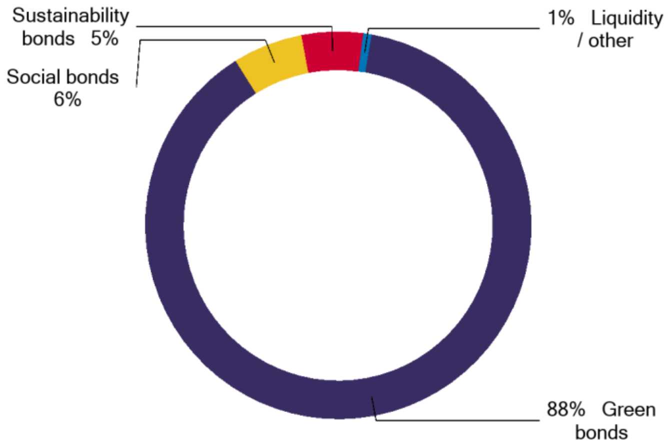
February 2024

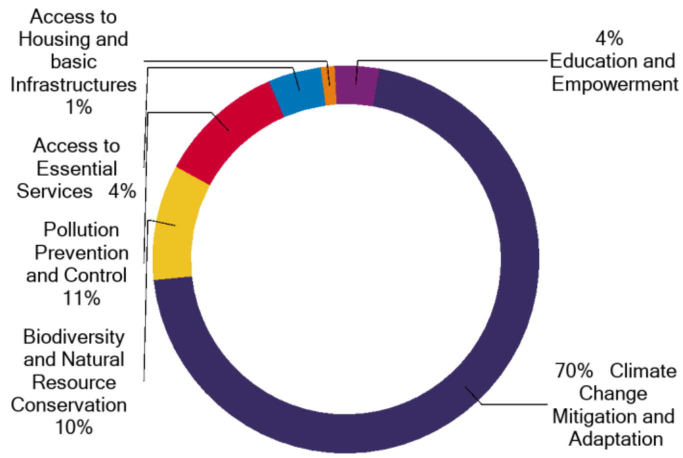
R-co 4Change Green Bonds C EUR

Management report | ESG

BREAKDOWN BY TYPE OF BOND



BREAKDOWN BY THEME



Impact indicators and equivalents

Based on 49% of published impact reports

R-co 4Change Green Bonds avoided

GHG/CO2 reduction

for €1M

998 tCO2e

Total impact

30 649 tCO2e

The equivalent of:

22 372 vehicles

R-co 4Change Green Bonds simultaneously funded

	Annual Renewable energy produced	Installed renewable capacity	Financed Green Buildings
Total impacts	41 GWh	13 MW	1 780 m²
The equivalent of:	4 184 homes	1 wind farms or 5 600 households	180 employees

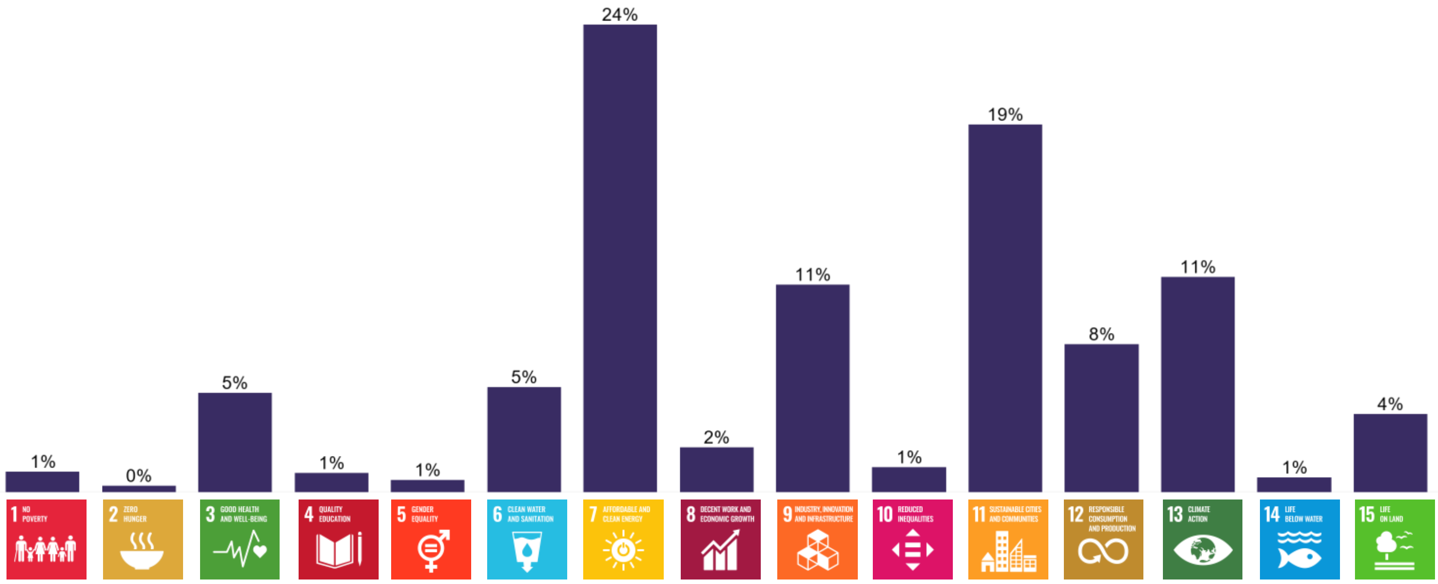
Source : Rothschild & Co Asset Management

