on tangible equity (ROTE)	20.7%	32.3%	8.2%
ROTE EXCL. EXCEPTIONALS[2]	**20.7%**	**32.3%**	**8.8%**

(1) For more information, please refer to Section 2.1.6, paragraph "Reconciliation" of this report.
(2) Alternative performance measure. For more information, please refer to Section 2.1.6 of this report.
(3) EPS – diluted is €8.27 (2021: €10.45). For more information, please refer to Note 37 of the Consolidated Financial Statements for 2022.

Summary consolidated balance sheet

In billions of euros	31/12/2022	31/12/2021	31/12/2020
Cash and amounts due from central banks	2.5	6.0	4.7
Loans and advances to banks	1.9	2.1	2.3
Loans and advances to customers	5.0	4.4	3.5
of which private client lending	*4.6*	*4.0*	*3.1*
Debt and equity securities	5.8	3.2	2.7
Other assets	2.2	2.0	1.5
TOTAL ASSETS	**17.4**	**17.7**	**14.7**
Customer deposits	10.4	11.7	9.9
Other liabilities	2.9	2.4	2.1
Shareholders' equity – Group share	3.6	3.1	2.3
Non-controlling interests	0.5	0.5	0.4
TOTAL CAPITAL AND LIABILITIES	**17.4**	**17.7**	**14.7**

2.1.3 Consolidated financial results

Revenue

Revenue for 2022 was €2,965 million (2021: €2,925 million), representing an increase of €40 million or 1%. The translation effect of exchange rate fluctuations increased revenue by €60 million.

Staff costs

Overall Group headcount as at 31 December 2022 was 4,508 (including Redburn), up 14% (31/12/2021: 3,941). This increase is to support the development of the three businesses and the strengthening of all support functions.

Staff costs for 2022 were €1,575 million, up 8% or €122 million (2021: €1,453 million) reflecting the increased headcount and much lower deferrals. The translation impact of exchange rate fluctuations resulted in an increase in staff costs of €45 million.

The adjusted compensation ratio, as defined in Section 2.1.6 of this report, was 63.8% as at 31 December 2022 (31/12/2021: 60.2%).

The accounting effect of deferred bonus compensation plans is included in the statutory accounts. In 2021, this resulted in a net credit of €161 million. In 2022, it represented a net credit of €26 million. The compensation ratio, if adjusted for the deferred bonus effect, would be 64.7% (31/12/2021: 66.3%).

Administrative expenses

Administrative expenses for 2022 were €333 million (2021: €267 million), an increase of €66 million as a result of the headcount increase and related costs (recruitment, IT and market data), the resumption of travel and entertainment as coronavirus restrictions have lifted, as well as inflationary and foreign exchange effects. The translation impact of exchange rate fluctuations resulted in an increase in administrative expenses of €7 million.

Depreciation and amortisation

Depreciation and amortisation for 2022 were €87 million (2021: €73 million), due to an increase in depreciation expense on IT equipment and software alongside amortisation of intangible assets following WAM acquisitions. The translation impact of exchange rate fluctuations resulted in an increase on depreciation and amortisation of €2 million.

Cost of risk

Cost of risk for 2022 was a charge of €3 million (2021: charge of €1 million) reflecting mainly provisions on GA receivables.

Other income/expense (net)

Other income and expenses for 2022 were a charge of €8 million (2021: nil) due to value declines on legacy assets.

Income tax

The income tax charge for 2022 was €158 million (2021: €170 million) comprising a current tax charge of €165 million and a deferred tax credit of €7 million, giving an effective tax rate of 16.5% (2021: 15%).

Non-controlling interest

The charge for non-controlling interests for 2022 was €195 million (2021: €195 million). This mainly comprises profit share (*préciput*) payable to French partners and interest on perpetual subordinated debt.

2.1.4 Business activities

A review of the activities and results of the Group's lines of business is set out in Chapter 1 of this report.

2.1.5 Financial structure

Rothschild & Co, as a financial holding company (*compagnie financière holding*), is supervised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) on a consolidated basis. The Group has a solid balance sheet with Group shareholder's equity – Group share as at 31 December 2022 of €3.6 billion (31/12/2021: €3.1 billion).

The *Common Equity Tier* 1 (CET 1) ratio was 22.3% as at 31 December 2022, higher than prior year (31/12/2021: 21.3%). The CET 1 capital is calculated in accordance with applicable CRR/CRD rules. The solvency ratios are presented including current profits[1], net of dividends, for the current financial year, unless specified otherwise.

High levels of liquidity are maintained with cash and treasury assets accounting for 51% of the total assets of €17.4 billion (31/12/2021: 58%). Lending remains conservatively funded by customer deposits with a loan to deposit ratio of 48% as at 31 December 2022 (31/12/2021: 38%).

Cash generation was strong with operating cash flow[2] (OCF) of €410 million (2021: €875 million). The decrease compared to 2021 is mainly due to much higher bonus payments in 2022 in respect of the record results of 2021 and the decrease in net income in 2022. It should be noted that the OCF is dependent on the level of realisations and investments within the Merchant Banking business in any particular year. OCF excluding Merchant Banking investment activities was €318 million (2021: €807 million).

Net book value per share was €49.73 (31/12/2021: €43.31) and net tangible book value per share was €43.21 (31/12/2021: €37.93).

2.1.6 Alternative performance measures

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

(1) Subject to the provisions of article 26.2 of Regulation (EU) No 575/2013.
(2) Alternative Performance Measure, please refer to Section 2.1.6 of this report.

Definition and reason for use

Alternative performance measures	Definition	Reason for use	Reconciliation
Net income - Group share excluding exceptionals	Net income attributable to holders excluding exceptional items.	To measure Net income Group share excluding exceptional items of a significant amount.	Please refer to Section 2.1.6, paragraph "Reconciliation" of this report.
EPS excluding exceptionals	EPS excluding exceptional items.	To measure Earnings per share excluding exceptional items of a significant amount.	Please refer to Section 2.1.6, paragraph "Reconciliation" of this report.
Adjusted compensation ratio	Ratio between adjusted staff costs divided by consolidated Revenue of Rothschild & Co excluding MB investment performance revenue (carried interest and investment gains). • 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 paid to the French partners (*Associés gérants*), (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) 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 2.1.3, paragraph "Staff costs" of this report.
Business's profit before tax (PBT)	Each business profit before tax margin is calculated by dividing Profit before tax by revenue, business by business. It excludes exceptional items.	To measure business' profitability	Please refer to Sections 1.1, 1.2 and 1.3, paragraph "Financial results for 2022" of this report.
Return on tangible equity (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 2021 and 31 December 2022.	To measure the overall profitability excluding exceptional items on the Group share of tangible equity capital	Please refer to Section 2.1.6, paragraph "Reconciliation" of this report.
Return on risk adjusted capital (RORAC)	Ratio of an adjusted Profit before tax divided by an internal measure of risk adjusted capital (RAC) deployed in the business on a rolling 3-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 "risk-adjusted capital" (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 Net Asset Value), divided by the RAC. Disclosed RORAC is calculated on a 3-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 Sections 1.3 and 2.1.6, paragraph "Reconciliation" of this report.
Operating cash flow	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 PBT.	To measure the amount of cash generated by the Group's normal business operations	Please refer to Section 2.1.6, paragraph "Reconciliation" of this report.

Reconciliation

EXCEPTIONALS

There was no exceptional items in relation to the 2022 and 2021 financial years.

ROTE

In millions of euros	2022	2021
Net income – Group share	**606**	**766**
Shareholders' equity – Group share – opening	3,133	2,303
• Intangible fixed assets	(192)	(170)
• Goodwill	(197)	(135)
Tangible shareholder's equity – Group Share – opening	**2,744**	**1,997**
Shareholders' equity – Group share – closing	3,565	3,133
• Intangible fixed assets	(217)	(192)
• Goodwill	(251)	(197)
Tangible shareholder's equity – Group share – closing	**3,097**	**2,744**
Average tangible equity	**2,921**	**2,371**
ROTE	**20.7%**	**32.3%**

RORAC

In millions of euros	2022	2021
PBT 2022	273	
PBT 2021	292	292
PBT 2020	57	57
PBT 2019	-	111
Average PBT rolling 3 years	**207**	**153**
NAV 31/12/2022	1,054	
NAV 31/12/2021	905	905
NAV 31/12/2020	679	679
NAV 31/12/2019	-	617
Average NAV rolling 3 years	**879**	**734**
Debt = 30% of average NAV	264	220
Notional interest of 2.5% on debt	(5)	(5)
Average PBT rolling 3 years adjusted by the cost of debt interest	**202**	**148**
Risk adjusted capital = 70% of average NAV	**616**	**514**
RORAC	**33%**	**29%**

Operating Cash Flow

In millions of euros	2022	2021
Consolidated profit before tax	**959**	**1,131**
Non cash items	(147)	(213)
Profit before tax and non cash items	**812**	**918**
Acquisition of Merchant Banking investments	(211)	(176)
Disposal of Merchant Banking investments	303	244
Net (acquisition)/disposal of property, plant, equipment and intangible assets	(33)	(22)
Tax paid	(182)	(145)
Net cash inflow/(outflow) relating to other operating activities[1]	(279)	56
OPERATING CASH FLOW (OCF)	**410**	**875**
OCF EXCL. MERCHANT BANKING INVESTMENT ACTIVITIES	**318**	**807**

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

2.2 Company activities, results and financial position

2.2.1 Results and financial position of the Company

These tables should be read in connection with the Company's financial statements for the year ended 31 December 2022 which are set out in Chapter 8 of this report (the "Parent Company Financial Statements for 2022").

Key figures of the Company's income statement

In millions of euros	2022	2021	2020
Current income before tax	853	127	100
Income from capital transactions	(5)	10	(18)
NET INCOME[1]	**859**	**140**	**84**

(1) Net income is post tax. For more information on tax, please refer to Note 20 of the Parent Company Financial Statements for 2022.

Key figures of the Company's balance sheet

In millions of euros	31/12/2022	31/12/2021	31/12/2020
Non-current assets	2,741	1,740	1,827
Current assets	380	536	396
TOTAL ASSETS	**3,121**	**2,276**	**2,224**
Shareholders' equity	2,676	2,049	2,040
Borrowings and other financial liabilities	–	–	-

The Company ended the 2022 financial year with a net income of €859.0 million, compared with €140.1 million in the prior year.

For the year ended 31 December 2022, the Company received €894.0 million of dividends from its French subsidiaries (Paris Orléans Holding Bancaire SAS (€773.2 million); Concordia Holding SARL (€94.0 million); Rothschild & Co Wealth & Asset Management SAS (ex: Martin Maurel SA) (€22.1 million) and Rothschild Martin Maurel SCS (€4.7 million)), versus €153.8 million the previous year.

2.2.2 Results over the past five financial years

	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018
I – Financial position at the end of the financial year					
(a) Share capital *(in euros)*	154,059,554	155,465,024	155,315,024	155,235,024	155,025,552
(b) Number of shares issued	77,029,777	77,732,512	77,657,512	77,617,512	77,512,776
(c) Number of bonds convertible into shares	–	–	–	–	–
II – Results of operations *(in euros)*					
(a) Revenues excl. tax (financial and operating income)	903,446,090	172,974,681	129,814,250	347,727,602	116,616,132
(b) Income before tax, amortisation and provisions	853,967,104	126,684,826	94,755,402	317,765,249	81,957,909
(c) Corporate income tax	10,904,199	2,429,085	2,248,747	9,994,506	10,800,247
(d) Income after tax, amortisation and provisions	858,994,079	140,078,039	84,497,124	309,401,389	90,363,885
(e) Distributed income, excl. treasury shares	102,895,859[1]	280,658,368[2]	52,281,514	–	57,682,637
III – Earnings per share data *(in euros)*					
(a) Income after tax, but before amortisation and provisions	11.23	1.66	1.25	4.22	1.20
(b) Income after tax, amortisation and provisions	11.15	1.80	1.09	3.99	1.17
(c) Dividend per share	1.40[1]	3.79[2]	0.70	–	0.79
IV – Employees					
(a) Average employee headcount	20	18	16	16	16
(b) Total payroll expenses *(in euros)*	3,853,622	3,177,111	2,439,552	1,863,544	1,956,242
(c) Total employee benefits (social security, welfare, etc.) *(in euros)*	1,914,068	1,842,223	1,281,440	1,181,532	1,241,251

(1) The ordinary dividend proposed for the 2022 financial year is subject to the approval of the General Meeting to be held on 25 May 2023.
(2) For more information about the dividend for the 2021 financial year, please refer to Section 2.2.5 of this report.

2.2.3 Proposed appropriation of income for the 2022 financial year

The Managing Partner will propose to the General Meeting to be held on 25 May 2023 that the income for the 2022 financial year be appropriated as follows:

Net income for the 2022 financial year	**€858,994,079**
Appropriation to the legal reserve	-
Retained earnings brought forward from prior years	€401,720,016
Distributable profit	**€1,260,714,095**
Profit share *(préciput)* allocated to the General Partners[1]	€(6,303,570)
Appropriation	
to the payment of an ordinary dividend of €1.40 per share	€107,841,688[2]
to retained earnings	€507,568,837
to 'other reserves' item	€639,000,000[3]

(1) Pursuant to the provisions of Article 14.1 of the Company's articles of association, a profit share (*préciput*) equal to 0.5% of the annual distributable profit is allocated to the General Partners. For more information, please refer to Section 3.1.2 of this report.
(2) This amount is calculated based on the number of shares making up the Company's share capital as at 31 December 2022 (*i.e.* 77,029,777 shares) and may vary if the number of shares eligible for the dividend changes between 1 January 2023 and the ex-date of the ordinary dividend, depending in particular on changes in the number of treasury shares, which are not eligible for a dividend, in accordance with French law.
(3) Due to the exceptional profit of the year that arose from the dividend distribution resulting from the reorganisation of the Group by line of business in 2022 of €638.1m (see Note 14 of the Parent Company Financial Statements for 2022) and given the level of retained earnings brought forward from prior years, it is proposed to allocate €639m to the 'other reserves' item.

The ordinary dividend proposed to the General Meeting to be held on 25 May 2023 will amount to €1.40 per share. The ordinary dividend would be paid on 31 May 2023, with an ex-dividend date of 29 May 2023.

The dividend referred to above is to be understood before any tax and/or social security withholdings that may apply to the shareholders concerned depending on their own situation. Dividends paid to individuals domiciled in France for tax purposes are in principle subject to a 12.8% flat tax (*Prélèvement Forfaitaire Unique* or "PFU") on the gross dividend amount (Article 200 A of the French Tax Code (*Code général des impôts*)). In addition, the dividend is subject to social security contributions at a global rate of 17.2%.

Taxpayers may choose not to apply the PFU but to opt for an annual, express and irrevocable option for income tax. In this case, the dividends will be taxed according to the progressive income tax scale after the deduction of a 40% allowance (Articles 200 A, 2 and 158, 3, 2° of the French Tax Code). This option, which is global and concerns all income within the scope of the PFU, is to be exercised upon filing of the income statement and no later than on the filing deadline. The dividend is also subject to social security contributions at a global rate of 17.2%. The portion of the contributions relating to the *contribution sociale généralisée* (CSG) due on dividends, when they are subject to the progressive income tax scale, is, up to 6.8 points, deductible from the taxable income of the year of its payment (Article 154 *quinquies*, II of the French Tax Code).

Taxpayers whose reference tax income exceeds certain thresholds are subject to the exceptional contribution on high income at a rate, as the case may be, of 3% or 4% in accordance with Article 223 *sexies* of the French Tax Code.

2.2.4 Exceptional distribution of reserves

Subject to the approval of the appropriation of income for the 2022 financial year and subject to the condition of Rothschild & Co Concordia's final decision to file a tender offer on the Company's shares (the "Condition") (for more information, please refer to Section 2.5 of this report), it will be proposed to distribute, on an exceptional basis, an amount of 8 euros per share (i.e. a total amount of €616,238,216 based on 77,029,777 shares making up the Company's share capital as at 31 December 2022, it being specified that this total amount may vary if the number of shares entitled to distribution changes between 1 January 2023 and the date of payment of the distribution, depending in particular on changes in the number of treasury shares held, which are not eligible for distribution). This amount will be deducted in full from the item 'Other reserves.'

If, at the time of payment of the exceptional distribution, the Company holds several treasury shares, the amount distributed corresponding to those shares will remain allocated to the item 'Other reserves'.

The exceptional distribution referred to above is to be understood before any tax and/or social withholding tax that may apply to the shareholders concerned depending on their own situation. Investment income derived from movable assets (*revenus de capitaux mobiliers*) paid to individuals domiciled in France for tax purposes are in principle subject to a 12.8% flat tax (*Prélèvement Forfaitaire Unique* or 'PFU') on the gross distribution amount (Article 200 A of the French Tax Code). In addition, the exceptional distribution is subject to social security contributions at a global rate of 17.2%.

Taxpayers may choose not to apply the PFU but to opt for an annual, express and irrevocable option for income tax. In this case, investment income derived from movable assets (*revenus de capitaux mobiliers*) will be taxed according to the progressive income tax scale after the deduction of a 40% allowance (Articles 200 A, 2 and 158, 3, 2° of the French Tax Code). This option, which is global and concerns all income within the scope of the PFU, is to be exercised upon filing of the income statement and no later than on the filing deadline. The exceptional distribution is also subject to social security contributions at a global rate of 17.2%. The portion of the social security contributions relating to the contribution sociale généralisée (CSG) due on investment income derived from movable assets (revenus de capitaux mobiliers), when they are subject to the progressive income tax scale, is, up to 6.8 points, deductible from the taxable income of the year of its payment (Article 154 *quinquies*, II of the French Tax Code).

Taxpayers whose reference tax income exceeds certain thresholds are subject to the exceptional contribution on high income at the rate, as the case may be, of 3% or 4% in accordance with Article 223 sexies of the French Tax Code.

Following the exceptional distribution (and on the basis of a number of 77,029,777 shares eligible for distribution), the item "Other reserves" would amount to c. €176 million.

2.2.5 Dividends distributed by the Company over the past three years

In accordance with Article 243 *bis* of the French Tax Code, information on dividends paid by the Company to its shareholders for the last three financial years were as follows:

In euros	31/12/2021	31/12/2020	31/12/2019
Dividend per share[1]	3.79[2]	0.70	–[4]
TOTAL AMOUNT DISTRIBUTED	**280,658,367.95[3]**	**52,281,513.90[3]**	**–**

(1) The dividend corresponds to 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 Tax Code.

(2) Including an interim dividend of €1.04 per share.

(3) In accordance with the authorisations given in the second resolution of the 20 May 2021 General Meeting and the 19 May 2022 General Meeting, the Managing Partner revised the final amount of the actual distribution because treasury shares held by the Company on the payment date were not eligible for the dividend. The amount of the dividend corresponding to these shares was automatically added to retained earnings.

(4) On 10 March 2020, Rothschild & Co announced its intention to propose the payment a dividend of €0.85 per share in respect of 2019 to the General Meeting. However, in the context of the Covid-19 pandemic 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 would be distributed to shareholders during the 2020 financial year. The Managing Partner reiterated its intention to pay the previously announced dividend 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).

2.2.6 Non-deductible expenses and charges

In accordance with Article 223 *quater* of the French 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 2022 financial year.

2.2.7 Information on payment terms

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

Received invoices

	Due and outstanding as at 31 December 2022					
	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	–	19	1	3	2	25
Total amount of concerned invoices (VAT included)	–	88,253	72,000	60,480	30,381	251,114
Percentage of total purchases for the financial year (VAT included)	–	0%	0%	0%	0%	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 2022					
	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	–	–	–	13	75	88
Total amount of concerned invoices (VAT included)	–	–	–	125,860	77,676	203,536
Percentage of the total revenue for the financial year (VAT included)	–	–	–	1%	0%	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)						
Terms of payment used for calculating the late payment				☐ Legal terms	☑ Contractual terms	

2.3 Significant events during the 2022 financial year

2.3.1 Changes in governance

Rothschild & Co announced on 28 March 2022, the appointment of Javed Khan, Head of Merchant Banking, as a Managing Partner of Rothschild & Co Gestion. At the same time, Marc-Olivier Laurent stepped down as a Managing Partner of Rothschild & Co Gestion. He became a member of the Supervisory Board on 19 May 2022.

As announced on 14 September 2022, David de Rothschild became Honorary Chairman of the Supervisory Board of Rothschild & Co on 1 January 2023. He continues to be a member of the Supervisory Board. Marc-Olivier Laurent, previously a Vice-Chairman of the Supervisory Board of Rothschild & Co, succeeded him as Chairman of the Supervisory Board on the same date.

2.3.2 Sale of North American Asset Management business

Rothschild & Co announced on 14 November 2022 the conclusion of an agreement with Wintrust Financial Corporation according to which a subsidiary of Wintrust, Great Lakes Advisors, LLC, agreed to purchase the investment management businesses of Rothschild & Co Asset Management US Inc. and Rothschild & Co Risk Based Investments, LLC. The transaction is expected to complete in April 2023, subject to certain closing conditions.

2.3.3 Rothschild & Co increases its stake in Redburn

During Q4 2021, Rothschild & Co reached an agreement to acquire a controlling interest in Redburn (Europe) Limited, one of the largest independent equity brokers in Europe. In 2022, the Group increased its stake in Redburn to 76.2%, with a put/ call option to increase its ownership to 100% in 2026. For more information, please refer to Note 9.2 of the Consolidated Financial Statements for 2022.

2.4 Update on activities connected to Russia

Overall, the direct impact of the on-going conflict in Ukraine on the Group is small as there is limited exposure in terms of number of clients, assets under management, revenue, lending book or collateral held. The operations of the GA Russian office have been suspended.

The Group has taken steps to comply with the expanding sanctions regulations arising from this conflict and senior management continues to monitor developments in this area.

In addition, the Group's thorough onboarding procedures for its mandates and clients consider the heightened risks associated with acting for clients with a Russia exposure and provide for appropriate senior management involvement in these situations.

2.5 Significant events after the end of the 2022 financial year

Rothschild & Co Concordia's intention to file a simplified tender offer for the Rothschild & Co shares

Rothschild & Co Concordia ("Concordia") announced on 6 February 2023 and confirmed on 13 February 2023 its intention to file a simplified tender offer for Rothschild & Co's shares at a price of €48 per share (with right to distributions attached) with a view to requesting the implementation of a squeeze out.

The Rothschild family and its long-time partner, the Maurel Family, would be joined in the capital by a limited number of family investors who share the same ambitions of supporting Rothschild & Co in the medium and long term.

In the context of this proposed offer, Concordia would act in concert with the family investors mentioned above and a newly incorporated company (Rothschild & Co Partners) which would gather all Rothschild & Co's Partners together and would hold a significant and long-term stake in Rothschild & Co.

Concordia has announced its intention to implement a squeeze out for all the shares not held by Concordia, in the event that the minority shareholders hold no more than 10% of Rothschild & Co's share capital and voting rights at the closing of the offer.

By a press release dated 6 February 2023, Rothschild & Co announced that it will propose to its shareholders, at the annual General Meeting to be held on 25 May 2023, the payment of an ordinary dividend of €1.40 per share. Rothschild & Co also indicated that it is considering proposing, subject to the favourable opinion of the Supervisory Board, an exceptional distribution of reserves of €8 per share. The payment of such exceptional distribution would be conditional upon Concordia's final decision to file the offer. The announced offer price would be reduced by the amount of the ordinary dividend and exceptional distribution.

In accordance with the regulations in force and the recommendations of the AMF, the Supervisory Board of Rothschild & Co formed in January 2023 an *ad hoc* committee composed of four of independent members. The Supervisory Board of Rothschild & Co, upon recommendation of the *ad hoc* committee, also appointed Finexsi as an independent expert with the task of delivering a fairness opinion on the financial terms of the simplified tender offer, including in the event of the implementation of a squeeze out, in accordance with market regulations, and an opinion on the contemplated exceptional distribution of reserves. The *ad hoc* committee is responsible in particular for monitoring the work of the independent expert.

Upon recommendation of the *ad hoc* committee based on the preliminary work of the independent expert, the Supervisory Board decided to consider favourably the proposed offer.

Upon the delivery of the independent expert's final report on the financial terms of the offer, the Supervisory Board will meet to issue a reasoned opinion on the proposed tender offer to be filed, in accordance with Article 231-19, 4° of the AMF's General Regulation. Several regulatory clearances will have to be obtained before the filing of the offer which should occur mid-2023.

In addition, upon recommendation of the *ad hoc* committee based on the report of the independent expert on the exceptional distribution, the Supervisory Board provided its favourable opinion for the exceptional distribution on 7 March 2023.

2.6 Outlook

In **Global Advisory**, levels of activity in 2022 remained strong following a record year in 2021. However, macro-economic headwinds have impacted deal making and therefore announced transaction levels reduced towards the end of 2022. We expect a weaker start to 2023 compared to the levels of completion activity we saw in 2022.

In **Wealth and Asset Management**, outlook remains positive for new assets. We expect interest rates to continue to rise in 2023. However, we anticipate market volatility remaining high as markets digest lower growth, higher inflation and continuing geopolitical uncertainty. We continue to invest in the growth of the business in all locations and in the improvement of our operational platform. As a result, the exceptional profit growth seen in 2022 is unlikely to be repeated in 2023.

In **Merchant Banking**, we expect to continue to grow our recurring revenue in line with our fundraising activities and our capital deployment plans for 2023. Additionally, we expect our investments to continue to fulfil their value creation potential in future quarters. However, we do anticipate a slowdown in investment performance revenue compared to the last two years, which were characterised by exceptional levels of value creation.

Subject to external events, we expect our core businesses to continue to perform well during 2023, albeit below levels of 2022. The clear long-term strategies of each business give us confidence for the future, but 2023 will be a more challenging year given the macroeconomic and geopolitical environment.

3

Information on the Company and its share capital

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3.1 Overview of the Company

3.1.1 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 "*commerçants*" 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 in case of loss.

3.1.2 General partners

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 (*société par actions simplifiée*) with a share capital of €60,000, and whose registered office is 3, rue de Messine, 75008 Paris (France).

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

Pursuant to the Company's articles of association, Rothschild & Co Gestion was in addition appointed as the statutory manager (*gérant*) for the duration of the Company (the "Managing Partner"). For more information, please refer to Section 6.1 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 (i.e. 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. 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.

Power 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 approval is required.

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

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 3.1.3 of this report. 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 transaction whose purpose or effect is or might be to fundamentally challenge (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.

Decision making process of the general partners

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 Company's articles of association, 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.

3.1.3 Limited partners (shareholders)

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 grants 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*).

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, under the conditions provided by law. The Managing Partner has the power to accept any voting form, proxy form or certificate of share ownership received or presented to the General Meeting. By decision of the 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.

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*).

3.2 Information on the share capital

3.2.1 Share capital

The share capital of the Company is divided into ordinary shares of the same category with a par value of €2.

As at 31 December 2022 and 31 December 2021, the total number of shares and the share capital were as follows:

	31/12/2022	31/12/2021
Total number of shares	77,029,777	77,732,512
Share capital	€154,059,554	€155,465,024

The share capital of the Company was:

- increased on 30 June 2022 following the issuance of 15,000 new shares resulting from the exercise of 15,000 stock options under the 2013 Equity Scheme (as described in Section 3.2.3, paragraph "Stock options plans ("Equity Schemes")" of this report);
- reduced on 28 November 2022 following the cancellation of 745,235 shares purchased in the context of the share buyback programme (as described in Section 3.2.3, paragraph "Share buyback programme of the Company" of this report); and
- increased on 15 December 2022 following the issuance of 27,500 new shares resulting from the exercise of 27,500 stock options under the 2013 Equity Scheme.

3.2.2 Voting rights

As at 31 December 2022 and 31 December 2021, voting rights were as follows:

	31/12/2022	31/12/2021
Total number of exercisable voting rights	111,785,815	111,745,292
Total number of theoretical[1] voting rights	117,134,787	117,139,597

(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.

Except as provided by 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 entitles its holder to double voting rights with respect to such share, without limitation. 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*).

3.2.3 Shareholding structure

To the best of the Company's knowledge, the table below summarises its shareholding structure as at 31 December 2022 and 31 December 2021:

	31/12/2022				31/12/2021			
Shareholders	Number of shares	% of share capital	% of exercisable voting rights	% of theoretical voting rights[11]	**Number of shares**	**% of share capital**	**% of exercisable voting rights**	**% of theoretical voting rights[11]**
Rothschild & Co Concordia[1]	29,945,857	38.88%	49.80%	47.52%	29,945,857	38.52%	49.31%	47.04%
David de Rothschild family	2,520	<0.01%	<0.01%	<0.01%	2,520	<0.01%	<0.01%	<0.01%
Éric and Robert de Rothschild family	12	<0.01%	<0.01%	<0.01%	12	<0.01%	<0.01%	<0.01%
Holding Financier Jean Goujon[2]	4,057,079	5.27%	7.26%	6.93%	4,057,079	5.22%	7.26%	6.93%
N.M. Rothschild & Sons Limited	1,357,342	1.76%	–[3]	1.16%[3]	1,413,030	1.82%	–[3]	1.21%[3]
Bernard Maurel family[4]	4,229,694	5.49%	7.57%	7.22%	4,229,704	5.44%	7.57%	7.22%
Other members of the Enlarged Family Concert[5]	2,382,189	3.09%	4.19%	4.00%	2,390,858	3.08%	4.09%	3.90%
Total Enlarged Family Concert[5][6]	**41,974,693**	**54.49%**	**68.82%**	**66.83%**	**42,039,060**	**54.08%**	**68.23%**	**66.30%**
Treasury shares[7]	3,533,785	4.59%	–[8]	3.02%[8]	3,526,632	4.54%	–[8]	3.01%[8]
Other controlling shares[9]	457,845	0.59%	–[8]	0.39%[8]	454,643	0.58%	–[8]	0.39%[8]
Other Supervisory Board members[10] and Group Executive Committee members	940,609	1.22%	0.90%	0.86%	945,031	1.22%	0.90%	0.86%
Float	30,122,845	39.11%	30.28%	28.90%	30,767,146	39.58%	30.87%	29.45%
TOTAL	**77,029,777**	**100.00%**	**100.00%**	**100.00%**	**77,732,512**	**100.00%**	**100.00%**	**100.00%**

(1) For more information on the control of Rothschild & Co Concordia, please refer to Section 3.2.3, paragraph "Control of the Company" of this report.
(2) Controlled by Édouard de Rothschild.
(3) N.M. Rothschild & Sons Limited is a Group entity, as such the shares held by N.M. Rothschild & Sons Limited are deemed to be controlling shares and are deprived of voting rights in accordance with French law (see note 8 below).
(4) Including family holding companies.
(5) For more information on the composition of the Enlarged Family Concert and the applicable shareholders' agreement, please refer to Section 3.2.3, paragraph "Enlarged Family Concert" 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 Tax Code. Under these agreements, they committed to retain their shares for at least two years. For more information regarding these agreements, please refer to Section 3.2.3, paragraph "Dutreil agreements *(pactes Dutreil)*" of this report.
(7) Shares held directly by the Company. For more information on treasury shares, please refer to Section 3.2.3, paragraph "Treasury shares" 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. Such voting rights will become exercisable again as soon as these shares cease to be treasury shares or controlling shares.
(9) Shares held by Group entities controlled by the Company, excluding the shares held by N.M. Rothschild & Sons Limited, whose shares are accounted for the Enlarged Family Concert. For more information on controlling shares, please refer to Section 3.2.3, paragraph "Controlling shares" of this report.
(10) Supervisory Board members except the shares held by David de Rothschild, Éric de Rothschild and Lucie Maurel-Aubert, whose shares are accounted for the Enlarged Family Concert.
(11) In accordance with Article 223-11 of the General Regulation of the AMF, the percentages of theoretical voting rights are calculated on the basis of all shares to which voting rights are attached, including shares deprived of voting rights, in particular treasury and controlling shares.

Certain of the Company's shares are entitled to double voting rights as described in Section 3.2.2 of this report. Of the Company's 77,029,777 outstanding ordinary shares as at 31 December 2022, 40,105,010 shares entitled their holders to double voting rights at that date.

To the Company's knowledge, no other shareholder held as at 31 December 2022, directly or indirectly, alone or acting in concert, more than 5% of the Company's share capital or voting rights.

Control of the Company

Family shareholders agreement

All the shareholders of Rothschild & Co Concordia SAS ("Concordia"), 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 "Concordia Shareholders' Agreement"). The main provisions of the Concordia Shareholders' Agreement were published by the AMF in July 2019[1].

Pursuant to the Concordia Shareholders' Agreement:

- until the seventh anniversary of the Concordia Shareholders' Agreement, *i.e.* until 31 July 2026, there shall not occur any transfer of Concordia shares to any person other than those defined under the Concordia Shareholders' Agreement, any change of control of a Concordia shareholder or any exit transaction (*i.e.* transaction or decision which could result in (i) the Concordia shareholders ceasing to control Concordia, (ii) Concordia 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);
- Concordia shareholders are granted a pre-emption right on the Concordia shares: any Concordia shareholder wishing to transfer all or any part of its Concordia shares to a third party, shall first give notice in writing to the Concordia Board of Directors and the other Concordia shareholders. The Concordia 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 Concordia shares subject to several conditions, including the approval of the Concordia Board of Directors and the adherence of the transferee to the Concordia Shareholders' Agreement; and
- different voting rules are applicable to Concordia shareholders during Concordia 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 (for example, any investment by Concordia other than in the share capital of Rothschild & Co, or any disposal or agreement to dispose of Rothschild & Co shares that would result in Concordia holding less than 31.5% of the share capital in Rothschild & Co, as long as Concordia holds 30% of the 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 Concordia (for example, a new shareholder 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 Concordia.

In addition to the Concordia 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 Concordia 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 Concordia 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 Concordia in said acquisition (subject to the approval of the Concordia shareholders meeting), which would then pay the purchase price in the form of Rothschild & Co shares.

The Concordia Shareholders' Agreement and the Put and Call Option Agreement were still in force as at 31 December 2022.

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

As at 31 December 2022 and 31 December 2021, Concordia shareholding structure was as follows:

	31/12/2022			31/12/2021		
Shareholders	Number of shares	% of share capital	% of voting rights	**Number of shares**	**% of share capital**	**% of voting rights**
David de Rothschild family branch[1]	325,569,413	39.42%	39.42%	325,569,413	39.42%	39.42%
Éric and Robert de Rothschild family branch[2]	459,067,390	55.58%	55.58%	459,067,390	55.58%	55.58%
B.V. Integritas S.à.r.l[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) David de Rothschild, his family and the holding companies controlled by his family.
(2) Éric and Robert de Rothschild and the holding companies controlled by their family.
(3) Controlled by the English branch of the Rothschild family (formerly named Integritas BV).

Enlarged Family Concert

Concordia, 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:

- Concordia is granted a right of first refusal (with a right of substitution in the exercise of this right by Concordia of any person Concordia chooses as long as this person acts in concert with Concordia): 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 Concordia the Rothschild & Co shares he/she/it intends to transfer. Concordia may then exercise its right of first refusal regarding part or all the offered Rothschild & Co shares. In contrast, Concordia 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 Concordia. In all cases and under the terms of the Rothschild & Co Shareholders' Agreement, they give irrevocable power of attorney to the Chairman of Concordia, to represent them during all Rothschild & Co's General Meetings.

The Rothschild & Co Shareholders' Agreement was still in force as at 31 December 2022.

(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 2022 and 31 December 2021, the composition of the Enlarged Family Concert was as follows:

	31/12/2022					31/12/2021				
Enlarged Family Concert members	Number of shares	% of share capital	Voting rights	% of exercisable voting rights	% of theoretical voting rights[5]	**Number of shares**	**% of share capital**	**Voting rights**	**% of exercisable voting rights**	**% of theoretical voting rights[5]**
Rothschild & Co Concordia	29,945,857	38.88%	55,668,065	49.80%	47.52%	29,945,857	38.52%	55,097,770	49.31%	47.04%
David de Rothschild family	2,520	<0.01%	5,040	<0.01%	<0.01%	2,520	<0.01%	5,040	<0.01%	<0.01%
Éric et Robert de Rothschild family	12	<0.01%	22	<0.01%	<0.01%	12	<0.01%	22	<0.01%	<0.01%
Holding Financier Jean Goujon[1]	4,057,079	5.27%	8,114,158	7.26%	6.93%	4,057,079	5.22%	8,114,158	7.26%	6.93%
N.M. Rothschild & Sons Limited	1,357,342	1.76%	–[2][4]	–[2][4]	1.16%	1,413,030	1.82%	–[2][4]	–[2][4]	1.21%
Philippe de Nicolay-Rothschild	102	<0.01%	202	<0.01%	<0.01%	102	<0.01%	202	<0.01%	<0.01%
Alexandre de Rothschild	41,615	0.05%	64,115	0.06%	0.05%	41,615	0.05%	41,615	0.04%	0.04%
François Henrot family[3]	842,470	1.09%	1,684,930	1.51%	1.44%	842,470	1.08%	1,604,930	1.44%	1.37%
Olivier Pécoux family[3]	25,300	0.03%	44,114	0.04%	0.04%	49,469	0.06%	87,849	0.08%	0.07%
Rothschild & Co Gestion	1	<0.01%	2	<0.01%	<0.01%	1	<0.01%	2	<0.01%	<0.01%
Bernard Maurel family[3]	4,229,694	5.49%	8,459,388	7.57%	7.22%	4,229,704	5.44%	8,459,408	7.57%	7.22%
Nicolas Bonnault family[3]	368,260	0.48%	736,510	0.66%	0.63%	368,260	0.47%	736,510	0.66%	0.63%
Laurent Baril family[3]	417,570	0.54%	800,140	0.72%	0.68%	409,570	0.53%	814,140	0.73%	0.70%
Philippe Le Bourgeois family[3]	302,871	0.39%	584,262	0.52%	0.50%	295,371	0.38%	515,100	0.46%	0.44%
Christophe Desprez family[3]	384,000	0.50%	767,800	0.69%	0.66%	384,000	0.49%	767,800	0.69%	0.66%
TOTAL ENLARGED FAMILY CONCERT	**41,974,693**	**54.49%**	**76,928,748**	**68.82%**	**66.83%**	**42,039,060**	**54.08%**	**76,244,546**	**68.23%**	**66.30%**

(1) Controlled by Édouard de Rothschild.
(2) N.M. Rothschild & Sons Limited is a Group entity. As such, the shares held by N.M. Rothschild & Sons Limited are deemed to be controlling shares and are deprived of voting rights in accordance with French law (see note 4 below).
(3) Including their family holding companies.
(4) In accordance with French law, treasury shares and controlling shares are deprived of the capacity to exercise the voting rights attached to them. Such voting rights will become exercisable again as soon as these shares cease to be treasury shares or controlling shares.
(5) In accordance with Article 223-11 of the General Regulation of the AMF, the percentages of theoretical voting rights are calculated on the basis of all shares to which voting rights are attached, including shares deprived of voting rights, in particular treasury and controlling shares.

Other shareholders' agreement

In June 2012, the Group implemented a reorganisation 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 reorganisation, Concordia 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 Concordia before any sale of said shares. The Contributors do not all participate in the Enlarged Family Concert.

As at 31 December 2022, 347,738 shares of the Company, representing 0.45% of the share capital and 0.31% of the exercisable voting rights, are still under the above-mentioned lock-up periods.

Treasury shares

As at 31 December 2022, the Company directly held 3,533,785 of its own shares representing 4.59% of the share capital compared to 3,526,632 of its own shares representing 4.54% of the share capital as at 31 December 2021.

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 General Meeting held on 19 May 2022 are summarised below:

Period of validity	From 19 May 2022 to 18 November 2023
Resolution approving the programme	20
Maximum number of shares which may be purchased	The number of shares purchased by the Company during the term of the share buyback programme must not exceed 10% of the total number of shares making up the Company's share capital at any time, with this percentage applying to the amount of the share capital as adjusted following transactions that will affect it subsequently to the General Meeting approving the programme. In addition, the Company must not at any time own, directly or indirectly, more than 10% of its own shares on the date in question.
Maximum purchase price per share	€50
Maximum amount	€388,662,550
Purposes	(1) maintaining a secondary market and the liquidity for the Company's shares through transactions carried out under a liquidity contract entered into with an investment services provider acting independently and in accordance with market practices accepted by the AMF; (2) cancelling some or all of the shares purchased; (3) granting or selling shares to meet obligations related to stock option plans (in accordance with Articles L.225-179 *et seq.* of the French Commercial Code) or free share plans (in accordance with Articles L.225-197-1 *et seq.* of the French Commercial Code), to allot shares under statutory profit-sharing schemes and/or any other allotment to employees and corporate officers, including for the implementation of company savings plans (in accordance with Articles L.3332-1 *et seq.* of the French Labour Code (*Code du travail*)) or any foreign-law share ownership plan set up for employees and/or corporate officers of the Company and of affiliated companies and economic interest groups in accordance with the terms and conditions provided for by law; (4) more generally, awarding ordinary shares of the Company to employees and/or corporate officers of the Company and of affiliated companies and economic interest groups, particularly as variable compensation for staff members whose professional activities have a material impact on the risk profile of the Group and/or on the risk profile of the regulated entities of the Group; (5) delivering shares upon the exercise of rights attached to securities that entitle their holders to the allotment of the Company's shares on redemption, conversion, exchange, presentation of a warrant or otherwise; (6) holding and subsequently delivering by way of payment, exchange or otherwise in accordance with Article L.22-10-62 paragraph 6 of the French Commercial Code and, more generally, in connection with mergers, spin-offs, asset-for-share transfers or external growth transactions, it being specified that the said Article L.22-10-62 paragraph 6 provides that the number of shares bought back by the Company 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 that complies with current, or will comply with future, laws and regulations and in particular any other practice accepted or recognised – currently or in the future – by the applicable regulations or the AMF.

Transactions carried out by the Company during the 2022 financial year under its share buyback programme

Rothschild & Co launched on 28 February 2022 a share buyback programme for a maximum amount of €70 million for a period ending on 18 November 2022 following the approval received from the ACPR.

Under this programme, 1,522,560 shares were purchased for a total amount of approximately €52 million.

As previously announced, the shares purchased to meet requirements under the equity schemes and share-based remuneration plans of Rothschild & Co (which could not exceed 1% of the share capital) have been used up to 777,325 shares for this purpose. The remainder of the purchased shares (*i.e.*, 745,235 shares) was cancelled on 28 November 2022.

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 2022 financial year under its share buyback programme[1]:

Under the liquidity contract	
Number of shares booked in the name of the Company as at 31 December 2021	**150**
Number of shares purchased	318,430
Average purchase price	€35.87
Number of shares sold	317,530
Average sale price	€35.91
Number of shares booked in the name of the Company as at 31 December 2022	**1,050**
Par value (per share)	€2,00
Par value (total of shares)	€2,100
Value based on purchase price	€38,367
Corresponding fraction of the share capital as at 31 December 2022	<0.01%
Outside the liquidity contract	
Number of shares booked in the name of the Company as at 31 December 2021	**3,526,482**
Allocated as follows:	
Stock option plans ("Equity Schemes")[2] and non-cash instrument plans ("NCI")[3]	*3,526,482*
Number of shares purchased	1,523,623
Average purchase price	€34.31
Number of shares sold	772,135[4]
Average sale price	€28.76
Number of shares cancelled	745,235
Number of shares booked in the name of the Company as at 31 December 2022	**3,532,735**
Allocated as follows:	
Equity Schemes and NCI	*3,532,735*
Par value (per share)	€2,00
Par value (total of shares)	€7,065,470
Value based on purchase price	€104,281,374
Corresponding fraction of the Company's share capital as at 31 December 2022	4.59%
Total share trading costs	€134,509

(1) In this table, transactions are recorded after settlement and delivery. In the financial statements of the Company, the transactions are recorded based on the trade date.
(2) For more information regarding the Equity Schemes, please refer to Section 3.2.3, paragraph "Stock options plans ("Equity Schemes")" of this report.
(3) Compensation policy implemented to satisfy regulatory requirements on delivery of compensation notably under CRD to Material Risk Takers within the Group as defined in Section 6.2.7, paragraph "Remuneration and Nomination Committee" of this report.
(4) These 772,135 shares have been sold in the context of the Equity Schemes and the NCI.

No change of purposes in the appropriation of such shares has occurred as at 31 December 2022.

It is specified that no adjustments to the securities granting access to the shares capital of the Company have been made following share buybacks or financial transactions.

Controlling shares

As at 31 December. 2022, 1,815,187 Rothschild & Co shares, representing 2.36% of its share capital, were held by the following entities controlled by Rothschild & Co: N. M. Rothschild & Sons Ltd, Five Arrows Managers SAS, Five Arrows Managers LLP, Rothschild & Co Investment Managers SA, Rothschild Martin Maurel SCS, Rothschild & Co Wealth Management Monaco SAM, Rothschild & Cie SCS, Rothschild & Co Australia Ltd, Rothschild & Co Bank AG, Rothschild & Co Bank International Ltd, Rothschild & Co Deutschland GmbH, Rothschild & Co US Inc., Rothschild & Co Italy SpA, Rothschild & Co Wealth Management UK Ltd, Rothschild & Co Wealth Management Italy S.I.M. S.p.A, Transaction R&Co SCS.

As at 31 December 2022 and 31 December 2021, controlling shares were broken down as follows:

	31/12/2022		31/12/2021	
Entities controlled by Rothschild & Co	Number of shares	% of the share capital	**Number of shares**	**% of the share capital**
N.M. Rothschild & Sons Limited	1,357,342[1]	1.76%	1,413,030	1.82%
Other controlled entities which hold shares pursuant to the Equity Scheme rules and regulations	50,000	0.06%	85,000	0.11%
Other controlled entities which hold shares pursuant to NCI plans	407,740	0.53%	369,538	0.48%
Other controlled entities which hold shares for other purposes	105	<0.01%	105	<0.01%
TOTAL	**1,815,187**	**2.36%**	**1,867,673**	**2.40%**

(1) Out of these 1,357,342 shares, 300,291 shares are held pursuant to the Equity Scheme regulations and NCI plans.

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

Stock options plans ("Equity Schemes")

As at 31 December 2022, 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 to the Managing Partner[1] and characteristics specific to Rothschild & Co, seven Equity Schemes have been implemented and remained in force as at 31 December 2022.

- 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");
- on 11 October 2019 (the "2019 Existing Partners Equity Scheme" and the "2019 New Partners Equity Scheme"); and
- on 11 October 2021 (the "2021 Equity Scheme").

Participants

The 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").

57 Partners, operating in ten different countries, within the Global Advisory business and the Group Executive Committee participated in the 2013 Equity Scheme.

10 new Partners, operating in five different countries, within the Wealth Management and Merchant Banking businesses, and the Group Executive Committee participated in the 2015 Equity Scheme.

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

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

49 Partners, operating in 10 different countries, and who participated in the previous Equity Schemes participated in the 2019 Existing Partners Equity Scheme.

Six new Partners, operating in three different countries, within the Global Advisory, Wealth and Asset Management and Merchant Banking businesses participated in the 2019 New Partners Equity Scheme.

14 new Partners operating in eight different countries, within the Global Advisory, Wealth and Asset Management and Merchant Banking businesses participated in the 2021 Equity Scheme.

As at 31 December 2022, no executive corporate officer ("*dirigeant mandataire social*") of the Company held stock options.

(1) For more information regarding the delegations granted to the Managing Partner which were in force during the 2022 financial year, please refer to Section 6.6 of this report.

Exercise price 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).

	Total 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 Equity Scheme	207,500	0.27%	830,000	1.08%
2019 New Partners Equity Scheme	80,000	0.10%	320,000	0.40%
2021 Equity Scheme	137,500	0.17%	550,000	0.70%

The stock options have different vesting periods (three to six years) and have different terms (four to 10 years) depending on the Equity Scheme. Unexercised stock options lapse and are no longer exercisable after the expiration of that 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 2022, 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 exercise price of the stock options is determined by the Managing Partner on the grant date in accordance with the applicable regulation, the resolutions of the General Meeting authorising the Managing Partner to grant stock options, and the rules of the applicable Equity Schemes. The exercise price of Tranche 1 of all the Equity Schemes corresponds to the market value of the Rothschild & Co shares on the grant date. The exercise price of Tranches 2, 3 and 4 is fixed at different levels above Tranche 1 (as described below), to motivate Partners to improve the performance of the Group and contribute to increase the Rothschild & Co share price.

(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 Price plus €0.50 and (ii) the Floor Price
	Tranche 3	The higher of (i) the Reference Price plus €1.50 and (ii) the Floor Price
	Tranche 4	The higher of (i) the Reference 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 Price plus €1.00 and (ii) the Floor Price
	Tranche 3	The higher of (i) the Reference Price plus €3.00 and (ii) the Floor Price
	Tranche 4	The higher of (i) the Reference Price plus €5.00 and (ii) the Floor Price
2021 Equity Scheme	Tranche 1	The Floor Price
	Tranche 2	The higher of (i) the Reference Price plus €0.50 and (ii) the Floor Price
	Tranche 3	The higher of (i) the Reference Price plus €1.50 and (ii) the Floor Price
	Tranche 4	The higher of (i) the Reference Price plus €2.50 and (ii) the Floor Price

The Reference Price 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 made available to 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.

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 2018 Equity Scheme, 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.

Since the 2017 Equity Scheme, the exercise of stock options is contingent upon a performance condition depending on the entity in which the participant is a Partner or the Partner's status.

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 Equity 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 Equity 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
2021 Equity Scheme	**Options 2021-1**	€39.45		€39.45
	Options 2021-2	€39.45	€39.45	€39.95
	Options 2021-3	€39.45	€39.45	€40.95
	Options 2021-4	€39.45	€39.45	€41.95

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 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; a distribution of reserves, 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 2022

The table below summarises the information on outstanding stock options as at 31 December 2022:

		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 purchase price *(in euros)*	Total options exercised	Total options forfeited	Total options remaining
Equity Scheme 2013	Options 2013-1	26 Sept. 2013	11 Oct. 2023	780,000	57	1.10%	No	30 Nov. 2016	11 Oct. 2023	17.50	530,000	20,000	230,000
	Options 2013-2	26 Sept. 2013	11 Oct. 2023	780,000	57	1.10%	No	11 Oct. 2017	11 Oct. 2023	18.00	540,000	20,000	220,000
	Options 2013-3	26 Sept. 2013	11 Oct. 2023	780,000	57	1.10%	No	11 Oct. 2018	11 Oct. 2023	19.00	445,000	30,000	305,000
	Options 2013-4	26 Sept. 2013	11 Oct. 2023	780,000	57	1.10%	No	11 Oct. 2019	11 Oct. 2023	20.00	400,000	50,000	330,000
Equity Scheme 2015	Options 2015-1	26 Sept. 2013	9 Dec. 2015	115,000	10	0.16%	No	11 Oct. 2018	9 Dec. 2025	23.62	75,000	10,000	30,000
	Options 2015-2	26 Sept. 2013	9 Dec. 2015	115,000	10	0.16%	No	11 Oct. 2019	9 Dec. 2025	24.12	50,000	10,000	55,000
	Options 2015-3	26 Sept. 2013	9 Dec. 2015	115,000	10	0.16%	No	11 Oct. 2020	9 Dec. 2025	25.12	40,000	10,000	65,000
	Options 2015-4	26 Sept. 2013	9 Dec. 2015	115,000	10	0.16%	No	11 Oct. 2021	9 Dec. 2025	26.12	40,000	10,000	65,000
Equity Scheme 2017	Options 2017-1	29 Sept. 2016	13 Dec. 2017	277,500	20	0.36%	Yes[1]	11 Oct. 2020	13 Dec. 2027	31.56	87,500	15,000	175,000
	Options 2017-2	29 Sept. 2016	13 Dec. 2017	277,500	20	0.36%	Yes[1]	11 Oct. 2021	13 Dec. 2027	32.06	62,500	15,000	200,000
	Options 2017-3	29 Sept. 2016	13 Dec. 2017	277,500	20	0.36%	Yes[1]	11 Oct. 2022	13 Dec. 2027	33.06	2,500	15,000	260,000
	Options 2017-4	29 Sept. 2016	13 Dec. 2017	277,500	20	0.36%	Yes[1]	11 Oct. 2023	13 Dec. 2027	34.06	-	15,000	262,500
Equity Scheme 2018	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
Existing Partners Equity Scheme 2019	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	96,250	5,000	106,250
	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	96,250	5,000	106,250
	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	83,750	5,000	118,750
	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	36,250	5,000	166,250
New Partners Equity Scheme 2019	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	15,000	-	65,000
	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
Equity Scheme 2021	Options 2021-1	20 May 2021	11 Oct. 2021	137,500	14	0.17%	Yes[1]	11 Oct. 2022	11 Oct. 2025	39.45	-	-	137,500
	Options 2021-2	20 May 2021	11 Oct. 2021	137,500	14	0.17%	Yes[1]	11 Oct. 2022	11 Oct. 2025	39.95	-	-	137,500
	Options 2021-3	20 May 2021	11 Oct. 2021	137,500	14	0.17%	Yes[1]	11 Oct. 2023	11 Oct. 2025	40.95	-	-	137,500
	Options 2021-4	20 May 2021	11 Oct. 2021	137,500	14	0.17%	Yes[1]	11 Oct. 2024	11 Oct. 2025	41.95	-	-	137,500
TOTAL				**6,470,000**		**8.72%**					**2,600,000**	**240,000**	**3,630,000**

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

As at 31 December 2022, 2,832,500 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 to 4 of the 2015 Equity Scheme, the Tranches 1, 2 and 3 of the 2017 Equity Scheme, the Tranches 1, 2 and 3 of the 2018 Equity Scheme, the Tranches 1 to 4 of the 2019 Existing Partners Equity Scheme, the Tranche 1 of the 2019 New Partners Equity Scheme and the Tranches 1 to 2 of the 2021 Equity Scheme) in accordance with the terms and conditions of the Equity Schemes.

