Product Name: R-co Lux Valor

Legal entity identifier: 549300L8ZK3DPNSJO743

Environmental and/or social characteristics

Sustainable Investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective**: [N/A] ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ It made **sustainable investments with a social objective**: [N/A]	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 71% of sustainable investments ☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☒ with a social objective ☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Through its work and the MSCI ESG Research ratings, the Investment Manager considers a broad spectrum of criteria on the E (physical risks related to climate change, water stress, waste management, etc.) and S (employee training, product safety, auditing of production practices, etc.) pillars as part of its generalist approach.

In addition, the investment teams seek to identify relevant material elements as part of the ex-ante analysis of the ESG profile and the assessment of the ex-post sustainable trajectory of the issuer and/or the industry. Based on major dependencies and impacts, the following elements can be considered: controversies (typology, severity and recurrence), externalities (carbon/toxic emissions, water consumption, biodiversity destruction, accidents, layoffs, strikes, precarious contracts, fraud...), and contributions (taxonomic alignment, participation in the United Nations "SDGs" sustainable development goals, temperature in line with the Paris Agreement...).

How did the sustainability indicators perform?

The performance of the sustainability indicators used to promote the above environmental and social characteristics is shown in the appendix hereto.

…and compared to previous periods?

This is the first periodic report to be completed for this product. Therefore, no comparison with previous years can be provided.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

Concerning private issuers, the objectives pursued by the sustainable investments included in the product are :

- Overall positive contribution of companies through their contributing revenues, i.e. linked to activities with positive impacts on the environment or society (clean energy, energy efficiency, access to healthcare, ...) or their sustainable debt issues (Green, Social, Sustainable Bonds);

- Contribution to environmental objectives, such as reducing emissions in line with the Paris Agreement or reducing water consumption;

- Contribution to social objectives, through alignment with the United Nations Sustainable Development Goals #5 - gender equality, #8 - decent work and economic growth or #10 - reduced inequalities.

As of 30/12/2022, the product has invested 66.14%of its net assets in private issuers qualifying as sustainable investments, of which 53.52% have contributed to an environmental objective, and 53.66% have contributed to a social objective, as mentioned above.

For the year 2022, the Investment Manager used available MSCI ESG Research's data, which is estimated data. As of 30/12/2022, the product's taxonomic alignment level is 5.04% which contributed to the following objectives :

- Climate change mitigation
- Climate change adaptation

For the year 2023, following clarifications from the regulator, the Investment Manager will use data newly reported by MSCI ESG Research in compliance with regulatory requirements.

Public issuers qualified as sustainable investments have pursued the following objectives:

- overall positive contribution of governments through their sustainable debt issues (Green, Social, Sustainable Bonds) ;

- positive environmental contribution: Signatory of the Paris Agreement or the United Nations Convention on Biological Diversity;

- positive social contribution: Performance in terms of equality (GINI index) and freedom of the press (Freedom House).

As of 30/12/2022, the product has invested 4.65% of its net assets in sovereign issuers that qualify as sustainable investments, of which 4.65% have contributed to an environmental objective, and 4.65% have contributed to a social objective, as noted above.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

In order to qualify as sustainable, an investment must not cause significant harm to the various environmental or social objectives to which it intends to contribute.

To ensure that the financial product's sustainable investments will not significantly harm an environmental or social objective, the Investment Manager’s "DNSH" procedure for products with a sustainable investment objective, includes:

- Sectoral and normative exclusions that reduce its exposure to social and environmental harm
- Consideration of the mandatory Principal Adverse Impacts (PAI) of these investments on sustainability factors.

The Investment Manager also uses ESG ratings in its approach as a minimum safeguard for overall sustainability performance.

How were the indicators for adverse impacts on sustainability factors taken into account?

The mandatory PAI are taken into account in the various aspects of the Investment Manager's sustainable approach: through the Investment Manager's common base of exclusions, the combined ESG and financial analysis methodology, the sustainable requirements at portfolio level, the commitment and controversy management policy, as well as the measurement and monitoring of ESG performance indicators.

The Investment Manager pays particular attention to company statements on PAI 1, 2, 3, 10, 13 and 14 as well as PAI 16 for public issuers.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

For all of its investments, the Investment Manager excludes companies that may be in violation of the ten fundamental principles of the United Nations Global Compact (UNGC).