Rothschild & Co Asset Management

Sustainable Development Goals

% of portfolio aligned with Sustainable Development Goals

Coverage rate : 95%



The sustainable development goals address a range of social needs, in particular education, healthcare, social protection and employment opportunities, while combating climate change, and the protection of the environment. Companies can contribute directly to the achievement of these goals through their activities.

1 NO POVERTY — End poverty in all its forms everywhere

2 ZERO HUNGER — Zero hunger

3 GOOD HEALTH AND WELL-BEING — Ensure healthy lives and promote well-being for all at all ages

4 QUALITY EDUCATION — Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

5 GENDER EQUALITY — Achieve gender equality and empower all women and girls

6 CLEAN WATER AND SANITATION — Ensure access to water and sanitation for all

7 AFFORDABLE AND CLEAN ENERGY — Ensure access to affordable, reliable, sustainable and modern energy

8 DECENT WORK AND ECONOMIC GROWTH — Promote inclusive and sustainable economic growth, employment and decent work for all

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE — Build resilient infrastructure, promote sustainable industrialization and foster innovation

10 REDUCED INEQUALITIES — Reduce inequality within and among countries

11 SUSTAINABLE CITIES AND COMMUNITIES — Make cities inclusive, safe, resilient and sustainable

12 RESPONSIBLE CONSUMPTION AND PRODUCTION — Ensure sustainable consumption and production patterns