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 2022 amounted to 0.31% 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*).

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.

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[1]
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 2022 financial year

No crossing of any legal threshold was declared to the Company during the 2022 financial year.

Dutreil agreements *(pactes Dutreil)*

The table below presents the agreements falling within the scope of the Dutreil Act which were still in force as at 31 December 2022 to the Company's knowledge:

Agreement 2021.1

Regime	Article 787 B of the French Tax Code
Date of signature	23 September 2021
Duration of the collective agreement	Two years from registration date (*i.e.*, until 30 September 2023)
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	28.89%
Percentage of the voting rights covered by the agreement on its date of signature	38.29%
Names of the signatories who are corporate officers within the meaning of Article L.621-18-2. I. a) of the French Monetary and Financial Code	• Rothschild & Co Gestion, Managing Partner of the Company • Alexandre de Rothschild, Executive Chairman of Rothschild & Co Gestion • David de Rothschild, Chairman of the Supervisory Board • Éric de Rothschild, Vice-Chairman of the Supervisory Board • Lucie Maurel-Aubert, Vice-Chair 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 I. c) and R.621-43-1 of the French Monetary and Financial Code	• Rothschild & Co Concordia • Rothschild & Co Commandité • SC Paloma
Names of the signatories who hold at least 5% of the capital and/or voting rights in the Company as at 31 December 2022	• Rothschild & Co Concordia, member of the Enlarged Family Concert • Éric de Rothschild, through Rothschild & Co Concordia • David de Rothschild, through Rothschild & Co Concordia • Alexandre de Rothschild, through Rothschild & Co Concordia • Lucie Maurel-Aubert, through BD Maurel SC

Agreement 2021.2

Regime	Article 787 B of the French Tax Code
Date of signature	10 December 2021
Duration of the collective agreement	Two years from registration date (*i.e.*, until 13 December 2023)
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	38.62%
Percentage of the voting rights covered by the agreement on its date of signature	49.44%
Names of the signatories who are corporate officers within the meaning of Article L.621-18-2. I. a) of the French Monetary and Financial Code	• Rothschild & Co Gestion, Managing Partner of the Company • Alexandre de Rothschild, Executive Chairman of Rothschild & Co Gestion • 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 I. c) and R.621-43-1 of the French Monetary and Financial Code	• Rothschild & Co Concordia • Rothschild & Co Commandité
Names of the signatories who hold at least 5% of the capital and/or voting rights in the Company as at 31 December 2022	• Rothschild & Co Concordia, member of the Enlarged Family Concert • Éric de Rothschild, through Rothschild & Co Concordia • Alexandre de Rothschild, through Rothschild & Co Concordia

Agreement 2022.1

Regime	Article 787 B of the French Tax Code
Date of signature	19 December 2022
Duration of the collective agreement	Two years from registration date (*i.e.*, until 19 December 2024)
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	49.49%
Percentage of the voting rights covered by the agreement on its date of signature	64.00%
Names of the signatories who are corporate officers within the meaning of Article L.621-18-2. I. a) of the French Monetary and Financial Code	• Rothschild & Co Gestion, Managing Partner of the Company • Alexandre de Rothschild, Executive Chairman of Rothschild & Co Gestion • David de Rothschild, Chairman of the Supervisory Board • Éric de Rothschild, Vice-Chairman of the Supervisory Board • Lucie Maurel-Aubert, Vice-Chair 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 I. c) and R.621-43-1 of the French Monetary and Financial Code	• Rothschild & Co Concordia • Rothschild & Co Commandité • SC Paloma
Names of the signatories who hold at least 5% of the capital and/or voting rights in the Company as at 31 December 2022	• Rothschild & Co Concordia, member of the Enlarged Family Concert • Éric de Rothschild, through Rothschild & Co Concordia • David de Rothschild, through Rothschild & Co Concordia • Alexandre de Rothschild, through Rothschild & Co Concordia • Lucie Maurel-Aubert, through BD Maurel SC

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Main risks, internal control, risk management and accounting arrangements

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Rothschild & Co seeks to identify and manage the Group's top and emerging risks on an on-going basis. The Group considers that the risks identified in this Section could have a significant negative impact on its ability to meet its strategic objectives.

4.1 Main risks

4.1.1 Regulatory change

The Group operates in a heavily regulated sector and there have been significant regulatory developments impacting capital, liquidity and funding requirements, enhanced data privacy requirements, the management of financial crime, governance and remuneration matters, as well as ESG related disclosure requirements. The evolving regulatory burden often requires significant changes to internal procedures and can fundamentally challenge elements of the business model of the Group. Further, the regulatory burden increases as the Group extends the scope of the regulated activities it undertakes. The Group remains vulnerable to a divergence between the UK and EU regulatory frameworks post Brexit, due to its substantial operations and regulated entities in both jurisdictions. The Group implements new regulatory requirements, where applicable, and incorporates the implications of related changes in its planning.

4.1.2 Political instability and economic uncertainty

As a Group with activities in more than 40 countries, the business is exposed to significant economic and political risks. Heightened geopolitical uncertainty continues and a wide variety of negative political developments could lead to lower transaction volumes and portfolio valuations. Political instability has directly impacted the global economy including energy prices and supply chains. Both geopolitical volatility and economic uncertainty are expected to impact climate-related physical and transition risks. Further dislocation in global bond or equity markets could significantly impact the Group's core businesses and thus depress revenues. The possibility of a sustained inflationary environment creates greater uncertainty for the world economy and a prolonged period of economic downturn could lead to more significant credit risk losses. The Group undertakes a range of scenario planning and stress testing to assess and plan for the risk related to economic uncertainty and continues to monitor geopolitical risks alongside. In addition, the Group's strategy is to increase lending in lower risk areas, such as Lombard loans.

4.1.3 Cybercrime and data security

The Group is alert to the increasing dangers of cyber-attacks and to the fact that the tools required to launch effective cyber-attacks are rapidly becoming more widely available. In addition, the complexity of cyber-attacks has increased significantly and there has been a marked shift from disruptive to monetised attacks. In addition, ransomware attacks have increased significantly which is of particular concern to the financial sector. The Group continues to invest significant resources in the development of controls and capability designed to minimise the potential effect of cyber-attacks.

4.1.4 Ability to attract and retain high quality staff

Recruiting and retaining people who are skilled and fit well with the Group's culture is increasingly challenging but is key to the long-term sustainability of the business of the Group. Attracting and retaining junior resources is particularly challenging, affected by peer offerings and industry attrition. The market turnover issues are being compounded following the covid epidemic by the pressures of new ways of working. The risk of loss of key leaders in all business areas is mitigated by careful succession planning. The Group has implemented a number of policies aimed at promoting a responsible people culture that attracts and retains high quality staff (for more information, please refer to Chapter 5 of this report).

4.1.5 Business concentration

The Group operates in a sector that is susceptible to periodic economic cycles. The Group's strategy is to create complementary profit streams across its three business lines, focused primarily on providing advice to clients. Global Advisory remains the most significant business and there has been significant investment in the other businesses to improve the overall balance of results. While the business concentration in financial services and the amount of Group capital invested in MB strategies means that the Group could be susceptible to an economic downturn, significant progress has been made in diversifying the Group's profit streams and the resilience of the WAM and MB business lines has improved as they have gained critical mass in recent years. In addition, the Group undertakes a range of scenario planning and stress testing to ensure that sufficient capital is retained to protect against severe downturns related to the current business.

4.1.6 Operational control environment

The Group's operations require a large number of procedures that must be carried out accurately and frequently, in particular with regard to client on-boarding, investing in line with client mandates, ensuring effective controls as the ESG framework develops and managing critical third-party suppliers. The Group relies on strong operational controls in the business supported by risk and compliance monitoring and internal audit reviews to test and assess the design and operating effectiveness of its control environment.

4.1.7 Ability to respond to evolving client expectations

The Group operates in highly competitive markets. Responding to evolving client needs is key to retaining the Group's competitive position. In particular, slow integration of ESG considerations into investment products and advisory services could lead to loss of revenue and business opportunities. The Group closely monitors the competitive environment and adapts its services and products to meet client needs.

Other risk considerations

A key pillar of the Group's strategy is to use its expertise and influence to support the sustainability transition of the global economy. This requires the ongoing consideration of ESG factors in the way the Group conducts all its business activities. The annual review of the Group's strategic risks in 2022 included a specific module to examine which of the sustainability factors identified in the Group's assessment of non-financial risks (please refer to Section 5.2.1 of this report) have the potential to amplify the inherent probability or impact of these strategic risks.

This exercise highlighted that sustainability factors could have a particular impact on risks connected to: (i) regulatory change; (ii) the ability to attract and retain high quality staff; (iii) the ability to respond to evolving client expectations; and (iv) the operational control environment.

The consolidated non-financial statement (*déclaration consolidée de performance extra-financière*) presented in Chapter 5 of this report outlines key intervention levers for addressing sustainability related risks, including the impact of climate-related transition risks, as well as the governance arrangements, policies and actions aimed at mitigating them.

4.2 Internal control

4.2.1 Regulatory context

Rothschild & Co is a financial holding company (*compagnie financière holding*) approved and supervised by the ACPR on a consolidated basis.

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. Internal control requirements relating to anti-money laundering, counter terrorist financing and international sanctions are covered by the Order dated 6 January 2021.

As required by the Order dated 3 November 2014 and the Order dated 6 January 2021, the Group internal control system established by Rothschild & Co operates a distinction between functions in charge of permanent control and risk monitoring (including regulatory compliance, financial crime and risk monitoring) and periodic control (*i.e.*, internal audit).

The internal control system of Rothschild & Co must also take into account, as appropriate, the local regulations applicable to its branches and subsidiaries, the most widely accepted industry practices in the relevant 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 (ESMA)).

4.2.2 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, its Supervisory Board members, its 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, terrorist financing, tax evasion, sanctions violations, bribery and corruption);
- 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.

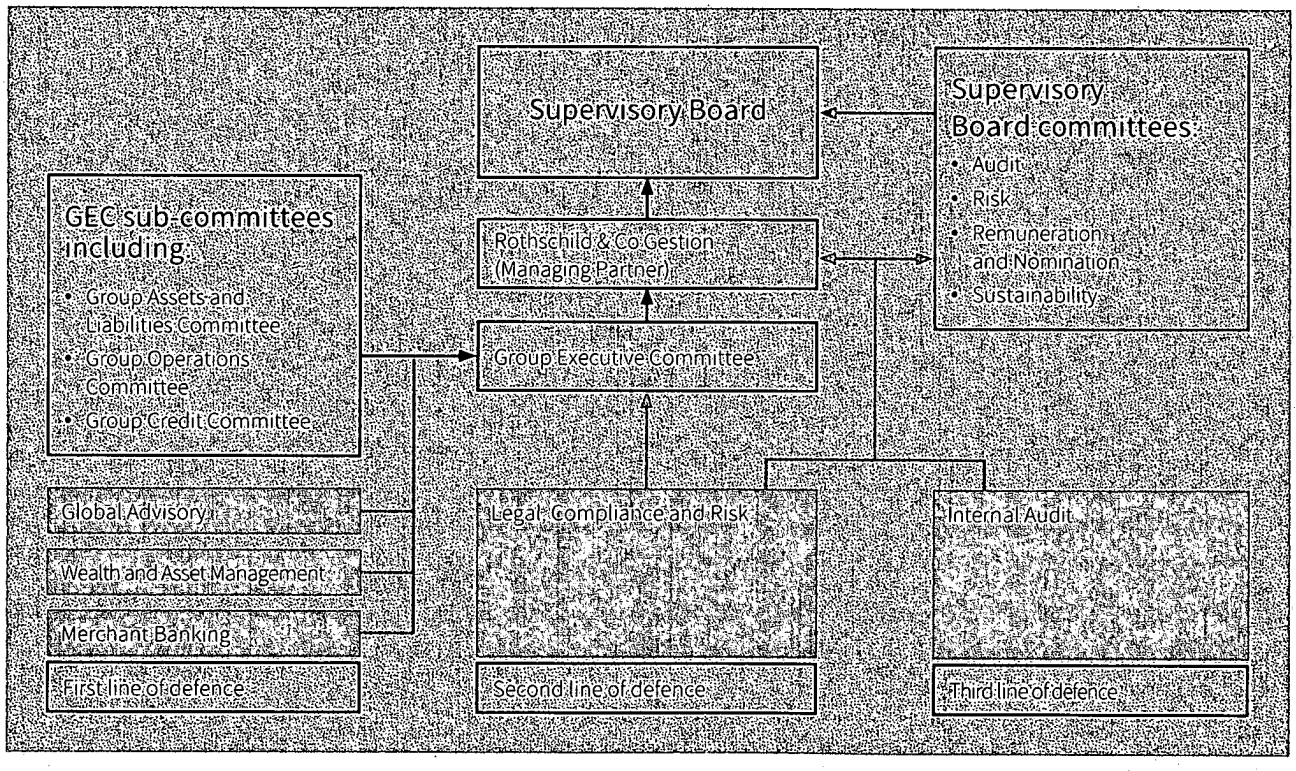
4.2.3 Organisation of internal control

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 and compliance (including financial crime compliance) functions and, to a lesser extent, legal, finance and human resources functions to monitor on a continuous basis the risk exposures borne by the Group, 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
Comprises the senior management in each of the Group's business lines which is responsible for establishing and maintaining effective risk management systems and supporting risk management best practice.	Comprises specialist Group support functions including: risk and compliance, and in some cases legal, 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 of risk policies for approval by the relevant governing bodies; and • oversight, coordination and direction of risk-related activities in conjunction with second line 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.

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



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 Sustainability Committee for matters of their respective concerns. 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 in Section 6.2 of this report.

Managing Partner – Rothschild & Co Gestion

Rothschild & Co Gestion is the sole manager *(gérant)* and legal representative 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 framework of the Company and the Group entities on a consolidated basis.

The role and organisation of the Managing Partner are presented in Section 6.1 of this report.

The Heads of the Legal and Compliance, 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.

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 lines 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, business forecasts and medium-term plans, (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, (v) discussing, reviewing and oversighting the implementation of Group digital strategy, (vi) implementing, reviewing and oversighting the defined strategic Group-wide ESG priorities and KPIs, (vii) discussing and reviewing matters relevant for Group's risk management and internal control including anti-money laundering and terrorism financing and supporting to the Group's zero-tolerance policy for any unethical or corrupt behaviour and (viii) monitoring the communication (excluding brand strategy and communication to shareholders/investors and regulatory authorities).

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 of the Group Executive Committee is presented in Section 6.1.3 of this report.

Independent control functions

Rothschild & Co has based its internal control system on the three lines of defence model. While they are complementary, the three lines are distinct and independent of one another:

- the first level of control is carried out by staff engaged in operational activities, who identify the risks resulting from their activity and are required to respect the procedures and limits established for managing these risks;
- the second level of control is intended to ensure that the risks have been identified and managed by the first line in accordance with the relevant procedures and limits. It is carried out primarily by staff in Compliance and Risk functions at central or, where appropriate, local level or by other independent teams with the relevant expertise. The first two lines of defence ensure permanent control over the Group's activities in order to provide assurance that its operations comply with applicable regulations, internal policies and procedures; and
- the third level of control is the overall process for ex-post monitoring of the control framework of the Group, known as periodic control. It is 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 control processes that form part of the Group internal control framework (including checks from the first two lines of defence) to comply with the Group risk appetite and main applicable regulations.

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 counter terrorist, financing and anti-corruption)[1], advising on compliance aspects of any transactional or business processes, facilitation of certain aspects of risk governance (*e.g.* organisation of the Global Advisory Risk Committee or the Group Financial Crime Compliance Committee). The function also executes or supervises compliance risk assessments and monitoring programmes (reporting results and any required remedial action to senior management) and reviews legislation and regulatory developments which might affect the Group's business. In 2022, as part of the succession plan, the former Group Head of Legal and Compliance became Chairman of Legal and Compliance. The Group Head of Legal and Compliance and the Chairman of Legal and Compliance work closely together to ensure a smooth transition, the Chairman of Legal and Compliance retaining responsibility for overall oversight of Financial Crime oversight during this transition phase. The Group Head of Legal and Compliance and the Chairman of Legal and Compliance are both members of the Group Executive Committee. The Group Legal and Compliance teams report to the Group Head of Legal and Compliance. The members of the Financial Crime Compliance team also report to the Chairman of Legal and Compliance.

(1) For more information about these policies, please refer to Chapter 5 of this report.

The Chairman of Legal and Compliance and the Group Head of Legal and Compliance report to one of the two Rothschild & Co *dirigeants effectifs* and provide information regularly to Rothschild & Co Gestion, to the Group Executive Committee, and to the Risk Committee.

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 facilitates risk assessments for each business 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 effectifs* and provides information regularly to Rothschild & Co Gestion, to the Group Executive Committee and to the Risk 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 (including to the Supervisory Board and the Risk Committee) 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 (including information security), 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.

Group Internal Audit

Periodic control is independently exercised by Group Internal Audit. The Group Head of Internal Audit meets regularly with the relevant Managing Partners of Rothschild & Co Gestion to present the activity of the Internal Audit function and discuss any material findings raised during the period. The Group Head of Internal Audit presents the activity of Internal Audit to the Audit Committee on a quarterly basis. Every year, the Audit Committee approves the audit plan for the coming financial year, and at each quarterly committee meeting, the activity of the Group Internal Audit function is reviewed. The Group 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 update of the Group Internal Audit function on the evolution of the Group's activities and risk profile.

Reporting to the Group Head of Internal Audit, several Heads of Internal Audit are responsible for the audit coverage of specific areas: Global Advisory, Wealth and Asset Management (incl. Banking and Treasury), Merchant Banking, Support functions, Information Technology and outsourcing. The other members of the Internal Audit function are assigned to different audits according to the scheduling of the annual audit plan. The Group Head of Internal Audit reports on the performance of his duties to one of the two *dirigeants effectifs* of Rothschild & Co and to the Audit Committee.

4.3 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, as appropriate.

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 the Group's businesses. Risk policies and procedures are regularly updated to meet changing business requirements and to comply with best practice.

4.3.1 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 and Rothschild & Co Wealth Management Monaco), corporate lending (through Rothschild Martin Maurel), co-lending in transactions within real estate debt management mandates and lending to funds managed by the Group. In addition, the legacy banking activities undertaken in N.M. Rothschild & Sons Limited result in a small amount of credit risk.

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

All material credit exposures are subjected to a process of credit analysis by specialist teams and review and approval by credit committees. Nearly all the credit exposures are secured.

Group Credit is responsible for monitoring the overall level of credit exposure across the Group. The Group Credit team works closely with the embedded credit staff in Rothschild & Co Wealth Management UK Limited, Rothschild & Co Bank AG, Rothschild & Co Bank International Limited and Rothschild Martin Maurel 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.

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 Bank Credit Committee (*Comité de Crédit Banque* ("CCB")) 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 in Switzerland, the Channel Islands and the UK and reviews private client lending by the following 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 are confirmed by the relevant board (or board committee as appropriate) of each of these entities.

The CCB is responsible for the oversight of private client lending exposures and corporate lending exposures (including credit risk and pricing of loans) in France, Monaco and Belgium and reviews private client and corporate lending lending by the following entities: Rothschild Martin Maurel, including its branch in Brussels and Rothschild & Co Wealth Management Monaco. The lending policies and associated delegated approval authorities are confirmed by the relevant board (or board committee as appropriate).

The CCC is responsible for the oversight of corporate lending exposures (including credit risk and pricing) by Group entities. This excludes lending to clients by Rothschild Martin Maurel and includes corporate lending by N.M. Rothschild & Sons Limited, the Group's bank counterparty limits and other counterparty limits, lending to Group companies and lending to funds managed by the Group (including Merchant Banking transactions), and co-lending in transactions within real estate debt management mandates. The lending policies and associated delegated approval authorities are confirmed by the relevant board (or board committee as appropriate).

The lending exposures assumed, and the credit policies followed within the Group are subject to the oversight of the Risk Committee. The PCCC, CCB 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 Group Assets and Liabilities Committee (the "Group ALCO"), a sub-committee of the Group Executive Committee, and are reported to the Risk Committee.

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 analysis of client and counterparty creditworthiness prior to entering into an exposure, and by ongoing monitoring thereafter. A significant proportion of the Group's lending exposures are secured on property or investment assets, and the Group monitors the value of the collateral.

Stress testing is an important risk management tool used to evaluate the potential impact of unexpected or extreme events and to validate the firm's risk appetite. Each banking entity is required to set out, its approach to stress testing and explain why it is considered appropriate for the entity's risk management.

The Group's lending strategy is to focus on lower risk forms of lending such as Lombard and residential mortgages. In view of this strategy and taking into account the strong controls over granting and documenting credit, the Group does not consider credit risk as a key risk when compared to the risks described in Section 4.1 of this report.

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 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 section 4.2 of the Consolidated Financial Statements for 2022 for further information about credit risk.

4.3.2 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 section 3.2.5 of the Consolidated Financial Statements for 2022 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 and this is calculated at the entity level and on a consolidated basis for the Group.

Given the low level of activity in this area due to the Group's strategy of minimising proprietary trading, the Group does not consider market risk as a key risk when compared to the risks described in Section 4.1 of this report.

Please refer to section 4.3 of the Consolidated Financial Statements for 2022 for further information about market risk.

4.3.3 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.

Management 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 by Group ALCO. Each banking entity must have in place a liquidity risk policy 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 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 as a key element of their pricing and risk-reward assessment in respect of existing and new business.

The Group's strategy for liquidity management is to maintain high levels of high-quality liquid assets in order to be able to manage significant unexpected calls on liquidity. In view of the structure of the Group's balance sheet and the controls designed to manage the Group's liquidity, the Group does not consider liquidity risk as a key risk when compared to the risks described in Section 4.1 of this report.

System for monitoring liquidity risk

The liquidity positions for Rothschild & Co Bank International Limited, Rothschild & Co Bank AG and Rothschild Martin Maurel are reviewed and reported to the Group ALCO and summarised for the Managing Partner and 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.

Finance is responsible for monitoring adherence to the liquidity risk limits and for reporting any limit 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 against limits, 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 Finance.

Please refer to section 4.4 of the Consolidated Financial Statements for 2022 for further information about liquidity risk.

4.3.4 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. Operational risk includes risks in relation to compliance (including financial crime), information security and information technology.

Management of operational risk

The Group has an established operational risk framework with the key objectives of mitigating operational risks by means of policies, procedures, processes and systems; 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. It 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 has 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 carried out at least annually.

All incidents with a loss amount greater than €50,000 are reported in the quarterly and risk report which is presented to the Group Executive Committee, the Managing Partner, the Risk Committee and the Supervisory Board.

Compliance risk

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

Measures to limit reputational risk are embedded in Group policies, procedures and other documents (such as business compliance manuals). These include high-level rules and principles to guide behaviour and extensive procedures relating to new client take on/acceptance for all business lines.

Compliance with external laws and regulations, as transmitted through the Group's framework of policies and procedures and set out in the Group Code of Conduct, is a fundamental requirement for all staff. Regular 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 or policy developments, 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, as required. Ad hoc training is given to ensure prompt dissemination to staff of business-related market and best practice, legal, compliance and regulatory developments.

On a monthly or quarterly 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.

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).

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, and is responsible for 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 compliance.

Training is provided to all relevant staff globally on a periodic basis covering all key financial crime training topics. This is supplemented by appropriate targeted and tailored training provided locally.

The Group Financial Crime Compliance team has an Oversight and Assurance function imbedded within it, which regularly reviews on a global basis local compliance with Group financial crime related policies.

4.3.5 Other non-financial risks

In addition to the financial and operational risk categories identified in this Section, a description of the other 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 Chapter 5 of this report. This provides (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.

4.4 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. Group Finance consists of four areas: Management Accounting; Financial Accounting, Financial Systems; and Regulatory Reporting.

4.4.1 Overview of local statutory accounting arrangements

The local accounting departments are responsible for local statutory accounts. Group Finance produces the Rothschild & Co consolidated accounts, although it also reviews Rothschild & Co's solo accounts to ensure consistency where appropriate. The Group Financial Systems team manages the chart of accounts, the consolidation tool 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.

4.4.2 Process for establishing consolidated accounts

The Group Financial Accounting team 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. Subsidiaries also receive quarterly reporting instructions and a quarterly Group Finance newsletter.

Once data has been integrated 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 certain 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 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.

4.4.3 Accounting control process

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

4.4.4 Accounting control mechanism at entity level

Group Finance relies on a decentralised system where the primary control functions are assigned to the persons responsible for producing the local 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 Group Internal Audit department, depending on its annual work plan schedule.

In addition, the Statutory Auditors certify the Group accounts, a process carried out on an annual (audit procedures) and half-yearly basis (limited review procedures). Not all entities are audited (but most operating and all material entities are) and only the largest entities and the significant balances are reviewed for the half-year accounts.

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

4.4.5 Accounting control mechanism 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 consolidated financial statements,
  - 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. In this context, the Audit Committee reviews that the accounting methods employed are relevant and applied consistently, in particular when dealing with major transactions. It reviews the consolidation scope and, if necessary, the reasons why certain entities are not included. It also reviews the major off-balance-sheet commitments, if any;
- the Statutory Auditors, which, in the context of the certification of the accounts, audit the Rothschild & Co consolidated financial statements. Their work is carried out in accordance with their professional standards;
- Rothschild & Co Gestion, as Managing Partner of Rothschild & Co, which approves (*arrêté*) 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.

4.4.6 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) leverage ratio and large exposures;
- liquidity coverage ratio, additional liquidity monitoring metrics and Net Stable Funding Ratio (NSFR); and
- IFRS/FINREP reports on a regulatory scope.

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

- solvency ratio procedure;
- large exposures procedure;
- procedure for liquidity reporting of LCR, metrics and NSFR;
- procedures that have been defined for FINREP; and
- counterparty master data procedure.

Processes include a full reconciliation with accounts including off balance sheet commitments. A Validation Committee chaired by the Group CFO 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 newsletter to all relevant staff in the Group.

5

Sustainability

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5.1 Sustainability is strategy

5.1.1 Ambition

Rothschild & Co is a leading global diversified financial services group with a value-driven culture operating across three market-leading business divisions. Having been at the centre of the world's financial markets for over 200 years, the Group's expertise, intellectual capital, and global network enable it to provide a distinct perspective that makes a meaningful difference to the Group's clients, communities, and the planet.

In order to sustain a successful business in the long term, to unlock new opportunities for growth, and to manage risks for all its stakeholders, businesses have a key role to play in helping enable and protect a future in which everyone can thrive.

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

5.1.2 Governance of sustainability matters

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

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

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

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

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

The **Group Executive Committee (GEC)'s** role is to propose strategic orientations to Rothschild & Co Gestion, including in relation to sustainability, and to assist the Managing Partner in overseeing the implementation of the strategy across the Group and the operational management of the Group. Its members are the most senior employees and officers of the Group's business divisions and support functions (notably Human Resources, Legal & Compliance, Finance and Digital). Sustainability matters are discussed in the regular meetings of the GEC as required (in over 60% of the meetings in 2022) and the Committee receives specialist reports and reviews performance against a select number of group-wide performance indicators related to its sustainability strategy on a quarterly basis.

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

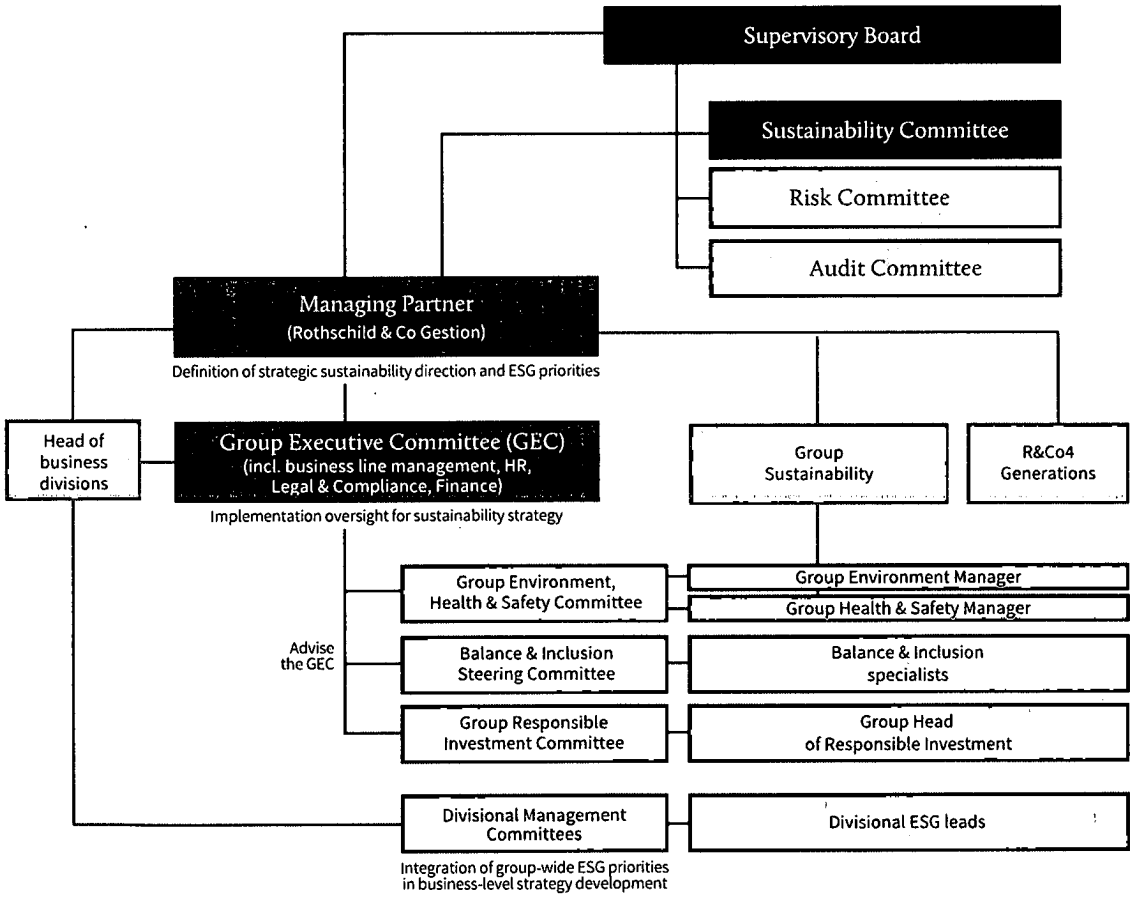
This integrative setup enables the consideration of the Group's strategic sustainability priorities for key levers of the Group's business model, whilst relying on the expertise and advice of **dedicated teams and subcommittees of the GEC.**

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

(1) For information on the composition of the Committees, please refer to Section 6.2.1 of this report.
(2) For more information please refer to Section 6.2.7 of this report.

- Integration of ESG considerations into investment approaches is led by experts in the Wealth and Asset Management and Merchant Banking divisions, and is coordinated *via* the **Group Responsible Investment Committee**, which reports directly to the GEC. The Committee met eight times in 2022 and is chaired by one of the Managing Partners of Rothschild & Co Gestion. It aims to ensure consistency and accountability for the creation and implementation of policies across the investment businesses, and the design of a joined roadmap that is reflective of the Group's strategic ESG priorities. The Committee's work and transversal responsible investment workstreams are coordinated by the **Group Head of Responsible Investment** (Secretary of the Group Responsible Investment Committee) and their team, drawing on management and subject-matter experts from the Group's investment businesses. Dedicated working groups under the committee help coordinate the approaches on specific topics, such as the TCFD's recommendations on climate risk integration and disclosures and ensuring consistency in the understanding and implementation of sustainable finance regulations. Both the Wealth and Asset Management and Merchant Banking divisions have appointed a divisional ESG lead. Within these divisions, individual investment entities set up their own ESG investment governance, with management regularly involved in approvals and delegation of a key representative to the Group Responsible Investment Committee. Support functions play a key role in the process and second-level controls are applied by the entities' compliance and risk functions when relevant. The Sustainability Committee of the Supervisory Board is updated annually on Responsible Investment strategy and initiatives.
- The **Group Environment and Health & Safety Committee** reports directly to the GEC and meets quarterly to discuss recommendations on the evolution and the implementation of the Group's operational environmental management strategy amongst its members who are senior representatives from business lines and support functions. The Committee oversees the development and effective implementation of group-wide policies aimed at limiting and reducing the impact of business operations on the environment, in addition to the health and safety of employees. The Committee's work is supported by the Group Environment Manager in the Group Sustainability Function, and a dedicated Group Health and Safety Manager coordinating activities at Group level. The implementation of activities in each office rests with the locally appointed coordinators.
- The Group's **Balance & Inclusion Steering Committee** is tasked with the identification of group-wide opportunities to ensure the creation of a diverse, inclusive and flexible environment which enables all colleagues to achieve their personal and professional aspirations, and to ensure that it provides long-term opportunities for growth. The Committee met 10 times in 2022, is co-chaired by one of the Managing Partners of Rothschild & Co Gestion and advises the GEC and divisional management on group-wide initiatives. The Committee's work is supported by a number of specialists in the Group Human Resources team.

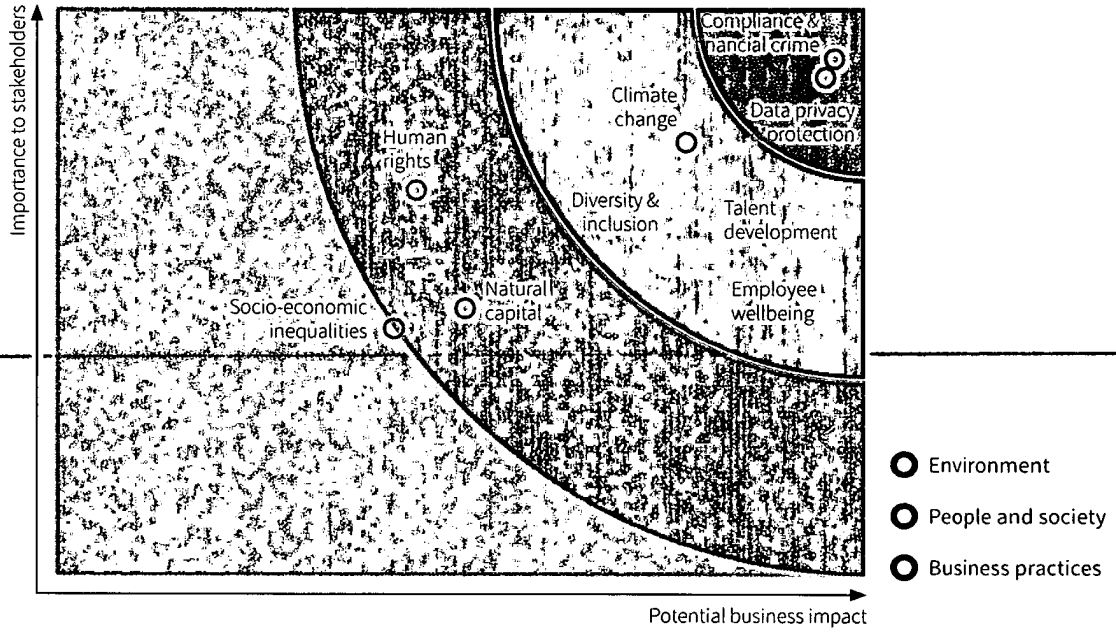
Overview of governance arrangements



5.2 Strategy and risk management

5.2.1 Materiality assessment

2022 materiality matrix of non-financial risks relating to sustainability



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

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

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

Sustainability issues identified as a potential source of inherent non-financial risks and opportunities	**Group's strategic objectives**	**Information on strategy, initiatives, and performance 2022**
Compliance culture & financial crime	Safeguarding responsible business practices	Section 5.3.4
Data privacy & protection	Safeguarding responsible business practices	Section 5.3.4
Climate change	Support and contributing to the transition to a low-carbon economy	Section 5.3.2
Natural capital	Supporting the preservation and protection of biodiversity	Section 5.3.2
Talent development	Developing the best talent	Section 5.3.3
Diversity & Inclusion	Championing diversity of perspective	Section 5.3.3
Employee wellbeing	Supporting employee wellbeing	Section 5.3.3
Human rights	Working against inequality	Section 5.3.3
Socio-economic inequalities	Working against inequality	Section 5.3.3

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

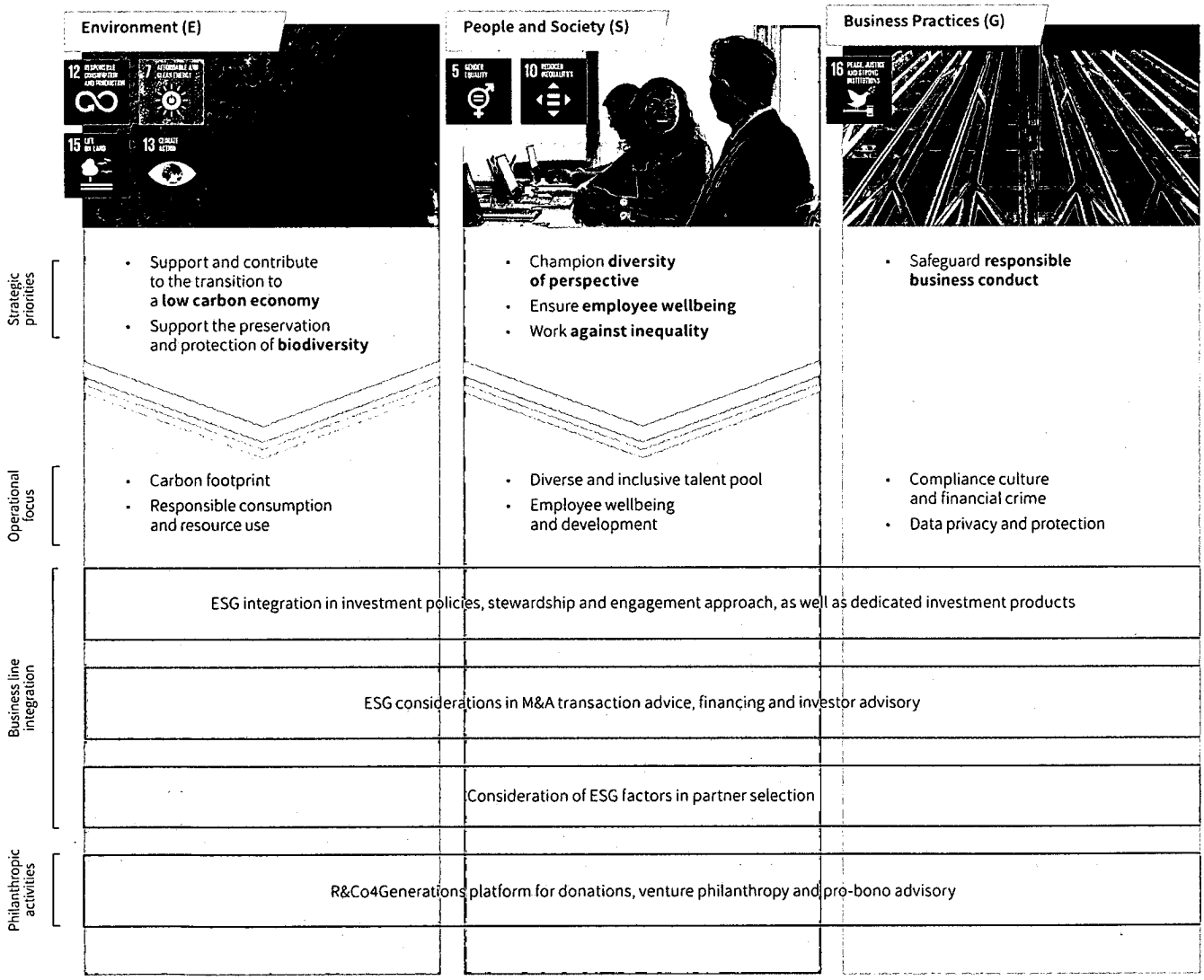
5.2.2 ESG priority framework: strategic objectives and commitments

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

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

ESG Priority Framework

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



Section 5.2.3 of this report outlines how these priorities are reflected in policies and the progress made in 2022 to integrate ESG considerations across the different levers of the business model. Section 5.3 provides a more granular description of priorities and progress made in each of the Group's strategic E, S, and G pillars in 2022, including key performance indicators.

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

Continued stakeholder engagement with employees, clients, investors, shareholders, civil society, and multi-stakeholder initiatives is crucial for building long-term, trusted partnerships and gaining insight into the impact of the Group's actions, identifying opportunities for improvement and sustainable value creation. Section 5.4.2 of this report provides an overview of relevant stakeholder groups, key topics, and engagement activities in 2022, which helped the Group form its perspectives on how to approach sustainability matters. The below table provides an overview of group-wide public commitments and the partnerships through which the Group and its businesses publicly advocate for and engage with its stakeholders in sustainable development initiatives.

Overview partnership and public commitments

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

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

5.2.3 Consideration of ESG risk and opportunity across the business model

The Group aims to consider its defined strategic ESG priorities at every level of the business model, from its operational impact to the products and services offered in its business lines, to the clients and supply chain partners it engages with.

ESG integration in investments

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

The Group's approach to Responsible Investment identifies and aims to address potential environmental, social and governance risks for both itself and its clients. Investment policies and procedures are defined at Group level and complemented by investment entities own initiatives and frameworks (see Section 5.3 in this report).

As a manufacturer and distributor of investment solutions, Rothschild & Co has a role to play in helping to direct financial flows towards sustainable solutions, such as:

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

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

For the implementation of its Responsible Investment strategy the Group relies on:

- a strong commitment from top management;
- an agile governance in terms of Responsible Investment with involvement of Group, divisions and entities; and
- an active network of responsible investment experts and continuous upskilling of the relevant teams.

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

Group-wide ESG investment roadmap for 2022-2025

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

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

(1) **Act for climate and preserve our planet**, in particular *via* the:

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

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

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

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

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

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

Responsible Investment Process

a) Exclusions

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

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

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

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

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

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

b) Integration

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

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

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

MiFID II: an opportunity to strengthen the ESG integration process

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

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

- Asset Management Europe:
  - updated policies on ESG integration, engagement and voting, Principal Adverse Impacts (PAI), consideration of controversies in particular related to breach of the principles of the United Nations Global Compact, and companies with activities related to thermal coal, guidelines for fossil fuel investment (Article 29 report), as well as its transparency code,
  - establishment of a quarterly "ESG Article 29" committee to monitor and review sustainability data and commitments in line with the requirements of the French Energy Climate law;
  - reinforcement of the systematic ESG risk monitoring of the entity's Risk Committee with ongoing work on deepening the sustainability risks process and policy,
  - formalisation of a controversy process alongside the creation of an entity-specific Controversy Committee, and
  - completion of new IT and operational developments to centralise and optimise the production and use ESG data in the investment process;
- Rothschild & Co Bank AG Zurich: additional sustainability metrics and requirements in investment monitoring to further strengthen ESG integration approach.
- Wealth Management UK: enhanced processes for directly held equities and equity funds, incorporating more quantitative data.
- Merchant Banking:
  - development of investment processes for different strategies associated with the Article 8 categorisation of funds required under the SFDR regulation, and
  - design of a strategic roadmap to achieve specific objectives set for internal teams, investments and the broader ecosystem of the business.

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

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

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

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

c) Engagement

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

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

Indicators	Entity	%/nb	Scope
% Voting coverage	Wealth Management UK	100%	Eligible discretionary assets
	Asset Management Europe	98%	Total eligible AuM (excl. legacy funds)
	Rothschild & Co Bank AG Zurich	82%	Mosaique and LongRun strategies
Number of companies with which the entity has engaged on ESG issues in 2022	Wealth Management UK	9	
	Asset Management Europe	79	

As outlined in its Engagement and Voting Report, **Asset Management Europe's** investment and engagement approach aims to foster transformation relating to climate, biodiversity, and social issues. For example, in the direct management process of the 4Change funds, Asset Management Europe supports and monitors issuers' ESG trajectories and interacts with them regularly and constructively. Dialogue can take the form of data collection through ESG questionnaires, used to gather further information and convey expectations, and more direct dialogue (emails or meetings with more specific questions), which can lead to the formulation of areas of improvement. With issuers, as part of the direct management process, the entity ensures that areas of improvement are implemented and lead to results. Unsuccessful or inconclusive interactions can have a direct impact on the management of positions in the portfolios. Overall, the entity engaged on ESG issues with 79 issuers in 2022.

Merchant Banking teams invest mainly in non-listed assets and can hold a significant portion of the equity or the debt of a company. The business aims to use this influence to make improvements in the companies' sustainability practices and performance. The business can have particularly significant leverage within its majority equity investments by engaging with management teams within the portfolio companies, support the implementation of sustainability plans and provide tools and expertise to monitor improvement of related objectives during the holding period. A restitution "Factsheet", covering the key indicators collected through the Sustainability reporting campaign, is given to investee company management to help benchmark with other relevant investments in Merchant Banking's portfolio and make comparison to external industry-wide benchmarks.

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

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

Stakeholder engagement and commitments

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

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

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

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

Sustainable finance products

The Group's investment business lines continued to progress efforts for enhancement and classification of products targeting the sustainability transition. Section 5.3.1 provides an overview of classification objectives across investment entities, and Sections 5.3.2 and 5.3.3 of this report provide examples of thematic investment products.

Disclosure, reporting and measurement

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

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

Article 29 of the French Energy-Climate law reinforces requirements on consideration of ESG in investment policies and risk management, including reports presenting the integration approach to ESG considerations in direct management and multi-management and the approaches, actions, commitments and ambitions to contribute to the energy and ecological transition, the fight against climate change and the preservation of biodiversity. In particular, in the case of Asset Management Europe, an evaluation is made of climate-related risks (transition and physical risks for investments) as well as an assessment of the biodiversity footprint of investments and the dependency on ecosystem services on direct investments[1].

Overview of new Responsible Investment reports published by investment entities in 2022:

Entity	Report
Asset Management Europe	Rapport Article 29 – Loi Énergie-Climat [French only]
Merchant Banking	Rapport Article 29 – Loi Énergie-Climat [French only]
Rothschild Martin Maurel	Rapport Article 29 – Loi Énergie-Climat [French only]

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

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

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

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

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

ESG integration in treasury and lending activities

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

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

Training

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

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

ESG in Global Advisory

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

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

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

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

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

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

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

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

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

Sections 5.3.2 and 5.3.3 of this report provide examples of how different advisory mandates reflect and support the Group's strategic ESG priorities.

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

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

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

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

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

ESG considerations in the supply chain

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

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

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

Philanthropy

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

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

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

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

5.2.4 Outlook

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

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

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

- the investment businesses will continue to work on the implementation of ESG regulations in Europe, but also in UK and Switzerland where the sustainable investment policy agenda is accelerating;

- the gender target the Group has set (women to represent 30% of the Assistant Director and above population by 2024), necessitates some material changes to the approach to recruiting and retention. Progress has been made towards that target, since 2019, and the Group remains committed to key initiatives launched to date and will continue to build upon and evolve them in 2023, positioning the firm for more accelerated progress in the coming years;
- the Group will aim to further progress workstreams to define its climate strategy and develop its transition plans in line with the specificities of its different businesses; and
- enhanced understanding of the impacts and risks associated with the loss of biodiversity on its businesses will be part of the Group's sustainability journey in 2023.

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

5.3 Implementation and performance

5.3.1 Progress highlights ESG integration 2022

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

Investment product offering: from integration to impact

Adapting and expanding the product offering is key to meeting the objectives of institutional and private wealth clients that are looking to invest in line with their environmental, social and governance preferences, and to allow the Group to support the sustainability transition of the global economy.

The requirements of the EU Sustainable Finance Disclosure Regulation (SFDR) marked an important opportunity for the investment businesses to align and develop investment strategies with global sustainable objectives while competing on equal terms with other market players. Most of the Group's investment entities now use the SFDR framework to develop their product offerings:

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

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

Product overview

Entity	2022 Sustainability highlights
Asset Management Europe	• Above 95% discretionary AuM of open-ended funds classified Art. 8 or 9 (excluding dedicated solutions) • Ten labelled products (French ISR and Towards Sustainability labels). Five of these are Article 9 products • Two Net Zero funds implementing a transition approach aligned with Paris Agreement – 3-year track record • Green Bonds fund supporting the development of a variety of eco-activities contributing to the transformation of companies and their environmental transition • R-co 4Change Inclusion & Handicap: Expertise on social issues with particular attention to inclusion & disability • Launch of Valor 4Change Global Equity in March 2021. implementing a flexible approach in line with the Valor expertise seeking to identify worldwide sustainable players • Commitment to distribute 1% of the Net Banking Income of the 4Change range to projects selected by the NGO 1% for the Planet: The Polar Pod scientific expedition, *Café Joyeux*
Rothschild Martin Maurel	• Introduction of new ESG metrics in response to MiFID II requirements
Wealth Management UK	• Continued to add new investments within the Exbury strategy (Article 8), which in addition to its return objective, actively invests in assets that support the goals of the Paris agreement (net zero global emissions by 2050) and make a positive contribution to the fair transition to a low carbon economy
Rothschild & Co Bank AG Zurich	• Strengthening of Mosaique strategy (Article 8) • Introduction of new ESG metrics for funds and discretionary mandates with the start of enhancing internal processes in-line with EU regulation. Focus on share of investments aligned with environmental and social characteristics, among others. Introduction of a new metric: implied temperature rise that enables the bank to assess if companies or portfolios are aligned with a global decarbonisation pathway • The bank introduced an internal fund ESG scoring model where an external third-party fund can be assessed on a quantitative and qualitative basis
Merchant Banking	• Three funds promoting ESG characteristics, classified as Article 8 according to SFDR (Five Arrows Long Term and Five Arrows Principal Investment IV launched in 2022, Five Arrows Growth Capital launched in 2021) • Five Arrows Sustainable Investments (launched in 2021) is an impact fund aiming at investing in profitable companies across Europe that aim to have a positive and measurable impact on the environment. The strategy is to target predominantly minority direct investments in companies that are mainly focused on Energy, Food & Agriculture and Sustainable Cities

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

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

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

In 2022, Rothschild & Co Global Advisory has advised on:

- 28 sustainability-driven energy and climate-related transactions, including a broad range of renewables and alternative energy sources, energy transition and circular economy solutions;
  - 7 transactions in renewables;
  - 7 transactions in renewables platforms;
  - 10 transactions in energy transition; and
  - 4 transactions in the circular economy.

These 28 transactions totalled an approximate valuation of over €41 billion.

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

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

5.3.2 Environment

Rothschild & Co is committed to contributing to a more environmentally sustainable economy and to limiting the Group's environmental footprint. The support of the transition to a low-carbon economy and the preservation and protection of biodiversity are two key sustainability priorities for the Group.

This chapter aims to present group-wide initiatives, policies, products, and services that support these environmental objectives and that are designed to help mitigate related risks for stakeholders and access related business opportunities.

Key risks and opportunities

Rothschild & Co recognises that **climate-related physical and transition risks** have the potential to destabilise the global economy, leading to unexpected market changes.

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

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

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

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

Climate- and nature-related risks and opportunities in the Group's business lines

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

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

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

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

Climate and nature-related risks affecting the Group's business operations

Operational physical risks resulting from a changing climate have been assessed with regards to the exposure of individual offices to the effects of extreme weather and water stress as part of the Group's Business Continuity assessment and planning programme.

Operational transition risks for the Group originate from the direct impact that the Group's operations have on a changing climate and on nature, in particular through business travel, energy consumption and purchase of goods and services. These risks are likely to affect the Group in the form of, amongst others: expanded legal and compliance requirements, change in costs for energy and carbon credits, as well as reputational considerations related to the climate and broader environmental impact of the Group's operations. For example, operational costs may increase in the medium-term because of increasing carbon prices – with the potential to impact the costs of international travel. As a result of these climate and nature-related risks, the Group has implemented actions to reduce, replace and compensate for its operational environmental impacts.

Strategy and risk management

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

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

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

The Group recognises its responsibility to increase awareness on environmental topics with key stakeholders. Examples of initiatives in 2022 include:

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

Investments

Rothschild & Co's approach to Responsible Investment identifies and manages potential environmental risks for both the Group and its clients, resulting from engagement with the companies and funds it is invested in. This chapter aims to highlight common approaches across the Group's investment business lines.