Furthermore, in its definition of a sustainable investment for private issuers, the Investment Manager verifies the absence of violation of the United Nations Global Compact (UNGC) and the OECD Guidelines for Multinational Enterprises. To this aim, the Investment Manager incorporates a global controversy indicator measuring the company's historical and current involvement in violations of international standards. The following normative frameworks are considered: the United Nations Global Compact (UNGC), the United Nations Guiding Principles on Business and Human Rights (UNGP on business and human rights), the International Labor Organization (ILO) Conventions and the OECD Guidelines for Multinational Enterprises.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How did this financial product consider principal adverse impacts on sustainability factors?

The financial product takes into account the principal adverse impacts (PAI) on sustainability factors on which Rothschild & Co Asset Management Europe focuses its efforts as a priority:

o Private Issuers :

- Climate change

· Greenhouse gas emissions and intensity, scopes 1 and 2 (PAI 1 & 3)
· Involvement in fossil fuels (PAI 4)
· Exposure to issuers not committed to the Paris Agreement (optional Climate PAI 4)
- Human rights, business ethics and respect for human dignity
· Violation of basic ethical standards (PAI 10)
· Gender diversity in governance bodies (PAI 13)
· Involvement in controversial weapons (PAI 14)
. Exposure to issuers with weak anti-corruption processes (optional Social/Human Rights PAI 15)
o Sovereign issuers:
- Human rights, business ethics and respect for human dignity
· Exposure to countries violating human rights and subject to human rights sanctions (PAI 16)

In considering the PAI, the Investment Manager used the methodology and data of its external service provider, MSCI ESG Research.

The consideration of negative impacts is operationally implemented through all the elements of the Investment Manager's sustainable approach: exclusion policy, analysis and selection process integrating ESG criteria, engagement approach and ESG reporting.

For this product, the Investment Manager reports annually on all mandatory and optional PAI chosen for Rothschild & Co Asset Management Europe.

Adverse sustainability indicator	**Metric**	**Impact**	**Unit**
1. GHG emissions	Scope 1 GHG emissions	428.97	TCO2
1. GHG emissions	Scope 2 GHG emissions	711.13	TCO2
1. GHG emissions	Scope 3 GHG emissions	9434.86	TCO2
1. GHG emissions	Scope 12 GHG emissions	711.13	TCO2
1. GHG emissions	Scope 123 GHG emissions	10145.99	TCO2
2. Carbon footprint	Scope 1 Carbon footprint	16.24	TCO2/ MEUR
2. Carbon footprint	Scope 2 Carbon footprint	26.92	TCO2/ MEUR
2. Carbon footprint	Scope 3 Carbon footprint	373.17	TCO2/ MEUR
2. Carbon footprint	Scope 12 Carbon footprint	26.92	TCO2/ MEUR
2. Carbon footprint	Scope 123 Carbon footprint	384.04	TCO2/ MEUR
3. Carbone intensity	Carbone intensity scope 123	1066.6	TCO2/ MEUR
4. Exposure to companies active in the fossil fuel sector	Exposure to companies active in the fossil fuel sector	9.92	%
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and production	78.62	%
6. Energy consumption intensity per high impact climate sector	Sector A	0	GWH/ MEUR
6. Energy consumption intensity per high impact climate sector	Sector B	1.26	GWH/ MEUR
6. Energy consumption intensity per high impact climate sector	Sector C	0.31	GWH/ MEUR
6. Energy consumption intensity per high impact climate sector	Sector D	0	GWH/ MEUR
6. Energy consumption intensity per high	Sector E	0	GWH/