13 CLIMATE ACTION — Take urgent action to combat climate change and its impacts

14 LIFE BELOW WATER — Conserve and sustainably use the oceans, seas and marine resources

15 LIFE ON LAND — Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

Comparison of issuers

ESG rating

Portfolio

Rating **AA** Score/10 **7.6**

Benchmark

Rating **AA** Score/10 **7.2**

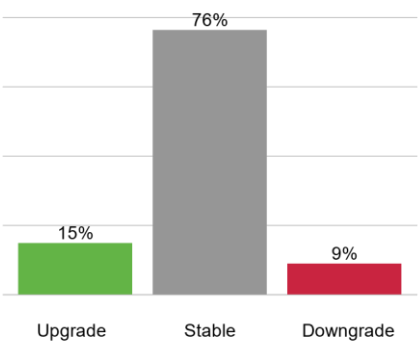
Coverage rate

Number of holdings	96
Number of ESG rated holdings	96

100%

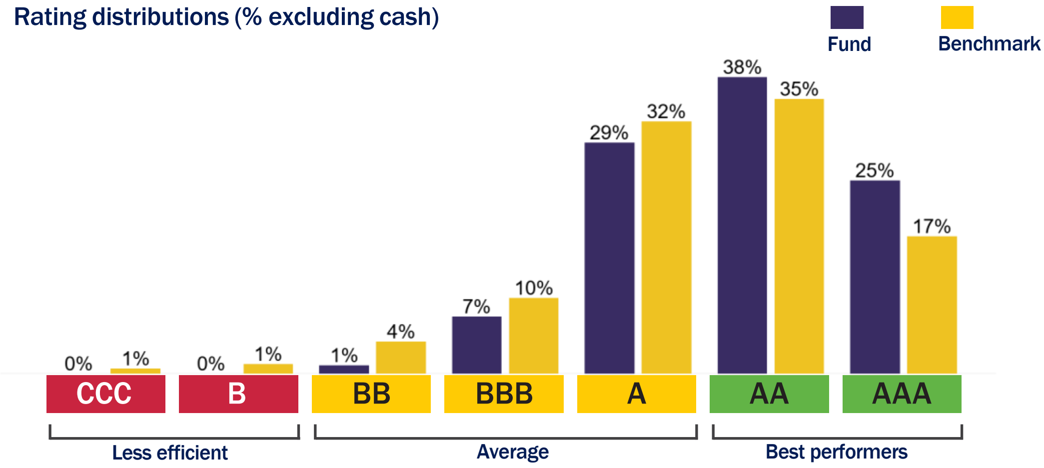
% of portfolio's total net assets

Rating evolution (over 12months)



ESG rating

Rating distributions (% excluding cash)

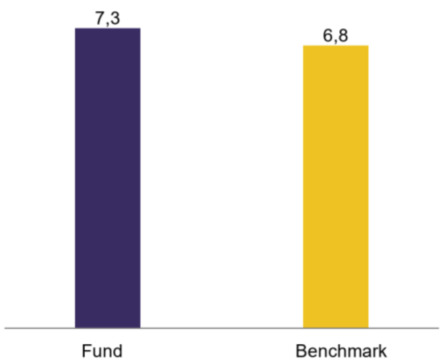


Distribution of ratings by sector (% excluding cash)

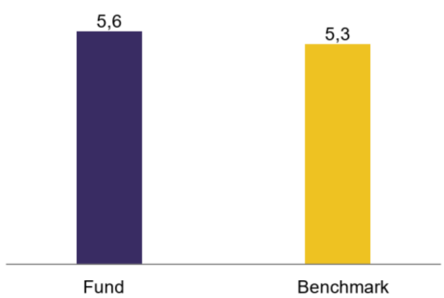
Sector	Weight	Not rated	CCC	B	BB	BBB	A	AA	AAA
Consumer goods	8.5%	-	-	-	12.5%	28.4%	25.7%	33.3%	-
Oil & Gas	2.8%	-	-	-	-	-	-	-	100.0%
Financials	51.9%	-	-	-	-	5.1%	34.6%	44.2%	16.2%
Industrials	4.1%	-	-	-	-	-	-	43.3%	56.7%
Materials	3.5%	-	-	-	-	17.8%	16.9%	25.4%	39.9%
Health Care	0.5%	-	-	-	-	100.0%	-	-	-
Utilities	18.8%	-	-	-	-	-	27.5%	35.9%	36.7%
Sovereign	3.6%	-	-	-	-	-	56.8%	-	43.2%
Technology	1.2%	-	-	-	-	100.0%	-	-	-
Communication Services	4.7%	-	-	-	-	-	30.3%	43.5%	26.2%
UCIs	0.5%	-	-	-	-	-	-	100.0%	-

ESG score comparison by pillar

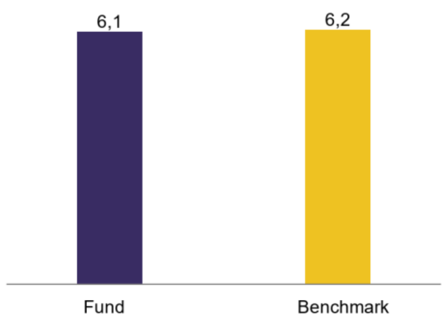
E Environmental Pillar



S Social Pillar



G Governance Pillar

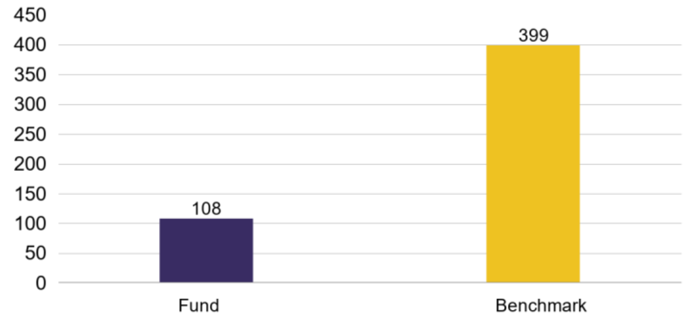


Carbon intensity (scope 1 + 2)