Risks	Scope	Policies/frameworks/supporting initiatives
Climate Change (transition and physical risks)	Group-wide	• Responsible Investment Roadmap with clear climate objective • Thermal Coal Investment Policy: identify thresholds with regards to a high impact sector with a significant contribution to environmental challenges such as climate change (exclusion) • Investment KPIs considered and monitored: carbon intensity, emissions, emissions reduction/transition profile/other relevant exposure metrics (integration and engagement) • Employee sustainability training and awareness
	Asset Management Europe	• Net Zero commitment as member of Net Zero Asset Manager Initiative (NZAMI)
	Merchant Banking	• Ongoing work on a divisional climate strategy
	Wealth Management UK	• Exbury strategy
Biodiversity loss	Group-wide	• Employee Sustainability training
	Asset Management Europe	• Monitoring of biodiversity footprint of investments and dependency on ecosystems on eligible assets
Environmental damage	Group-wide	• Fundamental Principles Investment Policy: Rothschild & Co will not invest in companies which are related to "...severe environmental damage, including unacceptable levels of greenhouse gas emissions ..." (exclusion) • KPIs considered and monitored (*e.g.*, GHG intensity of investee companies) • Employee Sustainability training and awareness actions

Opportunities	Scope	Policies/frameworks
Just Transition	Group-wide	• Responsible Investment Roadmap
	Asset Management Europe	• Finance For Tomorrow – Investors coalition for a just transition
	Merchant Banking	• Ongoing work on divisional climate strategy
	Wealth Management UK	• Exbury strategy

Environmental investment targets and objectives

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

Investment integration and engagement on environmental themes

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

- Wealth and Asset Management:
  - integration of environment-related controversies to ensure clarity on the impact of an investee company's practices;
  - Asset Management Europe:
    - assessment and public disclosure on the climate performance of discretionary funds, comparing them with the performances of their respective investment universe, integration of other key indicators in the reporting of specific funds (*e.g.*, R-Co Valor 4Change Global Equity reports information on the impact related to water consumption),
    - partnership with Carbon4 Finance and CDC Biodiversity to measure the impact of investments and identify the causes. This will support the definition of the most relevant methodologies and indicators in order to contribute to directing financial flows to economic activity favourable to biodiversity. In its Article 29 Report, detailing consideration of ESG in investment policies and risk management, Asset Management Europe is presenting an assessment of the biodiversity footprint of investments and the dependency on ecosystem services.
- Merchant Banking:
  - investment teams use specific environmental metrics to directly monitor the performance of the portfolio companies in some of its strategies (data differs between strategies); and
  - the business conducted a project to define its Climate Strategy in 2022 that will address the specificities of each of the entity's strategies.

Offering

As part of their Responsible Investment approaches, the Group's investment entities aim to offer clients the opportunity to contribute to the sustainability transition of the global economy through an offering targeting environmental objectives.

Most entities have included environmental KPIs in their standard funds report, supporting the diffusion of practices among investment teams and clients and stimulating the generation of environmental engagement themes.

Most entities identify topics for discussion with invested companies. During regular engagement meetings or in discussions pre- and post-AGM, some business lines' investment teams are able to push specific subjects, identified as particularly important for the invested company.

A number of investment entities launched specific investment products, targeting more specific environmental impacts by proposing a dedicated offering, which saw continued interest from clients in 2022.

Entity	Products with an environmental focus
Asset Management Europe	• Two Net Zero funds (launched in 2019, Article 9) implementing a transition approach aligned with Paris Agreement – three-year track record, supporting the Polar Pod scientific expedition • Green Bonds fund (launched in 2020, Article 9) contributing to the development of a variety of eco-activities contributing to the transformation of companies and their environmental transition • Dedicated low carbon funds for an institutional investor • Tailor-made high yield climate-oriented strategy for an Italian Bank
Wealth Management UK	• Continued to add new investments within the Exbury strategy (launched in 2018, SFDR Article 8), which in addition to its return objective, actively invests in assets that support the goals of the Paris agreement (net zero global emissions by 2050) and make a positive contribution to the fair transition to a low carbon economy
Merchant Banking	• Five Arrows Sustainable Investments (FASI, launched in 2021, SFDR Article 9) is an impact fund aiming at investing in profitable companies across Europe that aim to have a positive and measurable impact on the environment

Merchant Banking, Five Arrows Sustainable Investments

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

The investment entities defined and implemented stewardship policies driving active engagement with companies in which they invest. In addition, the entities are involved in collective initiatives aiming at promoting environmental best practices as outlined in section 5.3.2 of this report.

Transactions

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

Rothschild & Co has advised on:

- 28 sustainability-driven energy and climate-related transactions, including a broad range of renewables and alternative energy sources, energy transition and circular economy solutions;
  - 7 transactions in renewables;
  - 7 transactions in renewables platforms;
  - 10 transactions in energy transition; and
  - 4 transactions in the circular economy.

These 28 transactions totalled an approximate valuation of over €41 billion.

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

Debt advisory has helped companies raise over €18 billion in sustainability-linked financing products.

ESG credentials are increasingly critical in retaining and attracting capital to deliver optimal outcomes for clients.

A dedicated **ESG Advisory** team supports clients by combining dedicated ESG expertise with deep sector experience and the ongoing development of sector specific integrated ESG knowledge. Examples of projects for clients in 2022 include:

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

As part of its **Global Advisory** services, the Group is conscious of the need to manage **environmental risks in relation to clients and transactions**. The Group's Client Due Diligence Policy provides for consideration of potential reputational risks that may arise from various sources, including, but not limited to, the nature or purpose of a proposed transaction or service, the identity, location or activities of a potential client and the regulatory or political context in which the business will be transacted (including any potentially controversial environmental or social impact of the contemplated transaction or a client's primary business activities). For more detail see Section 5.2.3 above.

Operational impact

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

Overview of the strategic approach to operational environmental management

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

Commitments and targets

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

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

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

Focus is on REDUCTION of the Group's operational greenhouse gas emissions and impact on natural resources as much as possible.

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

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

To support the reduction efforts, the Group has set an Internal Carbon Price (ICP), which is charged to all business units annually based on actual emissions at €60 per tonne of CO_2e (2022). This mechanism places a monetary value on operational GHG emissions and is a way to responsibly influence emissions within all business lines, including those related to travel.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Philanthropy

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

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

Key Figures

Overview market-based operational footprint – facts and figures[1]

	2018 (baseline)	2019	2020	2021	2022
TOTAL GHG EMISSIONS (tCO_2EQ)	**29,711.2**	**27,613.3**	**10,822.0**	**8,752.2**	**18,031.2**
Scope 1 (tCO_2eq)	932.5	371.6	364.2	421.2	699.8
Scope 2 (tCO_2eq)	2,562.5	2,306.2	1,351.1	930.4	902.6
Scope 3 (tCO_2eq)	26,216.2	24,935.5	9,106.7	7,400.6	16,428.8
There of business travel (tCO_2eq)	*21,466.0*	*20,189.5*	*4,888.6*	*2,790.7*	*10,631.3*
TOTAL ENERGY CONSUMPTION (MWH)[2]	**24,011.6**	**26,216.9**	**21,701.1**	**19,797.0**	**23,255.9**
% renewable electricity	54%	56%	85%	91%	92%
Recycling rate	**40%**	**51%**	**39%**	**38%**	**47%**

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

EU Taxonomy

The Group welcomes the **EU action plan on sustainable finance** and its regulations as an opportunity to enhance transparency in corporate sustainability performance and recognises its potential to create a more level-playing field for sustainability disclosures and activities.

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

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

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

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

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

5.3.3 People & Society

Key risks and opportunities

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

In order to help ensure Rothschild & Co meets its long-term goals, keeps its people and maintains the culture of which everyone is proud, the Group is committed to:

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

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

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

Strategy and risk management

Overview

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

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

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

Operational impact

Diversity & inclusion

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

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

A specific impetus was given in 2022 to:

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

Building an inclusive culture

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

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

Focus on Inclusion – Global Advisory, Paris

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

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

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

Equal opportunities

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

Employee Networks

Employee networks are an important part of the Rothschild & Co's culture and are critical in strengthening its Balance & Inclusion strategy. Each network provides the opportunity for connection and education to ensure employees are fairly represented and to strengthen Rothschild & Co'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 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).

International Women's Day 2022

Colleagues across Rothschild & Co celebrated International Women's Day and the theme #breakthebias, which encourages everyone to call out bias, dismantle stereotypes and inequality, and reject discrimination. Networking events took place across many offices and speaker events were organised in some of the larger offices:

- in London, an event was held with keynote speaker Tracy Edwards MBE to learn how she #brokethebias by becoming skipper of the first all-female crew to sail around the world;
- the Paris office announced its commitment to the nation-wide consultation organised by make.org to gather ideas on how to eradicate gender inequality;
- the North America Women's Network recognised and commemorated International Women's Day by hosting guest speaker Rose Lee, President and CEO of Cornerstone Building Brands. Rose shared valuable advice and life lessons on how she successfully navigated her career within male dominated industries; and
- in Switzerland, colleagues heard from Chris Surel, a leading Performance Recovery and Sleep Coach to share his approach to working in a fast-paced environment.

Advancing efforts to increase representation of women

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

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

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

Women's Leadership Forum

In November 2022, to mark the fifth anniversary of the inaugural Forum, over 150 Partners and Managing Directors from Rothschild & Co attended the Women's Leadership Forum (WLF), for two days of stimulating discussion, debate and reflection. The gathering built upon the legacy of the inaugural Forum in 2017 and provided the opportunity to reflect on the many steps forward Rothschild & Co has made since then, including the creation of Balance & Inclusion committees, a focus on developing inclusive leadership behaviours, policy enhancements, the launch of the Sponsorship and Shine programmes and the Balance & Inclusion survey, to name a few.

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

Measuring progress

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

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

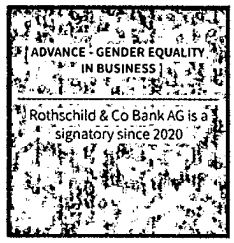
As transparency is a means to drive accountability, Rothschild & Co's results of the survey were communicated to all colleagues, followed by divisional and location specific communication to provide further clarity and detail and will feed into divisional action plans complementing the Group plan.

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

UK Socio-economic survey

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

Public partnerships and commitments



Talent development

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

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

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

Building on changes made to the hiring processes in 2021, this year Rothschild & Co launched an **inclusive interview skills training**, targeting those actively involved in recruitment efforts.

Inclusive recruitment is a key initiative for all business divisions. By ensuring recruitment and development of a diverse team, Rothschild & Co is better able to respond to its global business needs, interact effectively with colleagues across the world and create value for clients. By identifying the very best talent and having a recruitment process that ensures that the values of meritocracy and fair opportunity are upheld, Rothschild & Co ensures the future prosperity of the Group and its people. It is planned to continue to roll out interview skills training more broadly across Rothschild & Co in 2023.

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

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

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

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

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

(1) For more information, please refer to Section 4.1 "Main risks" of this report.

Remuneration

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

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

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

Development and retention

Rothschild & Co offers several structured training programmes:

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

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

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

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

Return to face-to-face training

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

Enhanced career framework

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

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

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

Shine

The Shine programme is a key element of Rothschild & Co's Balance and Inclusion strategy, underpinning the commitment to the retention and career progression of women to more senior leadership positions.

At its core is a two-day workshop for women, designed to maximise individual potential and personal impact. Managers of the participants attend a series of workshops which are designed to build their understanding of the content of the programme and appreciation of the common themes raised by women about their workplace and career experience, and to equip them to actively support their team member's development and progression through and beyond the programme.

Women attending Shine are also offered the opportunity to opt in to 'Shine On', providing them with access to two individual and four group coaching sessions in the year following the programme as well as webinars, tools and resources. Over 300 female Assistant Directors/Principals/Vice Presidents, Directors and Managing Directors across the global business have completed Shine to date and they consistently rate the programme highly.

In 2022, a French language programme of Shine was offered for the first time, bringing the benefits of the programme to a further 36 women who had expressed a preference to attend in French.

Division focus: Wealth and Asset Management

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

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

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

Continued focus on manager capability

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

Promotion programmes

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

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

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

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

Employee wellbeing

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

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

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

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

Policies

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

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

Spotlight: Family Friendly Policy in UK

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

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

Health and Safety

Rothschild & Co 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 conformance standard for offices worldwide, to further strengthen and improve Health & Safety conformance requirements across all offices. More details on the policy and Health & Safety initiatives can be found in Section 5.4.3 of this report.

Human Rights commitments

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

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

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

Modern Slavery

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 its supply chains. This includes the formation of a Modern Slavery Working Group in the UK, formulated as a response to the UK's Modern Slavery Act, that is tasked to consider Modern Slavery risks and the ways in which the business can seek to mitigate them on a risk-assessed basis.

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

Investments

The consideration of social impact is part of the common Responsible Investment Roadmap as detailed in Section 5.2.3 of this report. The Group applies different approaches to responsible investment considering social factors including exclusion, integration and engagement:

Risks	Scope	Policies/frameworks/supporting initiatives
Human Rights violations	Group-wide	Fundamental Principles Investment Policy establishes exclusion of investments in companies which are related to: • Serious human rights violations • Serious violations of the rights of individuals in situations of war or conflict • Gross corruption • Other particularly serious violations of fundamental ethical norms identified by credible third-party sources • Controversial weapons policy establishes exclusion of companies involved in the production of weapons prohibited by the Oslo Convention on Cluster Munitions (2008) and the Ottawa Treaty on Anti-Personnel Mines (1999) • KPIs considered and monitored (*e.g.*, Violations of UNGC and OECD guidelines) • Sustainability Training and awareness actions
Discrimination, inequality, other social issues	Group-wide	• Responsible Investment Roadmap with clear focus on social inclusion • KPIs considered and monitored (*e.g.* Board gender diversity)
	AM Europe	• Principal Adverse Impact policy provides insights on social impacts monitoring • Inclusion & Handicap Equity Fund strategy • Member of two working groups of the Finance For Tomorrow – Investors coalition for a just transition

Opportunities	Scope	Policies/frameworks
Just Transition	Group-wide	• Responsible Investment Roadmap • Thermal Coal Investment Principles: when engaging with companies above the authorised thresholds, investment teams request information demonstrating the credibility of the exit strategy, including the consideration of social aspects including just transition for employees

Integration and engagement

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

Most entities identify topics for discussion with invested companies. During regular engagement meetings or in discussions pre- and post-AGM, some business lines' investment teams can push specific subjects, identified as particularly important for the invested company.

Some investment entities have launched specific investment products, targeting a greater social impact by proposing a dedicated offering. Asset Management Europe's R-co 4Change Inclusion & Handicap fund implements an impact strategy dedicated to Inclusion & Disability and supports the social inclusion company Café Joyeux. In addition, the Group's entities engage in collective initiatives addressing social or governance challenges, as outlined in section 5.2.3 of this report.

Transactions

Rothschild & Co increasingly supports clients in their ambition to integrate sustainability principles into their strategy.

The Group facilitates M&A opportunities to accelerate inclusive growth.

Rothschild & Co acted as sole financial advisor to Phenix on the sale of its 30% minority stake in NOUS Epiceries Anti-Gaspi to Creadev, an evergreen investment firm. NOUS Epiceries Anti-Gaspi is a French operator of grocery stores fighting against food waste by selling products that would otherwise be thrown away in traditional retail channels.

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

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

ESG Advisory utilise insights from investors to help advise companies. In 2022, a key focus for investors has been the impact of the cost-of-living crises and inflation on employees and customers. Diversity commitments and targets beyond the Board and across corporate organisations has also been a key area of discussion. The Ukrainian crisis and the response of companies to this and in particular people impacted has also been a key topic for investors and the Group has supported companies in dialogue with stakeholders on these topics.

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

In addition, policies and procedures for client and mandate on-boarding take into consideration the risks associated with the social profile and impact of the transactions the Group advise on.

Philanthropy

Through R&Co4Generations, the Group supports a range of organisations working to help address and alleviate inequalities, with a focus on enhanced educational opportunities for young people. The fund supports projects which provide young people with opportunities to develop a wide range of skills and talent, and the entrepreneurial mindsets and resilience that they will need in order to face the challenges of the 21st century confidently and effectively.

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

Key Figures

Key indicators over time

	2020	2021	2022
Total employees	**3,587**	**3,816**	**4,201**
Female Assistant Director and above	**24.1%**	**25.4%**	**26.2%**
New hires	**508**	**808**	**851**
Male	61%	66%	59%
Female	39%	34%	41%
Promotions	**353**	**430**	**495**
Male	67%	73%	65%
Female	33%	27%	35%
Graduates	**135**	**135**	**158**
Male	72%	77%	73%
Female	28%	23%	27%
Average tenure > 5 years	**43%**	**39%**	**41%**
Employee turnover	**14%**	**16%**	**13%**

5.3.4 Responsible Business practices

Rothschild & Co places great emphasis on responsible business conduct, based on personal accountability and commitment in the way its employees work with each other, clients and partners.

Key risks and opportunities

The approach to responsible business practices focuses on managing operational risks that have been identified as most material to the Group's business and for its stakeholders.

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

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

There are effective systems and controls in place for risks in relation to conflicts of interest, market abuse, conduct, client due diligence and financial crime (such as money laundering and corruption).

Related frameworks (including policies, procedures and training) are reviewed and refreshed pursuant to the latest laws and regulations applicable to Rothschild & Co's activities. Review activity includes both ongoing and ex-post compliance monitoring and assurance of operational controls. Key performance indicators tracked include completion of mandatory training metrics and capture of applicable management information on internal policy or business process breaches which is presented regularly to senior management.

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

Strategy and risk management

Overview

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

Compliance culture and systems

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

The responsibilities of the Group Legal & Compliance function include, among other things the development and maintenance of compliance policies and procedures, provision of training, production of management information and execution or supervision of monitoring programmes. The function also conducts any required compliance-related investigations and provides advice on compliance aspects of transactional or business processes, facilitation of certain aspects of risk governance or monitoring and review of legislation and regulatory developments. This independent internal control function reports to the Group Head of Legal and Compliance, who is a member of the Group Executive Committee and the Group Operating Committee. The Group Head of Legal and Compliance reports to the Group Executive Committee, the Managing Partner, the Supervisory Board's Risk Committee and to other boards around the Group.

Policies, procedures and guidelines

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 money laundering, bribery and corruption, sanctions, counter-terrorist financing, market abuse and conflicts of interest, among other risks.

Group and local policies and standards relevant to employees are available for them to review on the intranet. Each employee is required to read, understand, and comply with Rothschild & Co's Group policies and other internal rules applicable to their job and undertake all mandatory compliance and other professional training as and when required. This includes relevant regulatory qualifications.

The Group Code of Conduct sets out the Group's standards and expected behaviours and is published on the Rothschild & Co website to ensure visibility for all partners and external stakeholders.

Failure to complete mandatory training or to adhere to the Group Code of Conduct or the firm's policies and other internal rules can result in referrals to senior management (as a part of the 'linking risk and reward' employee performance review and remuneration process).

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

Market abuse

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

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

In 2022, 100% of relevant employees completed Market Abuse training.

Conflicts of interest

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

Group tax policy

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

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

It organises the affairs to manage taxation efficiently, consistent with commercial needs and with a conservative approach to tax risk, in line with the approach to risk across the Rothschild & Co Group. Arrangements will not be entered into, facilitated or promoted without business purpose or commercial rationale, or if outside of the Group's risk appetite, or in conflict with the intention of parliamentary legislation.

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

The Group Tax department proactively identifies and monitors key tax risks throughout the year, taking into account changes in the business and applicable tax legislation, ensuring that the control framework governing tax risk is updated appropriately. The team assists and works with the Finance department to ensure full and timely compliance with the tax reporting and other obligations as required by legislation. It maintains close working relationships with different parts of the business to ensure that the tax implications of transactions and any business changes are fully understood.

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

Tax transparency

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

Financial crime

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

Anti-Money-Laundering and "Know Your Client"

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

The Group's detailed and comprehensive policies and procedures are governing the way in which the Group takes on clients and business. The Group has comprehensive policies and processes aimed at reducing the risk of exposure to financial crime, including money laundering, terrorist financing, sanctions compliance, anti-bribery and corruption and fraud. These policies cover matters from initial due diligence and research into the identity, purpose of relationship, expected activity, source of wealth or funds, and reputation of individual clients, to the ownership and governance structure of corporate bodies and other legal structures.

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

There are specific new client acceptance processes, including committees which look at all matters relevant to the acceptance of new clients considered higher risk. Information relating to all existing clients is periodically re-examined, with Politically Exposed Persons and high-risk clients subject to enhanced due diligence and more frequent review. The Client Acceptance Committees are comprised of senior management, forming part of a disciplined and embedded process to reduce the reputational risk that the Group faces. Environmental and Social risk considerations are embedded in the Group Client Due Diligence Policy. For more details on embedding Environmental and Social risk considerations in these procedures and policies, please refer to Section 5.2.3 of this report.

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

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

Group Financial Crime Compliance has in place an established Oversight and Assurance (O&A) Programme to review the design and performance of key financial crime compliance controls operated by first line functions. This includes testing of AML controls and client due diligence processes. Through a series of testing and thematic assurance reviews the O&A Programme aims to provide suitable assurance by examining financial crime controls across the Group for control and operational effectiveness. Local procedures are also assessed against Group policy requirements to ensure they are applied consistently and correctly across the Group. The programme is applicable to all compliance functions in all regions and seeks to provide second line functions (*e.g.*, regional Compliance teams) with the necessary framework for independently examining the effectiveness of first- and second-line financial crime controls.

Financial Crime Prevention training (AML, CTF, Sanctions, Tax Evasion) is available to all employees globally.

In 2022, 100% of relevant employees completed Financial Crime Prevention training.

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 relevant Group employees are required to complete regular mandatory anti-bribery and corruption training. Relevant employees are expected to be familiar with, and attest to, the Group Anti-Bribery and Corruption (ABC) Policy. The policy gives practical effect to relevant global initiatives such as the United Nations Convention Against Corruption. Clear communications from the Managing Partner at the time of publication of the Group ABC Policy set out the requirements and standards expected from employees. Training completion rates are tracked and monitored.

In 2022, 99% of relevant employees completed Anti-Bribery & Corruption training.

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

There were no incidents of corruption during the reporting year.

Tax evasion prevention

The Group places the utmost importance on its legal and regulatory obligations to prevent tax evasion. A set of principles and standards provide guidance on practices and behaviour, set out in dedicated Group policies and associated Practice Notes (*e.g.*, Group Client Due Diligence Policy, Group Tax Compliance Practice Note). All businesses within the Group must ensure that they have policies and/or procedures in place consistent with these principles.

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

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

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

Political lobbying activity and donations

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

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

Reporting Concerns or Irregularities

Rothschild & Co is committed to conducting business fairly, honestly and with integrity. The Group expects all employees to maintain the highest standards of professionalism and personal conduct, reflective of the Group Code of Conduct, policies, and other applicable rules.

The Group encourages individuals to raise reportable concerns as soon as possible and the Group Policy on Reporting Concerns or Irregularities (whistleblowing) explains how individuals can confidentially escalate matters so that they may be assessed and resolved in a suitable manner. This policy was last updated and approved by senior management in late 2021, with all employees requested to confirm they have read, understood and will comply with the policy in 2022.

Various whistleblowing channels are available to internal and external stakeholders, and individuals may choose to remain completely anonymous by reporting to an independent whistleblowing hotline (Safecall). Individuals making any report in good faith are fully protected against any prejudicial treatment or retaliation. Rothschild & Co will not take any action against the individual for raising a concern, irrespective of whether it is later substantiated.

In 2022, 100% of relevant employees attested to the Group Policy on Reporting Concerns and Irregularities (Whistleblowing).

Data privacy and protection

Data protection

Confidentiality is of paramount importance to Rothschild & Co's client relationships and offering. 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. These expectations are clearly communicated in the Group Code of Conduct.

The businesses communicate openly with their clients in relation to how they use confidential information, including personal data. The Group Data Protection Policy defines the core principles for protecting personal data processed by or on behalf of the Group and helps facilitate compliance with relevant legal and regulatory data protection obligations that the Group must adhere to globally.

In 2022, 97% of employees successfully completed Data Protection training.

Where compliance monitoring, reporting or internal audits reveal any concerns, remedial action is swiftly taken. Systems and controls are regularly tested and reviewed to ensure they are in line with technological developments and regulatory or market practice.

Information Security

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

As technology becomes more complex and sophisticated, so do the cyber risks that businesses face.

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

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

The CISO works very closely with the Group Information Technology (IT) function, and in particular IT Security, which is the first line of defence for implementing the measures considered appropriate to ensure the confidentiality, availability and integrity of information to the standards set by Rothschild & Co Gestion.

The Group Executive Committee has approved a comprehensive Information Security Strategic Plan, that details a wide range of work streams covering the key risks associated with the people, processes and technology in the organisation. The OpCo performs ongoing monitoring of the strategic workstreams and receives quarterly reporting regarding the status of the Information Security programme.

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

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

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

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

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

In order to assess the risk related to third parties who hold or manage Rothschild & Co proprietary or client data and to reduce third party information risk, the Group's Third Party Relationships and Outsourcing Policy defines the approach and expectations in this regard. The Group has formalised standard clauses and security KPIs to be included in new contracts with third parties in coordination with legal departments. Rothschild & Co has engaged a service provider to assess, record and report supply chain related information security risks. The Group performs information security and cyber related risk assessments on its key high-risk suppliers, including those processing personal data or sensitive personal data.

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

Security operations management

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

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

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

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

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

Key Figures

	2021	2022
Market Abuse training completion	-	100%
Financial Crime Prevention training completion	-	100%
Anti-Bribery & Corruption training completion	-	99%
Group Policy on Reporting Concerns and Irregularities (Whistleblowing) attestation	-	100%
Data Protection training completion	96%	97%
Information Security training completion	97%	94%

5.4 Appendix

5.4.1 Universal reference table

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

	Ref.	UN GC	SDG	GRI[1]
Sustainability is strategy				
Group-wide purpose statement, guiding principles and sustainability ambition as part of Rothschild & Co's business model.	Chapter "Overview"	1-10		2-1 2-6
Ambition to support the sustainability transition of the global economy anchored in Group strategy	S.5.1.1			
Clear governance of sustainability matters, taken to the highest level in the organisation	S.5.1.2		16	2-9 2-11 2-12 2-13 2-14
Strategy and risk management				
Non-financial risks and opportunities identified in materiality assessment	S.5.2.1	1-10		3-2
Common set of strategic priorities defined in group wide ESG priority framework	S.5.2.2	1-10	16	
Ongoing stakeholder dialogue: approach and engagement activities	S.5.2.2 S 5.4.2	1-10	16	2-12 2-29
Continuous engagement though external partnerships and public commitments	S.5.2.2	8	5,10,12,13, 15,16	2-28

	Ref.	UN GC	SDG	GRI[1]
ESG risk and opportunity considerations across the business model				
Group-wide responsible investment framework and investment roadmap for 2022-2025; investment process, disclosure, reporting, measurement and training	S.5.2.3	1,2,6,7,9, 10	7,10,13,16	3-3
ESG consideration in Global Advisory activities through the ESG advisory practice, M&A and sustainable finance transactions and client on-boarding	S.5.2.3	2,5,7,9,10	7,12,13	
ESG considerations (incl. human rights) in selection of other supply chain partners	S.5.2.3	1-10	16	2-6
R&Co4Generations as dedicated philanthropic platform	S.5.2.3	6,7,8	5,10,13,15	413-1
Implementation and performance				
Key progress highlights ESG integration	S.5.3.1	1-10	16	
Performance against SFDR objectives and voting coverage for our investment products	S.5.3.1		16	
Environment				
Climate and nature-related risks and opportunities for the Group's operations and business lines	S.5.3.2	7,8,9	13	201-2
Strategy to invest in assets which support the transition to a low carbon economy and/or aim to protect or preserve biodiversity	S.5.3.2	7,8,9	13,15	302-5 304-2
Environmental operational commitments, targets and objectives: managing operational GHG emissions	S.5.3.2	7,8,9	7,12,13,15	302-1 302-3 302-4 304-3 305-1 305-2 305-3 305-4 305-5
Environmental operational commitments, targets and objectives: responsible consumption and resource use contributing to biodiversity protection and preservation	S.5.3.2	7,8,9	10,12,15	301-1 301-2 304-3 306-3 306-4 306-5
Philanthropic support for protection of biodiversity and avoidance of climate change	S.5.3.2	7,8	13,15	
People and Society				
Key people and society-related risks and opportunities for the Group's operations and business lines	S.5.3.3	1,2,3,4,5,6	5,10	
Diversity and inclusion commitments, targets and objectives	S.5.3.3	3, 6	5,10	405-1
Policies and initiatives to encourage diversity and inclusion and create an environment of equal opportunity and partnership				
Developing the best talent/training opportunities	S.5.3.3	6	5,10	404-1 404-2 404-3
Safeguarding physical, mental and emotional health, safety and wellbeing of employees	S.5.3.3			403-6
Human rights commitment and policies implemented in line with the main provisions of the International Labour Organisation's fundamental conventions on Human Rights	S.5.3.3	1,2,3,4,5,6	5,10,16	407-1 408-1 409-1 412-1
Philanthropic support to help address and alleviate inequalities	S.5.3.3	6	5,10	413-1

	Ref.	UN GC	SDG	GRI[1]
Responsible business practices				
Key compliance and business conduct-related risks	S.5.3.4	1,2,3,4,5,6, 10	16	
Group Code of Conduct sets out standards and expected behaviours	S.5.3.4	1,2,6,7,10	16	2-3 2-15
Tax transparency and prevention of tax evasion backed up by a strong tax governance	S.5.3.4	10	16	207-1 207-2
Process, policies and training in place around Anti-Money-Laundering and "Know Your Client"	S.5.3.4	10	16	
Zero tolerance approach to all forms of corruption and bribery: standards, policies and training in place	S.5.3.4	10	16	205-1 205-2
No engagement in political lobbying activity and donations	S.5.3.4	10	16	415-1
Reporting Concerns or Irregularities (whistleblowing)	S.5.3.4	10	16	102-17
Managing data privacy and confidentiality risks and preserving the integrity of clients' and partners' data	S.5.3.4		16	
Additional information disclosed				
Fostering quality social dialogue and collective bargaining agreements	S.5.3.4	3, 6	5,10	2-30
Other disclosures on employee health and safety	S.5.3.4			403-1 403-2 403-3 403-5 403-8
Other disclosures on employee headcount distribution and relating to diversity and inclusion, hiring and development	S.5.3.4	6	10	102-8
Reporting period for the information provided	Section 2.1 of the 2022 Consolidate d Financial Statement			2-3
General governance structure of the organisation	Chapter "Overview"		5,16	2-9
Effect of any restatements of information given in previous reports, and the reasons for such restatements	S.5.4.5			2-4
Statutory Auditors' opinion: external assurance	S.5.4.5			2-5

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

5.4.2 Stakeholder dialogue

Maintaining ongoing dialogue with the Group's stakeholders enables the business to take their interests into account, identify changes in expectations and ensure relevant information is shared transparently. In accordance with the definition provided by the GRI Guidelines, Rothschild & Co Group'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. The below table provides an overview of all potential stakeholder groups, the key topics covered through engagement[1] (in particular, Sustainability matters), as well as the channels used to foster constructive dialogue each time. Rothschild & Co Group has identified as key stakeholders, its shareholders, potential investors and analysts, clients, employees and future talent.

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

Key stakeholder group	Key topic and concerns	Engagement approach
Employees Transparent and direct communication between our employees and the leadership team is an important part of the firm's culture. These opportunities provide employees with updates on latest developments, priorities and initiatives, and employees are given the chance to raise questions about the Group, in person or anonymously.	• Employee wellbeing & workplace flexibility • Talent attraction, development, and retention • Diversity, Balance & Inclusion • Cybersecurity • Climate Change • Biodiversity • Human Rights • Socio-economic inequalities • Philanthropic activities	• All-staff, or departmental townhall meetings with Senior Management • Internal email, and/or intranet articles (authored by senior representatives) • Thematic awareness and engagement campaigns, including voluntary workshops and expert talks (e.g. Climate action; cybersecurity; Pride month; Black History month, Culture Cafe; UK EMbrace Network; UK Women's Network) • Volunteering opportunities for local philanthropic activities (e.g. Garden School Foundation; *Moi dans dix ans*; Enactus) • Surveys and other feedback mechanisms (e.g. Balance and Inclusion; Climate Action Weeks surveys) • Breakfast meetings and luncheons with Senior Management • Training opportunities (e.g launch and promotion of Rothschild & Co's Sustainability Academy, containing modules exploring the clear and concise explanations on climate change and biodiversity loss, as well as a regulation academy for employees to learn about upcoming disclosure requirements) • Company-wide initiatives (e.g. Act for Humanity challenge: global competition between employees to improve their mental and physical wellbeing and create more sustainable habits while raising funds for refugee charities across the globe)
Rothschild & Co shareholders + potential investors and analysts As a listed company, Rothschild & Co places highest importance in complying with applicable listing rules regarding transparency. Accordingly, it discloses the information that is necessary to investors and shareholders to assess the Group's situation and outlook in both French and English language.	• Financial performance • Sustainability approach and key metrics • Group and business strategy • Outlook • Transparency	• Annual shareholder meetings • Quarterly results • Press releases • Group Annual Report and Group Sustainability Report • Questions & answers sessions • Executive Management meetings with investors and analysts • Roadshows • Corporate announcements and reportage *via* the Group's website and social media channels (e.g. announcement of the Group's Carbon Removal partnerships) • Investor Relations section of the website
Clients and business partners A close dialogue with clients and business partners is essential to building the lasting relationships and network that underpin the business' success. Regular events help clients understand the business and engage in discussions about industry trends and challenges. Communication focuses on knowledge sharing and offers opportunities for outside inspiration.	• Service excellence • Thought leadership • Quality of advice • Transparency • Data protection • Confidentiality • Climate change and biodiversity • Responsible investment and stewardship • ESG integration	• Event organisation and sponsorship (e.g. Rothschild & Co and Redburn renewable energy conference) • Corporate announcements and reportage *via* the Group's web and social media channels (e.g. Announcement of the Group's Carbon Removal partnerships) • ESG reports, thought leadership publications (incl. editorials, podcasts, videos) • Direct meetings • Organisation and/or participation in round tables • Survey
Future talent Talented individuals are given the opportunity to learn about Rothschild & Co and its diverse career opportunities and to network with Rothschild & Co employees. These opportunities provide first-hand insights into the expectations of future talent towards the Group as an employer.	• Employee wellbeing & workplace flexibility • Talent attraction, development, and retention • Diversity, Balance & Inclusion	• Career fairs • Networking luncheons and dinners • Events • Corporate announcements and reportage *via* the Group's web and social media channels (e.g. R&CO4Generations supported projects) • Global mobility opportunities

Key stakeholder group	Key topic and concerns	Engagement approach
Social dialogue (trade unions, France only) Employee representatives are given access to a comprehensive economic and social database, including comparative data on employees by gender and age on all aspects of working life. This gives employee representatives an informed view, on which to form their opinion each year during the consultation on social policy.	• Employee wellbeing & workplace flexibility • Talent attraction, development, and retention • Socio-economic inequalities • Diversity, Balance & Inclusion • Equal opportunities • Health & Safety • Collective bargaining • Transparency	• At least monthly social dialogue between employee representatives in France and a member of management, including procedures for information, consultation, and negotiation with employees.
Social enterprises and charities Through R&Co4Generations, a dedicated platform for philanthropic partnerships, Rothschild & Co maintains close dialogue with social enterprises and charities, discussing opportunities for partnership, knowledge sharing or other collaborations.	• Socio-economic inequalities • Community support • Partnership and collaboration • Human Rights • Diversity, Balance & Inclusion • Climate Change • Biodiversity	• Competition, awards • Global flagship projects • Fundraising and partnership opportunities applications • Pro-bono advisory projects • Matched-giving initiatives • Volunteering activities • (Please refer to R&Co4Generations' progress report 2021/22 for more detailed information)
Suppliers and third-party contractors The Group is committed to encouraging responsible business practices throughout its operational supply chain and dialogue, aiming to ensure all parties are working with each other to build a relationship of respect, trust, and transparency.	• Responsible business practices • Fundamental ethical, social, and environmental principles • Fair payment conditions	• Supplier Code of Conduct • Direct engagement as part of contract negotiations • TPR and onboarding processes
Financial Market Authorities and regulators Our dedicated functions have a collaborative and transparent dialogue with regulators. This aims to ensure the Group meets prudential and regulatory compliance standards.	• Transparency & public accountability • Compliance with regulation	• Annual Report disclosures • Various filings with regulators on a periodic basis
International organisations, local and international networks, think tanks Through the support of multistakeholder initiatives, the Group's dedicated functions interact with the wider society and the International organisations, networks and alliances aiming to represent their interests.	• Transparency • Diversity, Balance & Inclusion • Climate change • Partnership • Knowledge exchange	• Rothschild & Co is an active member and contributor to a few selected multistakeholder initiatives and keeps an open dialogue with these groups/activities • Group-wide public commitments and the partnerships through which the Group and its businesses publicly advocate for and engage with its stakeholders in sustainable development initiatives (please refer to the overview of partnerships and public commitments in section 5.2.2 for more information)
Extra-financial rating agencies The Group is committed to providing transparent and quality information on its extra-financial performance and holds regular dialogue with non-financial analysts to ensure its activities can be evaluated against ESG criteria.	• Transparency • Sustainability approach and key metrics • ESG integration and governance	• Annual report • Public policies and commitments on our website • Sustainability report disclosures

5.4.3 Operational impact and people culture

Diversity and inclusion

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

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

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

Employee age profile	2020	2021	2022
<30 years	23%	25%	26%
30 to 39 years	29%	29%	30%
40 to 49 years	25%	25%	23%
>50 years	22%	22%	21%
TOTAL	**100%**	**100%**	**100%**

Employee gender profile	2020	2021	2022
Male	60%	60%	60%
Female	40%	40%	40%
TOTAL	**100%**	**100%**	**100%**

Average tenure of employees	2020	2021	2022
Below 2 years	25%	28%	35%
2-5 years	32%	33%	24%
5-12 years	22%	23%	24%
Above 12 years	21%	16%	17%
TOTAL	**100%**	**100%**	**100%**

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

New hires by gender	2020	2021	2022
Male	61%	66%	59%
Female	39%	34%	41%
TOTAL	**100%**	**100%**	**100%**

Talent identification and development	2020	2021	2022
Number of paid internships	348	257	565
Graduates	135	135	158
thereof female	*28%*	*23%*	*27%*
Promotions	345	430	495
thereof female	*33%*	*27%*	*35%*

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

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

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

Social dialogue

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

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

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

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

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

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

Health & Safety

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

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

Rothschild & Co locations:

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

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

In 2022, there were ten reportable workplace accidents and no near misses. All reported accident and near miss data were classified as "not concerning". Accident reporting requirements are in accordance with local legislation and are not comparable between office locations.

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

Work organisation

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

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

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

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

5.4.4 Operational environmental impacts

Operational greenhouse gas emissions[1]

Greenhouse gas emissions in tCO_2eq[2] as reported		2020	2021	2022
Direct emissions (Scope 1)	Natural gas	138.1	157.1	89.8
	Bioenergy	0.9	0.7	1.0
	Other fuel	36.2	55.7	48.3
	Company cars[3]	189.1	204.1	549.5
	Refrigerant gas loss/other fugitive emissions[4]	0.0	3.6	11.1
Total Scope 1		**364.2**	**421.2**	**699.8**
Indirect emissions (Scope 2)	Electricity consumption (location-based)	2,790.8	2,251.6	2,550.6
	Electricity consumption (market-based)	1,068.0	635.0	577.6
	Heat and steam consumption	283.1	284.7	307.3
	District cooling[5]	0.0	9.7	15.6
	Company cars (electric cars)[6]	0.0	1.0	2.1
Total Scope 2 (location-based)		**3,073.9**	**2,547.0**	**2,875.7**
Total Scope 2 (market-based)		**1,351.1**	**930.4**	**902.6**
Indirect emissions from travel (Scope 3)	Business travel – Flights	4,322.0	2,155.6	9,583.6
	Business travel – Rail	44.9	42.5	116.6
	Business travel – Taxis	150.6	210.1	307.3
	Hotel stays	92.3	97.3	416.0
	Car rentals and reimbursed vehicle trip	278.8	285.3	207.8
Total emissions – Travel		**4,888.6**	**2,790.7**	**10,631.3**
Other emissions (Scope 3)	Materials	106.6	94.0	136.9
	Recycling and disposal	19.8	17.8	53.5
	Employee commuting[8]	-	-	1,449
	Remote working[8]	1,402.7	1,594.9	154.2
	Water	29.7	9.7	12.0
	IT equipment and server use (location-based)	1,169.2	1,512.9	1,560.2
	IT equipment and server use (market-based)	1,163.1	1,515.5	1,560.6
	Electricity Transmission and Distribution Losses (location-based)	269.2	179.6	218.4
	Electricity Transmission and Distribution Losses (market-based)	268.9	179.6	218.4
	Upstream emissions (WTT) (location-based)	1,225.9	1,198.2	2,213.0
	Upstream emissions (WTT) (market-based)	1,227.3	1,198.2	2,213.0
Total emissions – Other (location-based)		**4,223.1**	**4,607.2**	**5,797.2**
Total emissions – Other (market-based)		**4,218.1**	**4,609.9**	**5,797.6**
Total Scope 3 (location-based)		**9,111.7**	**7,397.9**	**16,428.3**
Total Scope 3 (market-based)		**9,106.7**	**7,400.6**	**16,428.8**
TOTAL SCOPE 1, 2 & 3 (LOCATION-BASED)		**12,549.8**	**10,366.1**	**20,003.8**
TOTAL SCOPE 1, 2 & 3 (MARKET-BASED)		**10,822.0**	**8,752.2**	**18,031.2**

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

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

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

Scope 2 market-based emission remained globally stable. Electricity consumption increased slightly but that was compensated by more electricity purchased from renewable sources, increased to 92% in 2022.

Scope 3 emissions increased significantly in 2022 due to higher business activity. Although Q1 business travel was still impacted by the pandemic, Q2, Q3 and Q4 saw a return to 'business as usual' travel emissions. As a result, air travel-related emissions increased by c. 7,428 tCO_2eq/345% from 2021.

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

Greenhouse gas emissions/FTE[1]

	Location-based			Market-based		
Emissions tCO_2eq/FTE	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
FTE	3,512	3,744	4,127	3,512	3,744	4,127
Scope 1	0.10	0.11	0.17	0.10	0.11	0.17
Scope 2	0.88	0.68	0.70	0.38	0.25	0.22
Scope 3 (ALL)	2.60	1.98	3.98	2.60	1.98	3.98
SCOPE 1 AND 2	**0.98**	**0.79**	**0.87**	**0.49**	**0.36**	**0.39**
SCOPE 1, 2 AND 3 (ALL)	**3.57**	**2.77**	**4.85**	**3.08**	**2.34**	**4.37**

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

Recycling and disposal

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

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

(1) Total emissions, including collected and extrapolated data.

Water use

Water consumption in m^3 *(extrapolated)*	2020	2021	2022
TOTAL WATER CONSUMPTION	**45,210**	**39,837**	**44,967**
Total /FTE	12.87	10.64	10.90

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

Materials use

Materials use in tonnes *(extrapolated)*	2020	2021	2022
Recycled content/sustainable sources	102.0	92.0	113.3
Non-recycled content/non-sustainable sources	12.5	11.5	24.8
TOTAL MATERIALS CONSUMPTION	**114.5**	**103.5**	**138.1**
Total/FTE	0.03	0.03	0.03

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. Responsible management of materials use is embedded in the Group's working practices.

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

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

Energy use

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

Due to a significant increase in office occupancy levels as well as an increase in Group FTE in 2022, when compared to 2021, the total energy use by offices has increased by 3,459 MWh.

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 a Group environmental conformance standard for offices worldwide, and which the Group regularly monitors and uses to improve continuously.

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

5.4.5 Methodology

Reporting of sustainability information – process for the 2022 reporting period

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

- L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code *(Code de commerce);*
- Global Reporting Initiative (GRI) principles (please refer to the universal reference table in Section 5.4.1 of this report);
- Principles of the United Nations Global Compact (please refer to the universal reference table in Section 5.4.1 of this report);
- Standard of the Greenhouse Gas Protocol initiative by the World Resources Institute; and
- United Nations Sustainable Development Goals.

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

The initiatives, policy references and data presented in this report aim to provide an accurate and complete reflection of the Group's sustainability strategy and performance on the most relevant topics as identified in the annual materiality assessment of non-financial risks (please refer to Section 5.2.1 of this report) and presented in the Group's ESG priority framework (please refer to Section 5.2.2 of this report).

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

In line with Article R.225-105 of the French Commercial Code, the Managing Partner engaged KPMG to provide an **independent limited assurance** conclusion on the consolidated non-financial statement in compliance with the International Standard on Assurance Engagements (ISAE) 3000 (please refer to Section 5. 4 of this report).

It should be noted that due to its business activities, the following Corporate Responsibility issues are **not considered as relevant** to Rothschild & Co: food waste, responsible, fair and sustainable food, fight against food insecurity and respect for animal welfare.

Reporting scope

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

- Completeness: all fully consolidated entities within Rothschild & Co (excluding joint ventures) are included in the 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.

Human Resources

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

Environment, Health and Safety

- Reporting offices: Birmingham, Brussels, Dubai, Frankfurt, Geneva, Guernsey, Hong Kong, Johannesburg, Leeds, London, Los Angeles, Luxembourg, Lyon, Madrid, Manchester, Marseille, Milan, Monaco, Mumbai, New York, Paris, São Paulo, Singapore, Sydney, Warsaw, Washington DC, Wilmslow and Zurich.
- Headcount covered: 94%.
- **Data sources:**
  - The environment reporting software tool references a large database of over 100,000 emission factors, sourced from over 350 different institutions, such as the UK government Department for Business, Energy and Industrial Strategy (BEIS), the Intergovernmental Panel and Climate Change (IPCC) and national government data from reporting countries such as the USA EPA and the Canadian NIR.

- The emission factors are automatically selected and applied to data based on geographical and temporal relevance, so that country-specific conversions are applied leading to the most accurate estimate of GHG emissions. There are over 300 different units of measurement available for the entry of data, and conversion of these to standard units for reporting is again automatic and location specific. The emissions factor database is accredited as Gold Software by the CDP (formerly the Carbon Disclosure Project) and a team of analysts ensure that all factors are reviewed and updated when source publications provide new releases. The system is independently assured by PricewaterhouseCoopers.
- Greenhouse gas emissions for energy consumption were calculated using 2022 Department for Business, Energy and Industrial Strategy (BEIS) emissions factors and the resulting emissions are reported as tonnes of carbon dioxide equivalent (tCO_2eq) values.
- Refinements in data collection resulted in an increased robustness of final data. Where assumptions, estimates or changes were made, this is explained.

- **Methodology:**
  - GHG emissions are extrapolated to cover 100% of Rothschild & Co. This extrapolation provides a more complete synopsis of the Group's operational emissions.
  - Full-time equivalent (FTE) data is provided from Workday per 31 December 2022, with third party service providers or contractor employee headcount not captured. A ratio is applied to the total Group FTE headcount based on the offices included in the reporting scope. The result is used to calculate the impact per FTE. Impact per FTE is used to normalise the total impact against headcount.
  - The Group's greenhouse gas emissions reporting is in respect of its operational activities and includes Scope 1 and 2 emissions and Scope 3 emissions relating to business travel, water supply and wastewater treatment, materials use, resources disposal and recycling, electricity transmission and distribution losses, employee commuting, remote working, IT equipment and server use, hotel night stays and upstream or well-to-tank emissions. Emissions are reported as carbon dioxide equivalent or CO_2eq. In line with best practice, the Group produces a "dual report", reporting both location- and market-based for Scope 2.
  - A "Group average intensity" figure for electricity consumption has been used in 2022. This assumes an electricity consumption of 98 kWh/m^2 of office space per year. In total, this figure was used by four offices: Dubai, Leeds, London Adam St and London Lombard St.
  - In 2022, a Group "average energy intensity" figure was used to help offices estimate their annual direct energy consumption. Where no direct energy data was available for the building, the office direct energy consumption was based on the Group's average natural gas intensity consumption per m^2. The "Office area" indicator that has been entered by the reporting office was then be multiplied by the average natural gas intensity consumption per m^2. Four offices (Birmingham, Leeds, London Adam St and London Lombard St) used average intensity figure to estimate their natural gas consumption.
  - The locations-based methodology uses energy grid average emission factors in location specific geographies and over specific timeframes and allows the Group to compare emissions year-on-year. 2022 emissions reporting shows the summary in absolute emissions and relative emissions per full time equivalent employee for each scope. This has enabled the identification of true fluctuations across the three scopes on a per FTE basis.
  - In 2021, refrigerant gas has been added as additional indicator and has been used again in 2022.
  - Employee-owned cars had been added to the reporting scope in 2021 for the first time. In 2022, this category was rephrased "Car rentals and reimbursed vehicle trips" to also include car rentals.
  - The category "Company cars" was added in 2022 to replace previous "Company-owned cars" and "company-leased cars" as they are both used for work-related travel. As such, emissions from company cars are both included in Scope 1 emissions.
  - The methodology used for estimating emissions from employee commuting and remote working has changed in 2022. Instead of relying of an internal employee survey, in 2022 average commuting data was used, from the database Numbeo Traffic. This database uses surveys of people across the globe on their commuting habits and distances, including working from home habits – and provides estimates at country and town level. For the five big countries of operation, average remote working data and commute distances per person per day were assigned for each mode of transport (Car, Rail, Bus/Metro, Walking, Cycling, Motorbike, Tram). Emission factors are then assigned for each mode of transport and for remote working. This was then multiplied by the FTE for each of these countries and by the average number of working days per year. The data obtained was extrapolated to the remaining part of the FTEs across the Group, to get a full account of GHG emissions related to employee commuting and homeworking.
  - Data for leased vehicles was missing for Madrid in 2020, a correction has been made to WTT. The errors were less than 0.5%, total numbers have been restated.

Global advisory

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

Responsible Investment

Voting Coverage

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

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

	Reported *(Number of companies)*	**Definition and data collection**
Asset Management Europe	79	Individual dialogue with issuers Number is monitored by the ESG & Financial Analysis team through internal monitoring files
Wealth Management UK	9	Engaging with companies" defined as two-way interaction with company or investors Responsible investment specialists are either involved in or notified about any engagements

Labelled products

Asset Management Europe	• French ISR label: R-co 4Change Equity Euro, R-co 4Change Convertibles Europe, R-co Opal 4Change Equity Europe, R-co Valor 4Change Global Equity, R-co 4Change Net Zero Equity, R-co 4Change Net Zero Credit, R-co 4Change Inclusion & Handicap • Belgian Towards Sustainability label: R-co 4Change Green Bonds, R-co Opal 4Change Sustainable Trends, R-co Valor 4Change Global Equity, R-co 4Change Moderate Allocation

Funds with donation shares

Asset Management Europe	• R-co 4Change Net Zero Equity (Polar POD), R-co 4Change Net Zero Credit (Polar Pod), R-co 4Change Inclusion & Handicap Equity (Café Joyeux)

5.5 Report by one of the Statutory Auditors, appointed as independent third party, on the verification of 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 2022

To the Shareholders,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the French Accreditation Committee (COFRAC) under number 3-1884[1], we have undertaken a limited assurance engagement on the historical financial information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended December 31st, 2022 (hereinafter, the "Information" and the "Statement" respectively), presented in the Group's management report pursuant to the legal and regulatory provisions of Articles L. 225102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Conclusion

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

Preparation of the non-financial performance Statement

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

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

Inherent limitations in preparing the Information

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

(1) Accreditation Cofrac Inspection, number 3-1884, scope available at www.cofrac.fr

Responsibility of the entity

The Managing Partner is responsible for:

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

The Statement has been prepared by the Management Board

Responsibility of the Statutory Auditor, appointed as independent third party

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

- The compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- The fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e., the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information".

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

It is not our responsibility to report on:

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

Applicable regulatory provisions and professional guidance

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

Our independence and quality control

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

(1) ISAE 3000 (Revised) - *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

Means and resources

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

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

Nature and scope of procedures

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

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

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector;
- We verified that the 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 anti-corruption and tax avoidance legislation;
- 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 main risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the 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 products 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 main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented;
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important[1]. Concerning certain risks[2], our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities[3].
- 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;

(1) Management levels gender diversity policy and results; Inclusion awareness actions and results; Mental and physical well-being prevention actions; Supplier code of conduct; Investment policies to limit environmental impacts; Biodiversity-oriented partnerships; Business ethics prevention measures and results; Data protection and privacy policies.
(2) Human rights; Compliance culture & financial crime; Data privacy & protection; Socio-economic inequalities.
(3) Rothschild&Co Paris; Rothschild&Co Zurich; Rothschild&Co Frankfurt.

- We obtained an understanding of internal control and risk management procedures the Entity has implemented and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes that we considered to be the most important[1], we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing entities[2] and covers between 22% and 33% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

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

Paris-La Défense, on 7 March 2023

KPMG S.A.

Arnaud Bourdeille	Anne Garans
Partner	ESG Expert

(1) Social indicators: Total training hours; Percentage of female AD and above; Number of promotions (wherein part of female); New hires (wherein part of female); Employee turnover.

(2) Environmental indicators: Total GHG emissions (scope 1, 2 and 3); Total energy consumption (wherein part of electricity from renewable sources); Landfilled waste; Total waste (wherein part of recovered); Percentage of printing paper from sustainable sources

6

Report on corporate governance

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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. It has been approved by the Supervisory Board on 7 March 2023 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'entreprise des sociétés cotées)* (revised in December 2022) 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 in Section 6.2.9 of this report.