impact climate sector			MEUR
6. Energy consumption intensity per high impact climate sector	Sector F	0	GWH/ MEUR
6. Energy consumption intensity per high impact climate sector	Sector G	0.02	GWH/ MEUR
6. Energy consumption intensity per high impact climate sector	Sector H	1.09	GWH/ MEUR
6. Energy consumption intensity per high impact climate sector	Sector L	0.36	GWH/ MEUR
7. Activities negatively impacting biodiversity sensitive areas	Activities negatively impacting biodiversity sensitive areas	0	%
8. Emissions to water	Emissions to water	0.02	T/ MEUR
9. Hazardous waste ratio	Hazardous waste ratio	0.07	T/ MEUR
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0	%
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	60.98	%
12. Unadjusted gender pay gap	Unadjusted gender pay gap	9.92	%
13. Board gender diversity	Board gender diversity	31.04	%
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	0	%
15. GHG intensity	GHG intensity	173.92	TCO2/ MEUR of GDP
16. Investee countries subject to social violations (Nb. of countries)	Investee countries subject to social violations (No. of countries)	0	by number
16. Investee countries subject to social violations (in relative)	Investee countries subject to social violations (in relative)	0	%
16. Investee countries subject to social violations (in % of assets)	Investee countries subject to social violations (in % of assets)	0	%
4 (optional). Investment in companies without carbon reduction initiatives	Investment in companies without carbon reduction initiatives	35.77	%
15 (optional). Absence of anti-corruption policies and brides	Absence of anti-corruption policies and brides	5.83	%

What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
RMM Court Terme C	Other	8.46%	Euro zone
Ivanhoe Mines Ltd-cl A	Mining	3.40%	Canada
Morgan Stanley	Finance / Insurance	3.14%	United States
Trip.com Group Ltd-adr	Other	3.09%	China
Teck Resources Ltd-cls B	Mining	3.01%	Canada
Airbus Se	Industrials	2.97%	France
Abb Ltd-reg	Industrials	2.66%	Switzerland

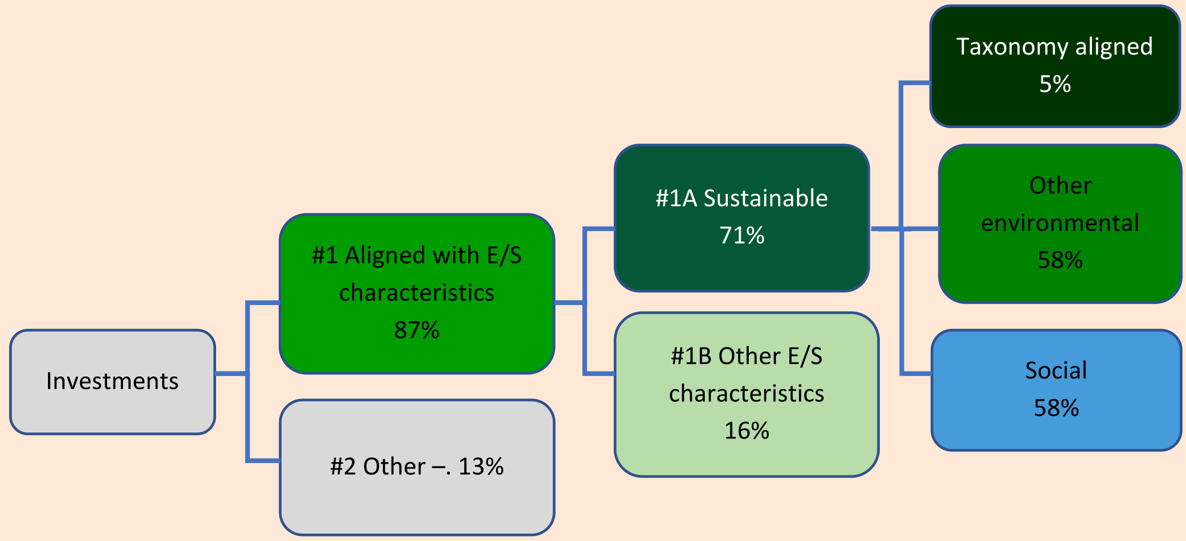
The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 30/12/2022

Tencent Holdings Ltd	Technology / Internet	2.64%	China
Capgemini Se	Technology / Internet	2.61%	France
Cie Financiere Richemo-a Reg	Consumer staples	2.43%	Switzerland
Biomarin Pharmaceutical Inc	Health Care	2.43%	United States
Alibaba Group Holding Ltd	Technology / Internet	2.40%	China
Alstom	Industrials	2.34%	France
Manulife Financial Corp	Finance / Insurance	2.32%	Canada
LVMH	Consumer goods / Luxury	2.25%	France

What was the proportion of sustainability-related investments?

Asset Allocation describes the share of investments in specific assets.

What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The asset allocation figures presented above are expressed as a percentage of net assets.
For the year 2022, the Investment Manager used available taxonomy data from MSCI ESG Research, which is estimated data.
For the year 2023, following clarifications from the regulator, the Investment Manager will use newly reported data from MSCI ESG Research in compliance with regulatory requirements.