Coverage rate : 97%
% of portfolio's total net assets

Difference of contribution to the carbon intensity (%) : -291 tons of CO2 per sales, in millions of EUR

Carbon intensity (tons of CO2 per sales, in millions of EUR)



Main sectors contributing to carbon intensity

Issuers	Weight	Carbon intensity	Contribution to the carbon intensity (%)
Utilities	19,3%	53,9	**50%**
Materials	3,6%	17,0	**16%**
Financials	53,3%	16,7	**16%**
Top 3	**76,2%**	87,7	**82%**

Note
carbon intensity calculated in tons of CO2 per sales, in millions of USD

Main contributors to carbon intensity

Issuers	Weight	ESG rating	E Score	Low carbon Transition Management Score	Annual emissions (MtCO2)	Carbon intensity	Contribution to the carbon intensity (%)
TERNA RETE ELETTRICA	1,7%	AAA	7,8	6,2	**1,8**	10,1	**9,4%**
ERG SPA	1,2%	AAA	8,7	8,2	**0,9**	9,5	**8,8%**
NOVELIS SHEET INGOT GMBH	0,6%	BBB	4,8	6,3	**29,8**	7,0	**6,5%**
CPI PROPERTY GROUP SA	1,2%	BBB	6,7	6,3	**0,4**	6,4	**5,9%**
EDP FINANCE BV	1,4%	AAA	9,5	8,5	**9,9**	6,1	**5,7%**
Top 5	6,2%				**42,8**	39,1	**36,4%**

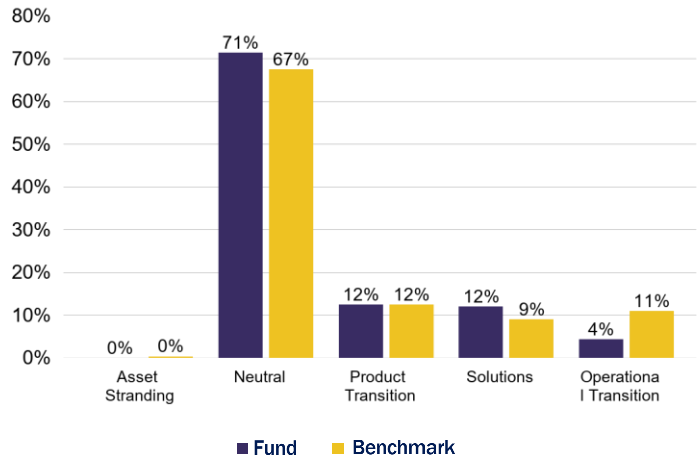
Note
carbon intensity calculated in tons of CO2 (scope 1+2) per sales, in millions of USD

Emission reduction targets and low-carbon transition

% of issuers with a carbon emission reduction target

Coverage rate : 97%

Breakdown of issuers by transition category



Low carbon Transition Management Score

*This score (from 0 to 10) evaluates a company's performance in terms of managing the risks and opportunities associated withthe transition to a low-carbon economy. It combines management assessments over the following key issues: (i) management of greenhouse gas emissions, (ii) carbon footprint of products and services. Higher the score is, more effectively the company's management is regarding these issues.

Sources: Rothschild & Co Asset Management / MSCI ESG Research ©

Rothschild & Co Asset Management

Methodology

Transparency is a fundamental aspect for the sustainable bond market and the voluntary framework of principles decreed by the International Capital Market Association (ICMA). As such, projects indirectly financed by holders of R-co 4Change Green Bonds are subject to numerous publications. To measure the environmental impact of the fund, Rothschild & Co Asset Management compiles these sustainability-related publications for all the projects financed when they are available, including green issuance programmes, second-party opinions (SPOs), and reports from issuers on sustainability and green issuance in particular.
Through the consolidated analysis of the projects financed, Rothschild & Co Asset Management contributes to this transparent market approach and proposes a summary of the fund's sustainable positioning in this report.

Breakdown by theme

Issuance programmes and SPOs on sustainable bonds compliant with the International Capital Market Association (ICMA) systematically specify the use of proceeds (UoP). The ICMA principles specify 16 predefined UoPs for projects, ten environmental and six social. Rothschild & Co Asset Management has chosen to group these UoPs into six major sustainability themes.
The chart shows the share of non-cash assets (rebased to 100%) by sustainability theme. When an issue supports several underlying UoPs, the weight of this line in the asset is then equally weighted between these UoPs (e.g., 0.1% per UoP for a line of 0.50% of an asset supporting 5 UoPs).