6.1 The Managing Partner, Rothschild & Co Gestion

6.1.1 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 the Company'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" or 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-year financial statements of the Company;
- sets the agenda and prepares the draft resolutions of the General Meetings; and
- convenes the General Meetings.

The directorships and positions held by the Managing Partner as at 31 December 2022 are presented below:

Rothschild & Co Gestion SAS

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 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

6.1.2 Organisation

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 laws or the articles of association of Rothschild & Co Gestion. The Executive Chairman is the sole legal representative of Rothschild & Co Gestion.

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 in 2024 to approve the financial statements of the previous financial year.

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 applicable to Rothschild & Co as a financial holding company supervised on a consolidated basis by the ACPR.

The profile, the expertise and experience as well as the directorships and positions of Alexandre de Rothschild as at 31 December 2022 are presented below:

Alexandre de Rothschild

Executive Chairman of Rothschild & Co Gestion, the Managing Partner of Rothschild & Co

Age: 42 (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 has been managing partner of Rothschild Martin Maurel (formerly Rothschild & Cie Banque) and Rothschild & Cie. 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 has been the Executive Chairman of Rothschild & Co Gestion.

(1) Listed company.

Other directorships and positions held within the Group

- Managing partner of Rothschild Martin Maurel SCS
- Managing partner of Rothschild & Cie SCS
- Chairman of Aida SAS
- Chairman of Cavour SAS
- Chairman of Verdi SAS
- Chairman of K Développement SAS
- 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)
- Member of the Supervisory Board of Rothschild & Co Wealth & Asset Management

Directorships and positions held outside the Group

- Member of the Board of Directors of Bouygues SA[1]
- Member of the Board of Directors of Rothschild & Co Concordia SAS
- Chairman of Rothschild & Co Commandité 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 RCB Partenaires SNC
- Chairman of Financière de Tournon SAS
- Chairman of Adanao SAS
- Chairman of Pendjab SAS
- Chairman of Financiere Messine 1 SAS
- Managing partner of Société Civile du Haras de Reux SC
- Managing partner of SCI 38 Bac

Directorships and positions expired over the past five years

- Chairman of Rothschild & Co Wealth & Asset Management SAS (formerly Martin Maurel SA) (until 2022)
- Chairman of SCS Holding SAS (until 2022)
- Chairman of Financière de Rabelais SAS (until 2022)
- Member of the Supervisory Board of Martin Maurel SA (until 2021)
- 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 Limited (Scotland) (until 2018)

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 of the Managing Partner.

The Management Board of Rothschild & Co Gestion

The Management Board is a collegial body of Rothschild & Co Gestion composed of the Executive Chairman and of Managing Partners of Rothschild & Co Gestion 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 2022, the Management Board was composed of the following Managing Partners of Rothschild & Co Gestion, alongside the Executive Chairman, who chairs the meetings and sets their agenda:

- Javed Khan;
- Robert Leitão, Co-Chairman of the Group Executive Committee; and
- François Pérol, Co-Chairman of the Group Executive Committee.

The Management Board shall meet at least six times a year, ahead of the meetings of the Supervisory Board and its specialised committees, so as to in particular enable an adequate preparation and review ahead of presentations to the Supervisory Board and its committees.

In addition to these meetings, in order to maintain the proper and consistent functioning of the Group management and supervision and to streamline the process of information of the Management Board, the Management Board shall meet more frequently if so required by the Chairman.

A short biography of each member of the Management Board is available on the Company's website (www.rothschildandco.com).

6.1.3 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 lines 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 2022, the Group Executive Committee was co-chaired by Robert Leitão and 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);
- Elsa Fraysse (Secretary General, Group Head of Legal and Compliance);
- Laurent Gagnebin (Head of Rothschild & Co Bank AG);
- Javed Khan (Managing Partner - Head 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 (Deputy Head, Wealth and Asset 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); and
- Jonathan Westcott (Chairman of Legal and Compliance).

The Executive Chairman of the Managing Partner is invited to attend all the Group Executive Committee meetings.

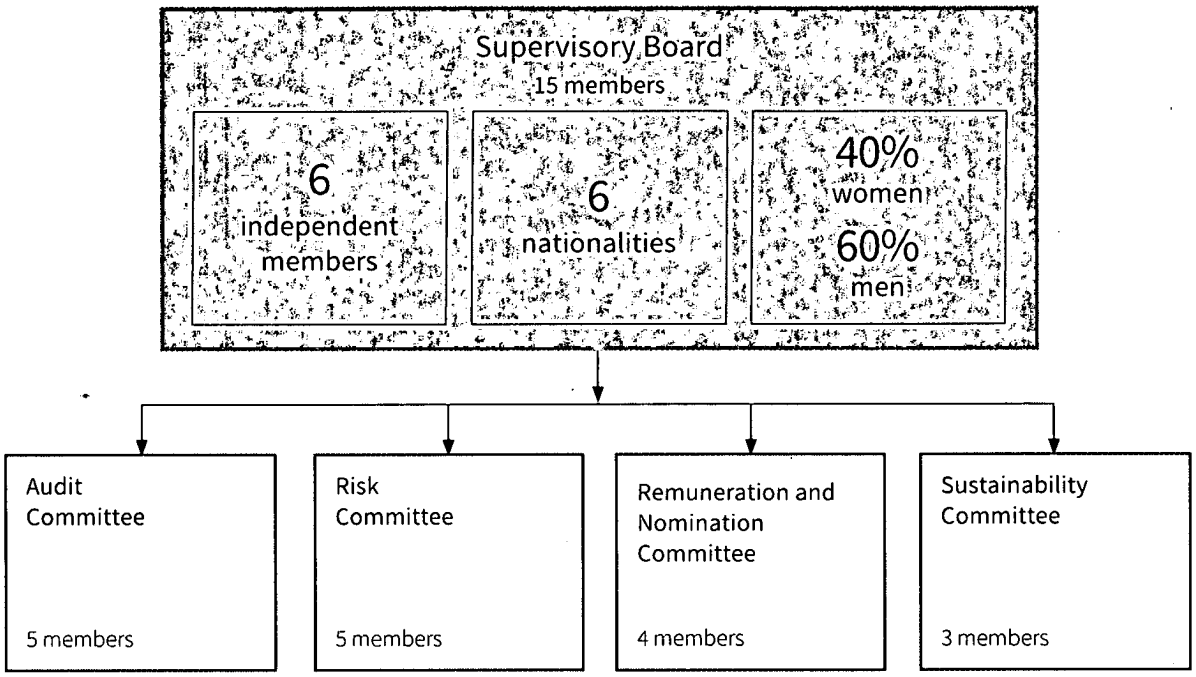
The Group Executive Committee meets at least eight times per annum or more frequently as required.

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

The main missions of the Group Executive Committee are presented in Section 4.2.3, paragraph "Group Executive Committee" of this report.

6.2 The Supervisory Board

The Supervisory Board is responsible for the ongoing supervision of the management of the Company by the Managing Partner. To do so, it is assisted by four specialised committees.



6.2.1 Composition of the Supervisory Board

In accordance with the Company's articles of association, the Supervisory Board shall consist of six to 18 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 at 31 December 2022, no Supervisory Board members terms of office exceed three years, in line with the Afep-Medef Code recommendations which provides that the duration of directors' terms of office should not exceed four years. In addition, terms of office are staggered to avoid replacement of the entire body and to favour a smooth replacement of Supervisory Board members.

Members of the Supervisory Board as at 31 December 2022

	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	Sustainability Committee
David de Rothschild *(Chairman)* French 80 years old	M	2,520	1	■	17 May 2018	AGM 2024	4 years and 7 months				
Marc-Olivier Laurent *(Vice-Chairman)* French 70 years old	M	132,967	1	■	19 May 2022	AGM 2025	7 months				
Éric de Rothschild *(Vice-Chairman)* French 82 years old	M	12	0	■	29 October 2004	AGM 2023	18 years and 2 months				
Lucie Maurel-Aubert *(Vice-Chairwoman)* French 60 years old	F	12,600	2	■	8 June 2012	AGM 2024	10 years and 6 months				■ ■
Adam Keswick *(Vice-Chairman)* British 49 years old	M	3,300	6(1)	■	29 September 2016	AGM 2023	6 years and 3 months				
Gilles Denoyel French 68 years old	M	675	1	■	14 May 2020	AGM 2023	2 years and 7 months	■	■		
Sir Peter Estlin British 61 years old	M	250	0	■	10 March 2020	AGM 2024	2 years and 9 months	■ ■	■	■	
Sylvain Héfès French 70 years old	M	150	0	■	29 March 2012	AGM 2024	10 years and 9 months			■ ■	
Suet-Fern Lee Singaporean 64 years old	F	150	0	■	28 September 2017	AGM 2023	5 years and 3 months	■	■		
Arielle Malard de Rothschild French 59 years old	F	5,330	1	■	25 September 2014	AGM 2025	8 years and 3 months	■	■		
Jennifer Moses American 61 years old	F	150	0	■	14 December 2021	AGM 2025	1 year				
Carole Piwnica Belgian 64 years old	F	150	0	■	25 September 2014	AGM 2025	8 years and 3 months			■	■
Sipko Schat Dutch 62 years old	M	1,500	1	■	8 June 2012	AGM 2024	10 years and 6 months	■	■ ■		
Lord Mark Sedwill British 58 years old	M	150	1	■	15 September 2021	AGM 2023	1 year and 3 months				■
Véronique Weill French 63 years old	F	150	3	■	14 May 2020	AGM 2025	2 years and 7 months			■	

■ Chair

■ Independent member

■ Non-independent member

(1) Four out of six are Jardine Matheson group companies.

David de Rothschild became Honorary Chairman of the Supervisory Board of Rothschild & Co on 1 January 2023. He continues to be a member of the Supervisory Board. Marc-Olivier Laurent, previously a Vice-Chairman of the Supervisory Board of Rothschild & Co, succeeded him as Chairman of the Supervisory Board on the same date.

Changes in the Supervisory Board composition during 2022

	End of term/resignation	Appointment	Renewal/ratification
Supervisory Board	• Daniel Daeniker (end of term) (19 May 2022)	• Marc-Olivier Laurent (19 May 2022)	• Arielle Malard de Rothschild (renewal) (19 May 2022) • Jennifer Moses (ratification and renewal) (19 May 2022) • Lord Mark Sedwill (ratification) (19 May 2022) • Carole Piwnica (renewal) (19 May 2022) • Véronique Weill (renewal) (19 May 2022)
Audit Committee	-	-	• Arielle Malard de Rothschild (renewal) (19 May 2022)
Risk Committee	-	-	• Arielle Malard de Rothschild (renewal) (19 May 2022)
Remuneration and Nomination Committee	-	-	• Carole Piwnica (renewal) (19 May 2022) • Véronique Weill (renewal) (19 May 2022)
Sustainability Committee	-	-	• Carole Piwnica (renewal) (19 May 2022)

Changes proposed to the General Meeting to be held on 25 May 2023

The General Meeting to be held on 25 May 2023 will be called upon to vote on (i) the re-appointment of five members of the Supervisory Board whose term of office is ending (Éric de Rothschild, Adam Keswick, Gilles Denoyel, Lord Mark Sedwill and Suet-Fern Lee) as well as (ii) the amendment of the Company's articles of association to include clauses relating to the appointment process of employees' representatives to the Supervisory Board. Two employees' representatives will be appointed by 25 November 2023.

At its meeting on 7 March 2023, the Supervisory Board, based on the recommendation of the Remuneration and Nomination Committee, opined in favour of these renewals and the amendment of the Company's articles of association.

About the Supervisory Board members as at 31 December 2022

David de Rothschild

Chairman of the Supervisory Board until 31 December 2022 and Honorary Chairman and member from 1 January 2023

Age: 80 (born on 15 December 1942)
Nationality: French
Term: three years
Date of first appointment: 17 May 2018
End of term: General Meeting 2024
Rothschild & Co shares directly held: 2,520
Attendance rate at Supervisory Board meetings: 100%

Expertise and experience

David de Rothschild has worked for the Group for over 40 years. In 1982, Banque Rothschild, the company originally founded by James de Rothschild in the early XIX^{e} century 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

- None

Directorship and positions held outside the Group

- Member of the Board of Directors and the Appointment and Compensation Committee of Casino SA[1]
- 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 Société Civile du Haras de Reux SC

Directorships and positions expired over the past five years

- Sole Director of GIE Five Arrows Messieurs de Rothschild Frères (until 2022)
- Managing partner of SCI 2 Square Tour Maubourg SC (until 2021)
- Managing partner of SCI 38 Bac (formerly SCI 66 Raspail) (until 2021)
- Manager of Acadie AA1 SC (until 2021)
- Member of the Supervisory Board of Martin Maurel SA (until 2021)
- 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 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)

(1) Listed company.

Marc-Olivier Laurent

Vice-Chairman of the Supervisory Board until 31 December 2022 and Chairman from 1 January 2023

Age: 70 (born on 4 March 1952)
Nationality: French
Term: three years
Date of first appointment: 19 May 2022
End of term: General Meeting 2025
Rothschild & Co shares directly held: 132,967
Attendance rate at Supervisory Board meetings: 100%

Expertise and experience

Marc-Olivier Laurent joined Rothschild & Co in 1993 as a Managing Director and was appointed partner in 1995; he has been with the firm for almost three decades. He was Managing Partner of Rothschild & Co Gestion, member of the Rothschild & Co Group Executive Committee and Executive Chairman of Merchant Banking – a business he co-founded in 2009 and headed until 2019 during which time he was a member of all of the Investment Committees for the various Merchant Banking funds, many of which he chaired.

Marc-Olivier Laurent is currently Managing Partner of the Five Arrows Long Term fund and chairman of the Supervisory Board of Caravelle. He also sits on the Supervisory Board of Rubis. Prior Board appointments include Arcole, Socotec, Paprec, Manutan and Paris Orléans.

Marc-Olivier Laurent graduated from the HEC School of Management and holds a PhD in African Social Anthropology from the Université Paris Sorbonne.

Other directorships and positions held within the Group

- None

Directorships and positions held outside the Group

- Member of the Supervisory Board of Rubis SCA[1]
- Chairman of the Supervisory Board of Caravelle SAS

Directorship and positions expired over the past five years

- Managing partner of Rothschild & Co Gestion SAS (until 2022)
- CEO of K Développement SAS (until 2022)
- Executive Chairman of the Merchant Banking business of the Rothschild & Co Group (until 2022)
- Member of the Supervisory Board of Arcole Industries SAS (until 2022)
- Member of the Group Executive Committee of Rothschild & Co (until 2022)
- Member of the Accounts and Risk Monitoring Committee of Rubis SCA[1] (until 2022)
- Chairman and member of the Board of Directors of *Institut Catholique de Paris* (ICP) (until 2022)

Éric de Rothschild

Vice-Chairman of the Supervisory Board

Age: 82 (born on 3 October 1940)
Nationality: French
Term: three years
Date of first appointment: 29 October 2004
End of term: General Meeting 2023
Rothschild & Co shares directly held: 12
Attendance rate at Supervisory Board meetings: 100%

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. He also holds several 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

Directorship 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
- Managing partner of 7 Marigny SC
- Member of the Board of Directors of Baronnes et Barons Associés SAS
- Permanent representative of Béro SAS as managing partner of Beart SNC
- 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 SAS
- Member of the Board of Directors of Société des Amis du Louvre
- Chairman of the Board of Directors of Rothschild Archive Ltd (United Kingdom)
- Chairman and Director of DBR USA Inc. (United States of America)

Directorship and positions expired over the past five years

- Member of the Board of Directors of *Centre national de la photographie* (until 2021)
- 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 SA (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)

(1) Listed company.

Lucie Maurel-Aubert

Vice-Chairwoman of the Supervisory Board

Chair of the Sustainability Committee

Age: 60 (born on 18 February 1962)
Nationality: French
Term: three years
Date of first appointment: 8 June 2012
End of term: General Meeting 2024
Rothschild & Co shares directly held: 12,600
Attendance rate at Supervisory Board meetings: 100%

Expertise and experience

Lucie Maurel-Aubert was a business lawyer at Gide Loyrette Nouel for 17 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 became a Director in 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 Messine SAS
- Chairwoman of the Supervisory Board of Wargny BBR SA
- Member of the Board of Directors of Rothschild & Co Wealth Management Monaco 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

Directorship and positions expired over the past five years

- Chairwoman of the Supervisory Board of Martin Maurel SA (until 2021)
- 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 SARL (Luxembourg) (until 2018)

(1) Listed company.

Adam Keswick

Vice-Chairman of the Supervisory Board

Independent member of the Supervisory Board

Age: 49 (born on 1 February 1973)
Nationality: British
Term: two years
Date of first appointment: 29 September 2016
End of term: General Meeting 2023
Rothschild & Co shares directly held: 3,300
Attendance rate at Supervisory Board meetings: 83%

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, Schindler and Yabuli China Entrepreneurs Forum.

Other directorship and positions held within the Group

- None

Directorships and positions held outside the Group

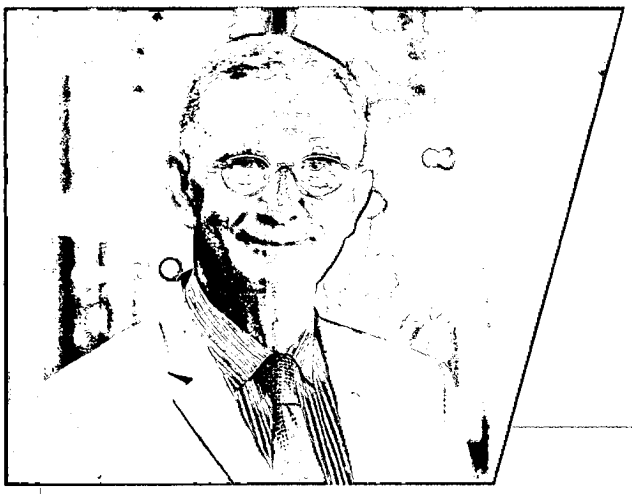
- Member of the Board of Directors of Jardine Pacific Holdings Limited (Bermuda)[2]
- Chairman of Jardine Schindler Holdings Limited (British Virgin Islands)[2]
- Chairman of Matheson & Co, Limited (United Kingdom)[2]
- Member of the Board of Directors of Jardine Matheson Holdings Limited[1] (Bermuda)[2]
- 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 Hong Kong 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 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)
- Non-executive member of the Board of Directors of Yabuli China Entrepreneurs Forum (China)
- Non-executive member of the Board of Directors and member of the Remuneration Committee of Schindler Holding Limited[1] (Switzerland)

Directorships and positions expired over the past five years

- Member of the Board of Directors of Jardine Strategic Holdings Limited[1] (Bermuda)[2] (until 2021)
- Deputy Chairman of Jardine Lloyd Thompson Group Limited[1] (formerly Jardine Lloyd Thompson Group plc) (United Kingdom) (until 2019)

(1) Listed company.
(2) Jardine Matheson group.

Gilles Denoyel



Independent member of the Supervisory Board

Member of the Risk Committee

Member of the Audit Committee

Age: 68 (born on 4 August 1954)
Nationality: French
Term: three years
Date of first appointment: 14 May 2020
End of term: General Meeting 2023
Rothschild & Co shares directly held: 675
Attendance rate at Supervisory Board meetings: 100%

Expertise and experience

A graduate of the top French engineering school *École des Mines de Paris*, the *Institut d'Études Politiques de Paris* (*Sciences Po*) and a civil servant student at *École 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 Deputy Chief Executive 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

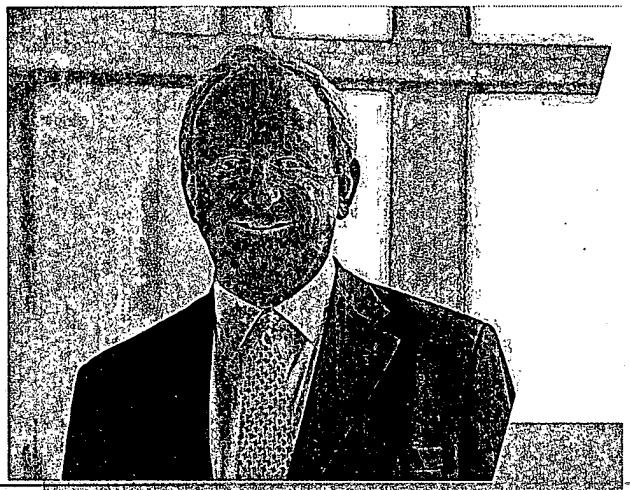
- Chairman of the Board of Directors of Dexia Crédit Local
- Member of the Board of Directors and Chairman of the Nuclear Commitments Monitoring Committee of EDF SA[1]
- Member of the Supervisory Board of Memo Bank SA
- Member of the Board of Directors of Institut Aspen France (association)
- Chairman of the Board of Directors, Chairman of the Appointment Committee and member of the Remuneration Committee of Dexia (Belgium)

Directorships and positions expired over the past five years

- None

(1) Listed company.

Sir Peter Estlin



Independent member of the Supervisory Board

Chair of the Audit Committee

Member of the Risk Committee

Member of the Remuneration and Nomination Committee

Age: 61 (born on 4 July 1961)
Nationality: British
Term: three years
Date of first appointment: 10 March 2020
End of term: General Meeting 2024
Rothschild & Co shares directly held: 250
Attendance rate at Supervisory Board meetings: 100%

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 2018/2019. 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 member of the Board of Directors of N.M. Rothschild & Sons Limited (United Kingdom)
- Member of the Supervisory Board of Rothschild & Co Wealth & Asset Management SAS

Directorships and positions held outside the Group

- Chairman of the Board of Directors of Association of Apprentices (United Kingdom)
- Member of the Board and of the Audit Committee of the Institute for Apprenticeships and Technical Education (United Kingdom)
- Chairman of the Board of Directors of Tabletop Holdings Ltd (United Kingdom)
- Director of Trust for London (charity) (United Kingdom)
- Alderman of the City of London Corporation (United Kingdom)
- Chairman of FutureDotNow (charity) (United Kingdom)
- Trustee of Morden College (charity) (United Kingdom)
- Trustee of St Pauls Cathedral Choir Foundation (charity) (United Kingdom)
- Vice-President of Bridewell Royal Hospital (charity) (United Kingdom)

Directorships and positions expired over the past five years

- Trustee of HR Professionals Charitable Trust (charity) (United Kingdom) (until 2022)
- Independent member of HM Treasury Audit Committee (United Kingdom) (until 2022)
- Director of Workfinder Ltd (United Kingdom) (until 2021)
- Director of The Lord Mayors Appeal (United Kingdom) (Chairman until 30 September 2020) (until 2021)
- Director of KESW Enterprises (United Kingdom) (until 2020)
- Trustee of Educators Trust (charity) (United Kingdom) (until 2020)
- Director of The Lord Mayors Show (United Kingdom) (until 2019)

Sylvain Héfès

Member of the Supervisory Board

Chair of the Remuneration and Nomination Committee

Age: 70 (born on 28 March 1952)
Nationality: French
Term: three years
Date of first appointment: 29 March 2012
End of term: General Meeting 2024
Rothschild & Co shares directly held: 150
Attendance rate at Supervisory Board meetings: 100%

Expertise and experience

Financial *attaché* with the French Embassy in Canada in 1974, Sylvain Héfès started his career at the 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 and Chairman of the Remuneration and Nomination Committee of Rothschild Martin Maurel SCS
- Member of the Advisory Committee of Five Arrows Managers SAS

Directorships and positions 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)

(1) Listed company.

Suet-Fern Lee

Independent member of the Supervisory Board

Member of the Audit Committee

Member of the Risk Committee

Age: 64 (born on 16 May 1958)
Nationality: Singaporean
Term: three years
Date of first appointment: 28 September 2017
End of term: General Meeting 2023
Rothschild & Co shares directly held: 150
Attendance rate at Supervisory Board meetings: 100%

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

- Director of Morgan Lewis Stamford LLC (Singapore)
- Member of the Board of Directors of the World Justice Project (United States of America)
- Partner of Morgan Lewis & Bockius LLP (United States of America)
- Member, international leadership team, Morgan Lewis & Bockius LLP (United States of America)
- Chair of the Inter-Pacific working group, Morgan Lewis & Bockius LLP (United States of America)
- Member of the Board of Directors and member of the Audit Committee of AXA Holdings Japan Co., Ltd (Japan)

Directorships and positions over the past five years

- Member of the Board of Directors of Caldecott Inc. (Cayman Islands) (until 2021)
- 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)

(1) Listed company.

Arielle Malard de Rothschild

Member of the Supervisory Board

Member of the Audit Committee

Member of the Risk Committee

Age: 59 (born on 20 April 1963)
Nationality: French
Term: three years
Date of first appointment: 25 September 2014
End of term: General Meeting 2025
Rothschild & Co shares directly held: 5,330
Attendance rate at Supervisory Board meetings: 100%

Expertise and experience

Arielle Malard de Rothschild spent 10 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 Global Advisory Partner in 2019.

She received a PhD in economic sciences from the *Institut d'Études 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 of Directors, the Audit Committee and the Remuneration and Selection Committee of Société Foncière Lyonnaise[1]
- Member of the Board of Directors of Sagard Holdings Inc.
- Member of the Board of Directors of Sagard Holdings Management

Directorships and positions expired over the past five years

- Member of the Board of Directors of Groupe Lucien Barrière SAS (until 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)

(1) Listed company.

Jennifer Moses

Member of the Supervisory Board

Age: 61 (born on 4 August 1961)
Nationality: American
Term: three years
Date of first appointment: 14 December 2021
End of term: General Meeting 2025
Rothschild & Co shares directly held: 150
Attendance rate at Supervisory Board meetings: 100%

Expertise and experience

Jennifer Moses' career has combined finance and public policy in the United States and abroad. She was a Managing Director in the Investment Banking Division at Goldman Sachs, served as Chief Executive Officer of the British policy think tank Centre Forum, and was a Senior Policy Adviser to Prime Minister Gordon Brown, helping to restructure the British banking sector during the financial crisis of 2008-2009. She is also a co-founder and Chair of Caliber Schools, a charter school management organisation in the San Francisco Bay Area dedicated to improving educational outcomes for historically underserved children. She was CEO for the first five years. This follows her work as a co-founder of ARK, one of the largest children's charities in the United Kingdom, and King Solomon Academy, an inner-city charter school in London that is one of the top non-selective schools in the country. She is a Pahara-Aspen Education Fellow and passionate about equal opportunities in education. Since retiring, she has become involved in the Tech ecosystem, particularly through ventures relating to EdTech and educational initiatives.

Other directorships and positions held within the Group

- None

Directorships and positions held outside the Group

- Co-founder of Undauntedk12 (not for profit organisation) (United States of America)
- Chairwoman of the Board of Caliber public schools (not for profit organisation) (United States of America)
- Chairwoman of the Board of King Solomon Academy (not for profit organisation) (United States of America)
- Member of the Board of Brown University (not for profit organisation) (United States of America)
- Member of the Board of Theatre Aspen (not for profit organisation) (United States of America)
- Member of the Board of Mountain Minyan (not for profit organisation) (United States of America)

Directorships and positions expired over the past five years

- Member of the Board of Stir Education (not for profit organisation) (United States of America) (until 2021)
- CEO of Caliber Public Schools (not for profit organisation) (United States of America) (until 2019)

Carole Piwnica

Independent member of the Supervisory Board

Member of the Remuneration and Nomination Committee

Member of the Sustainability Committee

Age: 64 (born on 12 February 1958)
Nationality: Belgian
Term: three years
Date of first appointment: 25 September 2014
End of term: General Meeting 2025
Rothschild & Co shares directly held: 150
Attendance rate at Supervisory Board meetings: 100%

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 (United Kingdom). She was a member of the Board of Directors and the Remuneration Committee of Sanofi (France), as well as a founding Director of Naxos SARL (Switzerland).

Other directorships and positions held within the Group

- None

Directorships and positions held outside the Group

- None

Directorships and positions experienced over the past five years

- Independent member of the Board of Directors and member of the Remuneration Committee of Sanofi SA[1] (until 2022)
- Managing partner of Naxos SARL (Switzerland) (until 2022)
- Member of the Board of Directors and member of the Leadership, Development, Inclusion and Compensation Committee of Amyris Inc.[1] (United States of America) (until 2021)
- Member of the Board of Directors of Arianna SA (Luxembourg) (until 2021)
- Independent member of the Board of Directors and Chairwoman of the Nomination and Governance Committee of Eutelsat Communications SA[1] (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)

(1) Listed company.

Sipko Schat

Member of the Supervisory Board

Chair of the Risk Committee

Member of the Audit Committee

Age: 62 (born on 21 March 1960)
Nationality: Dutch
Term: three years
Date of first appointment: 8 June 2012
End of term: General Meeting 2024
Rothschild & Co shares directly held: 1,500
Attendance rate at Supervisory Board meetings: 100%

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 Van Wonen 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.

Lord Mark Sedwill

Member of the Supervisory Board

Member of the Sustainability Committee

Age: 58 (born on 21 October 1964)
Nationality: British
Date of first appointment: 15 September 2021
End of term: General Meeting 2023
Rothschild & Co shares directly held: 150
Attendance rate at Supervisory Board meetings: 100%

Expertise and experience

Mark Sedwill, Baron Sedwill of Sherborne GCMG FRGS LLD, is a cross-bench member of the House of Lords. He is a non-executive director of Lloyd's of London and BAE Systems.

Lord Sedwill was Chairman of the G7 Panel on Global Economic Resilience (2020-21), Cabinet Secretary & Head of the Civil Service (2018-20), National Security Adviser (2017-20), Permanent Secretary at the Home Office (2013-17), and British Ambassador and NATO Representative in Afghanistan (2009-11). Before that he had a diplomatic and security career, serving in Egypt, Syria, Jordan, Iraq, Cyprus and Pakistan.

Educated at St Andrews and Oxford Universities, Lord Sedwill is a Fellow of the Royal Geographical Society and of the Institute of Directors, an Honorary Doctor of Laws at St Andrews University, an Honorary Fellow of Oxford University and of St Edmund Hall, Oxford, and a Distinguished Fellow of RUSI. He is President of the Special Forces Club, Chairman of the Atlantic Future Forum, Co-Chair of the Trilateral Commission, a member of the IISS Advisory Council, a Trustee of the RNLI, an Honorary Colonel in the Royal Marines and an Honorary Bencher of Middle Temple. He is also the recipient of several awards and honours for national and international public service.

Other directorships and positions held within the Group

- None

Directorships and positions held outside the Group

- Non-executive director of BAE System[1]
- Senior Independent Director and Deputy Chair of Lloyd's of London (United Kingdom)
- Member of the Board of Directors of Sherborne Lord Advisory Ltd (United Kingdom)
- Member of the Board of Directors of Sherborne Lord Holdings Ltd (United Kingdom)
- Consultant Advisor of Westbury Partners (United Kingdom)
- Chairman of Atlantic Future Forum (United Kingdom)
- President of Special Forces Club (United Kingdom)
- President of The Leaders Club (United Kingdom)
- Advisory council of International Institute of Strategic Studies (United Kingdom)
- Member of the UK Parliament's House of Lords (United Kingdom)
- Chair of the D Group Advisory Board
- Member of Temasek EMEA Advisory Panel

Directorships and positions experienced over the past five years

- Chairman of G7 Panel on Economic Resilience (United Kingdom) (until 2021)

(1) Listed company.

Véronique Weill

Independent member of the Supervisory Board

Member of the Remuneration and Nomination Committee

Age: 63 (born on 16 September 1959)
Nationality: French
Term: three years
Date of first appointment: 14 May 2020
End of term: General Meeting 2025
Rothschild & Co shares directly held: 150
Attendance rate at Supervisory Board meetings: 100%

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 I.T. & 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.

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. Since 2020, she has been Chairwoman of the Board of Directors of CNP Assurances.

Since 2022, she has been a Lead Independent Director of the Board of Directors, Chair of the Remuneration Committee, member of the Audit and Risks Committee, member of the Appointments and Governance Committee, member of the Sustainable Development Committee of Kering.

Véronique Weill graduated from the *Institut d'Études Politiques* of Paris (*Sciences Po*) 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]
- 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]
- Lead Independent Director, Chair of the Remuneration Committee, Member of the Audit and Risks Committee, Member of the Appointments and Governance Committee, Member of the Sustainability Committee of Kering SA[1]
- Member of the Board of Directors of the Foundation Gustave Roussy and Co-Chair of the Campaign Committee
- Member of the Board of Directors of Caixa Seguros Holding (Brazil)
- Member of the Board of Directors of Holding XS1 (Brazil)

Directorships and positions expired over the past five years

- Member of the European Advisory Board of Salesforce (United States of America) (until 2022)
- General manager and member of the Management Committee of Publicis SA[1] (until 2020)
- Director of Publicis Groupe (United Kingdom) (until 2020)
- Director of Louvre Museum (until 2020)
- Director of Fondation Georges Besse (until 2020)
- Director of BBH Holdings Ltd (Bartle Bogle Hegarty) (United Kingdom) (until 2020)
- Director of Prodigious UK Ltd (United Kingdom) (until 2020)
- Director of Translate Plus (United Kingdom) (until 2020)

(1) Listed company.

Diversity policy within 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 3 March 2023, the Remuneration and Nomination Committee reviewed the diversity policy in relation to the composition of the Supervisory Board and implementation measures. On this occasion, it proposed to review the diversity policy to update the qualifications expected from the Supervisory Board members to include "regulatory and compliance" as well as "technology and information security", the rest of the diversity policy remaining unchanged. It also reviewed the composition of the Supervisory Board notably in light of this policy.

At its meeting of 7 March 2023, the Supervisory Board approved, upon recommendation of the Remuneration and Nomination Committee, the amended diversity policy and 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 2022, six out of 15 members of the Supervisory Board are women representing 40% and men representing 60%. In addition, on average, women represent 49% and men 51% of the four 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 2022, six nationalities are represented on the Supervisory Board (French, British, American, Dutch, Singaporean and Belgian), with 53% 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 2022, 13% of Supervisory Board members are over 75 years old and the average age of Supervisory Board members is 64.7 years old.
- Qualifications and professional experience: Supervisory Board members 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) regulatory and compliance knowledge; (iii) international experience; (iv) senior executive/management experience; (v) other professional skills relevant to the missions of the Supervisory Board such as accounting, risk management, technology and information security as well as sustainability. In addition, Audit Committee members should be competent in finance or accounting. At its meeting held on 7 March 2023, the Supervisory Board considered that this objective is met as the qualifications and experience of the Supervisory Board members are diversified and complementary and enable the Supervisory Board and the Audit Committee to carry out their missions 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 2022, 6 out of 15 members of the Supervisory Board, representing 40% of the members, are independent.

For more information on each Supervisory Board members, please refer to Section 6.2.1, paragraphs "Members of the Supervisory Board as at 31 December 2022" and "About the Supervisory Board members as at 31 December 2022" of this report.

Implementation measures provided for 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 makes recommendations to the Supervisory Board in this respect.

Gender diversity within the Group

As at 31 December 2022:

- 20% of the Group Executive Committee members are women (compared with 13% on 31 December 2021);
- women represent 26.2% of the Group employees with the title "Assistant Directors" or above (compared with 25.4% on 31 December 2021).

The Managing Partner aims over time to improve the balance of gender representation across the Group, including within the most senior positions. In this context, it reiterates the medium-term objectives set in 2022, that (i) by 2024, 30% of the Group employees with the title "Assistant Directors" and above should be women and (ii) by 2027, 30% of the members of the Group Executive Committee should be women.

In order to achieve these objectives, and more generally, to ensure a balanced and inclusive environment where diversity and difference are valued, the Group launched a number of initiatives which were most recently presented to the Supervisory Board on 7 March 2023 and are described in Chapter 5 of this report. The Group has made progress since 2019 and the management believes that the initiatives put in place will position the Group for more accelerated progress in the coming years. The Managing Partner will continue to monitor the implementation of these initiatives and report regularly on the progress made.

Independent members

As at 31 December 2022 six out of 15 members of the Supervisory Board (i.e., 40% of the members) are independent.

As a controlled company, Rothschild & Co significantly exceeds the 33.33% threshold recommended by the Afep-Medef Code for this type of companies.

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, notwithstanding the fulfilment of the independence criteria, a Supervisory Board member should not be qualified as independent in view of his/her specific situation or for any other reason; and
- by contrast, the Supervisory Board may consider that a member who does not strictly fulfil all the independence criteria is nevertheless 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 corporate officer of the Company,
  - an employee, executive corporate officer or director of a company consolidated within the Company,
  - an employee, executive corporate officer or director of the Company's parent company or a company consolidated within this parent company;
- not to be an executive corporate officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive corporate officer of the Company (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 Company or its Group, or
  - for which the Company or its Group represents a significant portion of its activity;
- not to be related by close family ties to a corporate officer;
- not to have been an auditor of the Company within the previous five years; and
- not to have been a director of the Company for more than twelve years. Loss of the status of independent director occurs on the date when this twelve year-limit is reached.

Based on the answers of its members to a dedicated questionnaire and the analysis prepared by the Remuneration and Nomination Committee, the Supervisory Board reviewed on 7 March 2023 the situation of its members with regard to the independence criteria described above. It notably reviewed the status of the business relationships existing between its independent members or the companies in which they hold a position or a directorship and the Group during the 2022 financial year to assess whether the nature and extent of these relationships, if any, could possibly affect their independence of mind. Following this analysis, the Supervisory Board concluded that there were no significant business relationships or relationships that could jeopardise the independence of these members and:

- confirmed the qualification of Adam Keswick, Gilles Denoyel, Suet-Fern Lee, Carole Piwnica and Véronique Weill as independent members, as they meet all the Afep-Medef Code independence criteria;
- decided that Sir Peter Estlin qualifies as an independent Supervisory Board member, notwithstanding his presence as non-executive director on the boards of N.M. Rothschild & Sons Limited and Rothschild & Co Wealth & Asset Management, considering that: (i) N.M. Rothschild & Sons Limited and Rothschild & Co Wealth & Asset Management are both fully-owned subsidiaries of Rothschild & Co, (ii) Sir Peter Estlin's role on N.M. Rothschild & Sons Limited and Rothschild & Co Wealth & Asset Management boards are non-executive roles, (iii) by adhering to the Supervisory Board terms of reference, Sir Peter Estlin undertook to refrain from participating in the deliberations of the Supervisory Board which could give rise to a potential conflict of interest with N.M. Rothschild & Sons Limited and/or Rothschild & Co Wealth & Asset Management, and (iv) Sir Peter Estlin consistently demonstrated his ability to form and express sound, objective and independent decisions and judgments when performing his duties; and
- continued to consider David de Rothschild, Marc-Olivier Laurent, Éric de Rothschild, Lucie Maurel-Aubert, Sylvain Héfès, Arielle Malard de Rothschild, Jennifer Moses, Sipko Schat and Lord Mark Sedwill as non-independent members.

The selection process for independent Supervisory Board members is as follow:

- on an annual basis, and upon recommendation of the Remuneration and Nomination Committee, the Supervisory Board reviews its composition and, where relevant, considers potential desirable evolutions;
- the Chair of the Supervisory Board, together with the Chair of the Remuneration and Nomination Committee, one additional member of the Remuneration and Nomination Committee and the Managing Partner, review a list of preselected candidates, with the assistance of a recruitment advisor when deemed relevant. The list of preselected candidates is submitted to the Remuneration and Nomination Committee for comments;
- individual interviews with the preselected candidates are then organised with the Chair of the Supervisory Board, the Chair of the Remuneration and Nomination Committee, one additional member of the Remuneration and Nomination Committee and the Managing Partner;

- following these meetings, a selection is carried out considering the personal and professional qualities of the candidates, as well as their availability, and by assessing the balance of skills, experience, and diversity of Supervisory Board members;
- the candidate(s) so selected are presented to the Remuneration and Nomination Committee for recommendation, and then to the Supervisory Board; and
- the Supervisory Board analyses the proposed profile(s) and on this basis decides whether (i) to submit certain nomination(s) to the shareholders for approval or (ii) to approve their "cooptation", if relevant.

6.2.2 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 13 December 2022. 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, candidates shall 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 the Company's 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. Such shares must be held in registered form.

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 they require.

Supervisory Board members shall 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.

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, during or after 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. 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 shall take appropriate measures to protect the confidentiality of such information. Such information shall cease to be personal and confidential when published externally by the Company, particularly in the form of a press release.

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 his is aware as a result of his membership of the Supervisory Board, must be disclosed to the Supervisory Board prior to the conclusion of such operation or transaction.

Supervisory Board members undertake not 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. In addition, each Supervisory Board member undertakes to ensure, before accepting any new directorship, that his or her situation complies with applicable laws and regulations and the recommendations of the Afep-Medef Code regarding plurality of directorships.

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.

Transactions involving financial instruments of the Company

Each member of the Supervisory Board must respect applicable regulation in relation to market abuse and inside information.

Each member is responsible for checking, either with the Company or his/her advisors whether or not he/she is in possession of inside information. In this respect, each member of the Supervisory Board may be registered on a section of the Company's insider list relating to insider information to which he or she has had access and which may be made available to the AMF at the latter's 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, an 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 those for which the information was provided to them. Lastly, Supervisory Board's 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.

6.2.3 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;
- the Managing Partner shall present the annual and consolidated financial statements and the half-year 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 amount of remuneration allocated in consideration of their duties, within the maximum total annual amount approved by the ordinary General Meeting;
- it shall decide each year on the Company's policy in terms of professional equality and equal pay;
- it is informed about market developments, the competitive environment and the most important aspects facing the Company, including in the area of social and environmental responsibility and 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;

- 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; and
- it shall set and review a diversity policy applicable to its members.

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 being specified that, for any transaction that involves only companies controlled by the Company, the Managing Partner will be free to decide whether or not to seek the Supervisory Board's advisory opinion on that transaction,
  - 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 Staturory Auditors. It shall prepare the report on corporate governance. 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 Managing Partner at any time.

The Supervisory Board may decide to set up committees from among its members and determine their composition and powers, in accordance with the law.

The Chairman organises and directs the work of the Supervisory Board. In this context, he sets the agenda for the Supervisory Board meetings. He may request any document or information that he deems useful to shed light on the discussions and ensures the quality of the information provided to the members prior to the meetings. In addition, he brings his experience to the Company.

The Honorary Chairman is the point of contact for the Supervisory Board members in case of sensitive or unusual issues.

6.2.4 Organisation and operation of the Supervisory Board

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 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 Rothschild & Co Gestion 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.

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.

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.

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.

Training

Training is provided to Supervisory Board members upon joining the Supervisory Board.

Supervisory Board members receive, if they deem it necessary, additional training on the specific characteristics of the Company, its business lines, its sector of activity and its sustainable development challenges. In accordance with the regulations, Supervisory Board members will receive dedicated AML/CFT training each year.

6.2.5 Supervisory Board's activity

The Supervisory Board meets at least four times a year.

In 2022, the Supervisory Board met six times, on 28 February, 8 March, 18 May, 4 August, 14 September and 13 December.

The main items reviewed and discussed during these meetings were the following:

- the Group performance;
- business presentations and strategic considerations;
- the consolidated and parent company annual financial statements and the consolidated half-year financial statements (for verification and control);
- the proposed shareholders return;
- the Group's budget and three-year business plan;
- the Group's capital plan;
- the sustainability strategy defined by the Managing Partner and the related initiatives;
- human resources matters including remuneration policies and practices, balance and inclusion;
- the diversity policy and the composition of the Supervisory Board and its committees including the independence of Supervisory Board members;
- the changes in governance;
- the activity reports from its committees;
- the draft management report including the consolidated non-financial statement;
- the report on corporate governance and the report to the shareholders;
- the digital strategy and IT/IS security;
- the IT strategy;
- the outsourcing policy;
- Group Recovery Plan; and
- the Group Risk Appetite statement and other relevant risk and compliance policies.

Two sessions without the presence of the senior management representatives were organised on 28 February and 8 March 2022. All Supervisory Board members were present.

Information on the attendance rate of each Supervisory Board member is provided in Section 6.2.8 of this report.

6.2.6 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 once 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 respect of the financial year 2021, the Supervisory Board carried out a triennial self-assessment of its composition, organisation and operations. This evaluation took the form of a detailed questionnaire addressing the following issues:

- composition of the Supervisory Board and its committees;
- information, reporting and training;
- organisation of the meetings of the Supervisory Board;
- debates (including individual contribution of each member);
- interactions with committees of the Supervisory Board;
- relations of the Supervisory Board with other stakeholders;
- internal rules and ethics; and
- quality of the assessment.

For each topic, Supervisory Board members had the ability to make additional and/or general comments.

The Remuneration and Nomination Committee reviewed the anonymised detailed answers to the questionnaire, discussed the main considerations arising out of these answers and made recommendations to the Supervisory Board.

These recommendations were discussed at the meeting of the Supervisory Board on 8 March 2022.

Overall, the Supervisory Board members expressed very positive views on the composition and the operations of the Supervisory Board and its Committees and noted that they had improved over the past three years. Despite the efficiency of available technical means, they looked forward to resuming face to face interactions, as it facilitates the onboarding of new members and interactions with the management teams. The topics to which Supervisory Board members would like to dedicate more time were discussed and it was agreed to adjust the work program accordingly.

The annual evaluation carried out in respect of the 2022 financial year was based on a simplified questionnaire. During its meeting held on 13 December 2022, the Supervisory Board debated its operations on the basis of the answers to this questionnaire. No major issues were identified.

The Supervisory Board plans to conduct the next formal assessment in respect of the 2024 financial year.

6.2.7 Supervisory Board's specialised committees

The Supervisory Board has four specialised committees:

- the Audit Committee;
- the Risk Committee;
- the Remuneration and Nomination Committee; and
- the Sustainability Committee.

Audit Committee

Composition

As at 31 December 2022, the Audit Committee was composed of five members:

- Sir Peter Estlin (Chair and independent member, also a member of the Risk Committee and the Remuneration and Nomination Committee);
- Sipko Schat (also Chair of the Risk Committee);
- Gilles Denoyel (independent member, also a member of the Risk Committee);
- Suet-Fern Lee (independent member, also a member of the Risk Committee); and
- 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 on subjects of common interest falling within the missions assigned to them related to the internal control and risk management systems especially around financial supervision, compliance and information security.

In accordance with legal requirements and the Afep-Medef recommendations, the Audit Committee members are all competent in finance and/or accounting. At the time of their appointment, the members of the Audit Committee receive information relating to the Group's specific accounting, financial and operational features. For more information on their respective skills, please refer to Section 6.2.1, paragraph "About the Supervisory Board members as at 31 December 2022" of this report.

The Group Chief Financial Officer, the Head of Group Finance and Group Treasurer, the Group Head of Internal Audit, the Chairman of Legal and Compliance, the Secretary General, Group Head of Legal and Compliance, the Group Chief Risk Officer, the Head of Financial Reporting, and the Statutory Auditors are invited to the meetings of the Audit Committee.

Tasks

The Audit Committee is mainly responsible for:

- reviewing the process of drawing up the financial information;
- reviewing the statutory audit of Rothschild & Co's financial statements and consolidated financial statements by the Statutory Auditors;
- reviewing the independence and objectivity of the Statutory Auditors;
- giving a recommendation regarding the appointment and the renewal of the Statutory Auditors;
- reviewing the effectiveness of the Group's internal control systems and internal audit; and
- approving the supply of services as defined by Article L.822-11 of the French Commercial Code.

The Audit Committee reports to the Supervisory Board after each meeting on its main activities including, if applicable, its recommendations.

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 it necessary. The Audit Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

Once a year, the Audit Committee discusses its operation and organisation in order to improve its efficiency.

Activity

The Audit Committee meets at least four times a year or more frequently if so required.

Before each meeting, every member receives access to all the documentation, notes and reports relating to each item on the agenda requiring prior analysis or review.

The Audit Committee usually meets twice a year with each of the Group Head of Internal Audit and the Statutory Auditors at the end of its meeting without the presence of any representative of senior management.

In 2022, the Audit Committee met six times, on 24 February, 3 March, 11 May, 3 August, 7 September and 7 December.

The main items reviewed and discussed during these meetings were the following:

- the 2021 parent company and consolidated financial statements (including examination of the accounting methods applied, review of the consolidation scope, update on key subsidiaries) and the presentation of the Statutory Auditors reports thereon as well as 2021 annual results press release;
- the 2022 half-year consolidated financial statements and the presentation of the Statutory Auditors reports thereon as well as 2022 half-year results press release;
- the relevant sections of the annual report including the consolidated non-financial statement;
- upcoming requirements for ESG risk assessment, disclosure decisions and data collection as well as reporting of non-financial information;
- the Statutory Auditors' work schedule;
- the design and effectiveness of the Group's financial controls;
- the Pillar 3 report and the regulatory ratios;

- the internal audit activity, audit recommendations and audit plan for 2023;
- non-audit services fees and audit fees and audit strategy and plans for 2022;
- IT security;
- monitoring of the implementation of the plan to accelerate the financial results publication;
- the result of permanent controls and litigation; and
- exchanges with the Group's supervisors and regulators.

Information on the attendance rate of each Audit Committee member is provided in Section 6.2.8 of this report.

Risk Committee

Composition

As at 31 December 2022, the Risk Committee was composed of five-members:

- Sipko Schat (Chair, also a member of the Audit Committee);
- Sir Peter Estlin (Independent member, also Chair of the Audit Committee and a member of the Remuneration and Nomination Committee);
- Suet-Fern Lee (independent member, also a member of the Audit Committee);
- Gilles Denoyel (independent member, also a member of the Audit Committee); and
- Arielle Malard de Rothschild (also a member of the Audit Committee).

The Group Chief Financial Officer, the Head of Group Finance and Group Treasurer, the Group Head of Internal Audit, the Chairman of Legal and Compliance, the Secretary General, Group Head of Legal & Compliance, and the Group Chief Risk Officer are invited to attend the meetings of the Risk Committee.

Tasks

The Risk Committee is mainly responsible for advising the Supervisory Board on the overall current and future risk appetite and strategy of the Group and assisting the Supervisory Board in overseeing the implementation of that strategy. This includes, *inter alia*:

- reviewing on a consolidated basis the material risks of the Group, and the total exposure of the Group's activities to risks and the results of the Group's risk assessment;
- reviewing the Group's broad policy guidelines relating to risk management and examining the effectiveness of the risk management policies;
- reviewing the effectiveness and the coherence of the risk management systems, deployed in the Group to ensure, as far as possible, the prevention, detection and/or management of the potential and/or identified risks, including reputational and conduct risk, as well as risks arising from social, societal and environmental issues;
- reviewing all material new products and funds that have been approved pursuant to the Group's new products policy;
- reviewing the framework and the procedures put in place to comply with applicable regulation and any measures required to remedy significant incidents and weaknesses in this area, and assess the efficiency of any such measures; and
- examining incentives provided by the remuneration policies and practices notably to ensure they are consistent in light of the risk, capital and liquidity.

The Risk Committee reports to the Supervisory Board after each meeting on its main activities including, if applicable, its recommendations.

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.

Once a year, the Risk Committee discusses its operation and organisation in order to improve its efficiency.

Activity

The Risk Committee meets at least four times a year or more frequently if so required.

Before each meeting, every member receives access to all the documentation, notes and reports relating to each item on the agenda requiring prior analysis or review.

In 2022, the Risk Committee met four times, on 3 March, 11 May, 7 September and 7 December.

The main items reviewed and discussed during these meetings were the following:

- strategic and operational risk assessments and materiality assessment of non-financial risks;
- quarterly reports covering risk, information security risk and legal & compliance matters;
- regulatory reports (Group report on internal control, Group report on AML/CTF);
- financial crime risk assessment;
- various Group policies including risk appetite statement, Group risk framework, outsourcing policy;
- regular update on IT and information security;
- regulatory update on internal control;
- Group internal control process;
- risks within the Group's three businesses;
- bi-annual liquidity review;
- the Group lending and group credit book;
- the Group risk framework and the Group risk appetite statement;
- the Group capital plan (including ICAAP);
- the Group recovery planning;
- the Group's business continuity plans;
- analysis of permanent control results, including ESG controls;
- update on integration of Group's acquisitions.

Information on the attendance rate of each Risk Committee member is provided in Section 6.2.8 of this report.

Remuneration and Nomination Committee

Composition

As at 31 December 2022, the Remuneration and Nomination Committee was composed of four members:

- Sylvain Héfès (Chair);
- Carole Piwnica (independent member, also a member of the Sustainability Committee);
- Sir Peter Estlin (independent member, also Chair of the Audit Committee and a member of the Risk Committee); and
- Véronique Weill (independent member).

