

# Implementation of an Internal Carbon Price to finance sustainable project



**This mechanism places a monetary value on greenhouse gases and is a way to responsibly influence emissions from business operations, including travel, aimed at ensuring the Group pursues emission reduction opportunities. The Internal Carbon Price (ICP) generates a financial support stream for the Group's environmental management budget, which in turn is used to develop further small and medium-scale carbon-reduction opportunities and sustainability projects in line with the supported SDGs.**

<b>Starting date of the project</b>	2019
<b>Project Localisation</b> Places of implementation of the project at this stage and targeted geography if replicable.	The Internal Carbon Pricing is in place at group-level and applies to all offices and employees worldwide.
<b>Project objectives</b> Type of climate innovation of the project with a description of the problem/issue addressed	The project aims to implement a group-wide Internal Carbon Pricing (ICP). The cost is applied per tonne of carbon dioxide equivalent (CO <sub>2e</sub> ) and charged to offices and divisions. The financial support stream generated is used as part of the Group's environmental management budget, which in turn is used to develop further small and medium-scale carbon-reduction opportunities and sustainability projects in line with the supported SDGs and to reduce the group's carbon footprint.
<b>Detailed project description</b>	<p>Rothschild &amp; Co recognises that climate change is a serious risk for environment, society and economy. By proactively managing its GHG emissions and environmental impact, the Group is making its own contribution to the fight against climate change.</p> <p><b>In 2019, the Group Executive Committee (GEC) has approved the implementation of an Internal Carbon Pricing (ICP) at group level. This innovative pricing mechanism makes it possible to identify, assess and reduce the group's carbon dependency by placing a monetary value on GHG emissions produced by the various entities. The cost per ton of carbon is charged to offices and divisions.</b></p> <p>The ICP is multiplied by the total operational emissions from scopes 1 &amp; 2 and 3 , which includes emissions related to flights, train, use of cabs, daily commute, overnight stays in hotels, mail services, use of materials - mainly paper -, recycling and disposal of waste, remote working, water, vehicles leased and owned by the company, IT equipment, servers, electricity transmission and distribution losses.</p> <p>The ICP is used to finance sustainable solutions to reduce GHG emissions and green projects in line with four selected Sustainable Development Goals (SDGs): SDGs 7, 12, 13 and 15.</p> <p>The ICP places a monetary value on greenhouse gases and is a way to responsibly influence emissions from business operations, including travel, aimed at ensuring the Group pursues emission reduction opportunities. One of the key priorities is to use these new cashflows to reduce energy consumption of Rothschild &amp; Co buildings.</p> <p>The ICP has already helped finance energy efficiency projects, such as the energy-efficient lighting project in the London office. This project is underway with an expected completion date in 2021. When fully operational it will enable the company to reduce energy consumption from lighting by approximately 60%, in addition to significant cost savings estimated at between £75k and £80k. Similar actions will be implemented over the next four years to ensure that the group meets its GHG reduction target of 10% per Full Time Equivalent (FTE) by 2025.</p> <p>Such initiatives undertaken to reduce overall operational GHG emissions are essential. Rothschild &amp; Co is convinced that this internal carbon pricing mechanism will help to sustainably address GHG emissions of its entities' operational activities, including emissions linked to business travel.</p>

Main project's drivers for reducing the greenhouse gas emissions	<b>Reduction levers</b>		<b>Details on the aspects of the project</b>	
	<input checked="" type="checkbox"/> Energy and resource efficiency (including behaviour)		Positively influence employee behaviour.	
	<input checked="" type="checkbox"/> Energy Decarbonisation		Purchase of renewable electricity and biogas	
	<input checked="" type="checkbox"/> Energy efficiency improvements		Replacement of conventional lighting with LEDs	
	<input type="checkbox"/> Improving efficiency in non-energy resources			
	<input type="checkbox"/> Emissions absorption: creation of carbon sinks, negative emissions (BECCS, CCU/S, ...)			
	<input type="checkbox"/> Financing low-carbon producers or disinvestment from carbon assets			
<input type="checkbox"/> Reduction of other greenhouse gases emission				
Emission scope(s) on which the project has a significant impact and quantification of GHG emission reductions per emission scope			Aspects of the project contributing to the reduction of emissions by emission category	
			Quantification of associated GHG emissions by emission category	
			Please follow the quantification methodology used in <a href="#">the Afep guidelines</a> .	
	<b>Reduction of the company's carbon dependency</b>			
	<b>Scope 1</b> <i>Direct emissions generated by the company's activity.</i>		Purchase of biogas	
			Replacement of natural gas by biogas has reduced emissions by 500 tCO <sub>2</sub> e – between 2018 and 2019 – from approximately 628 tCO <sub>2</sub> e to 128 tCO <sub>2</sub> e	
	<b>Scope 2</b> <i>Indirect emissions associated with the company's electricity and heat consumption.</i>		Purchase of renewable electricity	
			Replacement of conventional lighting with LEDs	
			Purchasing electricity from renewable energy sources reduced GHG emissions by approximately 1,400 tCO <sub>2</sub> e in 2019 compared to 2018	
			Replacement of usual lighting with LED in London offices should reduce the energy consumption by approximately 580 MWh/year	
<b>Scope 3</b> <i>Emissions induced (upstream or downstream) by the company's activities, products and/or services in its value chain.</i>				
<b>Increase of carbon sinks</b>				
<b>Emissions Absorption</b> <i>Carbon sinks creation, (BECCS, CCU/S, ...)</i>				
<b>GHG emissions avoided by the company at third parties</b>				
<b>Avoided Emissions</b> <i>Emissions avoided by the activities, products and/or services in charge of the project, or by the financing of emission reduction projects.</i>				
<b>Clarification on the calculation or other remarks:</b> - Replacement of conventional lighting with LEDs (London Project): Electricity consumption related to lighting was around 900 MWh/year before the project was launched. The installation of LEDs will reduce this average consumption by 60% to 320 MWh/year.				
Modality of verification of the quantification.	<b>Calculation standard used (ADEME base, GHG protocol, etc.):</b> The group's GHG accounting software relies on an extensive database of more than 85,000 emission factors from over 350 different institutions, including, but not limited to, the UK Department for Business, Energy and Industrial Strategy (BEIS), the IPCC and national government data from reporting countries.			
Other environmental and social benefits of the project	<b>Verification of the calculation (internal or external):</b> Internal verification Rothschild & Co is convinced that operational improvements will positively contribute to the fight against climate change, but that other actions are needed.			