Impact indicators and equivalents

To lend tangible form to the fund's sustainable impacts, Rothschild & Co Asset Management compiles the annual impact reports of the funded issuers where available in order to list four key indicators for the funded projects.
For each key indicator, the impact of each security, when published, is distributed pro rata according to the share of the issue held by the fund.
Because impact reports are often not available for recent programmes and an indicator often characterises a particular sector, the coverage rate of each key indicator may be limited. Rothschild & Co Asset Management communicates on the share of assets for which an annual impact report is available. It does so independently of the indicator's completion rate and does not rebase the impacts to 100% of the assets, the aim being to properly represent the fund's various impacts. Finally, the four gross impacts of the fund are also illustrated by an equivalence based on statistics published by French public agencies or other similar bodies.

- Greenhouse gas emissions avoided

Measured in tonnes of CO2 equivalent (tCO2e), the indicator quantifies the greenhouse gas emissions avoided by the projects. The gross impact is presented per one million euros invested in the fund and for the entire fund. The equivalence represents the number of vehicles fictitiously taken off the road, their theoretical annual emissions in tCO2e being equivalent to the gross impact of the fund. The basis for the calculation is 1.37 tonnes of CO2 per vehicle per year (sources: Ademe and INSEE).

- Renewable energy production

Measured in gigawatt-hours (GWh), the indicator shows the total annual production of energy from renewable sources financed by the bonds held. The gross impact is presented for the whole fund (based on the share of securities for which an impact report is available).
The equivalence represents the number of households that can be fully supplied with electricity for one year with this amount of energy produced.
The indicator is calculated based on a consumption of 9,900 kWh per year for a house of three inhabitants with electric heating and hot water.

- Installation of new renewable energy infrastructure

Measured in megawatts (MW), the indicator takes into account the installed renewable energy capacity of the projects financed by the fund. The impact is presented for the whole fund (based on the share of securities for which an impact report is available).
The equivalence shows the number of medium-sized wind farms needed to achieve this productive capacity, on a basis of 10 MW per farm (source: French Ministry of Ecological Transition).
For this indicator, an alternative equivalence presents the number of households that can be connected to the French electricity grid using this power, on the basis of an average 0.0025 MW per household (source: French Ministry of Ecological Transition).

- Construction of green buildings

Measured in square metres (m²), this indicator shows the area of green buildings financed and built to recognised environmental standards. The impact is presented for the whole fund (based on the share of securities for which an impact report is available).
The equivalence shows the number of employees that can occupy these newly built areas, based on 10m² per employee (French legal basis).

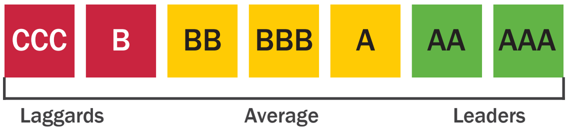
Sustainable Development Goals (SDGs)

The identification of the United Nations SDGs supported by green bonds is based initially on an analysis of emission programmes and SPOs. The chart shows the consolidated contribution of the fund to SDGs as a percentage of non-rebased assets.
A small portion of the portfolio may not be covered depending on the date and country of issue; the coverage ratio associated with the chart specifies the portion of the portfolio analysed. As with UoPs, if an issue is linked to several SDGs, it is weighted equally between them.

Glossary

ESG rating

The ESG rating, based on data provided by MSCI ESG Research ©, is measured on a scale ranging from AAA (highest rating) to CCC (lowest rating). The rating is based on the underlying company's exposure to industry-specific sustainability risks and its ability to mitigate these risks relative to its peers. The overall rating of the portfolio is calculated on a relative sector basis, while the underlying E, S and G individual ratings are absolute. The overall rating cannot therefore be considered an average of the individual E, S and G ratings.