Tasks

The Remuneration and Nomination Committee is mainly responsible for assisting (i) the Supervisory Board with its remuneration related duties and in particular with the preparation of its decisions aiming at reviewing and approving the Group's remuneration policy principles as well as overseeing their implementation; (ii) the management body in its supervisory function of certain subsidiaries of the Group with their remuneration related duties and in particular with the preparation of their decisions aimed at adopting and reviewing the remuneration policy principles and overseeing their implementation; and (iii) the Supervisory Board with its duties in relation to the composition of the Supervisory Board, as provided by the Afep-Medef Code and applicable regulations. This includes, *inter alia*:

- reviewing the principles and parameters of the remuneration policy for the Group as a whole taking into account all factors which it deems necessary including the Group's strategy from time to time;
- reviewing the broad policy framework for the remuneration of Rothschild & Co Gestion, the Group Executive Committee and Material Risk Takers[1]. This notably includes reviewing the approach to the identification of MRTs across the Group;
- reviewing the nature and scale of the Group's short and long term incentive performance arrangements with consideration for (i) the objective to 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, (ii) risk-adjusted returns, current business circumstances and business strategy;
- reviewing the total remuneration awarded across the Group, with consideration for the current and future risks of the business. In doing so, the Remuneration and Nomination Committee relies upon the support of input from independent control functions;
- directly overseeing and reviewing the remuneration awarded to members of the Compliance, Internal Audit and Risk divisions and, where appropriate, the employment and remuneration arrangements of Rothschild & Co Gestion, the GEC and, more generally, MRTs;
- reviewing any significant disclosures on remuneration (due to regulation or otherwise) to be made available to external stakeholders, including shareholders, regulators and the public;
- undertaking any other remuneration related obligation placed upon the Remuneration and Nomination Committee by either the head regulator or a local regulator in entities subject to CRR or other regulations. This includes regularly reviewing applicable regulations (through trainings as appropriate) with a view to carrying its missions as set out above;
- conducting an annual review of the remuneration, indemnities and benefits of any kind granted to Rothschild & Co Gestion and its Executive Chairman;
- reviewing the remuneration policy applicable to members of the Supervisory Board, including its Chair, including the overall cap on annual fees payable to Supervisory Board members;
- discussing the qualification as an independent member of the Supervisory Board in the light of the criteria set out by the AFEP-MEDEF Code;
- once a year, reviewing the structure, size, composition and efficiency of the Supervisory Board, taking into account notably, the diversity policy;
- reviewing the profiles of potential candidates for Supervisory Board membership and making recommendations to the Supervisory Board on the selection and nomination of members of the Supervisory Board.

The Remuneration and Nomination Committee reports to the Supervisory Board after each meeting on its main activities including, if applicable, its recommendations.

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.

Once a year, the Remuneration and Nomination Committee discusses its operation and organisation in order to improve its efficiency.

Activity

The Remuneration and Nomination Committee meets at least two times a year or more often as required by the circumstances.

Before each meeting, every member receives access to all the documentation, notes and reports relating to each item on the agenda requiring prior analysis or review.

Only members of the Committee are entitled to attend the Committee meetings. However, other individuals including the Executive Body, Human Resource executives, the Group Chief Financial Officer, Group Chief Risk Officer, Group Head of Legal and Compliance and Group Head of Internal Audit, members of Senior Business Management and any other person whose presence is useful for the work of the Committee (including external advisors) may be invited to attend all or part of any meeting as and when appropriate if so required by the Committee.

(1) Material Risk Takers (MRTs) are staff members whose professional activity have a material impact on the risk profile of the Group and/or on the risk profile of the regulated entities of the Group.

No employees or corporate officers should be present during discussions and deliberations relating to their own remuneration.

Only members of the Committee can take part in its deliberations.

In 2022, the Remuneration and Nomination Committee met four times, on 31 January, 18 February, 9 September and 9 December.

The main items reviewed and discussed during these meetings were the following:

- the say on pay;
- the changes in governance;
- the Group Risk presentation on the Group's risks assessment;
- the Group forecast financial results;
- updates to remuneration regulations;
- the 2022 remuneration policies;
- the MRTs identification methodology and MRT list;
- the compensation proposals for each business and the support functions, including MRTs;
- NCI update;
- the conclusion of Internal Audit on 2021 remuneration policies;
- the diversity policy of the Supervisory Board;
- the composition of the Supervisory Board and its committees including notably independence of Supervisory Board members;
- Supervisory Board selection process;
- proposed ratifications and renewals of directorship at the 2022 General Meeting;
- the results of the triennial Supervisory Board and its committees' assessment.

Information on the attendance rate of each Remuneration and Nomination Committee member is provided in Section 6.2.8 of this report.

Sustainability Committee

Composition

As at 31 December 2022, the Sustainability Committee was composed of three members:

- Lucie Maurel-Aubert (Chair);
- Carole Piwnica (independent member, also a member of the Remuneration and Nomination Committee); and
- Lord Mark Sedwill.

Tasks

The Sustainability Committee is mainly responsible for assisting the Supervisory Board in:

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

The Sustainability Committee reports regularly to the Supervisory Board on its progress and make recommendations where appropriate.

The Sustainability 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 Sustainability 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, ensuring the objectivity of the concerned adviser; and (ii) request any report, study or survey that it deems necessary to help it fulfil its obligations.

Once a year, the Sustainability Committee discusses its operation and organisation in order to improve its efficiency.

Activity

The Sustainability Committee meets at least two times a year or more often as required by the circumstances.

Before each meeting, every member receives access to all the documentation, notes and reports relating to each item on the agenda requiring prior analysis or review. Additional information relevant to the remit of the Sustainability Committee might be distributed via email outside of the standing meetings.

In 2022, the Sustainability Committee met three times, on 4 March, 9 September and 12 December.

The main items reviewed and discussed during these meetings were:

- progress update for identified key performance indicators;
- the annual materiality assessment of non-financial risks;
- the non-financial disclosure: the consolidated non-financial statement, the sustainability report of the Group and its Climate Impact report notably;
- upcoming requirements for ESG risk assessment, disclosure decisions and data collection as well as reporting of non-financial information;
- the Group's sustainability priorities and strategy, including progress made on initiatives and implementation focus;
- the Group responsible investment road map;
- ESG claims control environment;
- ESG in GA Investor Advisory;
- results of annual peer-group benchmarking study.

Information on the attendance rate of each Sustainability Committee member is provided in the following Section.

Cooperation between Supervisory Board committees

The committees work together on various subjects of common interest such as risk and internal control, ESG and remuneration matters.

The Audit Committee and the Risk Committee have the same composition to increase their efficiency on subjects of common interest such as internal control and risk management systems especially around financial supervision, compliance and information security. In addition, one member of the Audit and Risk Committees is also a member of the Remuneration and Nomination Committee.

The Sustainability Committee liaises with the Risk Committee to assist the Supervisory Board in monitoring and reviewing the procedures for identifying social, societal and environmental risks and the Group's exposure to these risks. In this context, the Chair of the Sustainability Committee attends the Risk Committee meeting for the review of the strategic risk assessment and the materiality assessment of non-financial risks.

The Sustainability Committee also liaises with the Audit Committee to assist the Supervisory Board, as part of the review of the Group's non-financial reporting, in monitoring and reviewing the procedures for the preparation of the consolidated non-financial statement. In this context, the Chair of the Sustainability Committee attends the Audit Committee meeting for the review of the consolidated non-financial statement and the discussion on the upcoming requirements for ESG risk assessment, disclosure decisions and data collection as well as reporting of non-financial information.

The Risk Committee examines the 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 and reports to the Remuneration and Nomination Committee on this aspect.

Finally, the chairs of the committees consult each other whenever they deem it necessary and at least once a year.

6.2.8 Attendance rates of the Supervisory Board members

The following table provides the individual attendance rates at the Supervisory Board and its specialised committees' meetings during the 2022 financial year:

	Supervisory Board		Audit Committee		Risk Committee		Remuneration and Nomination Committee		Sustainability Committee	
Member	(6 meetings)		(6 meetings)		(4 meetings)		(4 meetings)		(3 meetings)	
David de Rothschild	6/6	100%	–	–	–	–	–	–	–	–
Marc-Olivier Laurent *(Term of office started on 19 May 2022)*	3/3	100%	–	–	–	–	–	–	–	–
Éric de Rothschild	6/6	100%	–	–	–	–	–	–	–	–
Lucie Maurel-Aubert	6/6	100%	–	–	–	–	–	–	3/3	100%
Adam Keswick	5/6	83.33%	–	–	–	–	–	–	–	–
Daniel Daeniker *(Term of office ended on 19 May 2022)*	3/3	100%	–	–	–	–	–	–	–	–
Gilles Denoyel	6/6	100%	6/6	100%	4/4	100%	–	–	–	–
Sir Peter Estlin	6/6	100%	6/6	100%	4/4	100%	4/4	100%	–	–
Sylvain Héfès	6/6	100%	–	–	–	–	4/4	100%	–	–
Suet-Fern Lee	6/6	100%	6/6	100%	4/4	100%	–	–	–	–
Arielle Malard de Rothschild	6/6	100%	5/6	83.33%	4/4	100%	–	–	–	–
Jennifer Moses	6/6	100 %	–	–	–	–	–	–	–	–
Carole Piwnica	6/6	100%	–	–	–	–	4/4	100%	3/3	100%
Sipko Schat	6/6	100%	6/6	100%	4/4	100%	–	–	–	–
Lord Mark Sedwill	6/6	100%	–	–	–	–	–	–	3/3	100%
Véronique Weill	6/6	100%	–	–	–	–	4/4	100 %	–	–
TOTAL		**98.96%**		**96.66%**		**100%**		**100%**		**100%**

6.2.9 Corporate governance code (Afep-Medef Code)

The Company has decided to refer to the Afep-Medef Code revised in December 2022 as the corporate governance reference code in accordance with the provisions of Article L.22-10-10 4° 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 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 Afep-Medef Code recommendations not applied by the Company are described below, with an explanation for each of them:

Afep-Medef recommendations	Explanations
Proportion of independent members on the Audit Committee (§17.1) *"The proportion of independent directors on the audit committee should be at least equal to two-thirds."*	As at 31 December 2022, 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 Audit Committee is chaired by an independent member (in line with the position of the High Committee for Corporate Governance) and does not impair the proper functioning of the Audit Committee. Indeed, irrespective of formal independence under Afep-Medef Code, the Audit Committee members consistently demonstrated their ability to form and express sound, objective and independent decisions and judgments when performing their functions and responsibilities in accordance with regulation applicable to financial holding companies[1]. At its March 2023 meeting, the Supervisory Board approved the conclusions of the annual review of the Supervisory Board members independence by the Remuneration and Nomination Committee which notably reiterates its view that the Audit Committee members have the independence of mind required for the performance of their duties.
Succession planning for company officer (§18.2.2) *"The nominations committee (or an ad hoc committee) should design a plan for replacement of company officers."*	The establishment of a succession plan for the Managing Partner in a French partnership limited by shares (*société en commandite par actions*) does not fall within the competence of the Supervisory Board. The presence of a second *dirigeant effectif* of Rothschild & Co enables in practice to fill any vacancy of the Managing Partner.
Status of the Chairman of the Remuneration and Nomination Committee (§19.1) *"[...] It is recommended that the chairman of the committee should be independent."*	The Remuneration and Nomination Committee is chaired by 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 took note that: • remuneration matters in regulated companies are particularly complex and require an extensive knowledge of applicable laws and regulations. In this respect, experience and knowledge of the banking and financial sector and remuneration matters by Sylvain Héfès is extremely valuable to the Remuneration and Nomination Committee; • Sylvain Héfès is consistently demonstrating distance and independence of mind in the performance of his duties; and • the proportion of independent members within the Remuneration and Nomination Committee is of 75% as at 31 December 2022, which is higher than the threshold recommended by the Afep-Medef Code (majority), and this composition ensures that the Remuneration and Nomination Committee effectively carry out its missions independently.
Number of directorships of company officers and directors (§20.4) *"A director should not hold more than four other directorships in listed corporations, including foreign corporations, outside of the group."*	Adam Keswick currently holds six directorships in listed corporations outside the Group. Since four of them belong to the Jardine Matheson group, the Supervisory Board considered that this situation does not prevent Adam Keswick from participating actively in the Supervisory Board.

(1) Article R.511-16-3 of the French Monetary and Financial Code.

Afep-Medef recommendations	Explanations
Executive officers' remuneration (§26) 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, including at least one criterion related to the company's climate objectives. These criteria, defined in a precise manner, must reflect the most important social and environmental issues for the company. Quantifiable criteria should be preferred."*	In accordance with the Company's articles of association, its 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 Managing Partner 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.

(1) For more information, please refer to Section 6.3.1, paragraph "Remuneration policies applicable to the Managing Partner and the Executive Chairman of the Managing Partner" of this report.

6.2.10 Terms and conditions of attendance to General Meetings

Please refer to Section 3.1.3, paragraph "Terms and conditions of attendance to General Meetings" of this report for a description of the terms and conditions of shareholders' attendance at General Meetings.

6.3 Corporate officers' remuneration and other benefits

6.3.1 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 members:

- 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 recommendation of the Remuneration and Nomination Committee) at its meeting held on 7 March 2023, 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 7 March 2023, with the approval of the General Partners; and
- will be submitted for approval to the General Meeting to be held on 25 May 2023.

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 applicable to the Executive Chairman of the Managing Partner, which mirrors the requirements applicable to the Managing Partner's remuneration policy and taking into account the requirements provided for in the articles of association of the Managing Partner. Therefore, the remuneration policy applicable to 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 recommendation of the Remuneration and Nomination Committee) at its meeting held on 7 March 2023; and
- will be submitted for approval to the General Meeting to be held on 25 May 2023.

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.

Remuneration policies applicable to 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 a sustainable governance.

Rothschild & Co Gestion, in its capacity as Managing Partner

The Managing Partner is the sole executive corporate officer of Rothschild & Co. As per the Company's articles of association, the Managing Partner (which is the first Managing Partner for the duration of the Company, as well as a General Partner of Rothschild & Co) shall not be remunerated in its capacity as Managing Partner but shall be entitled to reimbursement of its operating expenses, including employee costs, the remuneration of its corporate officers and Auditors' fees.

In addition, 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 confirm that they were incurred in connection with the operations of Rothschild & Co Gestion as Managing Partner of the Company, and in no other capacity.

A 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 corporate officer and therefore the only legal representative of Rothschild & Co Gestion. 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 shareholders' meeting of the Managing Partner acting by a simple majority, after consultation of the Supervisory Board, 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 2022:

- 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;
- in accordance with the recommendations of the Afep-Medef Code, 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; and
- the fixed remuneration of the Executive Chairman of the Managing Partner for 2023 shall be set at €500,000, an amount unchanged since 2018.

Remuneration policy applicable to the Supervisory Board members

General Principles

Supervisory Board members are entitled to a remuneration in a maximum total annual amount as approved by the ordinary General Meeting. The General Meeting held on 19 May 2022 set the maximum total amount of remuneration that may be allocated to Supervisory Board members for each financial year as from 1 January 2022 at €1,200,000 (the "Annual Envelop").

At its meeting of 7 March 2023, the Supervisory Board, acting upon recommendation of its Remuneration and Nomination Committee, approved the following amendment to the remuneration policy applicable to its members: future employees' representatives to the Supervisory Board[1] shall not be entitled to receive any remuneration from the Company in respect of their appointment as a Supervisory Board member.

The Annual Envelop shall be allocated to the Supervisory Board members under the following rules:

Fixed remuneration

	Annual fixed remuneration per member
Chairman of the Supervisory Board	€200,000
Supervisory Board member (other than the employees' representatives)	€20,000
Chair of committee	€20,000

(1) For more information, please refer to the Section 6.2.1, paragraph "Changes proposed to the General Meeting to be held on 25 May 2023" of this report.

Allocation of the above-mentioned remunerations is subject to the following:

- when a member holds multiple positions in the Supervisory Board and committee(s), the remunerations are cumulative. For example, a Supervisory Board member chairing a committee shall receive a total €40,000 annual fixed remuneration; and
- fixed remunerations are paid on a *prorata* basis at the end of the relevant financial year. For example, when a Supervisory Board member has been appointed by the General Meeting in May, the fixed remuneration granted corresponds to the period from the appointment date to the last day of the relevant financial year.

Variable remuneration

	Maximum annual variable remuneration per member	Number of expected meetings
Supervisory Board members (other than the Chairman and the employees' representatives)	€24,000	6
Audit Committee members	€24,000	6
Risk Committee members	€16,000	4
Remuneration and Nomination Committee members (other than the employees' representatives)	€16,000	4
Sustainability Committee members	€8,000	2

The maximum annual variable remuneration per member set out above will be allocated to the members at the end of each financial year provided that it will be reduced for any given member on a *prorata* basis in case of absence to one or more meetings of the Supervisory Board and its committees (where relevant).

If the number of expected meetings is increased or reduced, the amount of the maximum annual variable remuneration will remain unchanged.

Supervisory Board members shall not be entitled to receive any other kind of remuneration or benefit from the Company in respect of their duties on the Supervisory Board and its committees.

6.3.2 Remuneration of Rothschild & Co corporate officers for 2022

This Section notably includes information mentioned by Article L.22-10-9 I of the French Commercial Code.

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 25 May 2023.

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 of the General Meeting to be held on 25 May 2023.

The information relating to the remuneration of corporate officers referred to in Article L.22-10-9 I of the French Commercial Code has been approved at 97.21% by the General Meeting held on 19 May 2022.

Remuneration of the Managing Partner of Rothschild & Co

During or in respect of the financial year ended 31 December 2022 and in accordance with the Company's articles of association and the remuneration policy submitted to the General Meeting held on 19 May 2022:

- 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 €914,041.25 for the 2022 financial year (€924,115.20 for the 2021 financial year) in respect of its operating expenses related to its role as manager of the Company.

Remuneration of the Executive Chairman of the Managing Partner

The remuneration and benefits in kind paid during or awarded in respect of the financial year ended 31 December 2022 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 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 19 May 2022.

During or in respect of the financial year ended 31 December 2022, 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)*	**Awarded in respect of 2022**	**Paid during 2022**	**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 2022
Variable remuneration	–	–	–
Annual variable remuneration	–	–	–
Exceptional remuneration	–	–	–
Stock options, performance shares and other long-term benefits		–	–
Directorship remunerations	–	–	–
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 Alexandre de Rothschild's remuneration.

Table summarising the remuneration, options and shares awarded to Alexandre de Rothschild[1]

(in euros)	**2021**	2022
Remuneration awarded in respect of 2022 (details in the table below)	500,000	500,000
Valuation of the stock options awarded during 2022 (details in the table below)	–	–
Valuation of the performance shares awarded during 2022	–	–
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 Alexandre de Rothschild[1]

	2021		2022	
(in euros)	**Amounts awarded**	**Amounts paid**	Amounts awarded	Amounts paid
Fixed remuneration	500,000	500,000	500,000	500,000
Annual variable remuneration	–	–	–	–
Extraordinary remuneration	–	–	–	–
Directorship remunerations	–	–	–	–
Benefits in kind	–	–	–	–
TOTAL	**500,000**	**500,000**	**500,000**	**500,000**

(1) Table No. 2 of the Annex 4 of the Afep-Medef Code.

Tables No. 4 ("Subscription or purchase options awarded during the financial year to each executive corporate officer by the issuer and by any company of the group"), No. 5 ("Subscription or purchase options exercised during the financial year by each executive corporate officer"), No. 6 ("Performance shares awarded during the financial year to each executive corporate officer by the issuer and by any company of the group"), No. 7 ("Performance shares that have become available during the financial year for each executive corporate officer"), No. 8 ("Past award of subscription or purchase options"), No. 9 ("Past awards of performance shares"), No. 10 ("Table summarising the multi-annual variable compensation paid to each executive corporate officer") and No. 11 (Regarding executive officers: employment contract, supplementary pension scheme, benefits or entitlements due or likely to become due as a result of termination or change of position and benefits relating to a non-competition clause") of the Annex 4 of the Afep-Medef Code have not been reproduced as they are not applicable.

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 2022 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 David de Rothschild, the Chairman of the Supervisory Board, are set out below. The remuneration paid or awarded to the Chairman of the Supervisory Board in respect of such position is in line with the remuneration policy approved by the General Meeting held on 19 May 2022.

Item submitted to the vote *(in euros)*	**Awarded in respect of 2022**	**Paid during 2022**	**Presentation**
Fixed remuneration	200,000	200,000	€200,000 of fixed remuneration in respect of its position as Chairman of the Supervisory Board during 2022
Variable remuneration	–	–	–
Annual variable remuneration	–	–	–
Exceptional remuneration	–	–	–
Stock options, performance shares and other long-term benefits	–	–	–
Directorship remunerations	–	–	–
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 2022 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 Supervisory Board members, are set out below. The remuneration paid or awarded to Supervisory Board members in respect of their term of office as Supervisory Board member is in line with the remuneration policy approved by the General Meeting held on 19 May 2022.

	2022 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			
Supervisory Board members	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	24,000	–	–	–
Marc-Olivier Laurent Vice-Chairman of the Supervisory Board *(Term of office started on 19 May 2022)*	12,384	12,000	Consultancy fees[1]	311,000	–
			RSUs and NCI[2]	–	1,893,667
Lucie Maurel-Aubert[6] Vice-Chairwoman of the Supervisory Board	40,000	32,000	Benefits in kind[3]	25,862	25,862
Adam Keswick Vice-Chairman of the Supervisory Board	20,000	20,000	–	–	–
Daniel Daeniker *(Term of office ended on 19 May 2022)*	7,562	12,000	–	–	–
Gilles Denoyel	20,000	64,000	–	–	–
Sir Peter Estlin[6]	40,000	80,000	Directorship remunerations[3]	18,041[3]	18,041[3]
Sylvain Héfès[6]	40,000	40,000	Consultancy fees[1]	169,138[3]	169,138[3]
			Directorship remunerations[3]	20,000	20,000
Suet-Fern Lee	20,000	64,000	–	–	–
Arielle Malard de Rothschild	20,000	60,000	Fixed salary[3]	391,830	391,830
			Variable[3]	485,000	507,748
			Benefits in kind[3]	25,104	25,104
Jennifer Moses	20,000	24,000	Consultancy fees[1]	93,605[4]	93,605[4]
Carole Piwnica	20,000	48,000	–	–	–
Sipko Schat[6]	40,000	64,000	Consultancy fees[1]	150,000	150,000
			Directorship remunerations[3]	50,000	50,000
Lord Mark Sedwill	20,000	32,000	Consultancy fees[1]	338,237[5]	338,237[5]
Véronique Weill	20,000	40,000	–	–	–
TOTAL	**1,175,946**				

(1) Remuneration in respect of a senior adviser contract with a subsidiary of Rothschild & Co.
(2) NCI and RSUs granted in relation to past employment contracts.
(3) Remuneration in respect of a directorship within a subsidiary of Rothschild & Co.
(4) Based on a €/$ average rate for 2022.
(5) Based on a £/€ average rate for 2022.
(6) Committee Chair.

For more information regarding Supervisory Board members attendance in 2022 and the activity of the Supervisory Board during 2022, please refer to Sections 6.2.5 and 6.2.8 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 2021 and 31 December 2022 to the Supervisory Board members.

Table on remuneration received by Supervisory Board members[1]

(in euros)		2021		2022	
Supervisory Board members		**Awarded**	**Paid**	**Awarded**	**Paid**
David de Rothschild Chairman of the Supervisory Board	Remuneration in respect of the term of office	200,000	200,000	200,000	200,000
	Other remuneration	–	–	–	–
Éric de Rothschild Vice-Chairman of the Supervisory Board	Remuneration in respect of the term of office	32,500	32,500	44,000	44,000
	Other remuneration	–	–	–	–
Marc-Olivier Laurent Vice-Chairman of the Supervisory Board *(Term of office started on 19 May 2022)*	Remuneration in respect of the term of office	–	–	24,384	24,384
	Other remuneration	–	–	311,000	1,893,667
Lucie Maurel-Aubert Vice-Chairwoman of the Supervisory Board	Remuneration in respect of the term of office	52,500	52,500	72,000	72,000
	Other remuneration	26,329	26,329	25,862	25,862
Adam Keswick Vice-Chairman of the Supervisory Board	Remuneration in respect of the term of office	30,000	30,000	40,000	40,000
	Other remuneration	–	–	–	–
Daniel Daeniker *(Term of office ended on 19 May 2022)*	Remuneration in respect of the term of office	30,000	30,000	19,562	19,562
	Other remuneration	–	–	–	–
Gilles Denoyel	Remuneration in respect of the term of office	52,500	52,500	84,000	84,000
	Other remuneration	–	–	–	–
Sir Peter Estlin	Remuneration in respect of the term of office	80,000	80,000	120,000	120,000
	Other remuneration	18,574	16,833	18,041	18,041
Sylvain Héfès	Remuneration in respect of the term of office	57,500	57,500	80,000	80,000
	Other remuneration	192,135	192,135	189,138	189,138
Suet-Fern Lee	Remuneration in respect of the term of office	52,500	52,500	84,000	84,000
	Other remuneration	–	–	–	–
Arielle Malard de Rothschild	Remuneration in respect of the term of office	52,500	52,500	80,000	80,000
	Other remuneration	970,140	759,288	901,934	924,682
Jennifer Moses	Remuneration in respect of the term of office	3,486	3,486	44,000	44,000
	Other remuneration	–	–	93,605	93,605
Carole Piwnica	Remuneration in respect of the term of office	47,500	47,500	68,000	68,000
	Other remuneration	–	–	–	–
Sipko Schat	Remuneration in respect of the term of office	67,500	67,500	104,000	104,000
	Other remuneration	200,000	175,000	200,000	200,000
Lord Mark Sedwill	Remuneration in respect of the term of office	8,418	8,418	52,000	52,000
	Other remuneration	290,225	290,225	338,237	338,237
Véronique Weill	Remuneration in respect of the term of office	45,000	45,000	60,000	60,000
	Other remuneration	–	–	–	–

(1) Table No. 3 of the Annex 4 of the Afep-Medef Code.

Past award of subscription or purchase options[1]

Options to subscribe for or purchase Rothschild & Co shares were allocated to Marc-Olivier Laurent before he became a member of the Supervisory Board on 19 May 2022. The tables below show past allocations.

	Existing Partners 2019 Equity Scheme
Date of the General Meeting	17 May 2018
Date of the decision of the Managing Partner	11 October 2019
Total number of stock-options granted	20,000
Starting date for the exercise of options 2019-1	11 October 2020
Expiration date	11 October 2023
Subscription price	€26.10
Starting date for the exercise of options 2019-2	11 October 2020
Expiration date	11 October 2023
Subscription price	€27.10
Starting date for the exercise of options 2019-3	11 October 2021
Expiration date	11 October 2023
Subscription price	€29.10
Starting date for the exercise of options 2019-4	11 October 2022
Expiration date	11 October 2023
Subscription price	€31.10
Terms and conditions of the exercise	Refer to Section 3.2.3 of this report
Number of stock-options exercised during the 2022 financial year	0
Cumulative number of subscription or purchase options cancelled or lapsed	0
Stock-options remaining at the end of the 2022 financial year	20,000

(1) Table No. 8 of the Annex 4 of the Afep-Medef Code.

Other information related to remuneration

The information related to remuneration required by Article L.22-10-9 I 6° and 7° of the French Commercial Code regarding the Company's executive and non-executive corporate officers *(dirigeants mandataires sociaux)* is presented below. This information is presented for the Chairman of the Supervisory Board and, on a voluntary basis, for the Executive Chairman of the Managing Partner. It is reminded that the Managing Partner is not entitled to a remuneration in accordance to the Company's articles of association (for more information, please refer to Section 6.3.1 of this report):

	2022	2021	2020	2019	2018
Performance of the Company					
Net income – Group share *(in millions of euros)*	606	766	161	243	286
Change compared with the previous financial year	*-21%*	*+376%*	*-34%*	*-15%*	–
ROTE excl. exceptionals	20.7%	32.3%	8.8%	12.6%	18.0%
Change compared with the previous financial year	*-36%*	*+267%*	*-30%*	*-30%*	–
Employees					
Average remuneration *(in euros)*	149,577[1]	142,685[2]	121,495	116,873	114,831
Change compared with the previous financial year	*+5%*	*+17%*	*+4%*	*+2%*	–
Executive Chairman of the Managing Partner[3]					
Remuneration of Alexandre de Rothschild *(in euros)*	500,000	500,000	500,000	500,000	189,583[4]
Remuneration of David de Rothschild *(in euros)*	–	–	–	–	311,828[5]
Change compared with the previous financial year	*0%*	*0%*	*0%*	*0%*	–
Ratio to the average employee remuneration	3.34	3.50	4.12	4.28	4.37
Change compared with the previous financial year	*-5%*	*-15%*	*-4%*	*-2%*	–
Ratio to the median employee remuneration	5.87	6.21	6.72	7.14	7.37
Change compared with the previous financial year	*-5%*	*-8%*	*-6%*	*-3%*	–
Chairman of the Supervisory Board					
Remuneration of David de Rothschild *(in euros)*	200,000	200,000	200,000	62,500[6]	96,829[7]
Change compared with the previous financial year	*0%*	*0%*	*+220%*	*-35%*	–
Ratio to the average employee remuneration	1.34	1.40	1.65	0.53	0.84
Change compared with the previous financial year	*-5%*	*-15%*	*+208%*	*-37%*	–
Ratio to the median employee remuneration	2.35	2.48	2.69	0.89	1.42
Change compared with the previous financial year	*-5%*	*-8%*	*+201%*	*-37%*	–

(1) The final amounts due were not yet available, an estimate for profit-sharing award *(intéressement/participation)* has been included in the 2022 amounts disclosed, based on the 2021 profit-sharing awards.

(2) The 2021 average remuneration was rectified: it now includes the final profit-sharing award paid to employees for 2021. The 2021 ratios disclosed in the 2021 annual report were rectified in this report accordingly. For the record, the average remuneration disclosed in the 2021 annual report comprised an estimate of the 2021 profit-sharing award based on the 2020 profit-sharing award, since the definitive amounts were not available at the time of publication of the said report.

(3) David de Rothschild was Executive Chairman of the Managing Partner from the General Meeting held on 8 June 2012 until 17 May 2018. Alexandre de Rothschild took over his term of office from this date and continues the role at the date of this present report.

(4) This amount corresponds to the pro-rated remuneration due to 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.

(5) This amount corresponds to the pro-rated remuneration due to David de Rothschild, for the period of time where he was Executive Chairman of the Managing Partner in 2018 *(i.e.,* from 1 January 2018 to 17 May 2018). No other remuneration was due or awarded to him in 2018.

(6) As a consequence of a material error, the Supervisory Board noted during its meeting on 17 December 2019 that 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 remuneration available for allocation to the Supervisory Board members. For more information, please also refer to page 108 of the 2019 annual report.

(7) This amount corresponds to the pro-rated remuneration due to 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.

Methodology followed for the preparation of the above table

For the purpose of calculating these figures, the following information has been included:

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 its consolidation scope within the meaning of Article L.233-16-II of the French Commercial Code has been considered.

More precisely, all the following gross elements of remuneration due or awarded for the relevant financial year ("N financial year") have been take into account:

- 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;
- directorship remunerations, 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.

Remuneration of the Group employees

Representative perimeter of employees

Insofar as Rothschild & Co is a holding company with 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 économique et sociale)*. The latter includes the following companies for 2022: 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 II of the French Commercial Code. The Rothschild Martin Maurel UES represented 93% of the French continuing population in 2022. This scope is representative of main 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 N financial year and were part of the bonus eligible population at the end of the N financial year.

Remunerations

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 for the N financial year have been take into account:

- 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, 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.

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 excluding exceptional items.

6.4 Transactions involving the Company's securities by corporate officers

Pursuant to the provisions of Article 223-26 of the AMF General Regulation, the transactions involving the Company's securities during the 2022 financial period executed by persons mentioned in Article L.621-18-2 of the French Monetary and Financial Code, disclosed to the Company and the AMF, are summarised in the table below[1]:

Name	Quality	Transaction date	Nature of the transaction	Unit price *(in euros)*	Total amount *(in euros)*	AMF decisions[2]
Marc-Olivier Laurent	Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	30/09/2022	Acquisition	33.50	503,036	2022DD864724
Arielle Malard de Rothschild	Member of the Supervisory Board of Rothschild & Co SCA	30/09/2022	Acquisition	33.50	65,057	2022DD864727
Marc-Olivier Laurent	Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	04/10/2022	Sale	33.91	75,144.56	2022DD865385
Marc-Olivier Laurent	Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	05/10/2022	Sale	33.49	39,484.71	2022DD865385
Marc-Olivier Laurent	Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	06/10/2022	Sale	33.40	7,214.40	2022DD865385
Marc-Olivier Laurent	Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	07/10/2022	Sale	33.06	3,537.42	2022DD866078
Marc-Olivier Laurent	Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	11/10/2022	Acquisition	32.70	163,500	2022DD866446
Marc-Olivier Laurent	Vice-Chairman of the Supervisory Board of Rothschild & Co SCA	14/10/2022	Sale	32.95	90,777.25	2022DD866660

(1) Pursuant to Article L.621-18-2 of the French Monetary and Financial Code, 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).

6.5 Agreements and undertakings

6.5.1 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 2022 financial year, directly or indirectly, between a Rothschild & Co 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° of the French Commercial Code which have been entered into during the 2022 financial year related to ordinary transactions and were concluded under normal terms and conditions.

6.5.2 Regulated agreements *(conventions réglementées)*

The purpose of this Section is to provide information regarding regulated agreements referred to in Articles L.226-10 and L.225-38 of the French Commercial Code.

New regulated agreement

In accordance with Articles L.225-40 and R.225-30 of the French Commercial Code applicable to Rothschild & Co pursuant to Article L.226-10 of the same code, the Statutory Auditors have been informed that no regulated agreement have been entered into during the 2022 financial year.

Ongoing related agreement

No regulated agreement entered into by the Company in the past financial years was still in force as at 31 December 2022.

6.5.3 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.

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: being related to an ordinary transaction and being 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 *et 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 relates to ordinary transactions or not: 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.

For instance, the following agreements are deemed as relating to ordinary transactions and entered into 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.

6.6 Delegations of authority granted by the shareholders of theCompany to the Managing Partner relating to the share capital

The following table summarises the authorisations and delegations of authority granted to the Managing Partner in force as at 31 December 2022 and their use during the 2022 financial year.

Purpose	Resolution number	Individual ceiling	Term of validity (in months)	Use during the 2022 financial year
Combined General Meeting of 20 May 2021				
To grant options to subscribe for or purchase shares to employees and corporate officers of the Company and companies related to it	23	Limited to 6% of the share capital as at the date of the General Meeting[1] (with a specific limit of 0.74% for the Company's executive officers)	38	Share capital increase representing 42,500 shares resulting from the exercise of stock options (30 June 2022 and 15 December 2022)[2]
To grant bonus shares to employees and corporate officers of the Company and companies related to it	24	2% of the share capital on the date of the decision to grant	38	None
Combined General Meeting of 19 May 2022				
To reduce the share capital by cancelling treasury shares	21	10% of the share capital per 24-month period	26	Reduction of share capital following the cancellation of 745,235 shares purchased in the context of the share buyback programme (24 November 2022)[2]
To increase the share capital by capitalising reserves, income or issue, merger or contribution premiums	22	A nominal amount of €50 million	26	None
To issue shares and/or securities giving immediate or deferred access to the share capital as consideration for contributions in kind granted to the Company and consisting of equities securities or securities giving access to the share capital of another entity	23	10% of the share capital[3][4] and a nominal amount of €200 million (debt instrument)[5][6]	26	None

Delegations of authority granted by the shareholders of theCompany to the Managing Partner relating to the share capital

Purpose	Resolution number	Individual ceiling	Term of validity (in months)	Use during the 2022 financial year
To issue shares and/or securities giving immediate or deferred access to the share capital with preferential subscription rights	24	A nominal amount of €70 million (share capital securities)[4] and €300 million (debt instrument)[6]	26	None
To issue shares and/or securities giving immediate or deferred access to the capital by way of a public offer (other than an offer as defined in Article L.411-2 1° of the French Monetary and Financial Code), and/or as consideration for securities in another company tendered to a public exchange offer, without preferential subscription rights	25	A nominal amount of €15 million (share capital securities)[4] and €200 million (debt instrument)[6]	26	None
To issue shares and/or securities giving immediate or deferred access to the share capital by way of an offer as defined in Article L.411-2 1° of the French Monetary and Financial Code, without preferential subscription rights	26	10% of the share capital per year[3][4] (share capital securities) and a nominal amount of €200 million (debt instrument)[5][6]	26	None
To increase the number of securities to be issued as part of a share capital increase with or without preferential subscription rights	27	To be deducted from the individual limit as set in the resolution in respect thereof when the initial issuance is decided[4][6	26	None
To issue ordinary shares or securities granting immediate or deferred access to the share capital reserved for members of a corporate savings plan	28	€1 million[2][4]	26	None

(1) To be deducted from the aggregate nominal ceiling on capital increases of €70 million set by the 29th resolution voted by the General Meeting on 19 May 2022.
(2) For more information, please refer to Section 3.2.1 of this report.
(3) It is specified that the increases of share capital without preferential subscription rights resulting from the implementation of the 23rd and 26th delegations shall be deducted from the nominal ceiling of €15 million provided for in the 25th resolution.
(4) It is specified that ceilings on capital increases set by 23rd to 28th resolutions voted by the General Meeting on 19 May 2022 shall be deducted from the aggregate nominal ceiling of €70 million set by the 29th resolution voted by the General Meeting on 19 May 2022.
(5) It is specified that the issues of debt securities giving access to the share capital without preferential subscription rights resulting from the implementation of the 23rd and 26th delegations shall be deducted from the ceiling of €200 million provided for in the 25th resolution.
(6) It is specified that the ceilings for the issue of debt securities giving access to the capital set by the 23rd to 27th resolutions voted by the General Meeting on 19 May 2022 shall be deducted from the aggregate nominal ceiling of €300 million set by the 29th resolution voted by the General Meeting on19 May 2022.

More information on these authorisations and delegations of authority is available in the notices of the General Meetings held on 20 May 2021 and 19 May 2022 which contain the information made available to shareholders, published on Rothschild & Co website (www.rothschildandco.com).

6.7 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 provisions or by the Company's articles of association, may have an impact in the event of a takeover bid. 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 nor exercise the specific powers that are devoted to 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 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, a general partner may not transfer its general partners shares without the agreement of both general partners. For more information, including on the rules applicable to the appointment of the managing partners, please refer to Section 6.1.1 of this report, and to the Company's articles of association, available on the Company's website (www.rothschildandco.com).

The Company's shareholding structure, which is described in Section 3.2.3 of this report, 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 shareholders' agreement, which main provisions are detailed in Section 3.2.3, paragraph "Control of the Company" of this report; and
- 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 the Enlarged Family Concert. They are party to a shareholders' agreement, its main provisions are presented in Section 3.2.3, paragraph "Enlarged Family Concert" of this report. As at 31 December 2022, the Enlarged Family Concert held 54.49% of the Company's share capital, 68.82% of its exercisable voting rights and 66.83% of its theoretical 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 Section 3.2.3, paragraph "Ownership threshold disclosure" 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.

The duties of the Managing Partner, particularly in relation to the issue or purchase of shares are detailed in Sections 3.2.3 and 6.6 of this report.

It is specified that Concordia has announced its intention to file a simplified tender offer on the Company.

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Consolidated balance sheet as at 31 December 2022

Assets

In thousands of euros	Notes	31/12/2022	31/12/2021
Cash and amounts due from central banks		2,521,688	6,005,107
Financial assets at fair value through profit or loss	1	2,177,181	1,942,068
Hedging derivatives	2	6,040	2,584
Securities at amortised cost	3	3,649,077	1,336,732
Loans and advances to banks	4	1,927,881	2,144,123
Loans and advances to customers	5	4,971,198	4,462,023
Current tax assets		32,876	10,281
Deferred tax assets	18	67,306	64,025
Other assets	6	1,059,738	802,784
Investments accounted for by the equity method	7	4,325	17,611
Right of use assets	8	213,900	187,570
Tangible fixed assets	10	253,094	268,674
Intangible fixed assets	11	241,453	209,055
Goodwill	12	250,756	197,421
TOTAL ASSETS		**17,376,513**	**17,650,058**

Liabilities and shareholders' equity

In thousands of euros	Notes	31/12/2022	31/12/2021
Financial liabilities at fair value through profit or loss	1	302,289	98,949
Hedging derivatives	2	434	3,228
Due to banks and other financial institutions	13	517,539	512,478
Customer deposits	14	10,414,524	11,655,531
Debt securities in issue		41,724	12,500
Current tax liabilities		70,289	66,142
Deferred tax liabilities	18	69,299	52,076
Lease liabilities	8	240,676	211,619
Other liabilities, accruals and deferred income	15	1,667,787	1,393,345
Provisions	16	34,745	42,988
TOTAL LIABILITIES		**13,359,306**	**14,048,856**
Shareholders' equity		**4,017,207**	**3,601,202**
Shareholders' equity – Group share	**20**	**3,565,080**	**3,132,825**
Share capital		154,060	155,465
Share premium		1,122,438	1,145,744
Consolidated reserves		1,740,742	1,096,149
Unrealised or deferred capital gains and losses		(57,792)	(30,337)
Net income – Group share		605,632	765,804
Non-controlling interests	**21**	**452,127**	**468,377**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**17,376,513**	**17,650,058**

Consolidated income statement for the twelve months ended 31 December 2022

	In thousands of euros	Notes	31/12/2022	31/12/2021
+	Interest income	26	179,759	88,900
-	Interest expense	26	(56,594)	(43,868)
+	Fee income	27	2,645,517	2,653,288
-	Fee expense	27	(101,300)	(103,300)
+/-	Net gains/(losses) on financial instruments at fair value through profit or loss	28	297,798	330,507
+/-	Net gains/(losses) on derecognition of assets held at amortised cost		(5)	(1,470)
+	Other operating income		643	1,625
-	Other operating expenses		(424)	(726)
Net banking income			**2,965,394**	**2,924,956**
-	Staff costs	29	(1,575,425)	(1,452,504)
-	Administrative expenses	29	(332,985)	(267,348)
-	Depreciation, amortisation and impairment of tangible and intangible fixed assets	30	(87,253)	(72,594)
Gross operating income			**969,731**	**1,132,510**
+/-	Cost of risk	31	(2,904)	(1,484)
Operating income			**966,827**	**1,131,026**
+/-	Net income from companies accounted for by the equity method	7	(2,062)	482
+/-	Net income/(expense) from other assets	32	(6,201)	(616)
Profit before tax			**958,564**	**1,130,892**
-	Income tax expense	33	(157,781)	(169,817)
CONSOLIDATED NET INCOME			**800,783**	**961,075**
Non-controlling interests		**21**	**195,151**	**195,271**
NET INCOME – GROUP SHARE			**605,632**	**765,804**
Earnings per share – basic (euros)		37	€8.38	€10.59
Earnings per share – basic (euros) – continuing operations		37	€8.38	€10.59
Earnings per share – diluted (euros)		37	€8.27	€10.45
Earnings per share – diluted (euros) – continuing operations		37	€8.27	€10.45

Statement of comprehensive income for the twelve months ended 31 December 2022

In thousands of euros	31/12/2022	31/12/2021
Consolidated net income	**800,783**	**961,075**
Gains and losses recyclable in profit or loss		
Translation differences on subsidiaries and associates	(20,274)	68,584
Gains and (losses) relating to net investment hedge	-	111
Net gains/(losses) from changes in fair value of cash flow hedges	(997)	3,344
(Gains) and losses relating to cash flow hedges transferred to income statement	(1,611)	(1,848)
Gains and (losses) recognised directly in equity for companies accounted for by the equity method	(334)	1,256
Other adjustments	(238)	(45)
Taxes	494	(300)
Total gains and losses recyclable in profit or loss	**(22,960)**	**71,102**
Gains and losses not recyclable in profit or loss		
Remeasurement gains/(losses) on defined benefit pension funds	136,718	180,480
Taxes	(23,347)	(34,025)
Total gains and losses not recyclable in profit or loss	**113,371**	**146,455**
Gains and losses recognised directly in equity	**90,411**	**217,557**
TOTAL COMPREHENSIVE INCOME	**891,194**	**1,178,632**
attributable to equity shareholders	*705,924*	*961,262*
attributable to non-controlling interests	*185,270*	*217,370*

Consolidated statement of changes in equity for the twelve months ended 31 December 2022

In thousands of euros	Capital and associated reserves (Note 20.2)	Consolidated reserves (Note 20.2)	Unrealised or deferred capital gains and losses (net of tax) (Note 20.2)		Shareholders' equity, Group share	Shareholders' equity, NCoI	Total shareholders' equity
			Related to translation differences	Cash flow hedge reserve			
SHAREHOLDERS' EQUITY AT 1 JANUARY 2021	**1,299,896**	**1,088,748**	**(86,248)**	**501**	**2,302,897**	**404,938**	**2,707,835**
(Acquisition)/disposal of treasury shares	-	(8,195)	-	-	(8,195)	-	(8,195)
Distributions (Note 20.3, Note 21)	-	(128,815)	-	-	(128,815)	(141,776)	(270,591)
Issue of shares	1,313	-	-	-	1,313	-	1,313
Capital increase related to share-based payments	-	4,194	-	-	4,194	-	4,194
Interest on perpetual subordinated debt (Note 21)	-	-	-	-	-	(12,963)	(12,963)
Effect of a change in shareholding without a change of control	-	(1,121)	1,295	-	174	885	1,059
Other movements	-	-	-	-	-	(77)	(77)
Subtotal of changes linked to transactions with shareholders	**1,313**	**(133,937)**	**1,295**	**-**	**(131,329)**	**(153,931)**	**(285,260)**
2021 net income for the year	-	765,804	-	-	765,804	195,271	961,075
Net gains/(losses) from changes in fair value	-	-	-	2,709	2,709	-	2,709
Net (gains)/losses transferred to income	-	-	-	(1,497)	(1,497)	-	(1,497)
Remeasurement gains/(losses) on defined benefit funds	-	146,455	-	-	146,455	-	146,455
Net gains/(losses) on hedge of net investment in foreign operations	-	-	95	-	95	-	95
Translation differences and other movements	-	(5,117)	52,808	-	47,691	22,099	69,790
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2021	**1,301,209**	**1,861,953**	**(32,050)**	**1,713**	**3,132,825**	**468,377**	**3,601,202**
(Acquisition)/disposal of treasury shares	-	(32,853)	-	-	(32,853)	1	(32,852)
Capital decrease	(25,455)	25,455	-	-	-	-	-
Distributions (Note 20.3, Note 21)	-	(200,967)	-	-	(200,967)	(184,656)	(385,623)
Issue of shares	744	-	-	-	744	-	744
Capital increase related to share-based payments	-	921	-	-	921	-	921
Interest on perpetual subordinated debt (Note 21)	-	-	-	-	-	(16,584)	(16,584)
Effect of a change in shareholding without a change of control	-	9,443	(9,657)	-	(214)	(281)	(495)
Revaluation of RMM preferred shares to fair value before purchase (Note 21)	-	(41,300)	-	-	(41,300)	41,300	-
Purchase of RMM preferred shares (Note 21)	-	-	-	-	-	(41,300)	(41,300)
Subtotal of changes linked to transactions with shareholders	**(24,711)**	**(239,301)**	**(9,657)**	**-**	**(273,669)**	**(201,520)**	**(475,189)**
2022 net income for the year	-	605,632	-	-	605,632	195,151	800,783
Net gains/(losses) from changes in fair value	-	-	-	(808)	(808)	-	(808)
Net (gains)/losses transferred to income	-	-	-	(1,306)	(1,306)	-	(1,306)
Remeasurement gains/(losses) on defined benefit funds	-	113,371	-	-	113,371	(1)	113,370
Translation differences and other movements	-	4,719	(15,684)	-	(10,965)	(9,880)	(20,845)
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2022	**1,276,498**	**2,346,374**	**(57,391)**	**(401)**	**3,565,080**	**452,127**	**4,017,207**

Cash flow statement for the twelve months ended 31 December 2022

In thousands of euros	Notes	31/12/2022	31/12/2021
Consolidated profit before tax (I)		**958,564**	**1,130,892**
Depreciation and amortisation expense on tangible and intangible fixed assets	10,11	62,962	38,374
Depreciation and impairment of ROU assets and interest on lease liabilities	8	47,226	39,010
Remove (gains)/losses related to acquisition, disposal and impairment of Group companies	32	(18,502)	1,256
Remove (profit)/loss from associates	7	2,062	(482)
Remove (profit)/loss from investing activities	28	(243,846)	(294,251)
Other non-cash items included in pre-tax profit		3,438	2,604
Non-cash items included in pre-tax profit (II)		**(146,660)**	**(213,489)**
Net (advance)/repayment of loans to customers		**(462,690)**	**(804,216)**
Cash (placed)/received through interbank transactions		131,135	174,764
Increase/(decrease) in customer deposits		(1,317,322)	1,385,754
Net inflow/(outflow) related to derivatives and trading items		167,155	(34,979)
Net (purchases)/disposals of assets held for liquidity purposes		(2,300,808)	(272,814)
Other movements in assets and liabilities related to treasury activities		50,014	(38,687)
Total treasury-related activities		**(3,269,826)**	**1,214,038**
(Increase)/decrease in working capital		(38,461)	251,554
Payment of lease liabilities	8	(43,153)	(40,873)
Tax paid		(181,607)	(145,286)
Other operating activities		**(263,221)**	**65,395**
Net (decrease)/increase in cash related to operating assets and liabilities (III)		**(3,995,737)**	**475,217**
Net cash inflow/(outflow) related to operating and treasury activities (A) = (I) + (II) + (III)		**(3,183,833)**	**1,392,620**
Purchase of investments		(211,431)	(181,303)
Purchase of subsidiaries and associates, net of cash and cash equivalents acquired		(33,015)	(12,270)
Purchase of property, plant and equipment and intangible fixed assets	10,11	(34,150)	(25,435)
Total cash invested		**(278,596)**	**(219,008)**
Cash received from investments (disposals and dividends)		313,982	247,223
Cash from disposal of property, plant and equipment and intangible fixed assets		1,438	3,149
Total cash received from investment activity		**315,420**	**250,372**
Net cash inflow/(outflow) related to investing activities (B)		**36,824**	**31,364**
Distributions paid to shareholders and general partners of parent company	20.3	(200,967)	(128,815)
Distributions paid to non-controlling interests	21	(184,656)	(141,776)
Interest paid on perpetual subordinated debt	21	(16,584)	(12,963)
Purchase of RMM preferred shares	21	(41,300)	-
(Acquisition)/disposal of own shares and additional interests in subsidiaries		(35,757)	(6,281)
Net cash inflow/(outflow) related to financing activities (C)		**(479,264)**	**(289,835)**
Impact of exchange rate changes on cash and cash equivalents (D)		**44,428**	**255,508**
NET INFLOW/(OUTFLOW) OF CASH (A) + (B) + (C) + (D)		**(3,581,845)**	**1,389,657**
Net opening cash and cash equivalents	23	7,256,665	5,867,008
Net closing cash and cash equivalents	23	3,674,820	7,256,665
NET INFLOW/(OUTFLOW) OF CASH		**(3,581,845)**	**1,389,657**

Notes to the consolidated financial statements

7.1 Highlights

7.1.1 Changes of scope

On 15 March 2022, Rothschild & Co Group reached an agreement with an independent financial advisor to acquire a Wealth and Asset Management business managing a €3.0 billion AuM portfolio. Additionally, on 30 November 2022, the Group met regulatory conditions to acquire a controlling interest in an Equity Markets Solutions business, Redburn (Europe) Limited, one of the largest independent equity brokers in Europe. The purchase agreement was announced last year. Further details are provided in Note 9. Apart from this, there have been no significant changes in the consolidation scope in the twelve months ended 31 December 2022.

7.1.2 Disposal of North American asset management business

In November 2022, the Group entered into an agreement with Wintrust Financial Corporation according to which a subsidiary of Wintrust, Great Lakes Advisors, LLC agreed to purchase our asset management business in the US. The transaction is expected to complete in the first half of 2023, subject to certain closing conditions.

Annual revenue for this business in 2022 was €22 million.

7.1.3 Macro-economic environment

Markets have been volatile throughout much of 2022. High levels of inflation across much of the world has seen significant increases in interest rates. The impact of this on key risks faced by R&Co Group is set out below.

7.1.3.1 Interest rate risk

The methodology used by the Group for the measurement of its interest rate risk is described in section 4.3.3 Interest rate risk of these financial statements.

The Group has limited interest rate risk in a rising interest rate environment due to its private banking business model. Lending is focused on Lombard loans to private clients, which are well collateralised and short-dated by nature. For longer term fixed-rate lending, such as certain mortgages, interest rate risk is managed to reduce exposure via hedging with derivatives. Lending is funded by client deposits. The Group's exposure to unhedged fixed rate lending with a remaining maturity over one year is low at 6% of the total lending as at 31 December 2022, of which less than one third is over five years.

7.1.3.2 Credit risk on loans to customers

The methodology and assumptions used by the Group for the measurement of its expected credit losses are described in section 4.2.2 Grouping of instruments for losses measured on a collective basis of these financial statements.

Higher interest rates that have not been seen for many years can make the value of collateral held and the probabilities of default harder to estimate than they are in a stable environment. The LGD has been determined in large part through a review of the collateral held against loans made. Where the collateral has been difficult to value following the recent market dislocations, adjustments have been made to its assumed value that reflect recent market movements.

In the event that any borrower is affected by interest rate changes to the extent that their loan is in doubt, this would be addressed with the usual methods. Defaults remain very low as at the balance sheet date. Full quantitative disclosure of credit risk is given in section 4.2 Credit risk of these financial statements.