	<p>To this end, in 2020, the Group strengthened its environmental partnership with Cool Earth to support the regions inhabited by the Asháninka and the Awajún in the Peruvian Amazon, fighting against the harmful climate impact of tropical deforestation.</p> <p>Supporting these communities is a way to preserve and protect the delicate balance of the rainforest ecosystems and biodiversity in this area. These communities suffer from a lack of access to food and basic healthcare, which forces them to sacrifice the forest. The projects supported by Rothschild &amp; Co aim to offer an alternative to these communities to sustain and improve their livelihoods, so that they are no longer dependent on logging for their survival and thus fight against the deterioration of the ecosystem.</p> <p>To date, the project has provided 318 families from Awajún and 231 families from Asháninka with short-cycle seed varieties, training, equipment and tools, such as picks, rakes and 5-liter backpacks for watering. Furthermore, providing support to mitigate the impact of COVID-19 is a key area of intervention. Basic health care was distributed to help 610 families cope with hygiene requirements during the pandemic.</p>
<b>Project maturity level</b>	<p><input type="checkbox"/> Prototype laboratory test (TRL 7)</p> <p><input type="checkbox"/> Real life testing (TRL 7-8)</p> <p><input type="checkbox"/> Pre-commercial prototype (TRL 9)</p> <p><input type="checkbox"/> Small-scale implementation</p> <p><input checked="" type="checkbox"/> Medium to large scale implementation</p> <p><b>Remarks:</b> The ICP is effective and applied to all offices and divisions on an annual basis. It should be used as an evolving and ongoing management tool to responsibly address the Group's operational GHG emissions.</p>
<b>Capacity and conditions of the project reproducibility, with associated climate impact mitigation potential</b>	<p>Carbon pricing is not new and some sectors, such as the energy sector, have been using various forms of carbon pricing since the 1990s. The potential impact that carbon pricing can have on GHG emissions is significant. Internal carbon pricing can enable all organizations to make investment and development choices that foster the global transition to a low-carbon economy. Internal carbon pricing is a tool for companies to meet their carbon reduction goals. By putting a value on their emissions companies are more likely to take action to reduce them.</p> <p>The success of an internal carbon pricing project depends on two main elements:</p> <ul style="list-style-type: none"> <li>• Ensuring that the price moves at the right pace to stimulates action to reduce emissions</li> <li>• Ensuring that divisions remain accountable to the Group for their emissions</li> </ul>
<b>Amount of investment made (in €)</b>	NC
<b>Economic profitability of the project (ROI)</b>	<p><input type="checkbox"/> ST (0-3 years)</p> <p><input checked="" type="checkbox"/> MT (4-10 years)</p> <p><input type="checkbox"/> LT (&gt; 10 years)</p> <p><b>Remarks:</b> <a href="#">click here to enter the information</a></p>
<b>Engaged partnerships</b>	A partnership with the NGO Cool Earth was initiated to financially support sustainable projects.
<b>Open comments from the project owner</b>	The implementation of an internal carbon pricing has been praised by all divisions and recognized as a responsible mechanism for managing the Group's overall GHG emissions. Senior leadership is critical to the success of the project. Rothschild & Co is committed to creating a responsible corporate culture and making a difference in practice for the benefit of all company's stakeholders.
<b>More about the project</b>	
<b>Contact the company carrying the project</b>	<a href="mailto:Groupmediaenquiries@rothschildandco.com">Groupmediaenquiries@rothschildandco.com</a> <a href="mailto:press@coolearth.org">press@coolearth.org</a>
<b>Project URL links</b>	<p><a href="https://www.rothschildandco.com/en/who-we-are/corporate-responsibility/environment/ghg-emissions-and-climate-change/">https://www.rothschildandco.com/en/who-we-are/corporate-responsibility/environment/ghg-emissions-and-climate-change/</a></p> <p><b>Partnership with CoolEarth</b> <a href="https://www.rothschildandco.com/en/who-we-are/corporate-responsibility/environment/strategic-environment-partnerships/">https://www.rothschildandco.com/en/who-we-are/corporate-responsibility/environment/strategic-environment-partnerships/</a></p>
<b>Illustrations of the project</b>	