Correspondence between ratings and scores

Rating	Final industry score /10
AAA	8.6 -10.0
AA	7.1 - 8.6
A	5.7 - 7.1
BBB	4.3 - 5.7
BB	2.9 - 4.3
B	1.4 - 2.9
CCC	0.0 - 1.4

Carbon Intensity

The portfolio's Carbon Intensity is defined as the sum weighted by their portfolio weights of the carbon intensities of the underlyings present in the portfolio's Carbon Allocation.

$$\frac{\text{Tonnes of } CO_2 \text{emissions}}{\text{Millions of euros of revenue}}$$

For a given company, the carbon intensity used is defined as the annual amount (year N) of CO2 emissions (scopes 1 and 2) divided by the company's annual revenue (year N). The carbon intensity calculation of the Carbon Allocation is rebased on 100 to take into account the coverage rate available on the carbon intensity indicator. The data required for these calculations may come from external data providers (MSCI ESG Research ©).

Scope 1: direct emissions from fixed or mobile facilities located within the organisational scope;

Scope 2: indirect emissions related to energy consumption such as greenhouse gas emissions generated by electricity consumption, heating, steam and cooling consumption.

Emissions reduction target

If a company has a carbon emissions reduction target, this indicator assesses the commitment of this target. Higher scores are attributed to companies actively seeking to reduce their emissions from an already relatively low level. Apart from companies with no targets, the lowest scores are for companies with high levels of emissions and seeking only minor reductions. For small companies, where carbon reduction targets are relatively rare, a moderately high score is given for all types of carbon emission reduction targets.

Score for managing the transition to a low-carbon economy

This score is an indicator of a company's performance in terms of risk management measures and opportunities related to the transition to a low-carbon economy. It combines management assessments of the following key issues:
(i) managing greenhouse gas emissions, (ii) carbon footprint of products and services,etc. The higher the score the more the company implements effective management of these issues. (Score: 0-10)

"Transition to a Low-Carbon Economy" category

This indicator classifies companies according to their exposure to risks and opportunities related to the transition to a low-carbon economy.

The different categories are:

- *Asset Stranding* refers to assets that lose value due to unfavourable market developments in the market to which they are exposed (legislation, environmental constraints, technological disruptions) leading to substantial devaluations (example of companies owning coal mines);
- Operational transition: companies facing an increase in operating costs due to carbon taxes or which need to make significant investments to implement solutions to reduce their greenhouse gas emissions (for example, cement producers);
- Product offering in transition: company facing reduced demand for carbon intensive products and which needs to adjust its product offering to products compatible with a low-carbon economy (for example, the automotive sector);
- Neutral: company with low exposure to increased operating costs/investment requirements related to the transition to a low-carbon economy (for example, the healthcare sector);
- Solutions: a company that provides products or services that should benefit from the transition to a low-carbon economy (for example, renewable energy electricity producers).

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It is possible to assume that the extra-financial data provider, MSCI ESG Research, faces certain methodological limitations, which could be, as an illustration, the following:

- Problem of missing or incomplete disclosure by some companies of information (for example, relating to their ability to manage their exposures to certain extra-financial ESG risks) that is used as input to MSCI ESG Research's ESG rating model; this issue may be mitigated by MSCI ESG Research through the use of external alternative data sources to supply its rating model;
- Issue related to the quantity and quality of ESG data to be processed by MSCI ESG Research (significant information flow on an ongoing basis to be incorporated into the MSCI ESG Research ESG rating model): this issue may be mitigated by MSCI ESG Research through the use of artificial intelligence technologies and many analysts working to transform raw data into relevant information;
- Issue related to the identification of information and factors relevant to the extra-financial ESG analysis of the MSCI ESG Research model but which is processed upstream of the MSCI ESG Research model for each sector (and sometimes each company): MSCI ESG Research uses a quantitative approach validated by the expertise of each sector specialist and the feedback from investors to determine the most relevant extra-financial ESG factors for a given sector (or for a particular company if applicable). "

• Risk related to extra-financial criteria (ESG)
Taking sustainability risks into account in the investment process as well as responsible investment is based on the use of extra-financial criteria. Their application may lead to the exclusion of issuers and/or underlying funds and cause certain market opportunities to be lost. Consequently, the Fund's performance may be higher or lower than that of a fund that does not take these criteria into account. ESG information, whether from internal or external sources, is derived from assessments without strict market standards. This leaves room for an element of subjectivity that may result in a significantly different issuer rating from one provider to another. Furthermore, ESG criteria may be incomplete or inaccurate. There is a risk of incorrect valuation of a security or issuer. As such, the management companies of the underlying funds will be able to refer to ESG information from various sources and apply different ESG methodologies. These different aspects make it difficult to compare strategies that incorporate ESG criteria. "

• Website
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