7.1.3.3 Liquidity risk

The methodology used by the Group for the measurement of its liquidity risk is described in section 4.4 Liquidity risk of these financial statements. The Group's liquidity position continues to be strong and the impact of interest rates is monitored closely to ensure this strength is maintained.

7.1.3.4 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.

The current macro-economic impact on the Group's results and projections as well as the increase in discount rates have been reflected in tests performed as at 31 December 2022; these indicated no evidence of impairment on goodwill nor intangible assets with an indefinite useful life.

7.1.4 Financial impacts of the war in Ukraine

The direct impact of the war in Ukraine, and the actions taken by the Group in response, have not had a material impact on the financial statements as at 31 December 2022. Further information on this matter can be found in section 2.4 of the Annual Report.

7.1.5 Global minimum tax

To ensure large multinational corporations pay a minimum level of tax on the income arising in each of the jurisdictions where they operate, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework in December 2021, followed by detailed guidance released in March 2022, that is expected to be used by over 135 individual jurisdictions that signed the agreement to amend their local tax laws and introduce a global minimum tax of 15%. Such regulation is widely referred to as Pillar 2.

The EU Council formally approved the EU directive transposing the OECD proposed framework into the EU regulatory environment on 15 December 2022. The Directive must be endorsed by the legislative arms of EU member states before 31 December 2023, with application starting from 1 January 2024.

Once changes to the tax laws in any jurisdiction in which the Group operates are substantively enacted, the Group may be subject to the top-up tax. As at 31 December 2022, none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to Pillar 2. Management is closely monitoring the progress of the legislative process in each jurisdiction the Group operates in. As at 31 December 2022, the Group does not foresee material impacts on its consolidated financial statements.

7.2 Preparation of the financial statements

7.2.1 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 2022 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 2022 to 31 December 2022.

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 13 February 2023.

On 31 December 2022, 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 2022, the parent company of Rothschild & Co SCA was Rothschild & Co Concordia SAS, whose registered office is also 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.

7.2.2 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.

7.2.3 Changes to accounting standards and reporting requirements

7.2.3.1 December 2022 update on USD LIBOR exposure

IBOR reform has resulted in certain interest rate benchmarks being phased out last year and over the coming years. Given much of the Group is focused on Private Client Lending and vanilla treasury assets, with relatively limited exposure to long-term IBOR rates, the reform has not significantly impacted the Group.

The Group's exposures to non-derivatives financial assets and to loans and debt securities commitments based on USD Libor that must move to a new rate before maturity are respectively €39.9 million and nil as at December 2022 (December 2021: €79.3 million and €10.5 million).

7.2.3.2 Other changes to accounting standards

The IASB has issued other minor amendments to IFRS effective since 1 January 2022. These revised requirements do not have any significant impact on the Group.

7.2.3.3 ESEF reporting

The Group publishes its 2022 Annual Financial Report using the European single electronic format (ESEF) as defined by the European Delegated Regulation 2019/815 amended by the Delegated Regulation 2022/352. For the first time, the notes of the accounts will be block tagged for ESEF reporting.

7.2.4 Forthcoming changes to accounting standards

7.2.4.1 Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 Income Taxes which narrow the scope of the exemption from recognising deferred tax when recognising assets or liabilities for the first time. In the case of transactions that give rise to equal and offsetting temporary differences (for example, leases), it is now clear that the exemption does not apply. As a result, both a deferred tax asset and a deferred tax liability for temporary differences will arise on initial recognition of a lease. However, in many jurisdictions, such deferred tax assets and liabilities qualify to be presented net of each other in the balance sheet.

The effective date is 1 January 2023 and the Group expects it to have no material impact.

7.2.4.2 IFRS 17 Insurance contracts

IFRS 17 Insurance contracts is applicable for periods starting on 1 January 2023. The Group considers that it does not have any products or services that are in the scope of this standard.

7.2.5 Subsequent events

Rothschild & Co announced on 6 February 2023 that it had been informed of the intention of Rothschild & Co Concordia, the holding company of the Rothschild family and Rothschild & Co's largest shareholder, to file a simplified tender offer for the Rothschild & Co shares at €48.00 per share with dividends attached, and to request the implementation of a squeeze-out.

Apart from this, there have not been any events after the balance sheet date that require disclosure in these accounts.

7.3 Accounting policies

7.3.1 Consolidation method

7.3.1.1 Financial year end of the consolidated companies

For this reporting period, the financial statements of the Group are prepared as at 31 December 2022 and consolidate the financial statements of the Company and its subsidiary undertakings. To this end, at each closing date, the Group draws conclusions from past experience and all relevant factors relating to its business.

Rothschild & Co and all material subsidiaries are consolidated on the basis of a financial reporting date of 31 December 2022.

7.3.1.2 Subsidiaries

Subsidiaries are all entities that 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.

7.3.1.3 Associates

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%).

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).

7.3.1.4 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 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 are more similar to a payment for services than a payment for the shares. This would be the case, for example, where 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.

On the date an entity is first consolidated, 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.

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 that can be sold separately or that 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 relevant corrections to the value.

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 (CGU) for the purposes of impairment testing. It is allocated to the lowest level of CGU or group of CGUs that are expected to benefit from the synergies of the combination. The decision is informed by the level at which the results of the acquired company are monitored for internal management purposes. 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 never reversed.

Results from subsidiaries acquired during the reporting period 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 are calculated after including the carrying amount of goodwill relating to the entity sold.

7.3.1.5 Non-controlling interests

For all business combinations, the Group assesses non-controlling interests (NCoI) 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 NCoI (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 NCoI (full goodwill method).

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 NCoI to other equity. In the same way, any reduction in the Group's stake in an entity that 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.

7.3.1.6 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. As the Group treats NCoI in this case as acquired, the associated liability for deferred or contingent consideration is considered as liability-classified rather than equity-classified, and therefore any revaluation of the liability is recognised in the income statement.

7.3.2 Accounting principles and valuation methods

7.3.2.1 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 inputs and assumptions alongside a sensitivity analysis for valuations not primarily based on observable market data is provided in section 4.5 of these 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 of these 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 22 – Retirement benefit obligations.

The assumptions that have the greatest impact on the measurement of the pension fund assets and liabilities, along with their sensitivities, are also set out in Note 22 – Retirement benefit obligations.

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. Deferred tax assets and liabilities are recognised at the rate at which they are expected to reverse. Further details are provided in Note 18.

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 11 and Note 12.

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 19.

7.3.2.2 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 that most faithfully represents the economic effects of the underlying transactions, events and conditions.

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, or when an associate becomes a subsidiary, these translation differences are recognised in the income statement as part of the gain or loss on sale or acquisition.

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.

	2022			2021		
	GBP	CHF	USD	GBP	CHF	USD
1 January	**0.8390**	**1.0364**	**1.1350**	**0.8992**	**1.0804**	**1.2281**
31 March	0.8445	1.0223	1.1099	0.8516	1.1058	1.1735
30 June	0.8608	0.9987	1.0462	0.8583	1.0962	1.1858
30 September	0.8792	0.9616	0.9796	0.8586	1.0813	1.1589
31 December	**0.8869**	**0.9880**	**1.0683**	**0.8390**	**1.0364**	**1.1350**

7.3.2.3 Financial assets and liabilities – classification and measurement

Initial recognition

On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (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 the account "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 the account "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. The Group does not currently own equity securities measured at FVOCI.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at FVTPL on a designated basis if they meet the criteria for the classification of amortised cost or FVOCI, but they are managed, and their performance is evaluated, on a fair value 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.

All financial assets at FVTPL 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 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 classified as 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 as well as for other basic lending risks and costs, including 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 or as cash flow hedges.

7.3.2.4 Financial assets – impairment

Scope of application

The Group assesses 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 following 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 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 in assessing impairments of financial assets 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 of these financial statements).

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 an event that has a detrimental impact on the estimated cash flows of the financial asset has 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 value of original contractual cash flows will be received 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 section 4.2.1 of these financial statements).

Measurement of expected credit loss

ECL is a probability-weighted estimate of credit losses. It is measured as 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 counterparty 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. For an undrawn loan commitment, the EAD is the exposure if the commitment were drawn down. For a financial guarantee contract, the EAD is the expected payment to reimburse the holder.

LGD is the percentage of the exposure likely to be lost if there is a default. The Group estimates LGD parameters informed by historical rates of claims recovered 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, any 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.

7.3.2.5 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. When it adopted 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.

7.3.2.6 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.

7.3.2.7 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 that do (generally the senior tranches) can be classified as amortised cost. Those that do not (generally the junior tranches) must be classified as FVTPL.

7.3.2.8 Intangible assets

Intangible assets include software, intellectual property rights and assets acquired through business combinations such as client relationships, brands, and contracts to earn management fees. 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 generally used. The intangible assets that 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.

Some of 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.

7.3.2.9 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 at that time to consider the fair value of a tangible asset 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 the account "Net income/ (expense) from other assets".

7.3.2.10 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.

7.3.2.11 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.

7.3.2.12 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.

7.3.2.13 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 that 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. Revenue is recognised over the period in which the services are provided, once one of the following occurs:

(1) 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

(2) the Group has an enforceable right to payment for performance completed to date.

In the WAM and MB businesses, revenue recognised as services are provided mainly consists of fees calculated based on assets under management. Revenue is recognised monthly based on what is owed according to the contracts with customers.

For GA, such services include advisory services paid upfront or on a retainer basis. Revenue is recognised over the period in which the services are provided, which in practice is usually a straight-line basis over the period that work is performed for the client.

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.

7.3.2.14 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. Also recorded in interest income and expenses are the portions of income or expenses representative of the effective interest rate of all financial instruments mandatorily measured at FVTPL.

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.

7.3.2.15 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 their fair value as at the balance sheet date, and as long as the associated carried interest asset is considered realisable at that value. Fair value is determined using the valuation methodology applied by the Group in its role as manager to its funds and is measured as 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 that 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 that 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 that 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 as at the balance sheet date using the same method as the valuation of the Group's interests, as described above.

7.3.2.16 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 in a straight line 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 and thereby forfeit their unvested options.

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.

7.3.2.17 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, 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 taxes are not discounted for the time value of money.

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 where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will reverse in the foreseeable future.

7.3.2.18 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.

7.3.2.19 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 the account "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.

7.3.2.20 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.

7.3.2.21 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 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.

7.4 Financial risk management

7.4.1 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 internal control governance structure and its risk management is provided in Chapter 4 "Main risks, internal control, risk management and accounting arrangements" of the Annual Report.

7.4.2 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.

7.4.2.1 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 that are considered to be fully performing.	Stage 1
Category 2	Exposures where the payment of interest or principal is not currently in doubt, but that 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 that are more than 90 days overdue 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 that 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 that 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 as at 31 December 2022 and as at 31 December 2021 for financial assets with exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

Allowances against commitments and guarantees are included in the account "Provisions for counterparty risk" (Note 16).

In millions of euros	Category 1	Category 2	Category 3	Category 4	Category 5	Impairment allowance	31/12/2022
Cash and amounts due from central banks	2,521.7	-	-	-	-	-	2,521.7
Financial assets at FVTPL[1]	354.7	-	-	-	-	-	354.7
Loans and advances to banks	1,927.9	-	-	-	-	-	1,927.9
Loans and advances to customers	4,887.6	11.5	48.8	59.5	12.7	(48.9)	4,971.2
Debt at amortised cost	3,649.7	-	-	-	-	(0.6)	3,649.1
Other financial assets	607.1	24.8	-	11.8	17.4	(24.3)	636.8
Subtotal assets	**13,948.7**	**36.3**	**48.8**	**71.3**	**30.1**	**(73.8)**	**14,061.4**
Commitments and guarantees	1,230.1	-	-	-	-	n/a	1,230.1
TOTAL	**15,178.8**	**36.3**	**48.8**	**71.3**	**30.1**	**(73.8)**	**15,291.5**

(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	31/12/2021
Cash and amounts due from central banks	6,005.1	-	-	-	-	-	6,005.1
Financial assets at FVTPL[1]	190.8	-	-	-	-	-	190.8
Loans and advances to banks	2,144.1	-	-	-	-	-	2,144.1
Loans and advances to customers	4,374.6	13.0	44.8	67.5	12.5	(50.4)	4,462.0
Debt at amortised cost	1,337.3	-	-	-	-	(0.6)	1,336.7
Other financial assets	486.5	8.3	-	10.5	16.1	(23.9)	497.5
Subtotal assets	**14,538.4**	**21.3**	**44.8**	**78.0**	**28.6**	**(74.9)**	**14,636.2**
Commitments and guarantees	981.6	-	-	-	-	n/a	981.6
TOTAL	**15,520.0**	**21.3**	**44.8**	**78.0**	**28.6**	**(74.9)**	**15,617.8**

(1) Including hedging derivatives and excluding equities, for which credit risk does not apply.

7.4.2.2 Credit risk exposure

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 shared risk characteristics.

Lending by the Group is primarily focused on supporting the WAM business by way of lending to private clients, with collateral consisting of portfolios of securities (Lombard lending), or mortgages against residential properties.

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 9% (December 2021: 0.3% and 7%).

For the mortgage loans, the LGD is estimated considering the value of the properties that are mortgaged, and varies based on the LTV; the difficulty and amount of costs likely to be incurred in recovering and realising any collateral; and the nature of the client. In the base case, the weighted average PD is 1.6% and weighted average LGD is 7% (December 2021: 1.6% and 5%).

In response to the current macro-economic volatility, the forward-looking estimates used to calculate ECL in the PCL book have been reviewed, and the Group has provisions to reflect increased uncertainty under a stress scenario. Apart from this, there have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Other loans to customers

The Group also makes other loans to customers, mainly in the French corporate market; to fund corporate real estate lending; and to support Merchant Banking and Asset Management activities of the Group – this equates to €290 million of the total in the balance sheet as at December 2022 (December 2021: €346 million). The ECL in these businesses is 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 level of future losses.

Because of the relatively small size of this portfolio, most of which is 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 that 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 that are not possible to detect at an individual level. Any changes made to estimation techniques or significant assumptions during the reporting period have not had a significant impact.

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 twelve month 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, and there have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

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. The credit risk exposure of other financial assets is shown in section 4.2.3 of these financial statements.

In millions of euros	**Stage 1** 12 month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	31/12/2022	**Stage 1** 12 month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**31/12/2021**
Gross carrying amount								
Loans and advances to banks	1,927.9	-	-	1,927.9	2,144.1	-	-	2,144.1
PCL loans to customers	4,557.3	57.1	0.1	4,614.5	4,003.9	52.2	0.1	4,056.2
Other loans to customers	330.3	3.2	72.1	405.6	370.7	5.6	79.9	456.2
Securities at amortised cost	3,649.7	-	-	3,649.7	1,337.3	-	-	1,337.3
TOTAL	**10,465.2**	**60.3**	**72.2**	**10,597.7**	**7,856.0**	**57.8**	**80.0**	**7,993.8**
Loss allowance								
Loans and advances to banks	-	-	-	-	-	-	-	-
PCL loans to customers	(4.2)	(0.1)	(0.1)	(4.4)	(2.7)	(0.1)	(0.1)	(2.9)
Other loans to customers	(0.9)	(0.3)	(43.3)	(44.5)	(1.4)	(0.5)	(45.6)	(47.5)
Securities at amortised cost	(0.6)	-	-	(0.6)	(0.6)	-	-	(0.6)
TOTAL	**(5.7)**	**(0.4)**	**(43.4)**	**(49.5)**	**(4.7)**	**(0.6)**	**(45.7)**	**(51.0)**
Net carrying amount								
Loans and advances to banks	1,927.9	-	-	1,927.9	2,144.1	-	-	2,144.1
PCL loans to customers	4,553.1	57.0	-	4,610.1	4,001.2	52.1	-	4,053.3
Other loans to customers	329.4	2.9	28.8	361.1	369.3	5.1	34.3	408.7
Securities at amortised cost	3,649.1	-	-	3,649.1	1,336.7	-	-	1,336.7
TOTAL	**10,459.5**	**59.9**	**28.8**	**10,548.2**	**7,851.3**	**57.2**	**34.3**	**7,942.8**

For loans to customers, the cost of risk in the year was a credit of €0.7 million (see Note 31) 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 the account "Impairments" Note 17.

Information on how the ECL is measured and how the three stages are determined is provided in the section "Measurement of expected credit loss", section 3.2.4 of these financial statements.

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	**(4.1)**	**(0.6)**	**(45.7)**	**(50.4)**
Movements with P&L impact				
(Charge)	(1.0)	-	(4.4)	(5.4)
Release	0.3	-	5.7	6.0
Total net P&L (charge)/release during the period	**(0.7)**	**-**	**1.3**	**0.6**
Movements with no P&L impact				
Transfer	(0.2)	0.2	-	-
Written off	-	-	0.1	0.1
Exchange	(0.1)	-	0.9	0.8
LOSS ALLOWANCE AT END OF PERIOD	**(5.1)**	**(0.4)**	**(43.4)**	**(48.9)**

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.

The table below shows the ageing of loans to customers that are past due as at 31 December 2022 and as at 31 December 2021.

Loans to customers that are past due

In millions of euros	31/12/2022	31/12/2021
Less than 30 days past due	32.9	12.0
Between 30 and 90 days past due	4.4	45.7
Over 90 days past due	6.7	7.1
TOTAL	**44.0**	**64.8**

Collateral

The Group holds collateral against loans to customers, as substantially all third-party 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 loans to its 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	31/12/2022 Stage 3 loans	31/12/2021 Stage 3 loans
Tangible assets collateral	26.8	31.8
Financial assets collateral	0.2	0.7
TOTAL	**27.0**	**32.5**
Gross value of credit-impaired loans	72.2	80.0
Impairment	(43.4)	(45.7)
Net value of loans	**28.8**	**34.3**
% of Stage 3 loans covered by collateral	94%	95%

7.4.2.3 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 that 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 2022 and as at 31 December 2021.

		31/12/2022			31/12/2021		
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	92%	607.1	-	93%	486.5	-
90 – 180 days past due	Category 2	2%	14.4	(0.2)	1%	4.2	(0.1)
180 days – 1 year past due	Category 2	1%	8.7	(0.5)	1%	2.8	(0.1)
More than 1 year past due	Category 2	0%	1.7	(0.2)	0%	1.3	(0.2)
Impaired							
Partially impaired	Category 4	2%	11.8	(6.0)	2%	10.5	(7.4)
Fully impaired	Category 5	3%	17.4	(17.4)	3%	16.1	(16.1)
TOTAL		**100%**	**661.1**	**(24.3)**	**100%**	**521.4**	**(23.9)**

The movements in the loss allowance are disclosed in the account "Impairments" Note 17.

7.4.2.4 Further credit risk analysis

The tables below show an analysis of credit risk by location and by sector as at 31 December 2022 and as at 31 December 2021.

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. Location for derivative assets is based on the location of the counterparty. Location for margin calls paid on derivative liabilities are recorded based on the location of the receiver of the margin call.

In millions of euros	France	Switzerland	UK and Channel Islands	Rest of Europe	Americas	Australia and Asia	Other	31/12/2022
Cash and amounts due from central banks	2,091.7	424.1	-	5.9	-	-	-	2,521.7
Financial assets at FVTPL[1]	29.5	38.4	148.1	83.1	53.2	2.4	-	354.7
Loans and advances to banks	775.2	1.5	615.0	288.2	155.0	75.4	17.6	1,927.9
Loans and advances to customers	2,294.5	460.7	1,081.2	774.3	183.4	124.2	52.9	4,971.2
Debt at amortised cost	351.5	2,103.7	302.3	429.4	384.4	77.8	-	3,649.1
Other financial assets	143.6	13.7	182.2	199.3	41.7	44.0	12.3	636.8
Subtotal assets	**5,686.0**	**3,042.1**	**2,328.8**	**1,780.2**	**817.7**	**323.8**	**82.8**	**14,061.4**
Commitments and guarantees	816.1	32.5	35.4	301.3	24.4	2.1	18.3	1,230.1
TOTAL	**6,502.1**	**3,074.6**	**2,364.2**	**2,081.5**	**842.1**	**325.9**	**101.1**	**15,291.5**

(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	31/12/2021
Cash and amounts due from central banks	3,030.3	2,941.4	-	33.4	-	-	-	6,005.1
Financial assets at FVTPL[1]	37.4	8.5	91.1	30.1	20.8	2.7	0.2	190.8
Loans and advances to banks	993.2	35.9	463.8	230.7	319.3	84.7	16.5	2,144.1
Loans and advances to customers	2,008.7	346.3	1,128.7	589.7	198.7	124.7	65.2	4,462.0
Debt at amortised cost	292.9	36.1	245.0	331.6	350.7	80.4	-	1,336.7
Other financial assets	140.1	38.5	91.1	117.0	67.6	27.2	16.0	497.5
Subtotal assets	**6,502.6**	**3,406.7**	**2,019.7**	**1,332.5**	**957.1**	**319.7**	**97.9**	**14,636.2**
Commitments and guarantees	650.5	35.3	41.3	242.5	7.4	2.2	2.4	981.6
TOTAL	**7,153.1**	**3,442.0**	**2,061.0**	**1,575.0**	**964.5**	**321.9**	**100.3**	**15,617.8**

(1) Including hedging derivatives and excluding equities, for which credit risk does not apply.

Credit risk by sector

In millions of euros	31/12/2022	%	31/12/2021	%
Households	4,204.8	27%	4,061.7	26%
Credit institutions	3,312.9	22%	3,280.0	21%
Cash and amounts due from central banks	2,521.7	16%	6,005.1	38%
Government[1]	2,339.0	15%	91.4	1%
Other financial corporations	1,032.8	7%	657.5	4%
Real estate	709.1	5%	604.0	4%
Short-term fee income receivable (diversified customers)	410.3	3%	376.9	2%
Liquid debt securities (other sectors)	341.0	2%	185.1	1%
Other	419.9	3%	356.1	2%
TOTAL	**15,291.5**	**100%**	**15,617.8**	**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.

7.4.3 Market Risk

Market risk associated with treasury and equity positions are described below with a description of the levels of risk. Market risk management is covered in Chapter 4 "Main risks, internal control, risk management and accounting arrangements" of the Annual Report.

7.4.3.1 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 investment in the MB funds is individually approved by management and underlying fund investments are monitored on an individual basis.

If the price of these equities were to fall by 5% as at 31 December 2022, then there would be a post-tax charge to the income statement of €93.5 million (31 December 2021: €82.1 million).

The table below shows the Group's equity price risk in relation to these instruments, by location.

In millions of euros	31/12/2022	%	31/12/2021	%
France	614.0	34%	544.8	31%
Americas	447.9	24%	307.2	18%
Rest of Europe	383.4	21%	340.7	19%
United Kingdom and Channel Islands	298.0	16%	428.4	24%
Australia and Asia	60.9	3%	92.3	5%
Other	24.3	1%	40.6	2%
TOTAL	**1,828.5**	**100%**	**1,754.0**	**100%**

7.4.3.2 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.

	31/12/2022	31/12/2021
In millions of euros	Long/(short)	Long/(short)
USD	38.0	55.5
EUR	33.9	2.4
GBP	(30.8)	(33.0)
CHF	2.0	(4.3)
Other	3.0	3.1

If the euro strengthened against the currencies in the table above by 5%, then the effect on the Group would be a gain to the income statement of €2.0 million (31 December 2021: gain of €0.0 million).

7.4.3.3 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 Chapter 4 "Main risks, internal control, risk management and accounting arrangements" of the Annual Report.

Because of the nature of its business, only the banking entities in the Group are exposed to significant interest rate risk and therefore need to actively manage it. The Group calculates Interest Rate Risk in the Banking Book (IRRBB) in line with the EBA requirements, preparing the EVE (Economic Value of Equity) stress tests for each prescribed stress scenario, as a percentage of tier 1 capital. The results illustrate the low level of interest rate risk that the Group's banking entities and, on a consolidated basis, the Group is exposed to, even under these severe stress tests.

IRRBB EVE results of the prescribed six shock scenarios as at 31 December 2022 are shown in the table below. The table is not audited.

	Parallel up	Parallel down	Short rate up	Short rate down	Steepener	Flattener
Assumption: All non-maturity deposits reprice overnight						
Rothschild Martin Maurel	(17.1%)	19.1%	(8.7%)	9.1%	0.2%	(3.6%)
Rothschild & Co Bank AG	(6.6%)	6.9%	(5.0%)	5.1%	1.8%	(3.0%)
Rothschild & Co Bank International Limited	(3.5%)	0.6%	(3.2%)	0.6%	0.6%	(2.3%)
Group	**(2.6%)**	**2.8%**	**(1.5%)**	**1.5%**	**0.2%**	**(0.8%)**
Assumption: Maturities of the stable portion of RMM non-maturity deposit are behaviourally adjusted						
Rothschild Martin Maurel	(6.4%)	2.8%	2.0%	(2.1%)	(5.5%)	2.8%
Rothschild & Co Bank AG	(6.6%)	6.9%	(5.0%)	5.1%	1.8%	(3.0%)
Rothschild & Co Bank International Limited	(3.5%)	0.6%	(3.2%)	0.6%	0.6%	(2.3%)
Group	**(1.4%)**	**1.0%**	**(0.4%)**	**0.3%**	**(0.4%)**	**(0.1%)**

The top section shows the results based on the assumption that sight deposits re-price overnight. It demonstrates the Group's 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 that behave as 0% fixed non-maturity deposits. As a result of this, the Group behaviourally adjusts non-maturity 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, as well as some adjustments to ECB deposits on the assets side. 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.

7.4.4 Liquidity risk

7.4.4.1 Liquidity

Liquidity risk arises from the mismatch between the legal maturity of assets and liabilities. Management of liquidity risk is covered in Chapter 4 "Main risks, internal control, risk management and accounting arrangements" of the Annual Report.

The Group continues to take a conservative approach to the management of liquidity risk and it retains a very strong liquidity position as at 31 December 2022 of €8.8 billion (December 2021: €10.2 billion), which is 51% of gross assets and 84% of deposits (December 2021: 58% gross assets and 88% deposits).

Liquidity assets held by the Group consist mainly of amounts at central banks and banks (€4.5 billion; December 2021: €8.1 billion) and investment-grade debt securities (€3.6 billion; December 2021: €1.3 billion). These debt securities are closely monitored and the holdings and limits for the weaker credits have been reduced where considered necessary. Regarding sectors, the majority of the exposure is to financials and supranationals and the corporate exposure is €341 million (December 2021: €185 million) and is reasonably well diversified across sectors and counterparties.

Movements in customer deposits are broadly as expected, given the increases in interest rates over the course of 2022. This change follows a period of very low or negative interest rates, which resulted in high levels of customer deposits remaining on the balance sheet. We continue to see good stability in the core customer deposit book and remain focused to ensure we retain a conservative liquidity risk profile.

Each of the Group's banks maintain conservative loan-to-deposit ratios and a significant amount of high-quality liquidity (for example central bank deposits or government bonds) to ensure they maintain a minimum level of 20% of all client deposits in cash or assets that are 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 figures are taken from regulatory returns, but are not audited.

Liquidity coverage ratios (LCRs)	31/12/2022	31/12/2021
Rothschild & Co Bank AG	130%	127%
Rothschild Martin Maurel	134%	166%
Rothschild & Co Bank International Limited	153%	192%

The Group also retains a strong liquidity position in the central holding companies and other operating businesses.

7.4.4.2 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 – 3 months	3 months – 1 year	1 year – 5 years	>5 years	No contractual maturity	31/12/2022
Cash and balances at central banks	2,521.7	-	-	-	-	2,521.7
Financial assets at FVTPL	1,006.7	42.9	544.3	446.9	136.4	2,177.2
Hedging derivative assets	0.1	0.1	2.9	2.9	-	6.0
Securities at amortised cost	2,012.3	644.6	944.3	47.9	-	3,649.1
Loans and advances to banks	1,625.8	301.9	0.2	-	-	1,927.9
Loans and advances to customers	1,846.5	1,380.9	1,440.4	303.4	-	4,971.2
Other financial assets	624.5	12.0	-	0.3	-	636.8
TOTAL	**9,637.6**	**2,382.4**	**2,932.1**	**801.4**	**136.4**	**15,889.9**
Financial liabilities at FVTPL	271.9	28.6	1.8	-	-	302.3
Hedging derivative liabilities	-	0.2	0.2	-	-	0.4
Due to banks and other financial institutions	37.8	204.2	138.5	137.0	-	517.5
Due to customers	10,110.5	257.2	46.4	0.4	-	10,414.5
Debt securities in issue	21.7	20.0	-	-	-	41.7
Lease liabilities	20.3	30.5	143.8	46.1	-	240.7
Other financial liabilities	498.7	3.1	6.4	-	-	508.2
TOTAL	**10,960.9**	**543.8**	**337.1**	**183.5**	**-**	**12,025.3**
Loan and guarantee commitments given	1,230.1	-	-	-	-	1,230.1

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.

7.4.5 Fair value disclosures

7.4.5.1 Fair value hierarchy

For financial reporting purposes, IFRS 13 requires fair value measurements that 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 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 that 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).

Level 3: instruments measured using models that draw significantly on non-observable inputs

Level 3 comprises instruments that are measured, at least in part, using non-observable market data that is liable to materially impact the valuation.

7.4.5.2 Valuation techniques used

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 that is a consequence of negotiations carried out during the transaction. MB therefore applies a marketability discount to transaction multiples that are used to value positions retained in the portfolio. Such marketability discounts are higher where MB holds 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 indicate a Level 3 valuation.

Other earnings multiples

This measurement technique 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 that 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 should be of a relatively comparable size and have similar growth prospects. Specific factors may also be taken into account in the selection, including the presence or otherwise of related business activities, the country, and regulatory aspects specific to each market.

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, as 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 input, and, where significant, would mean the valuation is considered as a Level 3 valuation.

Investments in private equity funds that hold instruments at amortised cost

Investments that 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. An example would be a fund holding loans at amortised cost.

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 may use observable inputs with a significant adjustment that 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, however, necessarily occur at the indicated prices, due to the nature of the securities held and transaction volumes that are usually low. Therefore, these valuations are considered to be Level 2.

The Group has invested in credit investment companies that invest in subordinated CLO tranches. These tranches are valued by a third-party valuation provider using discounted cash flow (DCF) techniques, giving a "mark to model" valuation that 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 valuation 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.

Assets mostly held at amortised cost

Loans to/due to banks and customers

Loans and deposits are usually shown as Level 2. In the event of a 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 present value 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 collateralised loan obligations, and certificates of deposit. They can be classified in Level 1 if listed. 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), these are classified as Level 2. 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.

7.4.5.3 Fair value of financial instruments

Carried at amortised cost

	31/12/2022				
In millions of euros	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and amounts due from central banks	2,521.7	2,521.7	-	2,521.7	-
Securities at amortised cost	3,649.1	3,616.1	3,570.5	45.6	-
Loans and advances to banks	1,927.9	1,927.9	-	1,927.9	-
Loans and advances to customers	4,971.2	4,969.3	-	4,962.7	6.6
TOTAL	**13,069.9**	**13,035.0**	**3,570.5**	**9,457.9**	**6.6**
Financial liabilities					
Due to banks and other financial institutions	517.5	497.4	-	497.4	-
Due to customers	10,414.5	10,414.5	-	10,414.5	-
Debt securities in issue	41.7	41.7	-	41.7	-
TOTAL	**10,973.7**	**10,953.6**	**-**	**10,953.6**	**-**

	31/12/2021				
In millions of euros	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and amounts due from central banks	6,005.1	6,005.1	-	6,005.1	-
Securities at amortised cost	1,336.7	1,334.4	1,275.3	59.1	-
Loans and advances to banks	2,144.1	2,144.1	-	2,144.1	-
Loans and advances to customers	4,462.0	4,468.5	-	4,462.7	5.8
TOTAL	**13,947.9**	**13,952.1**	**1,275.3**	**12,671.0**	**5.8**
Financial liabilities					
Due to banks and other financial institutions	512.5	527.7	-	527.7	-
Due to customers	11,655.5	11,655.5	-	11,655.5	-
Debt securities in issue	12.5	12.5	-	12.5	-
TOTAL	**12,180.5**	**12,195.7**	**-**	**12,195.7**	**-**

Carried at fair value

In millions of euros	31/12/2022 Total	Level 1	Level 2	Level 3
Financial assets				
Mutual funds	725.5	706.3	19.2	-
Financial assets at FVTPL held for investment	1,090.9	11.7	194.3	884.9
Other financial assets at FVTPL	83.4	83.4	-	-
Derivative financial instruments	283.4	-	283.4	-
TOTAL	**2,183.2**	**801.4**	**496.9**	**884.9**
Financial liabilities				
Derivative financial instruments	302.6	-	302.6	-
TOTAL	**302.6**	**-**	**302.6**	**-**

In millions of euros	31/12/2021 Total	Level 1	Level 2	Level 3
Financial assets				
Mutual funds	777.0	755.2	21.8	-
Financial assets at FVTPL held for investment	939.0	17.6	157.5	763.9
Other financial assets at FVTPL	131.8	131.8	-	-
Derivative financial instruments	96.9	-	94.8	2.1
TOTAL	**1,944.7**	**904.6**	**274.1**	**766.0**
Financial liabilities				
Derivative financial instruments	102.2	-	102.2	-
TOTAL	**102.2**	**-**	**102.2**	**-**

7.4.5.4 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 the account "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	Derivative assets	TOTAL
As at 1 January 2022	**757.0**	**6.9**	**2.1**	**766.0**
Transfer (out of) Level 3	(23.5)	-	-	**(23.5)**
Total gains or losses for the period included in income statement	212.7	(1.2)	-	**211.5**
Additions	206.7	-	-	**206.7**
Disposals	(270.5)	(3.2)	(2.1)	**(275.8)**
AS AT 31 DECEMBER 2022	**882.4**	**2.5**	**-**	**884.9**

In the valuation hierarchy described above, the Group classifies 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. Disclosure about the inputs to the valuation of Level 3 assets, including the elements that are unobservable, is 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.

	Value (in millions of euros)			Weighted average multiple pre-discount	
Investment	**31/12/2022**	**31/12/2021**	**Valuation method**	**31/12/2022**	**31/12/2021**
Investment in unquoted equity, managed by the Group	641.8	580.5	Earnings multiple	19.7x	19.2x
Investment in MB fund, investing in external funds	157.4	99.7	NAV based on an external valuation	n/a	n/a
Investment in fund, managed by external providers	24.5	26.0	NAV based on an external valuation	n/a	n/a
Holding in credit investment companies	50.6	47.3	Mark to model	n/a	n/a
Other	8.1	3.5	n/a	n/a	n/a
TOTAL	**882.4**	**757.0**			

	Value (in millions of euros)			Weighted average unobservable input	
Investment	**31/12/2022**	**31/12/2021**	**Main unobservable input**	**31/12/2022**	**31/12/2021**
Investment in unquoted equity, managed by the Group	641.8	580.5	Marketability and liquidity discount	9.1%	9.9%
Investment in MB fund, investing in external funds	157.4	99.7	External valuation parameters	n/a	n/a
Investment in fund, managed by external providers	24.5	26.0	External valuation parameters	n/a	n/a
Holding in credit investment companies	50.6	47.3	Recoverability and default rate	2.3%	2.0-2.5%
Other	8.1	3.5	n/a	n/a	n/a
TOTAL	**882.4**	**757.0**			

Out of the €882 million of FVTPL equity securities classified in Level 3 as at 31 December 2022, €642 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 that 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. For clarity, if the discount for an asset were 15% rather than 10%, the valuation used by the Group would generally 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 €38.7 million, or 6.0% of this type of asset (December 2021: 5.4%).

Additionally, €182 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 underlying assets, 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 €10.3 million or 5.7% of this type of asset (December 2021: 5.7%).

The main unobservable input to value the holding in the credit investment companies is considered to be the default rate. If the average default rate were to increase by 25%, the value of the holding would fall by €3.1 million or 6.2% (December 2021: 5.3%).

7.4.5.5 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 the valuation of the investments made by Merchant Banking on a quarterly basis for its corporate private equity funds, and on a twice-yearly cycle for other funds.

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 that 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 data 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.

7.5 Financial impacts and risks associated with climate change

7.5.1 Governance of risks associated with climate change

The main risks faced by the Group from a changing climate are explained in Chapter 4 "Main risks, internal control, risk management and accounting arrangements" of the Annual Report. Chapter 5 "Sustainability report" of the Annual Report provides a more granular view of the Group's risks arising from key sustainability issues, including a changing climate, and describes policies, progress and governance of sustainability matters. The Group's Climate impact report, issued in November 2022, provides a focused view on the ways in which climate change can affect our business as well as our impact on a changing climate.

The Group's assessment of climate-related risks currently concludes that due to the Group's business model, climate risks have a limited potential to have a material impact on credit, liquidity and market risk relating to the Group's balance sheet activities. The most material vector of climate-related impact for the group is on its reputation and its regulatory obligations.

7.5.2 Rothschild & Co commitment to net-zero operations by 2030

Rothschild & Co Group is committed to contributing to a more environmentally sustainable economy and limiting our environmental impact. This is highlighted by our target commitment to reduce our operational Scope 1, 2 and 3 emissions by 30% by 2030 against a 2018 baseline. This target was set in November 2021 and presents an ambitious update to previous commitments to reduce operational GHG emissions.

The commitment requires the Group to make changes to the way it operates and reduce its GHG emissions by more than 80% of absolute Scope 1 + 2 emissions, and 24% per FTE of operational Scope 3 emissions vs the base year. In parallel the Group is committed to remove all its residual operational emissions by 2030 through the financing of projects developing nature-based and technology-based carbon removal solutions. This commitment is aligned with the trajectory of the Paris Agreement and puts the group on a pathway to net-zero operations by 2030.

The direct costs related to this transition are driven by the cost of procurement of carbon compensation credits and small-scale projects aimed at enabling a reduction of operational emissions (around €1 million in the year ended 2022 and expected to increase thereafter). These costs are allocated out to the businesses, based on actual contribution to emissions, via our Internal Carbon Price (ICP). Due to the number of cost variables (including actual emissions, ICP, and price of available compensation credits), the Group considers it difficult to provide an exact quantification of future investment requirements.

The financial impact of this commitment does not meet the criteria for recognition as a provision at the balance sheet date, and so the costs of the transition will be booked in the accounts when the relevant emissions occur. There is no other significant costs related to the net zero operations commitment and the commitment, therefore, has no material impact on the Group's financial statements.

7.5.3 Climate risk applied to the Group's accounts

The Group continues to assess the effects of climate change on its financial statements. These effects could arise from changes in the Group's activities; from reputational issues; from regulatory changes; or the necessity to adapt its business models. The effects could arise both from climate changes likely to impact the Group's performance and balance sheet, and from actions implemented by the Group, with regards to its environmental commitments, such as its net-zero pledge described above.

The most material climate-related risk is related to the Group's reputation. As explained above, the Group considers that the significant risk that it faces in respect of climate risk is reputational risk, and it manages this risk to avoid damage.

7.5.3.1 Consideration of climate risk when testing for impairments of intangible assets and goodwill

When valuing its intangibles and CGUs, the Group mostly uses inputs such as discount rates, royalty rates and growth rates in perpetuity that are market-observed, and that therefore reflect current expectations of climate impacts. As discussed above, while the forecast cash flows take account of our net-zero pledge, in other ways the impact of climate risk is not considered financially significant to the Group, given our careful management of the risks.

7.5.3.2 Consideration of climate risk when assessing risk on our banking business

The Group considers that climate risks do not have a material impact on credit, liquidity and market risk relating to the Group's balance sheet activities.

With regard to the credit risk of climate change on our loan book, the majority of the Group's loan book is Lombard lending, i.e. loans against portfolios of financial assets held by clients which are managed by the WAM business, which is integrating climate change considerations. Non-Lombard lending, meanwhile, is predominantly secured on real estate, where various ESG metrics are considered. For example, the UK commercial property lending team has been collecting data in relation to energy performance and flood risk for each property financed and ESG risks are considered as part of each credit proposal.

7.5.3.3 Consideration of climate risk regarding other assets and liabilities

As at December 2022, climate risk is not considered to affect the carrying value of assets. The Group, meanwhile, has not identified any linked litigation or obligations, or identified contracts that may become onerous due to climate risk, and does not consider it necessary to record provisions and contingent liabilities related to these.

In summary, the Group considers that climate change does not have a material impact on our financial statements as at December 2022.

7.6 Notes to the balance sheet

Note 1 Financial instruments at fair value through profit or loss

1.1 Financial assets

In thousands of euros	31/12/2022	31/12/2021
Debt securities held for liquidity	4,548	25,275
Debt securities held for investment	66,692	68,604
Equity instruments held for investment	1,024,159	870,287
Equity instruments issued by mutual funds, held for liquidity	725,476	777,038
Other equity instruments	78,896	106,558
Financial assets mandatorily at fair value through profit or loss	**1,899,771**	**1,847,762**
Trading derivative assets (see Note 2)	277,410	94,306
TOTAL	**2,177,181**	**1,942,068**

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.

Other equity instruments include assets used to hedge certain fund-denominated amounts due to employees, or to cover social security payable on these amounts. The Group has set up a legally separate employee benefit trust (EBT) to hold some of these assets. Although this trust is consolidated, its assets are not available to the Group's creditors (even in the case of bankruptcy), and cannot be returned to the Group.

The assets held by this EBT meet the criteria for being "plan assets" in the context of IAS 19 Employee Benefits. Plan assets are measured at fair value and netted against the related liabilities due to employees.

The value of the EBT's plan assets as at December 2022 is €132.1m and the related amounts due to employees that can be netted is €112.9m. The amount disclosed above as at December 2022 in "Other equity instruments" is after netting plan assets with related liabilities.

1.2 Financial liabilities

In thousands of euros	31/12/2022	31/12/2021
Trading derivative liabilities (see Note 2)	302,289	98,949
TOTAL	**302,289**	**98,949**

Note 2 Derivatives

Derivative instruments are carried at fair value, shown in the balance sheet as separate totals of positive fair values (assets) and negative fair values (liabilities). Positive fair values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour if the counterparties default. Negative fair values represent the cost to the Group's counterparties of replacing all their transactions with the Group with a fair value in the counterparties' favour if the Group were to default. Changes in fair values of derivative instruments are recognised in trading income unless they qualify as cash flow or net investment hedges for accounting purposes.

Derivatives may be transacted for trading or hedging purposes. The accounting treatment of hedge transactions depends on the nature of the hedging relationship and whether the hedge qualifies as such for accounting purposes. Most of the Group's transactions that do not qualify as hedges for accounting purposes are nonetheless for the purpose of reducing market risk, by hedging exposures in the trading or non-trading books.

2.1 Trading derivatives

	31/12/2022			31/12/2021		
In thousands of euros	***Notional principal***	**Of which: asset**	**Of which: liability**	***Notional principal***	**Of which: asset**	**Of which: liability**
Firm interest rate contracts	*125,351*	1,585	3	*145,718*	519	3,560
Conditional interest rate contracts	*10,423*	20	142	*10,997*	-	124
Firm foreign exchange contracts	*15,674,399*	274,164	300,435	*16,580,506*	90,012	93,592
Conditional foreign exchange contracts	*330,961*	1,641	1,709	*477,487*	1,675	1,673
Other swaps	-	-	-	*7,100*	2,100	-
TOTAL	***16,141,134***	**277,410**	**302,289**	***17,221,808***	**94,306**	**98,949**

2.2 Hedging derivatives

	31/12/2022			31/12/2021		
In thousands of euros	***Notional principal***	**Of which: asset**	**Of which: liability**	***Notional principal***	**Of which: asset**	**Of which: liability**
Firm interest rate contracts	*89,955*	6,040	-	*95,673*	106	3,228
Firm foreign exchange contracts	*45,601*	-	434	*27,494*	2,478	-
TOTAL	***135,556***	**6,040**	**434**	***123,167***	**2,584**	**3,228**

2.3 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 rate risk element is hedged; other risks, such as credit risk, are managed but not hedged by the Group. The interest rate risk component that is hedged is the change in fair value of the medium/long-term fixed-rate customer loans arising solely from changes in 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 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 2022.

Fair value hedges – interest rate swap	TOTAL	**<1 year**	**1 year – 5 years**	**>5 years**
Notional *(in thousands of euros)*	89,955	20,638	44,317	25,000
Average fixed interest rate paid	1.69%	2.66%	1.58%	1.07%

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	31/12/2022	31/12/2021
Notional principal of hedging derivatives	89,955	95,673
Carrying amount of hedged fixed-rate loans	416,114	416,399
Accumulated amount of fair value (decreases)/increases on the hedged loans	(6,040)	3,228
(Decreases) in fair value of hedged loans during the year for effectiveness assessment	(9,268)	(2,746)

2.4 Cash flow hedges

A foreign currency exposure arises in operating divisions that 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 2022.

Cash flow hedges – currency forward	TOTAL	<1 year	1 year – 5 years	>5 years
Notional *(in thousands of euros)*	45,601	25,335	20,266	-
Average EUR-GBP exchange rate	0.90	0.89	0.91	-

The following table contains details of the Group's cash flow hedges.

In thousands of euros	31/12/2022	31/12/2021
Notional principal of hedging derivatives	45,601	27,494
(Loss) in value of the hedged sterling cost base during the period for effectiveness assessment	(1,611)	(1,848)
Gain in cash flow hedge reserve transferred to P&L	1,611	1,848

2.5 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.

As at December 2022, the Group does not have any net investment hedges. In the past, the Group has hedged 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 and sterling subsidiaries.

The following table contains details of net investment hedges that the Group held in previous years.

In thousands of euros	31/12/2022	31/12/2021
Notional principal of hedging derivatives	-	-
Gain/(loss) in value of the hedged net investment during the period for effectiveness assessment	-	(111)
Cumulative foreign currency translation reserve (loss) – discontinued hedges	(7,831)	(7,831)

The cumulative foreign currency reserve on discontinued hedges (negative €7.8 million) will only be transferred to the P&L if the Group disposes of the underlying foreign operations, for which no plans exist.

Note 3 Securities at amortised cost

In thousands of euros	31/12/2022	31/12/2021
Public bills held for liquidity	2,339,104	91,375
Debt securities held for liquidity	1,262,539	1,186,898
Debt securities held for investment	48,010	59,014
Debt securities at amortised cost – gross amount	**3,649,653**	**1,337,287**
Stage 1 – 2 allowances	(576)	(555)
TOTAL	**3,649,077**	**1,336,732**

Note 4 Loans and advances to banks

In thousands of euros	31/12/2022	31/12/2021
Interbank demand deposits and overnight loans	748,979	892,238
Interbank term deposits and loans	256,626	398,217
Reverse repos and loans secured by bills	913,472	849,251
Accrued interest	8,804	4,417
Loans and advances to banks – gross amount	**1,927,881**	**2,144,123**
Allowance for credit losses	-	-
TOTAL	**1,927,881**	**2,144,123**

Note 5 Loans and advances to customers

In thousands of euros	31/12/2022	31/12/2021
Overdrafts	39,968	34,747
PCL loans to customers	4,614,507	4,056,169
Other loans to customers	342,453	405,405
Accrued interest	23,186	16,038
Loans and advances to customers – gross amount	**5,020,114**	**4,512,359**
Stage 1 – 2 allowances	(5,460)	(4,678)
Stage 3 allowances	(43,456)	(45,658)
Allowance for credit losses	**(48,916)**	**(50,336)**
TOTAL	**4,971,198**	**4,462,023**

Credit risk on loans to customers is further explained in section 4.2.2 of these financial statements.

Note 6 Other assets

In thousands of euros	31/12/2022	31/12/2021
Accounts receivable[1]	226,469	209,235
Guarantee deposits paid[1]	67,951	82,893
Settlement accounts for transactions of securities[1]	158,364	37,598
Defined benefit pension scheme assets (Note 22)	249,576	121,912
Other sundry assets	128,037	145,304
Other assets	**830,397**	**596,942**
Prepaid expenses	45,369	38,096
Accrued income[1]	183,972	167,746
Prepayments and accrued income	**229,341**	**205,842**
TOTAL	**1,059,738**	**802,784**

(1) These balances represent other financial assets as reported in section 4 of these financial statements.

Note 7 Investments accounted for by the equity method

The amounts in the balance sheet and income statement for associates are shown below. On 30 November 2022, Redburn (Europe) Limited became a subsidiary of the Group. Further information is given in Note 9.

	31/12/2022		31/12/2021	
In thousands of euros	Equity accounted value	Share of profit after tax	Equity accounted value	Share of profit after tax
Redburn (Europe) Limited	-	(3,666)	15,028	(1,226)
Auster Fund Advisory Ltd	4,261	1,604	2,515	1,728
St Julian's Properties Limited	64	-	68	(20)
TOTAL	**4,325**	**(2,062)**	**17,611**	**482**

Information about the underlying accounts of the associates is as follows. The share of gains and losses for Redburn in 2022 reflects the 11 months up to 30 November, before it became a subsidiary of the Group.

	31/12/2022		
In thousands of euros	Redburn (Europe) Limited	Auster Fund Advisory Ltd	St Julian's Properties Limited
Activity	GA	MB	Other
Loans and receivables with bank, net	-	2,811	26
Other assets	-	12,244	126
Total assets	**-**	**15,055**	**152**
Other creditors	-	850	23
Total liabilities	**-**	**850**	**23**
Net banking revenue	52,452	10,992	-
Profit before tax	(22,239)	5,385	-
Net income	**(11,543)**	**5,345**	**-**
Other comprehensive income	(133)	(46)	-
Total comprehensive income	**(11,676)**	**5,299**	**-**
Dividends paid	**-**	**-**	**-**

All associates are accounted for using the equity method. Information about Group voting rights and ownership interest is disclosed in Note 38.

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 small proportion of these properties to entities outside the Group.

The Group as a lessor also leases a number of motor vehicles and certain other equipment, which are collectively not significant to the Group's accounts.

8.1 Right-of-use assets

In thousands of euros	01/01/2022	Additions	Acquisition of a subsidiary	Disposals/ write-offs	Depreciation and impairment	Exchange rate and other movements	31/12/2022
Gross right-of-use assets							
Leasehold property	278,696	61,026	7,402	(5,620)	-	2,284	343,788
Other assets	6,046	1,590	-	(293)	-	11	7,354
Total right-of-use assets – gross amount	**284,742**	**62,616**	**7,402**	**(5,913)**	**-**	**2,295**	**351,142**
Depreciation and allowances							
Leasehold property	(93,881)	-	-	2,246	(40,040)	(716)	(132,391)
Other assets	(3,291)	-	-	288	(1,839)	(9)	(4,851)
Total depreciation and allowances	**(97,172)**	**-**	**-**	**2,534**	**(41,879)**	**(725)**	**(137,242)**
TOTAL	**187,570**	**62,616**	**7,402**	**(3,379)**	**(41,879)**	**1,570**	**213,900**

8.2 Lease liabilities

In thousands of euros	01/01/2022	Additions	Acquisition of a subsidiary	Disposals/ write-offs	Amounts paid	Unwinding of discount	Exchange rate and other movements	31/12/2022
Leasehold property	208,864	59,204	8,226	(3,697)	(41,297)	5,317	1,566	238,183
Other assets	2,755	1,561	-	-	(1,856)	30	3	2,493
TOTAL	**211,619**	**60,765**	**8,226**	**(3,697)**	**(43,153)**	**5,347**	**1,569**	**240,676**

As at 31 December 2022 the Group has committed to some future leases which have not yet commenced. This includes leases of properties for which the future cash outflows, undiscounted and not adjusted for inflation, may be in the region of €200 million over lease terms of seven to twelve years.

Using permitted exemptions, the Group does not capitalise low-value leases and short-term leases. The amounts recorded in the income statement in respect of these leases were as follows:

In thousands of euros	31/12/2022	31/12/2021
Low-value leases	15	(3)
Short-term leases	(696)	(1,760)
TOTAL	**(681)**	**(1,763)**

8.3 Operating lease commitments payable

	31/12/2022		31/12/2021	
In thousands of euros	Land and buildings	Other	Land and buildings	Other
Up to one year	376	103	635	127
Between one and five years	-	-	-	-
Over five years	-	-	-	-
TOTAL	**376**	**103**	**635**	**127**

Amounts disclosed as commitments payable as at 31 December 2022 represent a commitment to pay for leases that are short term, low value, or otherwise not subject to capitalisation due to materiality.

Note 9 Acquisition of subsidiaries

9.1 Acquisition of a business managing French insurance-based assets

On 15 March 2022, the Group reached an agreement with a French Independent financial advisor to acquire 100% of a €3.0 billion AuM portfolio, almost entirely invested in an insurance-based savings scheme with guaranteed returns ("French Euros Funds/ *Fonds en Euros*").

The acquisition is well aligned with Wealth and Asset Management strategy. The acquired client base is a strong fit in term of client profiles. The knowledge, expertise and network of Rothschild Martin Maurel will benefit the new clients, thanks to a wider and diversified offering.

The consideration included contingent consideration potentially payable in five annual instalments between April 2023 and April 2027 and the amount of the payment depends on the development of revenues over this time. The consideration was measured as at the acquisition date at the amount that was payable under the projected base-case performance of the acquired business.

The identifiable assets and liabilities have been measured at fair value as at the effective date of the acquisition, and are shown below.