In which economic sectors were the investments made?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste

Sectors	% Assets
Technology / Internet	20.20%
Industrials	12.60%

Consumer goods / Luxury	4.70%
Finance / Insurance	11.80%
Leisure / Services	7.60%
Health Care	10.00%
Energy / Oil-industry services	1.80%
Mining	11.20%
Transportation	3.20%
Other	16.90%

To what extent were the sustainable investments with an environmental objective aligned with the EU taxonomy?

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the UE Taxonomy[1]?

☒ Yes

☒ In fossil gas ☒ In nuclear energy

☐ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

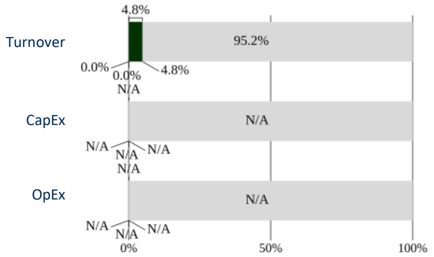
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

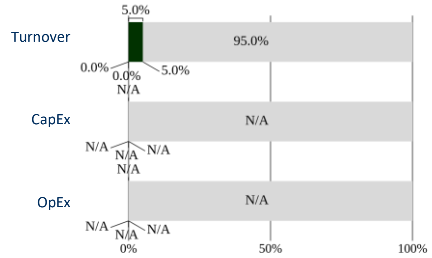
-**operational expenditure** (OpEx) reflecting green operational activities of investee companies.

1. TAXONOMY-ALIGNMENT OF INVESTMENTS
INCLUDING SOVEREIGN BONDS*



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no gas and nuclear)
- Non Taxonomy-aligned

2. TAXONOMY-ALIGNMENT OF INVESTMENTS
EXCLUDING SOVEREIGN BONDS*



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no gas and nuclear)
- Non Taxonomy-aligned

This graph represents 95.4% of the total investments.

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

For the year 2022, the Investment Manager used available taxonomy data from MSCI ESG Research which is estimated data.

For the year 2023, following clarifications from the regulator, the Investment Manager will use data newly reported by MSCI ESG Research in compliance with regulatory requirements.
Due to a lack of data for the year, the breakdown between capex and opex and between nuclear and fossil gas is not available.

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[1] Fossil gas and/or nuclear related activities will only comply with the UE Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the UE Taxonomy are laid down in Commission Delegated Regulation (UE) 2022/1214.

What was the share of investments made in transitional and enabling activities?

Due to a lack of data, the breakdown between different types of activities for the year is not available.

How did the percentage of investments that were aligned with the EU taxonomy compare with previous reference periods?

This is the first periodic report to be completed for this product. Therefore, no comparison with previous years can be provided.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The share of sustainable investments with an environmental objective not aligned with the taxonomy is 58.17% of net assets.

What was the share of socially sustainable investments?

The share of sustainable investments with a social objective is 58.30% of the net assets.

What investments were included under "Other", what was their purpose and were there any minimum environmental or social safeguards?

A proportion of the financial product's net assets may be invested in securities that are not analyzed according to ESG criteria. Nevertheless, they all respect the Investment Manager's common exclusion framework, thus ensuring a minimum of ESG principles.

These securities held in the portfolio are used to pursue the investment objective of the financial product.

The financial product may hold ancillary liquid assetsfor which the Investment Managers takes into account the ESG rating of the custodian bank. Liquid assets can also be invested in money market funds managed by the Investment Manager, which respect its ESG policy and for which it has full transparency.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During the year, the product may have undergone allocation revisions in line with its sustainable process and the environmental and social characteristics promoted.

These may have included changes in sector exposure and/or specific issuers, in connection with updates to the exclusion lists and/or investment cases, compliance with the product's sustainability requirements, controversy management and/or engagement actions.

The Investment Manager's Engagement and Voting Report looks back at the main engagement actions and voting decisions deployed during the year as well as examples of concrete cases that concerned the portfolios of Rothschild & Co Asset Management Europe. It is available on the Investment Manager's website at the following address: https://am.fr.rothschildandco.com/fr/investissement-responsable/documents-utiles/

How did this financial product perform compared to the reference benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

How does the reference benchmark differ from a broad market index?

