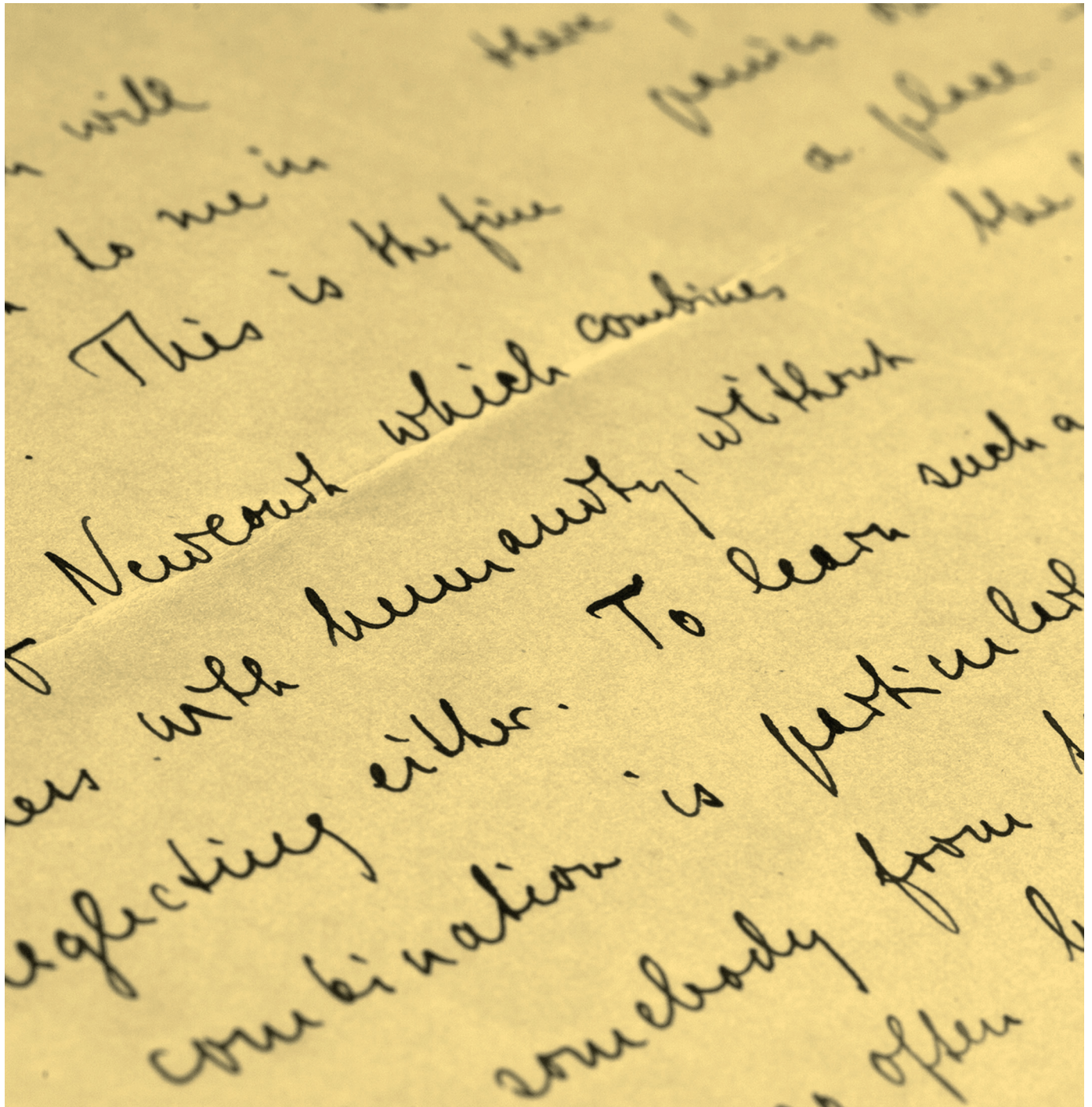


Rothschild & Co Wealth Management UK Environmental, Social and Governance (ESG) Policy

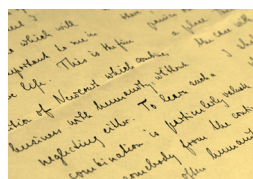


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Cover image:
Extract from 1926 letter from Siegmund Warburg to Lionel and Anthony de Rothschild, thanking them for teaching him about business and 'the fine tradition of New Court, which combines business with humanity without neglecting either.' Courtesy of The Rothschild Archive.

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A. Introduction

Rothschild & Co takes great pride in its reputation and the high standards it sets itself across its businesses. A culture of integrity ensures we are not only judged by what we say but also by what we do and guides our behaviour accordingly, no more so than within Rothschild & Co Wealth Management UK's (R&CoWMUK) investment process.

At R&CoWMUK, we strongly believe that **Environmental, Social and Governance considerations (ESG)** are an essential component of responsible investing, successful long-term performance and a sustainable business, all of which are of great importance to our clients. The deep and detailed nature of our research is one of the distinguishing features of our investment approach and our assessment of ESG is an integral part of this.