Assets

In millions of euros	15/03/2022
Loans and advances to banks	0.3
Other assets	0.8
Intangible fixed assets	30.0
TOTAL ASSETS	**31.1**

Liabilities and shareholders' equity

In millions of euros	15/03/2022
Current tax liabilities	0.0
Deferred tax liabilities	7.6
Other liabilities, accruals and deferred income	0.1
TOTAL LIABILITIES	**7.7**
Non-controlling interests	-
FAIR VALUE OF NET ASSETS ACQUIRED	**23.4**

9.2 Acquisition of Redburn

In December 2021, Rothschild & Co Group reached an agreement to acquire a controlling interest in Redburn (Europe) Limited, one of the largest independent equity brokers in Europe. In anticipation of the planned acquisition, R&Co Group increased its stake in Redburn to 31.7% in February 2022. On 30 November 2022, the regulatory conditions precedent were met for the transaction to proceed, and the acquisition duly occurred on this date.

The acquisition of Redburn is achieved in two stages. Stage one on 30 November 2022 saw the Group increase its current stake to 76.2% following a tender offer. At stage two, in 2026, Rothschild & Co will acquire the outstanding shares that it will not then own, with the final consideration paid for this stake being dependent on the performance of the Redburn business up to 2025.

Because the holders of the shares to be acquired in 2026 have been granted a put option to sell them to the Group, they are considered to be purchased by the Group as at 30 November, the date of acquisition. This is the "anticipated-acquisition" method of accounting. The Group, therefore, accounts for 100% of Redburn at acquisition, with no minority interest. The amount payable for the shares, the contingent consideration, is booked as a liability.

The contingent consideration to settle the put option in 2026 depends on revenues achieved by the business at this time. The consideration is measured at the acquisition date at the best estimate of the amount that is expected to be paid.

The acquisition of Redburn will support the Group's strategy to develop a global multi-product equity solutions platform, spanning independent advice on listed equity offerings, raising capital in the private markets, investor advisory services (including activist defence, ESG advice and investor engagement), through to listed company research and trade execution.

The identifiable assets and liabilities have been measured at fair value as at the effective date of the acquisition and are shown below.

Assets

In millions of euros	30/11/2022
Loans and advances to banks	36.3
Current tax assets	0.5
Deferred tax assets	14.6
Settlement accounts on securities transactions	382.6
Other assets	13.3
Property, plant and equipment	2.2
Right of use assets	7.4
Intangible fixed assets	20.2
TOTAL ASSETS	**477.0**

Liabilities and shareholders' equity

In millions of euros	30/11/2022
Due to banks	2.3
Provisions	1.4
Deferred tax liabilities	4.7
Settlement accounts on securities transactions	383.7
Lease liabilities	8.2
Other liabilities, accruals and deferred income	42.4
TOTAL LIABILITIES	**442.7**
Non-controlling interests	**-**
FAIR VALUE OF NET ASSETS ACQUIRED	**34.3**

9.2.1 Calculation of goodwill from acquiring Redburn

In millions of euros	
Consideration transferred on acquisition	57.0
Fair value of net assets acquired	34.3
GOODWILL	**22.7**

The goodwill arising from this transaction amounts to €22.7 million. The goodwill is the excess of the amount paid over the recognisable net assets, and is largely attributable to value expected to arise from future economies of scale and the synergies described above. None of this goodwill is deductible for income tax purposes.

9.2.2 Consideration for the Redburn acquisition

The consideration calculated on the effective date of the acquisition amounted to €57 million, as detailed in the schedule below:

In millions of euros	
Cash consideration, net	18.7
Fair value of associate holding prior to acquisition	16.9
Contingent consideration	21.4
TOTAL CONSIDERATION FOR THE ACQUISITION	**57.0**

When an investment in an associate becomes a subsidiary, the consolidated book value of the equity interest before the business combination is revalued to fair value. For Redburn, this generated a gain for the Group of €2.2 million, which is booked in the income statement in the account "Gains/(losses) on acquisition, disposal and impairment of Group companies".

The numbers disclosed in this note are not expected to change materially, but because of the short time between completion and the publication of the accounts, they should be considered to be on a provisional basis.

9.3 Adjustments to deferred and contingent payments for acquisitions

As at 31 December 2022, the Group has recognised a cumulative liability of €45.0 million in respect of contingent or deferred payments following purchase of several different subsidiaries that have been acquired in this or in previous accounting periods (December 2021: €45.0 million). These amounts are booked in the note "Other liabilities, accruals and deferred income" (Note 15). During the year, the amount increased by €35.7 million following acquisitions in the year, and reduced by €9.2 million following reassessments of the amounts payable. Payments of €26.0 million were made.

Note 10 Tangible fixed assets

In thousands of euros	01/01/2022	Additions	Acquisition of a subsidiary	Disposals/ write-offs	Depreciation/ impairment charge	Exchange rate and other movements	31/12/2022
Gross tangible fixed assets							
Operating land and buildings	368,111	9,542	2,976	(7,440)	-	(9,883)	363,306
Other tangible fixed assets	133,188	9,548	6,778	(67,168)	-	1,597	83,943
Total tangible fixed assets – gross amount	**501,299**	**19,090**	**9,754**	**(74,608)**	**-**	**(8,286)**	**447,249**
Depreciation and allowances							
Operating land and buildings	(137,979)	-	(1,849)	7,044	(12,471)	4,079	(141,176)
Other tangible fixed assets	(94,646)	-	(5,717)	65,918	(17,120)	(1,414)	(52,979)
Total depreciation and allowances	**(232,625)**	**-**	**(7,566)**	**72,962**	**(29,591)**	**2,665**	**(194,155)**
TOTAL	**268,674**	**19,090**	**2,188**	**(1,646)**	**(29,591)**	**(5,621)**	**253,094**

Note 11 Intangible fixed assets

In thousands of euros	01/01/2022	Additions	Acquisition of subsidiaries	Disposals/ write-offs	Amortisation/ impairment	Exchange rate and other movements	31/12/2022
Gross intangible fixed assets							
Brand names	158,933	-	5,437	-	-	(67)	164,303
Other intangible assets	86,756	15,060	50,906	(422)	-	713	153,013
Total intangible assets – gross amount	**245,689**	**15,060**	**56,343**	**(422)**	**-**	**646**	**317,316**
Amortisation and allowances							
Brand names	(72)	-	-	-	(773)	(4)	(849)
Other intangible assets	(36,562)	-	(6,137)	298	(32,598)	(15)	(75,014)
Total amortisation and allowances	**(36,634)**	**-**	**(6,137)**	**298**	**(33,371)**	**(19)**	**(75,863)**
TOTAL	**209,055**	**15,060**	**50,206**	**(124)**	**(33,371)**	**627**	**241,453**

Amortisation and impairments that have occurred under normal course of business are set out in Note 30. Impairments that have occurred following a review of intangible assets acquired as part of a business combination are disclosed in Note 32.

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. Instead it is subject to an impairment test performed at least annually.

11.1 Testing intangible assets with an indefinite life for impairment

As at 31 December 2022, the Group performed an impairment test for the "Rothschild & Co" name. 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 by the Group. 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.

Based on this test, the amount by which the income would have to fall to cause an impairment would be 68% (December 2021: 76%).

The other key assumptions used for the test and the value that would result in an impairment are:

	Value used		Value that will result in an impairment	
Key assumptions	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
Royalty rate	2.0%	2.0%	0.7%	0.5%
Discount rate	10.5%	8,0%	27%	26%
Revenue growth rate in perpetuity	2.0%	2.0%	(33%)	(34%)

The increase in discount rate this year is directly linked to the increase of the underlying risk-free rate in all major location where the Group operates.

Note 12 Goodwill

In thousands of euros	**Global Advisory**	**Wealth and Asset Management**	**Merchant Banking**	**Total**
As at 1 January 2022	123,440	69,813	4,168	197,421
Additions	22,672	29,124	-	51,796
Currency translation	(1,694)	2,973	260	1,539
AS AT 31 DECEMBER 2022	**144,418**	**101,910**	**4,428**	**250,756**

12.1 Additions

Goodwill at 31 December 2022 includes the effect of the Group's acquisition of 100% of a business managing French insurance-based assets, as well as the acquisition of 100% of the Redburn business. Further details are provided in Note 9.

12.2 Testing for impairment

The Group has performed its annual impairment tests as at 31 December 2022. The tests are applied for each of the cash-generating units (CGU) to which goodwill has been allocated. The recoverable amount of the CGUs has been calculated using the most appropriate method. The results of these tests concluded that no impairment was needed on any of the Group's goodwill.

12.2.1 Global Advisory

For the GA CGU (goodwill: €144 million), the fair value has been calculated using price/earnings (PER) multiples that have been applied to the normalised profits earned after tax.

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.

Results of sensitivity tests on this CGU show that either the PER or the normalised profit would have to decrease by 66% (December 2021: 65%) for an impairment to be considered.

12.2.2 WAM

For the Swiss WAM CGU (goodwill: €64 million) and the French WAM CGU (goodwill: €38 million), the fair value has been calculated using an enterprise value/asset under management (EV/AUM) multiple, which has been applied to the underlying CGU's AUM.

The following assumptions were used:

- AUM are based on the closing AUM as at September 2022; and
- AUM multiples used were based on multiples as at September 2022 of WAM Swiss and European peers.

The valuation technique would be classified in Level 2 of the fair value hierarchy.

Results of sensitivity tests on these CGUs show that for an impairment to be considered, either the EV/AUM or the AUM would have to decrease by 45% for the Swiss WAM CGU (December 2021: not tested since acquisition made during the year) and by 68% for the French WAM CGU (December 2021: 73%).

12.2.3 Merchant Banking

The CGU to which the MB goodwill (€4.4m) has been allocated has been valued using the discounted cash flow method (DCF). Cash flows for testing purposes have been determined on the basis of a three-year plan drawn up through the Group's budget process and then extended into perpetuity for a terminal value, using a long-term growth rate. Based on this test the amount by which the cash flow would have to fall to cause an impairment would be 76% (December 2021: 82%). A 10.5% discount rate has been used (December 2021: 8%), and the discount rate that will result in an impairment is 46% (December 2021: 61%).

Note 13 Due to banks and other financial institutions

In thousands of euros	31/12/2022	31/12/2021
Interbank demand and overnight deposits	34,318	14,932
Repurchase agreements	325,000	325,000
Interbank term deposits and borrowings	155,520	167,865
Accrued interest	2,701	4,681
TOTAL	**517,539**	**512,478**

Repurchase agreements consist of TLTRO issued by the ECB. The Group considers that the interest rate, including the possible bonus, is a market rate, as the ECB applies the same conditions to all banks. Debt with a market rate of interest is accounted for under IFRS 9.

The TLTRO borrowing gave rise to the recognition of negative interest expense at an enhanced rate of -1.00% until the end of June 2022, as the Group met the lending objectives defined by the ECB.

Note 14 Customer deposits

In thousands of euros	31/12/2022	31/12/2021
Demand deposits	8,506,993	11,025,423
Term deposits	1,843,174	517,399
Borrowings secured by bills	59,479	112,297
Accrued interest	4,878	412
TOTAL	**10,414,524**	**11,655,531**

Note 15 Other liabilities, accruals and deferred income

In thousands of euros	31/12/2022	31/12/2021
Due to employees	932,272	980,086
Other accrued expenses and deferred income	127,721	127,726
Accrued expenses	**1,059,993**	**1,107,812**
Guarantee deposits received[1]	206,610	56,398
Settlement accounts for transactions of securities[1]	244,222	77,391
Accounts payable	57,409	43,136
Sundry creditors	99,553	108,608
Other liabilities	**607,794**	**285,533**
TOTAL	**1,667,787**	**1,393,345**

(1) These balances represent other financial liabilities as reported in section 4 of these financial statements.

Note 16 Provisions

In thousands of euros	01/01/2022	Charge/ (release)	(Paid)	Acquisition of a subsidiary	Exchange movement	Other movements	31/12/2022
Provisions for claims and litigation	20,797	(2,729)	(4,180)	-	265	13	14,166
Provisions for staff costs	6,739	2,014	(1,690)	-	(5)	(166)	6,892
Provisions for property	1,790	-	-	1,385	(5)	1,128	4,298
Other provisions	1,674	-	(1,674)	-	-	-	-
Provisions for counterparty risk	681	(456)	-	-	-	(19)	206
Subtotal	**31,681**	**(1,171)**	**(7,544)**	**1,385**	**255**	**956**	**25,562**
Retirement benefit liabilities (Note 22)	11,307	-	-	-	-	(2,124)	9,183
TOTAL	**42,988**	**(1,171)**	**(7,544)**	**1,385**	**255**	**(1,168)**	**34,745**

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 that are likely to have an impact on the Group's financial statements, based on information available at the reporting date.

Note 17 Impairments

In thousands of euros	01/01/2022	Income statement (charge)	Income statement reversal	Written off	Exchange rate and other movements	31/12/2022
Loans and advances to customers	(50,336)	(5,386)	5,945	137	724	(48,916)
Other assets	(23,925)	(7,933)	3,924	3,702	(111)	(24,343)
Securities at amortised cost	(555)	(21)	-	-	-	(576)
TOTAL	**(74,816)**	**(13,340)**	**9,869**	**3,839**	**613**	**(73,835)**

Note 18 Deferred tax

The movement in the deferred tax account is as follows:

In thousands of euros	31/12/2022	31/12/2021
Net asset/(liability) as at beginning of period	**11,949**	**32,411**
of which: deferred tax net assets	*64,025*	*71,184*
of which: deferred tax net liabilities	*(52,076)*	*(38,773)*
Recognised in income statement		
Income statement income/(expense)	7,001	10,252
Recognised in equity		
Defined benefit pension arrangements	(23,347)	(34,025)
Share options	(958)	2,856
Net investment hedge	-	(16)
Cash flow hedge	494	(284)
Exchange differences	-542	3,234
Acquisition of a subsidiary	1,887	(2,706)
Other	439	227
NET ASSET/(LIABILITY) AS AT END OF PERIOD	**(1,993)**	**11,949**
of which: deferred tax net assets	*67,306*	*64,025*
of which: deferred tax net liabilities	*(69,299)*	*(52,076)*

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to set-off the current tax assets and liabilities 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 current tax assets and liabilities simultaneously.

Deferred tax net assets and net liabilities are attributable to the following items:

	31/12/2022			31/12/2021		
In thousands of euros	Net asset	Net liabilities	NET	Net asset	Net liabilities	NET
Deferred profit share arrangements	46,575	40,007	86,582	70,360	-	70,360
Losses carried forward	11,435	29	11,464	449	-	449
Share options	1,165	2,846	4,011	4,120	-	4,120
Provisions	3,388	-	3,388	4,124	-	4,124
Accelerated depreciation	908	(961)	(53)	1,865	(2,587)	(722)
Fair value adjustments to properties	-	(8,544)	(8,544)	-	(8,715)	(8,715)
Financial assets at fair value	(344)	(8,412)	(8,756)	(1,841)	(8,296)	(10,137)
Undistributed reserves	-	(12,071)	(12,071)	-	(8,500)	(8,500)
Intangible assets recognised following acquisition of subsidiaries	(4,467)	(20,042)	(24,509)	-	(17,468)	(17,468)
Defined benefit pension	1,271	(59,378)	(58,107)	(20,361)	(4,454)	(24,815)
Other temporary differences	7,375	(2,773)	4,602	5,309	(2,056)	3,253
TOTAL	**67,306**	**(69,299)**	**(1,993)**	**64,025**	**(52,076)**	**11,949**

The deferred tax income recognised in the income statement comprises the following temporary differences:

In thousands of euros	31/12/2022	31/12/2021
Deferred profit share arrangements	11,711	20,933
Tax losses carried forward	5,803	3,136
Financial assets carried at fair value	1,164	(91)
Fair value adjustments to properties	382	904
Allowances for loan losses	(870)	(1,791)
Depreciation differences	(920)	1,028
Undistributed reserves	(3,571)	(8,500)
Defined benefit pension liabilities	(12,147)	(6,953)
Other temporary differences	5,450	1,586
TOTAL	**7,002**	**10,252**

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 Asia and Canada. Unrecognised deferred tax assets amounted to €36.5 million at 31 December 2022 (December 2021: €37.6 million). The Group has recognised €11.5 million of deferred tax assets for tax losses carried forward, which it expects to recover in subsequent years. These are mainly located in the United Kingdom.

Note 19 Structured entities

A structured entity is one that 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 the Group measures this 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.

19.1 Interest in unconsolidated structured entities

The following table shows the Group's interest in unconsolidated structured entities that it manages, and in that it has made an equity investment.

	31/12/2022			31/12/2021		
In millions of euros	Equity funds	Debt funds	TOTAL	Equity funds	Debt funds	TOTAL
Total assets within the underlying vehicles	**6,801.7**	**2,832.6**	**9,634.3**	**4,934.8**	**2,737.5**	**7,672.3**
Assets under management including third party commitments	**11,829.8**	**3,549.2**	**15,379.0**	**7,694.0**	**3,921.8**	**11,615.8**
Interest held in the Group's balance sheet:						
Debt and equity securities at FVTPL	883.0	130.1	1,013.1	713.9	125.4	839.3
Debt securities at amortised cost	-	47.9	47.9	-	58.9	58.9
Loans and advances to customers	123.0	-	123.0	118.8	-	118.8
Total assets in the Group's balance sheet	**1,006.0**	**178.0**	**1,184.0**	**832.7**	**184.3**	**1,017.0**
Off-balance sheet commitments made by the Group	875.7	47.6	923.3	525.4	55.9	581.3
Group's maximum exposure	**1,881.7**	**225.6**	**2,107.3**	**1,358.1**	**240.2**	**1,598.3**

Note 20 Capital and reserves

20.1 Issued share capital

In thousand of shares	31/12/2022	31/12/2021
As at 1 January – total number of shares issued	**77,732.5**	**77,657.5**
Shares issued for R&Co Equity Scheme	42.5	75.0
Cancellation of shares	(745.2)	-
AS AT 31 DECEMBER	**77,029.8**	**77,732.5**
Of which: shares held by the Company or its subsidiaries	*5,349.0*	*5,394.3*
Value per share *(in euros)*	**2.00**	**2.00**

The share capital of the Company consists of ordinary shares of the same category and are all fully paid. When R&Co shares are held by the Company or its subsidiaries, they lose the voting rights attached to them.

20.2 Shareholder's equity – Group share

In thousands of euros	31/12/2022	31/12/2021
Share capital	154,060	155,465
Share premium	1,122,438	1,145,744
Capital and associated reserves	**1,276,498**	**1,301,209**
Retained earnings	1,874,547	1,222,559
R&Co shares held by the Company or its subsidiaries[1]	(133,805)	(126,410)
Group share of net income	605,632	765,804
Consolidated reserves	**2,346,374**	**1,861,953**
Related to translation differences	(57,391)	(32,050)
Cash flow hedge reserve	(401)	1,713
TOTAL SHAREHOLDER'S EQUITY – GROUP SHARE	**3,565,080**	**3,132,825**

(1) In accordance with IFRS, shares held by the Company or its subsidiaries are deducted from retained earnings.

20.3 Dividends

The amount of dividends recognised as distributions to owners are:

	31/12/2022		31/12/2021	
	Amount *(in thousands of euros)*	Per share *(in euros)*	Amount *(in thousands of euros)*	Per share *(in euros)*
Dividends paid to R&Co shareholders	197,538	2.75	125,815	1.74
of which: interim dividends paid	-	-	*77,043*	*1.04*
Profit share *(préciput)*[1]	3,429	n/a	3,000	n/a
TOTAL OF DIVIDENDS RECOGNISED	**200,967**		**128,815**	

(1) Automatically allocated to the general partners (R&Co Gestion and Rothschild & Co Commandité SAS).

The amount of dividends proposed before the financial statements were authorised but not recognised as a distribution to owners are:

	31/12/2022		31/12/2021	
	Amount *(in thousands of euros)*	Per share *(in euros)*	Amount *(in thousands of euros)*	Per share *(in euros)*
Ordinary dividend proposed to the AGM	107,842	1.40	213,764	2.75

The dividend proposed for the 2022 financial year is subject to the approval of the AGM to be held on 25 May 2023. The amount disclosed above is calculated based on the number of shares making up the Company's share capital as at 31 December 2022 and may vary if the number of shares eligible for a dividend changes between 1 January 2023 and the ex-dividend date, depending in particular on changes in the number of R&Co shares directly held by the Company, which, in accordance with French law, are not eligible for a dividend.

Note 21 Non-controlling interests

Non-controlling interests (NCoI) represent the equity share of fully consolidated subsidiaries that is not attributable to the Group. These interests comprise the equity instruments that have been issued by these subsidiaries and that are not held by the Group. The Group's income, net assets and distributions that are attributable to NCoI arise from the following sources:

	31/12/2022			31/12/2021		
In thousands of euros	Income	Amounts in the balance sheet	Distributions	Income	Amounts in the balance sheet	Distributions
Share of profit attributable to non-controlling interests						
Preferred shares	176,085	153,380	180,741	181,208	157,847	141,466
Other	1,889	1,587	3,915	1,407	4,770	310
Expense, net of tax						
Perpetual subordinated debt	17,177	297,160	16,584	12,656	305,760	12,963
TOTAL	**195,151**	**452,127**	**201,240**	**195,271**	**468,377**	**154,739**

21.1 Preferred shares

Preferred shares within NCoI mainly consist of amounts calculated in accordance with statutory clauses applicable to French limited partnerships of the Group. The distributed profit share *(préciput)* is based on the partnerships' individual local earnings.

21.2 Purchase of preferred shares previously held by non-controlling interests

On 13 April 2022, the Group paid €41.3 million, at fair value, to certain companies owned by the Rothschild family for general partnership preferred shares (*parts d'associés commandités*) issued many years ago by the RMM group. These shares were accounted for as NCoI in the Group. Following the purchase, the Rothschild family companies no longer have the right to receive *préciput* share income (*dividende préciputaire*) from RMM.

The valuation of the shares was reviewed and confirmed by an independent valuation expert.

The carrying value of the shares in the RMM balance sheet as at 1 January 2022 was €0.0 million. As the purchase of the NCoI is 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. The proceeds paid are disclosed as a reduction in NCoI.

21.3 Perpetual subordinated debt

Certain of the Group's subsidiaries have issued to third parties perpetual subordinated debt instruments that 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. As at 31 December 2022, the Group has the option to redeem the €150 million and the $200 million perpetual floating-rate notes at nominal value on interest payment dates. The Group also has the option to redeem the £125 million perpetual fixed-rate notes on interest payment dates at the higher of nominal value or at a price based on the relevant gilt yield, and on 15 February 2024 at nominal value. The instruments are shown below.

In thousands of euros	31/12/2022	31/12/2021
Perpetual fixed-rate subordinated notes 9 per cent (£125 million)	166,760	176,267
Perpetual floating-rate subordinated notes (€150 million)	58,324	61,649
Perpetual floating-rate subordinated notes (US$200 million)	72,076	67,844
TOTAL	**297,160**	**305,760**

Note 22 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 certain employees and ex-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") was 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.

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 long-term or 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 valuations as at 31 March 2022 are currently underway. The values of the defined benefit net assets have been updated to 31 December 2022 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 that 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 that the funded schemes invest in include corporate bonds, government gilts and a specific liability-driven investment (LDI) mandate.

The objective of the LDI mandates is to provide a portfolio of assets that mirror the sensitivity of the funds' liabilities to changes in interest rates and inflation. For the purposes of efficient portfolio management, the mandates make use of derivative instruments (such as interest rate swaps, inflation swaps and gilt repo), which require collateral to be posted in the event that they have a negative mark-to-market value. During the year, the trustee of the UK and Overseas Funds has reviewed the level of interest rate and inflation hedging for the funds. Following this review, it was agreed that both funds would target a level of hedging of 90% of interest rate sensitivity and 100% of inflation sensitivity against the funds' long-term funding targets. As at 31 December 2022, this change is being implemented.

A key risk of using liability-driven investment mandates is that, when interest rates rise, the UK and Overseas funds are required to meet collateral calls. If at some point either of these funds were unable to do so, they could be forced into reducing their level of hedging. In order to mitigate this risk, the trustee of these funds monitors the level of leverage and collateral headroom within each funds' LDI portfolio and holds regular discussions with the investment manager and the funds' investment consultant. The trustee notes that the funds have a relatively low level of leverage compared to many other pension schemes and were not forced to reduce hedging during the second half of 2022 when UK government yields rose significantly.

22.1 Amounts recognised in the balance sheet

In thousands of euros	UK and Overseas Funds	Swiss Funds	Other	31/12/2022
Present value of funded obligations	750,215	281,491	-	1,031,706
Fair value of plan assets	(993,658)	(287,624)	-	(1,281,282)
Subtotal	**(243,443)**	**(6,133)**	**-**	**(249,576)**
Present value of unfunded obligations	-	-	9,183	9,183
TOTAL IN BALANCE SHEET	**(243,443)**	**(6,133)**	**9,183**	**(240,393)**
Unrecognised plan assets	-	(34,220)	-	(34,220)
TOTAL (recognised and unrecognised)	**(243,443)**	**(40,353)**	**9,183**	**(274,613)**
of which: schemes in balance sheet with net liabilities	-	-	*9,183*	*9,183*
of which: schemes in balance sheet with net (assets)	*(243,443)*	*(6,133)*	-	*(249,576)*

In thousands of euros	UK and Overseas Funds	Swiss Funds	Other	31/12/2021
Present value of funded obligations	1,253,842	261,545	-	1,515,387
Fair value of plan assets	(1,353,145)	(284,154)	-	(1,637,299)
Subtotal	**(99,303)**	**(22,609)**	**-**	**(121,912)**
Present value of unfunded obligations	-	-	11,307	11,307
TOTAL IN BALANCE SHEET	**(99,303)**	**(22,609)**	**11,307**	**(110,605)**
Unrecognised plan assets	-	-	-	-
TOTAL (recognised and unrecognised)	**(99,303)**	**(22,609)**	**11,307**	**(110,605)**
of which: schemes in balance sheet with net liabilities	-	-	*11,307*	*11,307*
of which: schemes in balance sheet with net (assets)	*(99,303)*	*(22,609)*	-	*(121,912)*

Over the year to 31 December 2022, bond yields increased considerably. This increased the discount rates and consequently reduced the value placed on the defined benefit obligations. There was also a corresponding reduction in the value of the bond and gilt holdings of the funds' assets. The net impact is an increase to the balance sheet net asset.

Under pension accounting rules, applied to the circumstances of the Swiss Funds, the maximum economic benefit that can be recognised is the sum of employer contribution reserves and the capitalised value of the difference between the employer's future service cost and the employer's expected future contributions to the fund. As at 31 December 2021, the net pension assets in the Swiss Funds were expected to become available to the Group. This could be relied upon at that time because the Group's contributions were less than its service cost.

Based on conditions as at 31 December 2022, the Group's future contributions to one of the Swiss Funds are expected to be greater than the service cost, so the surplus of assets in this fund can now only be relied upon to become available to the Group to the extent of the employer contribution reserve. Therefore, a portion of the surplus plan assets have been derecognised from the balance sheet as at 31 December 2022. This change is mainly due to the fact that the service cost has decreased significantly as a result of the increase in the discount rate since 31 December 2021.

22.2 Movement in net defined benefit asset

In thousands of euros	Plan (assets)	Defined benefit obligations	Net defined benefit (asset)
As at 1 January 2022	**(1,637,299)**	**1,526,694**	**(110,605)**
Current service cost (net of contributions paid by other plan participants)	-	15,741	15,741
Contributions by the employees	(5,108)	5,108	-
Past service (income)/cost	-	(123)	(123)
Net interest (income)/cost	(26,268)	24,437	(1,831)
Remeasurements due to:			
• actual return less interest on plan assets	313,172	-	313,172
• changes in financial assumptions	-	(502,473)	(502,473)
• changes in demographic assumptions	-	(10,728)	(10,728)
• experience (gains)/losses	-	29,091	29,091
Benefits paid	37,231	(37,231)	-
(Contributions) by the Group	(18,190)	-	(18,190)
Administration expenses	2,175	-	2,175
Exchange and other differences	53,005	(43,847)	9,158
AS AT 31 DECEMBER 2022	**(1,281,282)**	**1,006,669**	**(274,613)**

Following the March 2019 triennial actuarial valuation of the UK Fund, the trustees of the defined benefit pension fund agreed a contribution plan with the Group to reduce the resulting deficit in accordance with pensions regulation. The aim was to eliminate the funding deficit by 2023 with €17 million of additional contributions per year, with contributions payable from 31 March 2021 being subject to a review on the basis of the funding position of the UK Fund. Given the improved funding position, deficit repair contributions ceased to be paid from 1 July 2021, with the position currently being reviewed quarterly. In addition, participating employers in the fund have agreed to pay 55.2% of in-service member's pensionable salaries each year in respect of future accrual of benefits. The contributions payable to the fund are subject to review as part of the actuarial valuation as at 31 March 2022, which is currently in progress.

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 €19 million will be paid to the Group's defined benefit pension schemes in the twelve months ended 31 December 2023.

The Group has assessed that no further liability arises and a surplus can be recognised for the UK, Overseas and the smaller of the 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 funds' 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.

The net pension asset in the smaller of the Swiss Funds is expected to become available to the Group because the statutory employer contributions do not fully cover the employer service cost, as measured using IAS 19. According to IFRIC 14, the maximum economic benefit is the capitalised value of the difference between the employer's future service cost and the employer's expected future contributions to the fund.

The weighted average projected maturity of fund liabilities is 14.5 years for the UK Fund and 13.7 years for the Swiss Funds. These have fallen over the last twelve months due to the increase in discount rates.

22.3 Amounts recognised in the income statement relating to defined benefit post-employment plans

In thousands of euros	31/12/2022	31/12/2021
Current service cost (net of contributions paid by other plan participants)	15,741	15,014
Net interest (income)/cost	(1,831)	823
Past service (income)/cost	(123)	(697)
Administration costs	2,175	2,093
TOTAL (included in staff costs)	**15,962**	**17,233**

22.4 Amounts recognised in statement of comprehensive income

In thousands of euros	31/12/2022	31/12/2021
Remeasurement gains/(losses) recognised in the period	136,718	180,480
Cumulative remeasurement gains/(losses) recognised in the statement of comprehensive income	23,448	(113,270)

22.5 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	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Discount rate	4.8%	2.0%	2.3%	0.2%
Retail price inflation	3.2%	3.3%	n/a	n/a
Consumer price inflation	2.4%	2.4%	1.8%	0.8%
Expected rate of salary increases	2.0%	2.0%	1.8%	1.0%
Expected rate of increase of pensions in payment:				
Uncapped increases	n/a	n/a	0.3%	0.0%
Capped at 5.0%	3.1%	3.1%	n/a	n/a
Capped at 2.5%	2.1%	2.1%	n/a	n/a
Life expectancy in years of a:				
Male pensioner aged 60	28.8	29.1	27.7	27.6
Female pensioner aged 60	30.3	30.6	29.6	29.4
Male pensioner aged 60 in 20 years' time	30.1	30.4	30.1	30.0
Female pensioner aged 60 in 20 years' time	31.6	31.9	31.6	31.5

The CPI assumption for the UK and Overseas Fund is derived by deducting a wedge from the RPI inflation assumption, to reflect structural differences between the indices. The wedge is 1.1% pa for the period up to 2030 and 0.1% pa for the period after, to reflect that RPI is expected to be more aligned to CPI from 2030. The rate shown above is a weighted average.

The defined benefit obligations allow for the recent period of high inflation, and high short-term inflation expectations. For the UK and Overseas Fund, the impact of these is reduced as pension increases are subject to an annual cap.

The mortality table used for the UK and Overseas Funds includes a 10% weighting for experience in 2021 to make some limited allowance for the impact of the Covid 19 pandemic on long-term life expectancies.

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:

	31/12/2022	
In thousands of euros	UK and Overseas Funds	Swiss Funds
0.5% increase in discount rate	(49,000)	(8,000)
0.5% increase in inflation	36,000	1,000
One year increase in life expectancy	23,000	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 asset is therefore likely to be lower than the amounts above. As an illustration, a 1% increase in bond yields across the curve would reduce the defined benefit obligation and also the value of assets resulting in an increase in the net asset for the UK and Overseas Funds of approximately €16 million.

22.6 Composition of plan assets

	UK Fund		Overseas Fund		Swiss Funds	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Other credit	34%	27%	39%	19%	32%	31%
Hedges of liabilities[1]	26%	31%	36%	41%	2%	1%
Equities – quoted	5%	16%	4%	6%	27%	31%
Private equity and hedge funds	13%	11%	-	-	11%	8%
Secure Income Assets	9%	3%	12%	8%	-	-
Cash and net current assets	4%	6%	6%	22%	10%	13%
Property	4%	4%	-	-	16%	14%
Illiquid credit	5%	2%	3%	4%	-	-
Others	-	-	-	-	2%	2%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

(1) Hedges of liabilities include LDI and gilts.

As at 31 December 2021 there was a significant holding in cash for all the funds shown above. This arose from rebalancing funds over the year end rather than a desire to hold more cash. In January 2023 these amounts were subsequently invested in quoted bonds (in respect of the Overseas Fund and the Swiss Funds) and gilts (in respect of the UK Fund).

At each year end the value of the assets is measured as at 31 December, where available. In the case where a value is not available at that date then the latest value has been used and adjusted to reflect subsequent cashflows, where applicable. At 31 December 2022, 46% of the total value of assets shown is at that date with the remaining 54% estimated based on the approach described.

Note 23 Net cash and cash equivalents

For the purposes of drawing up the cash flow statement, cash and cash equivalents is made up of the following items:

In thousands of euros	31/12/2022	31/12/2021
Cash and accounts with central banks	2,521,688	6,005,107
Interbank assets – demand deposits and overnight loans	748,979	892,238
Other cash equivalents	438,471	374,252
Interbank liabilities – demand deposits and overnight loans	(34,318)	(14,932)
TOTAL	**3,674,820**	**7,256,665**

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 that are subject to an insignificant risk of value change. These comprise overnight interbank reverse repos and public bills that are held for trading.

The mix of liquid assets held by the Group has changed during the year. Accounts held with central banks have fallen while holdings of government bonds have increased by €2.2 billion (see Note 3 "Securities at amortised cost").

Note 24 Commitments given and received

24.1 Commitments given

In thousands of euros	31/12/2022	31/12/2021
Given to customers	1,106,561	835,401
Loan and debt security commitments	**1,106,561**	**835,401**
Given to banks	12,076	15,539
Given to customers	111,482	130,622
Guarantee commitments	**123,558**	**146,161**
Investment commitments	582,560	405,713
Irrevocable nominee commitments	453,617	336,212
Other commitments given	33,012	3,275
Other commitments given	**1,069,189**	**745,200**

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 29. Lease commitments are set out in Note 8.

24.2 Commitments received

In thousands of euros	31/12/2022	31/12/2021
Received from banks	361,846	195,148
Loan commitments	**361,846**	**195,148**
Received from banks	8,718	36,195
Received from customers	327	650
Guarantee commitments	**9,045**	**36,845**

24.3 Financial instruments pledged as collateral

In thousands of euros	31/12/2022	31/12/2021
Pledged as collateral for liabilities with central banks	325,000	325,000
Available for refinancing	206,662	60,148
Financial instruments lodged with central banks	**531,662**	**385,148**
Securities sold under repurchase agreements	59,479	112,297
Other financial assets pledged as collateral for liabilities with credit institutions	97,760	28,615
Financial instruments given as collateral	**157,239**	**140,912**

Within these instruments, €97.8 million can be sold or reused by the beneficiaries (December 2021: €28.6 million).

24.4 Securities received under reverse repurchase agreements

In thousands of euros	31/12/2022	31/12/2021
Fair value of securities received under reverse repurchase agreements	904,850	852,938
of which: instruments that the Group is authorised to sell or reuse as collateral	*550,911*	*361,726*

As at December 2022, the Group has reused €175 million of securities received under reverse repurchase agreements and sold nil (December 2021: €75 million and nil).

Note 25 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 millions 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	318	(35)	283	(191)	-	92
Reverse repos and loans secured by bills	913	-	913	(12)	(902)	(1)
Guarantee deposits paid	68	-	68	(55)	-	13
Remaining assets not subject to netting	16,113	-	16,113	-	-	16,113
Total assets	**17,412**	**(35)**	**17,377**	**(258)**	**(902)**	**16,217**
Derivative liabilities	338	(35)	303	(55)	-	248
Repurchase agreements with banks	325	-	325	-	(325)	-
Repurchase agreements with customers	60	-	60	-	(60)	-
Guarantee deposits received	207	-	207	(203)	-	4
Remaining liabilities not subject to netting	12,464	-	12,464	-	-	12,464
Total liabilities	**13,394**	**(35)**	**13,359**	**(258)**	**(385)**	**12,716**

7.7 Notes to the income statement

Note 26 Net interest income

26.1 Interest income

In thousands of euros	31/12/2022	31/12/2021
Interest income – loans to banks	23,930	5,624
Interest income – loans to customers	90,381	56,933
Interest income – debt securities at FVTPL	604	929
Interest income – debt securities at amortised cost	15,583	3,859
Interest income – derivatives	48,913	21,383
Interest income – other financial assets	348	172
TOTAL	**179,759**	**88,900**

Interest income includes €1.8 million of negative interest expense on the TLTRO borrowings from the ECB (December 2021: €2.6 million) as well as €1.4 million of negative interest expense from amounts due to customers (December 2021: €1.8 million).

26.2 Interest expense

In thousands of euros	31/12/2022	31/12/2021
Interest expense – due to banks and other financial institutions	(7,767)	(6,599)
Negative interest income from loans to banks	(18,519)	(28,675)
Interest expense – due to customers	(23,713)	(1,928)
Interest expense – derivatives	(979)	(1,785)
Interest expense – lease liabilities	(5,346)	(4,790)
Interest expense – other financial liabilities	(270)	(91)
TOTAL	**(56,594)**	**(43,868)**

The Group considers that the trading derivatives in these tables are part of the Group's overall strategy on its interest margin, and so have shown the effective interest element of their change in value in net interest income.

Note 27 Net fee and commission income and expense

27.1 Fee and commission income

In thousands of euros	31/12/2022	31/12/2021
Fees for M&A advisory work	1,355,070	1,462,756
Fees for Financing Advisory work and other services	506,810	480,759
Portfolio and other management fees – Wealth and Asset Management	594,220	561,827
Portfolio and other management fees – Merchant Banking	168,878	126,082
Banking and credit-related fees and commissions	7,398	7,972
Other fees	13,141	13,892
TOTAL	**2,645,517**	**2,653,288**

27.2 Fee and commission expense

In thousands of euros	31/12/2022	31/12/2021
Fees for M&A advisory work	(7,258)	(10,849)
Fees for Financing Advisory work and other services	(9,482)	(12,830)
Portfolio and other management fees – Wealth and Asset Management	(71,423)	(70,489)
Portfolio and other management fees – Merchant Banking	(6,699)	(6,131)
Banking and credit-related fees and commissions	(17)	(78)
Other fees	(6,421)	(2,923)
TOTAL	**(101,300)**	**(103,300)**

Note 28 Net gains/(losses) on financial instruments at fair value through profit or loss

In thousands of euros	31/12/2022	31/12/2021
Net income – financial instruments at fair value through profit or loss	243,846	294,251
of which: net income – carried interest	*90,068*	*100,205*
Net income – foreign exchange operations	47,261	32,060
Net income – other operations	6,691	4,196
TOTAL	**297,798**	**330,507**

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 debt securities issued by its Merchant Banking investment vehicles.

Note 29 Operating expenses

In thousands of euros	31/12/2022	31/12/2021
Compensation and other staff costs	(1,538,568)	(1,418,227)
Defined benefit pension expenses	(15,962)	(17,233)
Defined contribution pension expenses	(20,895)	(17,044)
Staff costs	**(1,575,425)**	**(1,452,504)**
Administrative expenses	(332,985)	(267,348)
TOTAL	**(1,908,410)**	**(1,719,852)**

29.1 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. Occasionally, in certain circumstances, the Group allows employees to accelerate the vesting of deferred cash awards, and in this case, any remaining uncharged expense is recognised immediately. Employees who are identified as Material Risk Takers (MRT) under the Capital Requirements Directive V (CRD V) will have a portion of their current year bonus deferred over four years, with the expense recognised accordingly.

A portion of the bonuses paid to MRTs identified under CRD V and the Investment Firms Prudential Regime (IFPR) are 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 CRD V and IFPR. Firstly, an equity-settled deferred share award consisting of R&Co shares: these 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.

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 €188.8 million (€164.0 million as at 31 December 2021).

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.

29.2 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:

	31/12/2022		31/12/2021	
	Number *(in thousands)*	Weighted average exercise price *(in euros)*	**Number** *(in thousands)*	**Weighted average exercise price** *(in euros)*
At the beginning of the period	**4,111**	**27.6**	**4,484**	**25.2**
Issued	-	-	550	40.6
Forfeited	(20)	20.0	(60)	31.2
Exercised	(461)	22.3	(863)	23.3
AS AT THE END OF THE PERIOD	**3,630**	**28.3**	**4,111**	**27.6**
Exercisable at the end of the period	*2,833*	*26.5*	*2,474*	*23.1*

Share options outstanding at the end of the period were as follows:

	31/12/2022		31/12/2021	
Exercise price *(in euros)*	Number of outstanding options *(in thousands)*	Weighted average contractual life *(in years)*	**Number of outstanding options** *(in thousands)*	**Weighted average contractual life** *(in years)*
€16.01 – €18.00	450	0.8	565	1.8
€18.01 – €20.00	635	0.8	845	1.8
€20.01 – €22.00	-	-	-	-
€22.01 – €24.00	30	2.8	30	3.8
€24.01 – €26.00	120	2.8	120	3.8
€26.01 – €28.00	502	3.7	570	4.5
€28.01 – €30.00	199	3.2	233	3.8
€30.01 – €32.00	361	3.0	397	3.9
€32.01 – €35.00	782	4.8	801	6.0
€35.01 – €38.00	-	-	-	-
€38.01 – €41.00	413	2.8	412	3.8
€41.01 – €44.00	138	2.8	138	3.8
TOTAL	**3,630**	**2.8**	**4,111**	**3.6**

The fair value of the share-based payment made in the year was €nil (31 December 2021: €2.1 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 account "Compensation and other staff costs", and amounts to €1.9 million (31 December 2021: €1.3 million).

Note 30 Depreciation, amortisation and impairment of tangible and intangible fixed assets

In thousands of euros	31/12/2022	31/12/2021
Depreciation and amortisation		
Right of use assets	(40,522)	(35,412)
Tangible assets	(27,691)	(29,145)
Intangible assets	(15,793)	(8,136)
Total depreciation and amortisation	**(84,006)**	**(72,693)**
Impairment (charge)/release		
Right of use assets	(1,357)	1,192
Tangible assets	(1,900)	(1,052)
Intangible assets	10	(41)
Total impairments	**(3,247)**	**99**
TOTAL	**(87,253)**	**(72,594)**

Impairment of intangible assets that are linked to reductions in the amount of contingent consideration payable for acquisitions have been disclosed in Note 32.

Note 31 Cost of Risk

In thousands of euros	Impairment	Impairment reversal	Recovered loans	31/12/2022	31/12/2021
Loans and advances to customers	(5,386)	5,945	111	670	3,473
Securities at amortised cost	(21)	-	-	(21)	(21)
Other assets	(7,933)	3,924	-	(4,009)	(4,936)
Commitments given to customers	(144)	600	-	456	-
TOTAL	**(13,484)**	**10,469**	**111**	**(2,904)**	**(1,484)**

Note 32 Net income/(expense) from other assets

In thousands of euros	31/12/2022	31/12/2021
Gains/(losses) related to disposal and impairment of tangible or intangible assets	(17,791)	(1,308)
Gains/(losses) related to acquisition, disposal and impairment of Group companies	18,502	(1,256)
Non-operating income/(expense)	(6,912)	1,948
TOTAL	**(6,201)**	**(616)**

During the year, the Group has, as usual, reviewed the assumptions used to determine the deferred or contingent consideration and the intangible assets related to its acquisitions. Following these reviews, it now expects to pay less contingent consideration for the shares acquired. The credit from this reassessment is included in the account "Gains/(losses) related to acquisition of Group companies". Meanwhile, the Group has at the same time booked impairment losses on certain of the intangibles acquired through these acquisitions, and these are included in the account "Gains/(losses) related to impairment of tangible or intangible assets".

The result in the account "Non-operating income/(expense)" includes the unrealised change in value and dividend income from certain fair-valued legacy investments, which are excluded from the management result.

Note 33 Income tax expense

In thousands of euros	31/12/2022	31/12/2021
Current tax	(164,782)	(180,069)
Deferred tax	7,001	10,252
TOTAL	**(157,781)**	**(169,817)**

Further details of the current and deferred tax charge are as follows:

33.1 Current tax

In thousands of euros	31/12/2022	31/12/2021
Tax charge for the period	(143,320)	(172,929)
Adjustments related to prior periods	(3,090)	(1,828)
Irrecoverable dividend-related tax	(18,339)	(5,268)
Other	(33)	(44)
TOTAL	**(164,782)**	**(180,069)**

33.2 Deferred tax

In thousands of euros	31/12/2022	31/12/2021
Temporary differences	18,683	9,400
Changes in tax rates	(13,935)	4,796
Irrecoverable dividend-related tax	(3,571)	(5,100)
Adjustments related to prior periods	5,824	1,156
TOTAL	**7,001**	**10,252**

33.3 Reconciliation of the tax charge between the French standard tax rate and the effective rate

In thousands of euros	31/12/2022		31/12/2021	
Profit before tax		**958,564**		**1,130,892**
Expected tax charge at standard French corporate income tax rate	**25.83%**	**247,597**	**28.41%**	**321,286**
Main reconciling items[1]				
Impact of foreign profits and losses taxed at different rates	(8.9%)	(85,292)	(10.2%)	(115,345)
Tax on partnership profits recognised outside the Group	(4.6%)	(44,272)	(4.3%)	(48,366)
Recognition of previously unrecognised deferred tax	(0.6%)	(5,330)	(0.4%)	(4,514)
Tax impacts relating to prior years	(0.3%)	(2,734)	+0.1%	672
Tax on dividends received through partnerships	+0.1%	619	+0.3%	3,813
Impact of deferred tax unrecognised on losses	+0.1%	1,358	+0.2%	2,825
Permanent differences	+1.0%	9,176	+0.3%	3,419
Tax impact on deferred tax relating to change of the corporate income tax rate	+1.5%	13,935	(0.4%)	(4,796)
Irrecoverable and other dividend-related taxes	+2.3%	21,910	+0.9%	10,368
Other tax impacts	+0.1%	814	+0.0%	455
Actual tax charge	**16.5%**	**157,781**	**15.0%**	**169,817**
EFFECTIVE TAX RATE		**16.5%**		**15.0%**

(1) The categories used in the comparative disclosure are always presented in a way that is consistent with the categories used to explain the tax in the current period.

Note 34 Related parties

The term "Executive Directors", in the context of this note and the Group governance arrangements surrounding the decision-making process at the Group 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 2022. The following remuneration was received by the executive corporate officer in 2022, 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	31/12/2022
Fixed remuneration of chairman	500
TOTAL	**500**

The chairman of R&Co Gestion did not benefit from payments in shares in respect of 2022 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 not material.

Other related parties in the table below 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; and any person directly or indirectly responsible for management or control of the activities of R&Co. They also include close family members or controlled companies 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 Rothschild & Co Concordia SAS, its parent company.

Amounts reported in the Group's accounts that have a counterpart that is a related party are disclosed below. The comparable amounts have been adjusted to be presented in a way that is consistent with the current year.

	31/12/2022		31/12/2021	
In thousands of euros	Executive Directors	Other related parties	Executive Directors	Other related parties
Assets				
Loans and advances to customers	825	16,251	845	13,830
TOTAL ASSETS	**825**	**16,251**	**845**	**13,830**
Liabilities				
Due to customers	937	174,147	80	96,691
TOTAL LIABILITIES	**937**	**174,147**	**80**	**96,691**
Loans and guarantee commitments				
Guarantees and commitments given	-	6,798	-	-
TOTAL COMMITMENTS	**-**	**6,798**	**-**	**-**

	31/12/2022		31/12/2021	
In thousands of euros	Executive Directors	Other related parties	Executive Directors	Other related parties
Income and expenses from transactions with related parties				
Net interest income/(expense)	-	(114)	-	-
Net fee commission/(expense)	-	2,594	-	1,620
Other income	-	84	-	68
TOTAL NET BANKING INCOME	**-**	**2,564**	**-**	**1,688**
Other expenses	-	(3,546)	-	(2,888)
TOTAL EXPENSES	**-**	**(3,546)**	**-**	**(2,888)**

34.1 Other notable related party transactions

On 13 April 2022, the Group paid €41.3 million, to companies owned by the Rothschild family for the fair value of general partnership preferred shares (*parts d'associés commandités*) issued many years ago by the RMM group. Further details of the transaction are provided in Note 21.

On 30 June 2022, a company owned by the Rothschild family purchased Merchant Banking assets from the Group for cash of €9.5 million. The value of the assets was based on the assets' fair value as at 31 March 2022, adjusted for capital calls and distributions up to 30 June 2022.

Note 35 Fees to Statutory Auditors

	KPMG		Cailliau Dedouit et Associés	
In thousands of euros	31/12/2022	31/12/2021	31/12/2022	31/12/2021
AUDIT				
Statutory audit of consolidated and solo accounts, and related services				
R&Co (parent company)	180	164	180	164
Subsidiaries	3,224	2,543	266	246
Services other than the statutory audit of accounts, required for legal or regulatory reasons				
R&Co (parent company)	26	45	-	-
Subsidiaries	433	578	27	21
Subtotal	**3,863**	**3,330**	**473**	**431**
SERVICES OTHER THAN THE STATUTORY AUDIT OF ACCOUNTS, PROVIDED AT THE REQUEST OF ENTITIES				
Law, tax and social	-	3	-	-
Other	20	91	7	5
Subtotal	**20**	**94**	**7**	**5**
TOTAL	**3,883**	**3,424**	**480**	**436**

Services other than the statutory audit of accounts include €486,000 (31 December 2021: €644,000) for the review of the compliance of Group entities with regard to regulatory provisions.

Note 36 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 normal and, in 2021, special deferred bonuses over the period between award and vesting, rather than in the year in which the associated revenues have been booked; adding back non-operating items and administrative expenses excluded from the management accounts; and reallocating impairments and certain operating income and expenses for presentational purposes.

36.1 Segmental information split by business

In thousands of euros	Global Advisory	Wealth and Asset Manage-ment	Merchant Banking	Other business and corporate centre	Total before IFRS recon-ciliation	IFRS recon-ciliation	31/12/2022
Net banking income	**1,837,124**	**702,525**	**406,240**	**19,507**	**2,965,396**	**(2)**	**2,965,394**
Operating expenses	(1,465,335)	(549,066)	(133,247)	(61,177)	(2,208,825)	213,162	(1,995,663)
Cost of risk	-	173	-	-	173	(3,077)	(2,904)
Operating income	**371,789**	**153,632**	**272,993**	**(41,670)**	**756,744**	**210,083**	**966,827**
Share of profits of associated entities	-	-	-	-	-	(2,062)	(2,062)
Non-operating income	-	-	-	-	-	(6,201)	(6,201)
Profit before tax	**371,789**	**153,632**	**272,993**	**(41,670)**	**756,744**	**201,820**	**958,564**

In thousands of euros	Global Advisory	Wealth and Asset Manage-ment	Merchant Banking	Other business and corporate centre	Total before IFRS recon-ciliation	IFRS recon-ciliation	31/12/2021
Net banking income	**1,915,010**	**593,038**	**398,315**	**14,053**	**2,920,416**	**4,540**	**2,924,956**
Operating expenses	(1,493,741)	(478,770)	(106,399)	(56,194)	(2,135,104)	342,658	(1,792,446)
Cost of risk	-	3,056	-	-	3,056	(4,540)	(1,484)
Operating income	**421,269**	**117,324**	**291,916**	**(42,141)**	**788,368**	**342,658**	**1,131,026**
Share of profits of associated entities	-	-	-	-	-	482	482
Non-operating income	-	-	-	-	-	(616)	(616)
Profit before tax	**421,269**	**117,324**	**291,916**	**(42,141)**	**788,368**	**342,524**	**1,130,892**

36.2 Net banking income split by geographical segment

In thousands of euros	31/12/2022	%	31/12/2021	%
United Kingdom and Channel Islands	852,373	29%	868,246	30%
France	768,575	26%	715,924	24%
Other Europe	385,715	13%	327,831	11%
United States of America	319,254	11%	415,300	14%
Luxembourg	278,180	9%	303,750	10%
Switzerland	180,996	6%	119,202	4%
Australia and Asia	91,915	3%	94,968	3%
Other	88,386	3%	79,735	3%
TOTAL	**2,965,394**	**100%**	**2,924,956**	**100%**

The breakdown by geographic segment is based on the geographic location of the entity that records the income.

36.3 Non-current assets split by geographical segment

In thousands of euros	31/12/2022	%	31/12/2021	%
France	289,134	30%	250,470	28%
Switzerland	279,836	29%	284,380	32%
United Kingdom and Channel Islands	260,227	27%	221,934	25%
Americas	65,718	7%	51,161	6%
Other Europe	46,820	5%	48,674	6%
Asia & Australia	18,748	2%	21,569	2%
Other	3,045	0%	2,143	0%
TOTAL	**963,528**	**100%**	**880,331**	**100%**

Non-current assets consist of property, plant and equipment; right-of-use assets; intangible assets; goodwill; and investments in associates and joint ventures accounted for using the equity method.