N/A

How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

N/A

How did this financial product perform compared with the reference benchmark?

N/A

How did this financial product perform compared with the broad market index?

N/A

December 2022

R-co Lux Valor C EUR

Management report | ESG

ESG rating

Portfolio

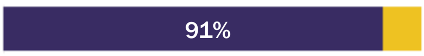
Rating **A** Score/10 **6.3**

Management universe

Rating **BBB** Score/10 **5.6**

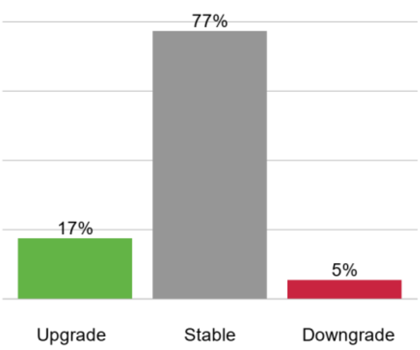
Coverage rate

Number of holdings	54
Number of ESG rated holdings	52



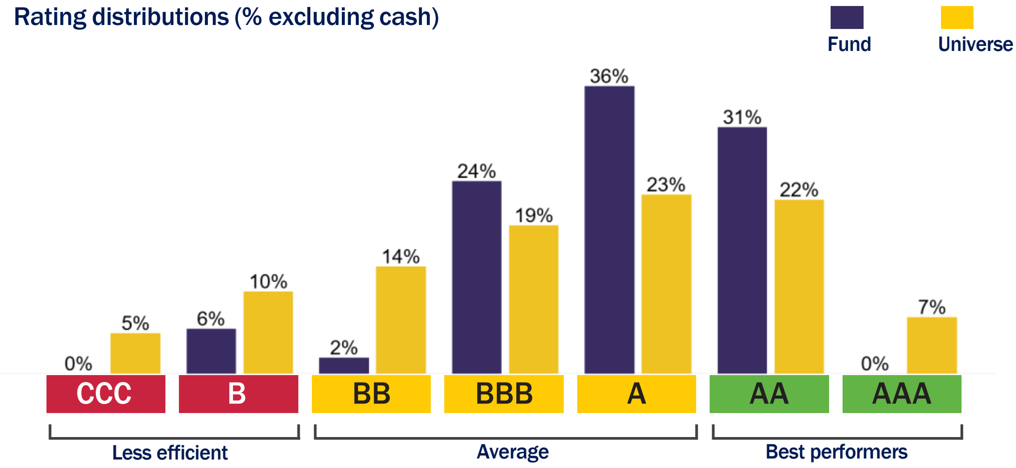
% of portfolio's total net assets

Rating evolution (over 12months)



ESG rating

Rating distributions (% excluding cash)

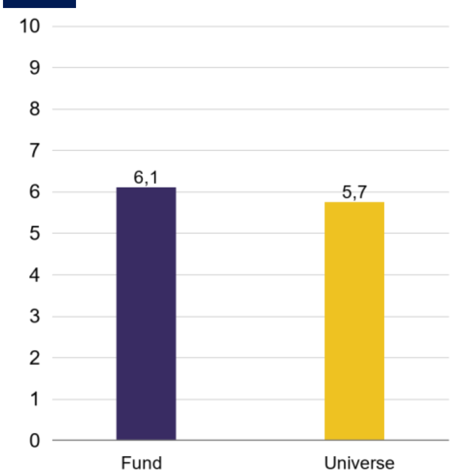


Distribution of ratings by sector (% excluding cash)