The objective of this document is to outline explicitly our approach to ESG and to describe the extent to which this is an integral part of our initial investment process and our ongoing engagement with, and monitoring of, our portfolio assets.

A.1 Policy scope

This policy will apply to all investments managed by R&CoWMUK on a discretionary basis. However, there are some assets for which ESG is not relevant. We give further information on this in the policy as well.

A.2 Policy implementation and oversight

On an ongoing basis, this policy provides a framework for the R&CoWMUK investment team, who are responsible for the day-to-day management of discretionary portfolios. Oversight of their actions is included within the scope of the R&CoWMUK Investment Risk Committee.

This policy has been approved by the R&CoWMUK's Investment Risk Committee. This committee reviews this policy annually and ensures that its principles and guidelines are being adhered to. Any breaches of the policy identified will be reviewed and escalated if they cannot be quickly resolved.

B. Investment philosophy and process

B.1 Our investment philosophy

Our investment philosophy is to preserve and grow the value of our clients' assets in real terms, over the long term. In order to achieve this, we invest our clients' capital in a diversified portfolio of assets, which includes equities and bonds held both directly in the form of shares and fixed income securities, and indirectly in the form of funds, which in turn invest in shares and fixed income securities as well as other assets. We can also invest directly in other forms of assets, for example derivatives, currencies and commodities.

B.2 Our investment process

Our investment process is rooted in proprietary research and financial analysis. The construction of an investment case through this process includes the consideration of ESG (see Appendix for examples) and any potential financial impact this might have on an investment. We make use of both internal and external resources to assist in the analysis of ESG and incorporate these into decision-making and engagement activities (see C.1 Engagement). While we are not constrained from purchasing or holding a position due to an ESG issue, consideration of these issues is a key part of the investment decision.

There are occasions when we may not consider ESG in an investment case, for example, when investing in a 'passive' equity instrument like an ETF, or when investing in an instrument providing exposure to a bespoke basket of securities, where the investment case may be based on a technical or industry-specific theme, with no explicit consideration given to any fundamental factors.

B.3 Directly held securities

In the case of directly held equities, we conduct deep, fundamentally driven, bottom-up research on all aspects of a business and its management in order to build an investment case. This includes the use of ESG-focused third-party research to complement our own analysis.

Part of the investment case involves an assessment of a business's ability to continue to operate profitably over the long term. Our analysts consider ESG associated with both

our investee companies and prospective investments, as these issues could pose risks to the business's ability to continue to operate profitably and sustainably over the long term, and consequently fail to meet our return expectations. The risks posed come in many forms: regulatory action; brand impairment; loss of bargaining power with customers or suppliers; trade embargoes; loss of access to capital markets; loss of competitive position; and many others. Therefore, ESG is integral to any investment case. Furthermore, as global awareness of ESG increases, the reputational risks to businesses from poor conduct around them, and the consequent risks to the long-term sustainability of businesses due to these issues, are increasing.

In the case of fixed income securities held directly, part of our research process involves understanding the fundamental nature of a business, and assessing the quality of management. This will include consideration of ESG. The integration of ESG into the investment process for fixed income securities is generally most applicable to corporate bonds, but may also include sovereign bonds where relevant.

B.4 Third-party funds

In the case of funds investing directly in equity or fixed income securities, we invest, wherever possible, with managers who share our philosophy. Critically, we maintain a regular dialogue with all our investee fund managers in order to monitor this. Therefore, through regular engagement with these managers, we fully understand their approach to investment analysis. In some cases, our third-party fund managers publish ESG policies themselves which we review. Where a third-party manager does not have a formal ESG policy in place, we will continue to engage with them and encourage them to adopt one.

B.5 Incorporating client-specific ESG

We understand that some clients wish to exclude certain types of investments on ethical, social or religious grounds, beyond those we would normally exclude within our own investment process. We actively engage with our clients in this regard and we will accommodate our clients' requirements as far as possible.

C. Ongoing engagement and monitoring of ESG

C.1 Engagement

Our commitment to fundamental, proprietary research leads us to arrange regular private meetings with management of companies we invest directly in. Whether through these private meetings or otherwise, we will always focus on issues in a business that may impact long-term financial performance, including ESG. Therefore, our ongoing research process around existing holdings will include consideration for the governance of a company, its social behaviour, and its environmental impact. While this analysis and research has been part of our investment process for some time, this policy makes this explicit.

C.2 Monitoring

As an intrinsic part of the review process of our directly held investments, we revisit all aspects of our initial research, and check that they still meet, or exceed, our expectations. We also include ESG specific third-party research as part of this process.

On an ad-hoc basis, where we have concerns we may discuss these directly with the company. Given our strong focus on company management and culture as part of our initial and ongoing research into a company, we do not come across many instances where we are forced into confrontational engagement with the management of one of our portfolio holdings. We have strong relationships with the management of the companies that we are invested in and engage with them directly.