Note 37 Earnings per share

	31/12/2022	31/12/2021
Net income – Group share *(millions of euros)*	605.6	765.8
Profit share *(préciput)* adjustment *(millions of euros)*	(3.4)	(3.0)
Net income – Group share after *préciput* adjustment *(millions of euros)*	**602.2**	**762.8**
Basic average number of shares in issue – *(in thousands)*	**71,881**	**72,000**
Earnings per share – basic *(euros)*	**€8.38**	**€10.59**
Effect of potentially dilutive ordinary shares – *(in thousands)*	922	990
Diluted average number of shares in issue – *(in thousands)*	**72,803**	**72,990**
Earnings per share – diluted *(euros)*	**€8.27**	**€10.45**

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 that are dilutive are those that are in the money, based on the average share price during the period. The majority of potential shares that 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 38 Consolidation scope

Article L.511-45 of the French Monetary and Financial Code "*Code monétaire et financier*", 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 that 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 36, and the abbreviations used are defined in the glossary of this report.

		31/12/2022		31/12/2021		Consolidation method[1]	
Company name	Activity	% Group voting interest	% Group ownership interest	% Group voting interest	% Group ownership interest	31/12/2022	31/12/2021
Australia							
Rothschild & Co Australia Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Belgium							
Rothschild & Co Belgium SA	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Wealth Management Belgium – Belgium branch	WAM	100.00	99.98	100.00	99.98	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.	GA	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	30.00	30.00	EM	EM
Auster Fund Advisory Ltd	MB	30.00	30.00	30.00	30.00	EM	EM
Auster Holdings Ltd	MB	30.00	30.00	30.00	30.00	EM	EM
China							
Rothschild & Co Advisory (Beijing) Company Limited	GA	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Financial Advisory (Shanghai) Company Limited	GA	100.00	100.00	100.00	100.00	FC	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 SAS	Other	100.00	99.98	100.00	99.98	FC	FC
Albinoni SAS	Other	-	-	100.00	99.98	-	FC
Bastia Rabelais SAS	Other	-	-	100.00	99.98	-	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
Courtage Etoile SNC	WAM	100.00	99.98	100.00	99.98	FC	FC
Financière Rabelais SAS	Other	-	-	100.00	100.00	-	FC
Five Arrows Managers GP SAS	MB	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Managers SAS	MB	100.00	100.00	100.00	100.00	FC	FC
GEDAF SAS	WAM	-	-	100.00	99.98	-	FC
GIE Rothschild & Co	Other	100.00	99.98	100.00	99.98	FC	FC
K Développement SAS	MB	100.00	100.00	100.00	100.00	FC	FC

Company name	Activity	31/12/2022 % Group voting interest	31/12/2022 % Group ownership interest	31/12/2021 % Group voting interest	31/12/2021 % Group ownership interest	Consolidation method[1] 31/12/2022	Consolidation method[1] 31/12/2021
Messine Participations SAS	Other	100.00	99.98	100.00	99.98	FC	FC
Messine SAS	Other	99.70	99.68	99.70	99.68	FC	FC
Montaigne Rabelais SAS	Other	100.00	99.98	100.00	99.98	FC	FC
Paris Orléans Holding Bancaire SAS	GA	100.00	100.00	100.00	100.00	FC	FC
PO Capinvest 1 SAS	MB	-	-	100.00	100.00	-	FC
PO Fonds SAS	MB	100.00	100.00	100.00	100.00	FC	FC
PO Mezzanine SAS	MB	-	-	100.00	100.00	-	FC
R&Co Investments France SAS	WAM	100.00	99.98	100.00	99.98	FC	FC
Redburn (France) SA	GA	100.00	100.00	25.31	25.31	FC	EM
Rothschild & Cie SCS[2]	GA	99.97	99.97	99.98	99.96	FC	FC
Rothschild & Co Asset Management Europe SCS[2]	WAM	100.00	99.98	100.00	99.98	FC	FC
Rothschild & Co Immobilier 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	Parent
Rothschild & Co TA SCS[2]	GA	100.00	99.97	100.00	99.96	FC	FC
Rothschild & Co Wealth & Asset Management SAS	WAM	99.99	99.99	99.99	99.99	FC	FC
Rothschild Martin Maurel Courtage	WAM	100.00	99.99	-	-	FC	-
Rothschild Martin Maurel SCS[2]	WAM	99.99	99.98	99.99	99.98	FC	FC
SCI Du 20 Rue Grignan	WAM	100.00	99.98	100.00	99.98	FC	FC
SCI Du 6 Rue De La Bourse	WAM	100.00	99.98	100.00	99.98	FC	FC
SCI Prado Marveyre	WAM	100.00	99.98	100.00	99.98	FC	FC
SCS Holding SAS	Other	-	-	100.00	100.00	-	FC
Transaction R&Co Immobilier SCS[2]	GA	100.00	99.76	100.00	99.75	FC	FC
Transaction R&Co SCS[2]	GA	99.79	99.75	99.79	99.75	FC	FC
TrésoPlus	WAM	100.00	99.98	100.00	99.98	FC	FC
TRR Partenaires SAS	GA	75.00	74.81	75.00	75.00	FC	FC
Verdi SAS	Other	100.00	100.00	100.00	100.00	FC	FC
Verseau SAS	MB	100.00	100.00	100.00	100.00	FC	FC
Wargny BBR SA	WAM	94.66	99.98	69.86	99.98	FC	FC
Germany							
Rothschild & Co Deutschland GmbH	GA	100.00	99.99	100.00	99.98	FC	FC
Rothschild & Co Vermögensverwaltung GmbH	WAM	100.00	99.99	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							
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	99.99	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
Shield Securities Limited	Other	-	-	100.00	100.00	-	FC

Company name	Activity	31/12/2022 % Group voting interest	31/12/2022 % Group ownership interest	31/12/2021 % Group voting interest	31/12/2021 % Group ownership interest	Consolidation method[1] 31/12/2022	Consolidation method[1] 31/12/2021
St. Julian's Properties Limited	Other	50.00	49.99	50.00	50.00	EM	EM
TM New Court Plan Trust	Other	100.00	100.00	100.00	100.00	FC	FC
Hong Kong							
Rothschild & Co Hong Kong Limited	GA	100.00	100.00	100.00	100.00	FC	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	99.99	100.00	99.98	FC	FC
Rothschild & Co Wealth Management (Israel) Ltd	WAM	100.00	99.99	-	-	FC	-
Italy							
Rothschild & Co Asset Management Europe SCS – Milan Branch	WAM	100.00	99.98	100.00	99.98	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	99.99	100.00	100.00	FC	FC
Japan							
Five Arrows Managers SA – Japan branch	MB	100.00	100.00	-	-	FC	-
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	-	FC
Centrum Narcisse S.à r.l.	MB	-	-	100.00	100.00	-	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	100.00	100.00	FC	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 Principal Investments International Feeder SCA SICAR	MB	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Umbrella Credit Fund GP	MB	100.00	100.00	-	-	FC	-
Hermance Capital Management Sàrl	WAM	100.00	99.99	100.00	100.00	FC	FC
HRA Investment SCSp	MB	84.62	84.62	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

Company name	Activity	31/12/2022 % Group voting interest	31/12/2022 % Group ownership interest	31/12/2021 % Group voting interest	31/12/2021 % Group ownership interest	Consolidation method[1] 31/12/2022	Consolidation method[1] 31/12/2021
Rothschild & Co Investment Managers S.A.	MB and WAM	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Wealth Management (Europe) S.A.	WAM	100.00	99.99	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	100.00	100.00	FC	FC
Malaysia							
RothschildCo Malaysia Sdn. Bhd.	GA	100.00	100.00	100.00	100.00	FC	FC
Mexico							
Rothschild & Co Mexico, S.A. de C.V.	GA	100.00	100.00	100.00	100.00	FC	FC
Monaco							
Rothschild & Co Asset Management Monaco	WAM	99.30	99.25	99.30	99.25	FC	FC
Rothschild & Co Wealth Management Monaco	WAM	99.97	99.95	99.97	99.95	FC	FC
Rothschild Martin Maurel SCS – Monaco branch	WAM	-	-	100.00	99.98	-	FC
SCI VDP 2	WAM	-	-	100.00	71.27	-	FC
SCPM VDP 1	WAM	-	-	71.00	70.98	-	FC
Netherlands							
Rothschild & Co CIS B.V.	GA	100.00	99.99	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	99.99	100.00	99.98	FC	FC
Rothschild & Co Israel B.V.	GA	100.00	99.99	100.00	99.98	FC	FC
Poland							
Rothschild & Co Polska sp. z o.o.	GA	100.00	99.99	100.00	99.98	FC	FC
Portugal							
Rothschild & Co Portugal Limitada	GA	100.00	99.99	100.00	99.98	FC	FC
Qatar							
Rothschild & Co Doha LLC	GA	100.00	99.99	100.00	99.98	FC	FC
Russia							
Rothschild & Co CIS B.V. – Moscow Branch	GA	100.00	99.99	100.00	99.98	FC	FC
Rothschild & Co CIS B.V. Moscow Representative Office	GA	100.00	99.99	100.00	99.98	FC	FC
Singapore							
Rothschild & Co Singapore Limited	GA	100.00	100.00	100.00	100.00	FC	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	GA	100.00	100.00	100.00	100.00	FC	FC
Spain							
Rothschild & Co Wealth Management Spain, A.V., S.A	WAM	100.00	99.99	100.00	100.00	FC	FC
RothschildCo España S.A.	GA	100.00	99.99	100.00	99.98	FC	FC

Company name	Activity	31/12/2022 % Group voting interest	31/12/2022 % Group ownership interest	31/12/2021 % Group voting interest	31/12/2021 % Group ownership interest	Consolidation method[1] 31/12/2022	Consolidation method[1] 31/12/2021
Sweden							
Rothschild & Co Nordic AB	GA	100.00	99.99	100.00	99.98	FC	FC
Switzerland							
Holding Pâris Bertrand SA	WAM	100.00	99.99	100.00	100.00	FC	FC
Pâris Bertrand Holding SA	WAM	100.00	99.99	100.00	100.00	FC	FC
Rothschild & Co Bank AG	WAM	100.00	99.99	100.00	100.00	FC	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	99.99	100.00	99.98	FC	FC
United Arab Emirates							
Rothschild & Co Europe B.V. – Abu Dhabi Representative Office	GA	100.00	99.99	100.00	99.98	FC	FC
Rothschild & Co Middle East Limited	GA	100.00	99.99	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	100.00	100.00	FC	FC
Five Arrows Finance Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Holding UK Limited	MB	100.00	100.00	100.00	100.00	FC	FC
Five Arrows Holdings UK Limited	GA	100.00	100.00	-	-	FC	-
Five Arrows Managers LLP	MB	100.00	100.00	100.00	100.00	FC	FC
International Property Finance (Spain) Limited	WAM	100.00	99.99	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	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
R&Co Equity Markets Solutions Limited – (formerly Rothschild & Co Capital Markets Advisory Limited)	GA	100.00	100.00	100.00	100.00	FC	FC
Redburn (Europe) Limited	GA	100.00	100.00	25.31	25.31	FC	EM
Redburn Investment Fund I LP	GA	100.00	100.00	25.31	25.31	FC	EM
Rothschild & Co Australia Holdings Limited	GA	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

Company name	Activity	31/12/2022 % Group voting interest	31/12/2022 % Group ownership interest	31/12/2021 % Group voting interest	31/12/2021 % Group ownership interest	Consolidation method[1] 31/12/2022	Consolidation method[1] 31/12/2021
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 Holdings Limited	Other	100.00	100.00	100.00	100.00	FC	FC
Rothschild & Co Wealth Management UK Limited	WAM	100.00	99.99	100.00	100.00	FC	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
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
Redburn (USA) LLC	GA	100.00	100.00	25.31	25.31	FC	EM
Redburn Asset Management LLC	GA	100.00	100.00	25.31	25.31	FC	EM
Redburn Investment Fund I GP LLC	GA	100.00	100.00	25.31	25.31	FC	EM
Redburn Investment Fund I LP LLC	GA	100.00	100.00	25.31	25.31	FC	EM
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.
(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.

Note 39 Results, tax and headcount by territory

Pursuant to Article L.511-45 II to V of the French Monetary and Financial Code "*Code monétaire et financier*", referred to in Note 38, 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 2022.

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
United Kingdom	823.8	182.7	(47.3)	(2.8)	1,475
France	769.0	282.8	(45.6)	2.7	1,344
Other Europe	386.4	136.6	(39.2)	0.4	489
North America	321.7	2.7	(8.8)	6.8	458
Luxembourg	278.2	266.3	(4.8)	0.0	34
Switzerland	181.0	46.2	(12.0)	1.6	343
Asia-Pacific and Latin America	128.7	13.3	(5.0)	0.3	238
Channel Islands	28.6	14.2	(0.4)	(2.0)	42
Cayman Islands[1]	-	1.6	-	-	-
Other	53.4	12.2	(1.7)	0.0	85
Total before intercompany elimination	**2,970.8**	**958.6**	**(164.8)**	**7.0**	**4,508**
Intercompany elimination	(5.4)	-	-	-	-
TOTAL	**2,965.4**	**958.6**	**(164.8)**	**7.0**	**4,508**

(1) The Group has only associates in the Cayman Islands. In the consolidated accounts, the Group's share of associates' profit after tax is reported in profit before tax in the account "Net income from companies accounted for by the equity method". Headcount of associates is not reported in the Group's consolidated accounts. More detail on associates' accounts is disclosed in Note 7.

Revenues and profits are measured before the elimination of intercompany fees and interest income and expense.

Headcount is calculated as full-time equivalent employees at the period end and includes interns and apprentices. Headcount includes the consolidation of Redburn since November 2022.

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 33).

Statutory Auditors' report on the consolidated financial statements

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.

For the year ended 31 December 2022

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 2022, as attached to this report.

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 at year end 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 requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors for the period from 1st January 2022 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.

Justification of assessments - Key audit matters

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.

Valuation of financial instruments carried at Fair Value through P&L

Key audit matter

As at 31 December 2022, 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 €1,382 million ("Financial assets carried at fair value"), representing 8% 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.

Provision for litigation

Key audit matter

As at 31 December 2022, the Group has accrued a total provision of €14.2 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 16 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.

Revenue recognition for advisory work and other services

Key audit matter

As at 31 December 2022, the Group records net fees for advisory work and other services over the year of €1,837 million, representing 62% 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 7, 3.2.13 and note 27 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 contained therein and this information must be reported by an independent third party.

Report on other legal and regulatory requirements

Presentation of the consolidated financial statements to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated 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), prepared under the responsibility of the Managing Partner, complies with the single electronic format defined in the European Delegated Regulation N° 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements in accordance with the European single electronic reporting format, the content of certain tags in the notes to the financial statements may not be rendered identically to the consolidated financial statements attached to this report.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

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 SA and on 24 June 2003 for Cailliau Dedouit et Associés SA.

As at 31 December 2022, KPMG SA and Cailliau Dedouit et Associés S.A. were in the 18th year and 20th year of total uninterrupted engagement, which are the 18 and 20 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 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 misstatements. 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 misstatements 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 to the Audit Committee a report 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.

The Statutory Auditors

French original signed by

Paris La Défense, 7 March 2023

KPMG S.A.

Arnaud Bourdeille — Partner

Nicolas Bourhis — Partner

Paris, 7 March 2023

Cailliau Dedouit et Associés S.A.

Jean-Jacques Dedouit — Partner

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Parent company financial statements

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8.1 Parent company financial statements

8.1.1 Balance sheet

Assets

		31/12/2022			31/12/2021
In thousands of euros	Notes	Gross value	Depreciation, amortisation and provisions	Net carrying amount	Net carrying amount
Non-current assets					
Intangible assets					
Concessions, patents, brands and software		276	267	9	9
Total intangible assets		**276**	**267**	**9**	**9**
Property, plant and equipment					
Land		3,170	-	3,170	3,170
Buildings		4,394	1,272	3,122	3,334
Other property, plant and equipment		840	304	536	563
Total property, plant and equipment	**1**	**8,405**	**1,576**	**6,828**	**7,067**
Non-current financial assets					
Investments in Group and other companies	2	2,742,995	10,478	2,732,517	1,730,004
Portfolio holdings	3	14,286	12,749	1,537	2,767
Loans		0	-	0	1
Other non-current financial assets		6	-	6	6
Total non-current financial assets		**2,757,287**	**23,228**	**2,734,060**	**1,732,778**
TOTAL NON CURRENT ASSETS		**2,765,968**	**25,071**	**2,740,897**	**1,739,854**
Current assets					
Accounts receivable	**4**	**51,906**	**-**	**51,906**	**52,115**
Marketable securities	**5**				
Treasury stock		104,281	-	104,281	102,262
Other securities		30,726	-	30,726	30,726
Cash		**192,423**	**-**	**192,423**	**350,426**
Prepaid expenses		**271**	**-**	**271**	**226**
TOTAL CURRENT ASSETS		**379,607**	**-**	**379,607**	**535,756**
Unrealised translation gains	6	0	-	0	0
TOTAL ASSETS		**3,145,575**	**25,071**	**3,120,504**	**2,275,610**

Liabilities and shareholders' equity

In thousands of euros	Notes	31/12/2022	31/12/2021
Shareholders' equity			
Share capital		154,060	155,465
Share premium		1,092,820	1,116,127
Reserves			
Legal reserve		15,547	15,532
Other reserves		153,044	153,044
Retained earnings		**401,720**	**545,744**
Net income for the year		**858,994**	**140,078**
Interim distributions		**0**	**(77,043)**
TOTAL SHAREHOLDERS' EQUITY	**7**	**2,676,185**	**2,048,947**
Provisions for contingencies and charges			
Provisions for contingencies		12,062	12,881
Provisions for charges		2,523	2,523
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES	**8**	**14,586**	**15,405**
Liabilities			
Financial liabilities			
Borrowings and other financial liabilities – banks	9	45	71
Borrowings and other financial liabilities – others	9	34	32
Operating liabilities	**10**	**26,538**	**38,189**
Other liabilities	**11**	**403,037**	**172,905**
TOTAL LIABILITIES		**429,654**	**211,196**
Unrealised translation losses	6	80	63
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3,120,504**	**2,275,610**

8.1.2 Income statement

In thousands of euros	Notes	31/12/2022	31/12/2021
Income transactions			
Operating income transactions			
Operating income	12	4,322	4,221
Operating expenses	13	(32,333)	(27,032)
Net operating income		**(28,011)**	**(22,812)**
Other income transactions			
Income from investments in group and other companies and portfolio holdings	14	894,093	153,957
Other financial income	15	1,388	1,280
Capital gains/(losses) on disposals of marketable securities	16	(2,584)	(4,796)
Charge/(recovery) of provisions on other income transactions	17	0	8
Financial expenses	18	(12,297)	(377)
Income from other income transactions		**880,600**	**150,072**
Current income before tax		**852,588**	**127,260**
Income from capital transactions	**19**	(4,499)	10,389
Income tax credit	20	10,904	2,429
NET INCOME		**858,994**	**140,078**

8.1.3 Notes to the Parent company financial statements

8.1.3.1 Highlights of the financial year

R&Co ended the 2022 calendar year with net income of €859.0 million, compared with €140.1 million in the prior year.

For the year ended 31 December 2022, the Company received dividends of €894.0 million from its French subsidiaries (Paris Orléans Holding Bancaire SAS (€773.2 million); Concordia Holding SARL (€94.0 million); Rothschild & Co Wealth & Asset Management SAS (ex-Martin Maurel SA) (€22.1 million) and Rothschild Martin Maurel SCS (€4.7 million)), versus €153.8 million for the previous year.

During the year, the Group reorganized its corporate structure to align with its three lines of business (i) Global advisory, (ii) Wealth and Asset Management and (iii) Merchant Banking. The items that were significantly impacted are explained in the notes to the accounts.

Overall, the direct impact of the on-going conflict in Ukraine on the Group is small as there is limited exposure in terms of number of clients, assets under management, revenue, lending book or collateral held.

8.1.3.2 Subsequent events

Rothschild & Co announced on 6 February 2023 that it had been informed of the intention of Rothschild & Co Concordia, the holding company of the Rothschild family and Rothschild & Co's largest shareholder, to file a simplified tender offer for the Rothschild & Co shares at €48.0 per share with dividends attached, and to request the implementation of a squeeze-out.

Apart from this, no significant adjusting events have occurred after 31 December 2022 closing date until *arrêté*.

8.1.3.3 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)*.

8.1.3.3.1 Income statement

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.

8.1.3.3.2 Intangible assets and property, land and equipment

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

8.1.3.3.3 Non-current financial assets

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:

- unlisted securities: fair 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;
- treasury stock: Average quoted price of the last month before the closing;
- listed securities: Average quoted price of the last month before the closing;
- 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 2022 was measured using the same methodology as applied in the preceding financial year. Dividends receivable 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.

8.1.3.3.4 Current assets

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.

8.1.3.4 Notes to the Company balance sheet

Note 1 Property, plant and equipment

In thousands of euros	01/01/2022	Additions	(Disposals)/ (reclassification)	31/12/2022
Gross value	8,375	50	(21)	8,405
Impairment/amortisation	(1,308)	(289)	21	(1,576)
TOTAL	**7,067**	**(239)**	**-**	**6,828**

Note 2 Investments in Group and other companies

In thousands of euros	01/01/2022	Additions	(Disposals)/ (reclassification)	31/12/2022
Gross values[1]	1,735,314	1,454,507	(446,826)	2,742,995
Impairment	(5,310)	(5,405)	237	(10,478)
TOTAL	**1,730,004**	**1,449,102**	**(446,589)**	**2,732,517**

(1) Acquisitions of equity securities for the year were mainly related to the Group's reorganisation of its corporate structure to align with its three lines of business (i) Global advisory, (ii) Wealth and Asset Management and (iii) Merchant Banking.

Note 3 Portfolio holdings

This heading includes all strategic portfolio investments that cannot be classified as "Investment in Group and other companies".

In thousands of euros	01/01/2022	Additions	(Disposals)/ (reclassification)	31/12/2022
Gross value	14,286	25,456	(25,456)	14,286
Impairment	(11,519)	(1,231)	-	(12,749)
TOTAL	**2,767**	**24,226**	**(25,456)**	**1,537**

As at 31 December 2022, the estimated value of the portfolio of participating interests and investments amounted to €1.5 million.

Note 4 Accounts receivable

In thousands of euros	Total amount	< 1 year	Between 1 and 5 years	> 5 years
Current accounts related to the tax consolidation group	27,425	27,425	-	-
Amounts receivable from the tax authorities[1]	23,463	23,463	-	-
Other accounts receivable	1,018	1,018	-	-
TOTAL	**51,906**	**51,906**	**-**	**-**

(1) Of which accrued income: €0.6 million.

Note 5 Marketable securities

Marketable securities consist of:

- Own shares (€104.3 million).

As at 31 December 2022, the fair value of these securities amounted to €131.1 million, with an unrealised gain of €26.8 million:

In thousands of euros	01/01/2022	Additions	(Disposals)/ (reclassification)	31/12/2022
Gross value	102,262	67,791	(65,772)	104,281
Impairment	-	-	-	-
TOTAL	**102,262**	**67,791**	**(65,772)**	**104,281**

- The other securities (€30.7 million) consist mainly of mutual funds and short-term liquid investments.

As at 31 December 2022, the fair value of these securities amounted to €30.9 million, with an unrealised gain of €0.2 million:

In thousands of euros	01/01/2022	Additions	(Disposals)/ (reclassification)	31/12/2022
Gross value	30,726	-	-	30,726
Impairment	-	-	-	-
TOTAL	**30,726**	**-**	**-**	**30,726**

Note 6 Unrealised translation adjustments

Liabilities

- Related to current accounts for €80,000.

Note 7 Shareholders' equity

In thousands of euros	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings	Net income for the year	Total shareholders' equity
Shareholders' equity as at 01/01/2022	**155,465**	**1,116,127**	**15,532**	**153,044**	**545,744**	**140,078**	**2,125,990**
Capital increase	85	659	-	-	-	-	744
Capital decrease	(1,490)	(23,965)	-	-	-	-	(25,456)
Appropriation of net income for FY 31/12/2021	-	-	15	-	140,063	(140,078)	-
Dividend payment	-		-	-	(284,087)	-	(284,087)
Net income for FY 31/12/2022	-	-	-	-	-	858,994	858,994
SHAREHOLDERS' EQUITY AS AT 31/12/2022	**154,060**	**1,092,820**	**15,547**	**153,044**	**401,720**	**858,994**	**2,676,185**

As at 31 December 2022, the Company's capital comprised 77,029,777 shares with a nominal value of €2 each.

The share capital of the Company was reduced on 24 November 2022 following the cancellation of 745,235 shares purchased in the context of the share buyback programme.

Treasury shares

As at 31 December 2022, R&Co holds 3,532,735 own shares, with no share held as part of the liquidity contract.

As at 31 December 2021, R&Co held 3,526,932 of its own shares, including 450 shares held as part of the liquidity contract.

Note 8 Provisions for contingencies and charges

In thousands of euros	01/01/2022	Charge for the year	Recovery for the year (provision used)	Recovery for the year (provision not used)	31/12/2022
Provisions for contingencies	**12,881**	**820**	**(1,639)**	**-**	**12,062**
• Long-service employee awards	186	-	(26)	-	160
• Treasury shares	12,695	-	(1,613)	-	11,082
• Other	-	820	-	-	820
Provisions for charges	**2,523**			**-**	**2,523**
TOTAL	**15,405**	**820**	**(1,639)**	**-**	**14,586**

The provision for treasury shares relates to a possible expense of €11.1 million linked to the exercise of stock options.

Note 9 Borrowings and financial liabilities

In thousands of euros	Total amount	< 1 year	Between 1 and 5 years	> 5 years
Deposits received	34	34	-	-
Bank overdrafts	45	45	-	-
TOTAL	**78**	**78**	**-**	**-**

Note 10 Operating liabilities

In thousands of euros	Total amount	< 1 year	Between 1 and 5 years	> 5 years
Accounts payable[1]	6,323	6,323	-	-
Tax and social liabilities[2]	20,215	19,798	417	-
TOTAL	**26,538**	**26,122**	**417**	**-**

(1) Of which accrued expenses: €6.1 million.
(2) Of which accrued expenses: €2.8 million.

Note 11 Other liabilities

In thousands of euros	Total amount	< 1 year	Between 1 and 5 years	> 5 years
Group advances and current accounts[1]	403,026	403,026	-	-
Other liabilities	11	11	-	-
TOTAL	**403,037**	**403,037**	**-**	**-**

(1) Of which €215.8 million is linked to the Group's reorganisation of its corporate structure to align with its three lines of business (i) Global advisory, (ii) Wealth and Asset Management and (iii) Merchant Banking.

8.1.3.5 Notes to the Company income statement

R&Co ended the 2022 financial year with net income of €859.0 million compared with €140.1 million for the prior period.

The 2022 financial year saw €894.0 million in dividend income from its subsidiaries against €153.8 million for 2021.

The Company made a profit on ordinary activities before tax of €852.6 million in 2022, compared with €127.3 million in 2021.

Note 12 Operating income

In thousands of euros	31/12/2022	31/12/2021
Expenses recharged to related companies	4,021	3,127
Other provision recoveries	32	303
Other operating income	269	791
TOTAL	**4,322**	**4,221**

Note 13 Operating expenses

In thousands of euros	31/12/2022	31/12/2021
General and administration costs	(22,136)	(18,650)
Taxes other than those on income	(2,400)	(1,959)
Salaries and payroll taxes	(5,498)	(5,019)
Depreciation and amortisation	(298)	(290)
Provisions for operating liabilities and charges	(820)	-
Provisions for long-service awards	(6)	(186)
Other charges	(1,177)	(929)
TOTAL	**(32,333)**	**(27,032)**

Note 14 Income from investments and portfolio holdings

In thousands of euros	31/12/2022	31/12/2021
Dividends from investments[1]	893,965	153,779
Dividends from portfolio holdings	128	178
TOTAL	**894,093**	**153,957**

(1) Of which €638.1 million correspond to distribution of receivables as part of the Group's reorganisation of its corporate structure to align with its three lines of business (i) Global advisory, (ii) Wealth and Asset Management and (iii) Merchant Banking.

Note 15 Other financial income

In thousands of euros	31/12/2022	31/12/2021
Interest income on forward contracts and certificates of deposit	607	145
Interest income from advances granted to Group companies	732	57
Interest on borrowings from third parties	34	-
Foreign exchange gain	15	1,079
TOTAL	**1,388**	**1,280**

Note 16 Capital gains/(losses) on disposals of marketable securities

In thousands of euros	31/12/2022	31/12/2021
Capital gains on sales of marketable securities	2,087	1,674
Capital losses on sales of marketable securities	(4,671)	(5,114)
Provisions for impairments on marketable securities	-	(1,356)
Recoveries of impairments on marketable securities	-	-
TOTAL	**(2,584)**	**(4,796)**

Note 17 (Charge)/Recoveries of provisions on other income transactions

In thousands of euros	31/12/2022	31/12/2021
Provisions on exchange rate risk	-	-
Recoveries of provisions on other income transactions	-	8
TOTAL	**-**	**8**

Note 18 Financial expenses

In thousands of euros	31/12/2022	31/12/2021
Interest on borrowings from Group companies	(12,232)	-
Interest on borrowings from third parties	-	(175)
Other interest expense	(46)	(154)
Exchange losses	(19)	(49)
TOTAL	**(12,297)**	**(377)**

Note 19 Income from capital transactions

In thousands of euros	31/12/2022	31/12/2021
Capital gains on disposals of investments in Group and other companies and portfolio holdings	277	-
Capital losses on disposals of investments in Group and other companies and portfolio holdings	-	(2,111)
Impairment of investments in Group and other companies and portfolio holdings	(6,636)	(426)
Recoveries of impairment of investments in Group and other companies and portfolio holdings	1,850	12,912
Gains and losses on disposals of property, plant and equipment	10	15
TOTAL	**(4,499)**	**10,389**

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;
- K Développement SAS;
- Rothschild & Co Wealth and Asset Management SAS (ex-Martin Maurel SA);
- PO Fonds 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	31/12/2022	31/12/2021
Income tax credit	10,904	2,429
TOTAL	**10,904**	**2,429**

For the year ended 31 December 2022, the net tax credit amounts to €10.9 million.

8.1.3.6 Other information

A. Employees

For the year ended 31 December 2022, the average headcount was 20 people, all of whom were executives.

B. Post-employment benefits

An independent actuary has calculated the Post employment indemnity.

Taking into account the accumulation of individual rights recorded on the day of the study, the company's social liability, including social security charges, is evaluated at €0.106 million.

C. Compensation of management bodies

In respect of their functions as corporate officers of R&Co for 2022, members of the Supervisory Board who were entitled to compensation under the terms fixed by the Supervisory Board received compensation of €1.176 million.

D. Consolidation

Rothschild & Co, the parent company of the R&Co Group, prepares consolidated financial statements as at 31 December 2022, which are in turn consolidated into the Rothschild & Co Concordia SAS, registered at 23 bis, avenue de Messine, 75008 Paris, France.

E. Off-balance sheet commitments

In thousands of euros	31/12/2022	31/12/2021
Commitments given		
Guarantees given and other commitments	289	289
Earn-out amounts to be paid for shares purchased	275	510
TOTAL	**564**	**799**
Commitments received		
Undrawn lines of credit	155,000	135,000
TOTAL	**155,000**	**135,000**

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 €275,000 as at 31 December 2022.

Off-balance sheet commitments relating to the R&Co Equity Schemes

As at 31 December 2022, 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 seven equity schemes have been implemented and remained in force as at 31 December 2022.

- 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");
- on 11 October 2019 (the "2019 Existing Partners Scheme" and the "2019 New Partners Scheme") ; and
- on 11 October 2021 (the "2021 Equity 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 at 31 December 2022

The table below summarises all information on outstanding stock options as at 31 December 2022:

		Date of authorisation by the General Meeting	Grant date by the Statutory 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 purchase price *(in euros)*	Total options exercised	Total options forfeited	Total options remaining
Equity Scheme 2013	**Options 2013-1**	26 Sept. 2013	11 Oct. 2023	780,000	57	1.10%	No	30 Nov. 2016	11 Oct. 2023	17.50	530,000	20,000	230,000
	Options 2013-2	26 Sept. 2013	11 Oct. 2023	780,000	57	1.10%	No	11 Oct. 2017	11 Oct. 2023	18.00	540,000	20,000	220,000
	Options 2013-3	26 Sept. 2013	11 Oct. 2023	780,000	57	1.10%	No	11 Oct. 2018	11 Oct. 2023	19.00	445,000	30,000	305,000
	Options 2013-4	26 Sept. 2013	11 Oct. 2023	780,000	57	1.10%	No	11 Oct. 2019	11 Oct. 2023	20.00	400,000	50,000	330,000
Equity Scheme 2015	**Options 2015-1**	26 Sept. 2013	9 Dec. 2015	115,000	10	0.16%	No	11 Oct. 2018	9 Dec. 2025	23.62	75,000	10,000	30,000
	Options 2015-2	26 Sept. 2013	9 Dec. 2015	115,000	10	0.16%	No	11 Oct. 2019	9 Dec. 2025	24.12	50,000	10,000	55,000
	Options 2015-3	26 Sept. 2013	9 Dec. 2015	115,000	10	0.16%	No	11 Oct. 2020	9 Dec. 2025	25.12	40,000	10,000	65,000
	Options 2015-4	26 Sept. 2013	9 Dec. 2015	115,000	10	0.16%	No	11 Oct. 2021	9 Dec. 2025	26.12	40,000	10,000	65,000
Equity Scheme 2017	**Options 2017-1**	29 Sept. 2016	13 Dec. 2017	277,500	20	0.36%	Yes[1]	11 Oct. 2020	13 Dec. 2027	31.56	87,500	15,000	175,000
	Options 2017-2	29 Sept. 2016	13 Dec. 2017	277,500	20	0.36%	Yes[1]	11 Oct. 2021	13 Dec. 2027	32.06	62,500	15,000	200,000
	Options 2017-3	29 Sept. 2016	13 Dec. 2017	277,500	20	0.36%	Yes[1]	11 Oct. 2022	13 Dec. 2027	33.06	2,500	15,000	260,000
	Options 2017-4	29 Sept. 2016	13 Dec. 2017	277,500	20	0.36%	Yes[1]	11 Oct. 2023	13 Dec. 2027	34.06	-	15,000	262,500
Equity Scheme 2018	**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
Existing Partners Equity Scheme 2019	**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	96,250	5,000	106,250
	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	96,250	5,000	106,250
	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	83,750	5,000	118,750
	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	36,250	5,000	166,250
New Partners Equity Scheme 2019	**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	15,000	-	65,000
	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
Equity Scheme 2021	**Options 2021-1**	20 May 2021	11 Oct. 2021	137,500	14	0.17%	Yes[1]	11 Oct. 2022	11 Oct. 2025	39.45	-	-	137,500
	Options 2021-2	20 May 2021	11 Oct. 2021	137,500	14	0.17%	Yes[1]	11 Oct. 2022	11 Oct. 2025	39.95	-	-	137,500
	Options 2021-3	20 May 2021	11 Oct. 2021	137,500	14	0.17%	Yes[1]	11 Oct. 2023	11 Oct. 2025	40.95	-	-	137,500
	Options 2021-4	20 May 2021	11 Oct. 2021	137,500	14	0.17%	Yes[1]	11 Oct. 2024	11 Oct. 2025	41.95	-	-	137,500
TOTAL				**6,470,000**		**8.72%**					**2,600,000**	**240,000**	**3,630,000**

(1) Please refer to the summary of the performance conditions in Section 3B of the annual report.

As at 31 December 2022, 2,832,500 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.

F. Analysis of subsidiaries and participating interests

Companies or groups of companies *In thousands of euros*	Share capital	APIC, reserves and retained earnings excluding net income for the period	Share of capital held	Carrying value of shares held Gross value	 Net	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
A. Subsidiaries (at least 50% of the capital held by the Company)									
Paris Orléans Holding Bancaire SAS (Paris)[2][4]	729.6	206.7	100%	1,208.6	1,208.6	8.9	-	665.2	773.2
K Développement SAS (Paris)[2][4]	99.0	121.5	100%	104.2	104.2	-	-	1,278.7	-
Francarep Inc. (USA)[2][4]	0.01	3.02	100%	2.6	2.6	-	-	(0.19)	-
Cavour SASU (Paris)[2][4]	0.06	(0.03)	100%	0.1	0.01	-	-	(0.02)	-
Verdi SASU (Paris)[2][4]	0.07	(0.01)	100%	0.1	0.04	-	-	(0.02)	-
Aida SASU (Paris)[2][4]	0.3	(0.02)	100%	0.5	0.3	-	-	(0.02)	-
Concordia Holding Sarl (Paris)[2][4]	531.2	362.4	23.9%	290.1	290.1	5.5		414.3	94.0
Rothschild & Co Wealth & Asset Management[2][4]	244.1	884.9	100%	1,099.2	1,099.2	13.1	-	153.8	22.1
B. Participations (5 to 50% of the capital held by the Company)									
Rothschild Martin Maurel SCS[2][4]	40.6	289.6	7.8%	25.0	25.0	-	-	65.7	4.7
Finatis SA (Paris)[1][3][4][5]	85	(601)	5.0%	12.3	2.2	-	30.6	(397)	-

(1) Consolidated figures.
(2) Financial year ended 31 December 2022 (FX rate: 1 EUR = 1.068320 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 2021.

8.2 Statutory Auditors' report on the financial statements

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

For the year ended 31 December 2022

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 S.C.A. for the year ended 31 December 2022.

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 at year end 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 this report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us and provided for by the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie)* for statutory auditors, for the period from 1st January 2022 to the date of our report and specifically we did not provide any prohibited services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of assessments - Key audit matters

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. 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 2022, the company holds 2,734 million euros through investments in Group, other companies and portfolio holdings, which represent 87.6 % 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 judgement, 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 financial statements 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; and
- 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 of the Managing Partner 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.441-6 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 the directors 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

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditors relating to the annual and consolidated financial statements presented in the European single electronic format, that 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), prepared under the responsibility of the Managing Partner, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

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 SA and on 24 June 2003 for Cailliau Dedouit et Associés SA.

As at 31 December 2022, KPMG SA and Cailliau Dedouit et Associés were in the 18th year and 20th year of total uninterrupted engagement, which are the 18th year and 20th year 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 by the Management.

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.

The Statutory Auditors

French original signed by

Paris La Défense, 7 March 2023

KPMG S.A.

Arnaud Bourdeille — Partner

Nicolas Bourhis — Partner

Paris, 7 March 2023

Cailliau Dedouit et Associés

Jean-Jacques Dedouit

Partner

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Concordance tables

Concordance table with the management report

Required elements	Sections
1. Situation and activity of the Company and the Group	
1.1. Situation of the Company during the past fiscal year and an objective and exhaustive analysis of the development of the business, results and financial situation of the Company and the Group, in particular its debt situation, in relation to the volume and complexity of the business	2.1, 2.2, 2.3 and 2.4
1.2. Key indicators of financial performance	2.1.2
1.3. Key indicators of financial and non-financial performance relevant to the particular business of the Company and the Group, including information relating to environmental and employee-related matters	5.3
1.4. Key events arising between the end of the fiscal year and the date the management report was written	2.5
1.5. Identity of the main shareholders and holders of voting rights at General Meetings and changes during the fiscal year	3.2.3
1.6. Existing branches	7, Note 38
1.7. Acquisition of significant equity holdings in companies having their registered office on the French territory	-
1.8. Disposals of shares arising from the effect of regulating cross-shareholdings	-
1.9. Foreseeable development and future prospects of the situation of the Company and the Group	2.6
1.10. Research and development activities	-
1.11. Table showing the Company's results over each of the last five fiscal years	2.2.2
1.12. Information concerning supplier and customer payment periods	2.2.7
1.13. Amount of intercompany loans granted	-
1.14. Activity of the Company's subsidiaries and companies under its control	1.1, 1.2 and 1.3
2. Internal control and risk management	
2.1. Description of the main risks faced by the Company	4.1
2.2. Information on the financial risks related to the effects of climate change and the measures that the Company is taking to reduce them by implementing a low-carbon strategy in all components of its activity	5.2.1, 5.3.2 and 7.5
2.3. Main characteristics of the Internal control and risk management procedures implemented by the Company and the Group relating to the preparation and processing of accounting and financial information	4.2 and 4.4
2.4. Information on the objectives and policy regarding the hedging of each main category of transactions and on the exposure to price, credit, liquidity and treasury risks, including the use of financial instruments	4.3
2.5. Anti-corruption provisions	5.3.4
2.6. Vigilance plan and reporting on its effective implementation	-
3. Report on Corporate governance	
Information on the remunerations	
3.1. Policy regarding remuneration of corporate officers	6.3.1
3.2. Remuneration and benefits of any kind paid during the fiscal year or granted in respect of the fiscal year to each corporate officer	6.3.2
3.3. Share of the fixed remuneration and variable remuneration	-
3.4. Use of the option of claiming back variable remuneration	-
3.5. Commitments of any kind entered into by the Company for the benefit of its corporate officers, corresponding to items of remuneration, indemnities or benefits due or likely to be due as a result of the assumption, termination or change of their duties or subsequent to the carrying out of such duties	-

Required elements	Sections
3.6. Remuneration paid or granted by a company included in the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code	6.3.2
3.7. Ratio between the level of remuneration of each executive corporate officer and the average and median remuneration of employees	6.3.2
3.8. Annual changes in remuneration, in the Company's performance, in the average remuneration of the Company's employees and in the aforementioned ratios over the five most recent fiscal years	6.3.2
3.9. Explanation of how the total remuneration complies with the adopted remuneration policy, including how it contributes to the long-term performance of the Company and how the performance criteria have been applied	6.3.2
3.10. Manner in which the vote of the last Ordinary General Meeting provided for in paragraph I of Article L. 22-10-34 of the French Commercial Code was taken into account	-
3.11. Deviation from the procedure for implementing the remuneration policy and exceptions	-
3.12. Application of the provisions of the second paragraph of Article L. 225-45 of the French Commercial Code (suspension of payment of directors' remuneration in the event of failure to comply with the gender mix of the Board of Directors)	-
3.13. Attribution and conservation of stock-options by the corporate officers	-
3.14. Attribution and conservation of free shares to corporate officers	-
Information on governance	
3.15. List of all mandates and positions held in all companies by each corporate officer during fiscal year	6.1.1 and 6.2.1
3.16. Agreements concluded between a manager or a major shareholder and a subsidiary	6.5
3.17. Summary table of the outstanding delegations given by the Shareholders' Meeting to perform capital increases	6.6
3.18. Method of executive management	6.1
3.19. Membership, conditions for the preparation and organisation of the Board of Directors' work	6.2.4
3.20. Principle of balanced representation of women and men on the Board of Directors	6.2.1
3.21. Limits placed on the powers of the Managing Partner (Gérant)	-
3.22. Reference to the Corporate Governance Code and implementation of the comply or explain principle	6.2.9
3.23. Specific procedures relating to the participation of shareholders in the Shareholders' Meeting	3.1.3
3.24. Evaluation procedure for current agreements	6.5.3
3.25. Information likely to have an impact in the event of a takeover bid or exchange offer	6.7
4. Share ownership and capital	
4.1. Structure, changes in the Company's capital and crossing of thresholds	3.2.3
4.2. Acquisition and disposal by the Company of its own shares	3.2.3
4.3. Overview of employee share ownership on the last day of the fiscal year (proportion of capital represented)	3.2.3
4.4. References to potential adjustments for the securities giving access to the share capital in the case of share repurchases or financial operations	-
4.5. Information on operations made on the Company's shares by managers and related persons transactions	6.4
4.6. Amount of dividend paid out over the past three fiscal years	2.2.5
4.7. Restrictions imposed by the Board regarding the exercise of options granted or the sale of free shares awarded to Senior Executives	-
4.8. Calculation elements and results of adjustment to the conversion basis, and terms of subscription or exercise of securities giving access to the share capital or options to subscribe for or purchase shares	-
5. Statement of non-financial performance	**See concordance table below**
6. Other information	
Injunctions or fines as a result of anti-competitive practices	-

Concordance table with the statement of non-financial performance

Required elements	Sections
Business model	5.1.1
Description of the main risks related to the business of the Company or Group, including, where relevant and proportionate, risks created by business relationships, products or services	5.2.1
Information on the way in which the Company or the Group takes into account the social and environmental consequences of its activity, and the effects of this activity on respect for human rights and the fight against corruption (description of the policies applied and due diligence procedures implemented to prevent, identify and mitigate the main risks related to the business of the Company or Group)	5.3.2, 5.3.3. and 5.3.4
Results of policies applied by the Company or Group, including key performance indicators	5.2 and 5.3
Social information (employment, work organisation, health and safety, labour relations, training, equal treatment)	5.3.3 and 5.4
Environmental information (general environmental policy, pollution, circular economy, climate change)	5.3.2 and 5.4
Societal information (societal commitments in favour of sustainable development, subcontracting and suppliers, fair practices)	5.3.4
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Abbreviations and glossary

Abbreviations	Term definition
ABC	Anti-bribery and corruption
ACPR	*Autorité de Contrôle Prudentiel et de Résolution* (French prudential and resolution authority)
AD	Assistant Director
AGM	Annual General Meeting
AM	Asset Management
AMF	*Autorité des Marchés Financiers (French financial markets authority)*
AML	Anti-money laundering
Annual Report	Rothschild & Co annual report 2022
AuM	Assets under management
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 2022
CCC	*Corporate Credit Committee*
CDP	Carbon Disclosure Project
CET 1	*Common Equity Tier 1*
CGU	Cash-generating unit
CO_2	Carbon dioxide
CO_2eq	Carbon dioxide equivalent is a universal unit of measurement used to compare the emissions from various greenhouse gases based upon their global warming potential
Company	Rothschild & Co SCA
CRD	The amended version of Directive (UE) 2013/36 on access to the activity and the prudential supervision (Capital Requirements Directive or "CRD")
CRD V	Capital Requirements Directive 5
CRR	The amended versions of Regulation (EU) 575/2013 on prudential requirements (Capital Requirements Regulation or "CRR")
CTF	Counter-terrorist financing
DCF	Discounted cash flow
EAD	Exposure at default (IFRS 9)
EBA	European Banking Authority
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
Equity Markets Solutions	Subset of the Financing Advisory business segment, which includes ECM Advisory, Private Capital, Investor Advisory, Investor Marketing and Redburn
Equity Scheme	Rothschild & Co operates a scheme for certain senior staff where participants are required to invest in Rothschild & Co shares and for each share owned they are granted four share options
ESEF	European Single Electronic Format
ESG	Environmental, social and governance
EVE	Economic value of equity

Abbreviations	Term definition
FACP	Five Arrows Capital Partners
FACS	Five Arrows Credit Solutions
FADL	Five Arrows Direct Lending
FAPEP	Five Arrows Private Equity Program
FAPI	Five Arrows Private Investments
FASI	Five Arrows Sustainable Investment
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 Markets Solutions.
FINREP	FINancial REPorting standards that specify financial information required for regulatory reporting
FTE	Full time equivalent
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GA	Global Advisory (business segment)
GCC	Group Credit Committee
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
HR	Human resources
IBOR	Interbank offered rate
ICAAP	Internal capital adequacy assessment process
ICP	Internal carbon price
IFPR	Investment Firms Prudential Regime
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
IRRBB	Interest rate risk in the banking book
KPIs	Key Performance Indicators
LCR	Liquidity coverage ratio
LDI	Liability-driven investment
Level 1/2/3	IFRS 13 fair value hierarchy, explained in section 4.5.1 of the Consolidated Financial Statements for 2022
LGBT	Lesbian, gay, bisexual, transgender, queer
LGD	Loss given default (IFRS 9)
LIBOR	London interbank offered rate
Lombard lending	Lending secured against portfolios of securities
LTV	Loan to value
M&A	Mergers and acquisitions
Managing Partner	Rothschild & Co Gestion SAS, as manager (gérant) of Rothschild & Co SCA
MB	Merchant Banking (business segment)

Abbreviations	Term definition
MMI	Messine Managers Investments SAS
MRT	Material Risk Taker, as defined under CRD V - see also definition page 183
MwH	Megawatt hour
NAV	Net asset value
NCI	Non-cash instrument
NGO	Non-governmental organisation
NII	Net interest income
NMR	N M Rothschild & Sons Limited
NNA	Net new assets
NSFR	Net Stable Funding Ratio
NZAMI	Net Zero Asset Management Initiative
OCF	Operating cash flow
OCI	Other comprehensive income
OECD	Organisation for Economic Co-operation and Development
OpCo	Group Operating Committee
Overseas Fund	N M Rothschild & Sons Limited overseas pension fund
PBT	Profit before tax
PCCC	Private Client Credit Committee
PCL	Private Client Lending in the WAM business segment
PD	Probability of default (IFRS 9)
PER	Price/earnings ratio
POCI	Purchased or originated credit-impaired financial asset (IFRS 9)
R&Co	Rothschild & Co SCA
R&CoBZ	Rothschild & Co Bank AG Zurich
R&Co Gestion	Rothschild & Co Gestion SAS
RAC	Risk adjusted capital
Revenue	Net banking income
RMM	Rothschild Martin Maurel SCS
RORAC	Return on risk adjusted capital
ROTE	Return on tangible equity
ROU asset	Right-of-use asset (IFRS 16)
RSUs	Restricted Share Units
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, as defined by the United Nations
SFDR	Sustainable Finance Disclosure Regulation
SICR	Significant increase in credit risk (IFRS 9)

Abbreviations	Term definition
SNC	Société en nom collectif
SPPI	Solely payments of principal and interest (IFRS 9)
SRI	Socially responsible investing
Statutory Auditors	KPMG SA and Cailliau Dedouit et Associés SA, statutory auditors of Rothschild & Co SCA
Supervisory Board	Rothschild & Co supervisory board
Swiss Funds	Rothschild & Co Bank AG Zurich pension funds
TCFD	Taskforce on Climate-Related Financial Disclosure
tCO_2eq	Tonnes of carbon dioxide equivalent
TIAP	Long term portfolio securities *(Titres immobilisés de l'activité de portefeuille)*
TLTRO	Targeted longer-term refinancing operation
UK Fund	N M Rothschild & Sons Limited pension fund
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

Statement by the persons responsible for the annual financial report

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, 27 March 2023

Rothschild & Co Gestion SAS
Managing Partner
Represented by Alexandre de Rothschild,
Executive Chairman

Mark Crump
Group Chief Financial Officer
and Chief Operating Officer

Other information

Persons responsible for the audit of the financial statements

Statutory Auditors

Cailliau Dedouit et Associés SA
Represented by Jean-Jacques Dedouit
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 2023

KPMG SA
Represented by Arnaud Bourdeille and Nicolas Bourhis
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 2023

The information relating to the fees paid to the Statutory Auditors in respect of the financial year ended 31 December 2022 is presented on Note 35 of the Consolidated Financial Statements for 2022.

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 25 May 2023 (which is composed of chapters 1 to 5 of this report) 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 (which is included in Chapter 6 of this report).

About Rothschild & Co

Rothschild & Co is family-controlled and independent group and has been at the centre of the world's financial markets for over 200 years. With a team of c. 4,200 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 and 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 €154,059,554. Paris trade and companies registry number: 302 519 228. Registered office: 23 *bis*, avenue de Messine, 75008 Paris, France.

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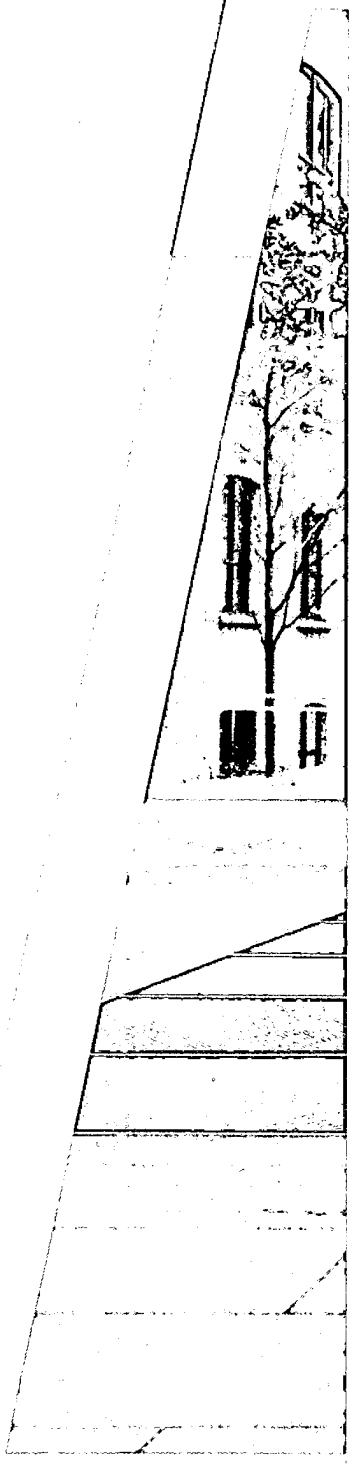

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