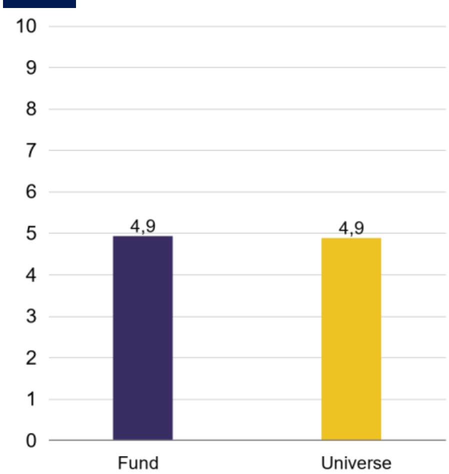
Sector	Weight	Not rated	CCC	B	BB	BBB	A	AA	AAA
Consumer goods	4.9%	-	-	-	-	-	47.7%	52.3%	-
Oil & Gas	1.9%	-	-	-	-	-	-	100.0%	-
Financials	11.2%	-	-	-	-	20.7%	28.4%	50.9%	-
Industry	17.4%	3.1%	-	14.0%	7.2%	26.6%	10.1%	39.0%	-
Materials	13.7%	-	-	-	-	-	41.1%	58.9%	-
Health Care	10.4%	18.9%	-	-	-	35.4%	36.7%	9.0%	-
Consumer services	14.3%	-	-	-	3.8%	39.8%	56.4%	-	-
Sovereign	4.8%	-	-	-	-	-	100.0%	-	-
Technology	12.5%	-	-	20.8%	-	42.7%	21.7%	14.9%	-
UCIs	8.8%	100.0%	-	-	-	-	-	-	-

ESG score comparison by pillar

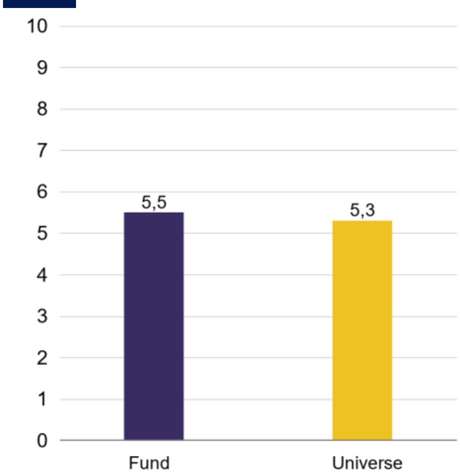
E Environmental Pillar



S Social Pillar



G Governance Pillar



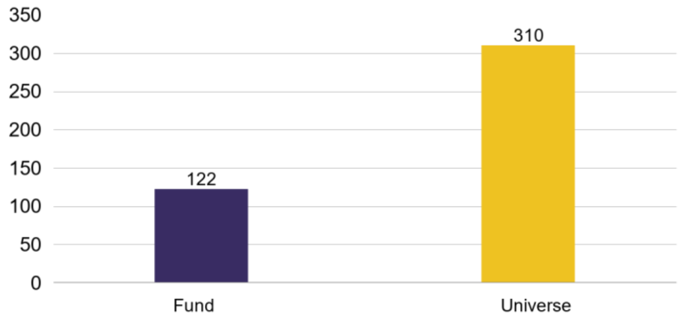
Rothschild & Co
Asset Management

Carbon intensity (scope 1 + 2)

Coverage rate : 84%
% of portfolio's total net assets

Difference of contribution to the carbon intensity (%) : -188 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 (%)
Materials	16,3%	82,8	**68%**
Industry	20,6%	21,8	**18%**
Consumer services	17,0%	10,6	**9%**
Top 3	**53,9%**	115,2	**94%**

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

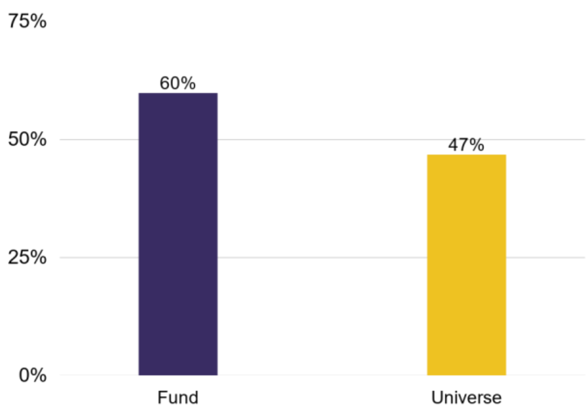
Main contributors to carbon intensity

Issuers	Weight	ESG rating	E Score	Low carbon Transition Management Score	Annual emissions (Mt/Co2)	Carbon intensity	Contribution to the carbon intensity (%)
Air Liquide SA	2,5%	A	4,6	6,6	**36,4**	34,3	**28,1%**
Ivanhoe Mines Ltd	4,2%	A	3,7		**0,0**	21,7	**17,8%**
Canadian Pacific Railway Ltd	2,1%	A	5,7	6,2	**3,0**	10,4	**8,5%**
Teck Resources Ltd	3,7%	AA	3,4	6,8	**2,9**	10,2	**8,3%**
UNION PACIFIC CORP	1,8%	BBB	5,6	6,2	**9,3**	8,0	**6,5%**
Top 5	14,3%				**51,6**	84,6	**69,2%**