In terms of monitoring our third-party managers, should we have any concerns about any of their holdings, we will raise these with them directly.

C.3 Voting

We take a pragmatic approach to voting. We actively steer clear of investing in companies where significant concerns around governance are raised through the initial research process. As such, we do not expect to vote against a Board's recommendations very frequently. If, however, having exhausted other avenues we continue to disagree with the stance taken by the Board, then we will vote against them.

We vote on all positions we hold in discretionary mandates, keep a register of our voting activity and will include a summary of this in our annual ESG report – see section D for more details. We maintain an ongoing dialogue with company management on important issues in any case, and on occasion, management may preemptively engage us. This open and transparent relationship allows for a better understanding between ourselves and company management and leads to an easier and more efficient process of resolution of any concerns and/or disagreements.

D. Reporting on ESG

D.1 How, when and to whom we will report

In the first quarter of each calendar year we produce an annual report on our ESG activities during the previous year including: our voting activity, ESG within our primary research process, where we have discussed ESG in meetings with management and the responses of third-party managers to our questions around ESG.

D.2 Level of public disclosure

Reports are currently only available to clients and their advisers. However, these may be provided to others at the discretion of senior management.

E. Our position on industry bodies and standards

While we are confident that our approach to ESG is a pragmatic and robust one we also understand the importance of ensuring we adhere to, and participate in, the best practices of the wider industry. To this end there are a number of industry standards and bodies that we look to for guidance, both formally and informally.

E.1 UK Stewardship Code

R&CoWMUK manages portfolios predominantly on behalf of retail clients.

However, we recognise our wider stewardship responsibilities and to this end we support the Financial Reporting Council UK Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investee companies, and are assessing becoming formal signatories. While the focus of the code is primarily on proactive engagement with UK companies, it serves as a useful framework for our broader approach to our portfolio of global companies.

Further information on the UK Stewardship Code can be found at www.frc.org.uk

E.2 The Investor Forum

While we have strong direct relationships with all the companies in which we invest, we recognise that a body representing a wide range of investor views is a particularly effective way of bringing about change and greater focus on long-term management. As such R&CoWMUK has become a member of the Investor Forum so that we can add our voice to those of others to guide the management teams of UK companies on important issues from an investor perspective.

Further information on the Investor Forum can be found at www.investorforum.org.uk

E.3 UN Principles for Responsible Investment (UNPRI)

We consider ourselves to be responsible investors who take a keen interest in ensuring all the companies whose securities we hold, both directly and indirectly, act and behave as we would expect them to. When selecting investments, key factors in our decision-making process include strong management with a long-term focus, appropriate compensation structures, respect for employees and robust corporate and environmental governance. We also engage in an active dialogue with company management teams to ensure we understand their approach and culture first hand.

As such we believe that R&CoWMUK's ESG approach already echoes many of the UNPRI. However, the UNPRI are primarily designed around the infrastructure of institutional asset managers and envisage processes and resources not common to the wealth management industry. Additionally, the obligations of the UNPRI would not allow us to retain the flexibility and autonomy expected of us by our clients. Therefore, today R&CoWMUK has decided not to become a signatory. We will continue to review the UNPRI in relation to the benefits and relevance of becoming a signatory on an ongoing basis.

Further information on the UNPRI can be found at www.unpri.org

Appendix – ESG factors in relation to our investments

ESG considerations will continue to evolve over time. Therefore, we are wary of creating rigid procedures that do not allow us to adapt to such changes or simply become a ‘tick box’ exercise. However, we have listed below some examples of potential ESG that R&CoWMUK may take into consideration in the assessment of a company, although they may of course differ by company, region and sector.

Environmental issues

- Climate change strategy
- Deforestation
- Environmental management practices
- Greenhouse gas emissions
- Pollution management
- Resource depletion
- Sustainability best practice
- Sustainable transport
- Waste management
- Water supply management

Social issues

- Collective bargaining
- Community impact assessment
- Health and safety conditions
- Labour relations, including relationship with unions
- Local (including indigenous) community conflict
- Product safety measures
- Stakeholder relations
- Supply chain management
- Working conditions including slavery and child labour

Governance issues

- Accounting quality
- Audit quality
- Board structure and diversity
- Bribery and corruption
- Executive compensation
- Independent board directors
- Independent board leadership
- Political lobbying and donations
- Separation of chairman and CEO
- Shareholder rights
- Tax strategy

It is important to note that this is not a fixed checklist against which we review each investment. It is simply an example of issues we may consider within our research process. We complement this with ESG specific third-party research in order to sense-check our own views and to identify any additional areas requiring further work.

Notes

At Rothschild & Co Wealth Management we offer an objective long-term perspective on investing, structuring and safeguarding assets, to preserve and grow our clients' wealth.

We provide a comprehensive range of services to some of the world's wealthiest and most successful families, entrepreneurs, foundations and charities.

In an environment where short-term thinking often dominates, our long-term perspective sets us apart. We believe preservation first is the right approach to managing wealth.

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