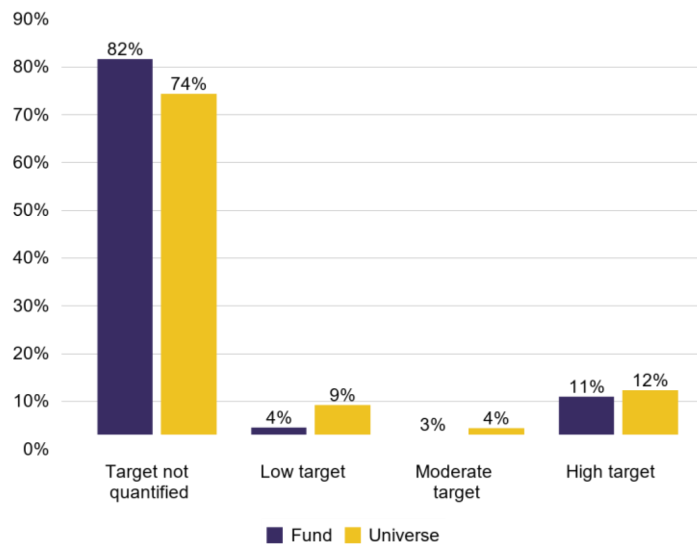
Note
carbon intensity calculated in tons of CO2 (scope 1+2) per sales, in millions of USD

Issuer Carbon Emissions Reduction Targets

% of issuers with a carbon emission reduction target



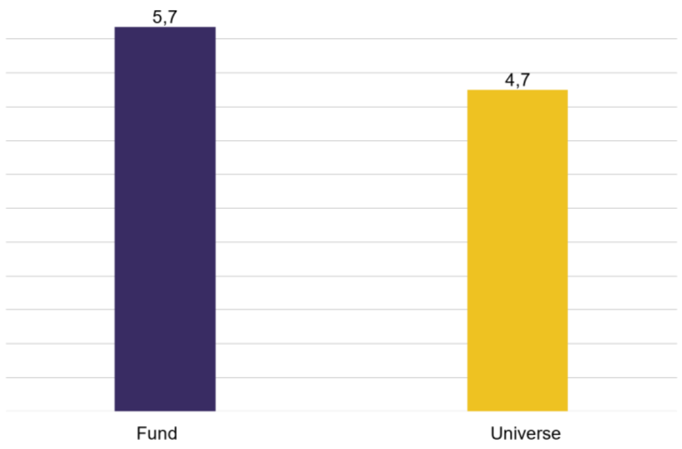
Breakdown of issuers by reduction target category



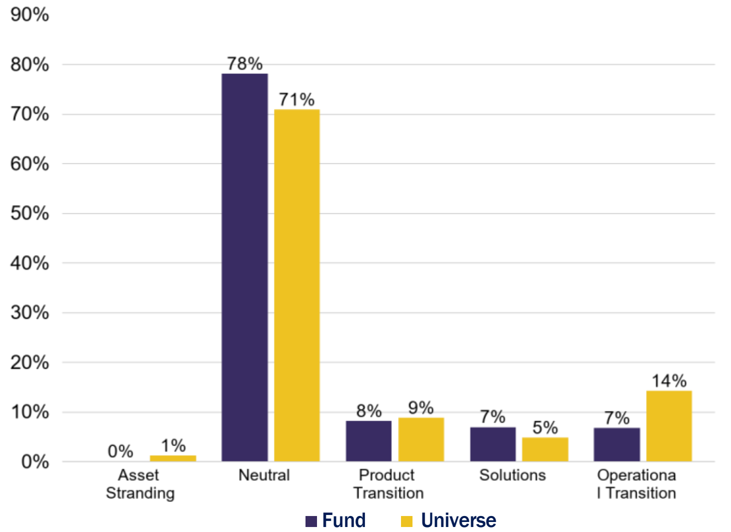
Transition towards a low carbon economy

Coverage rate : 89%

Low carbon Transition Management Score

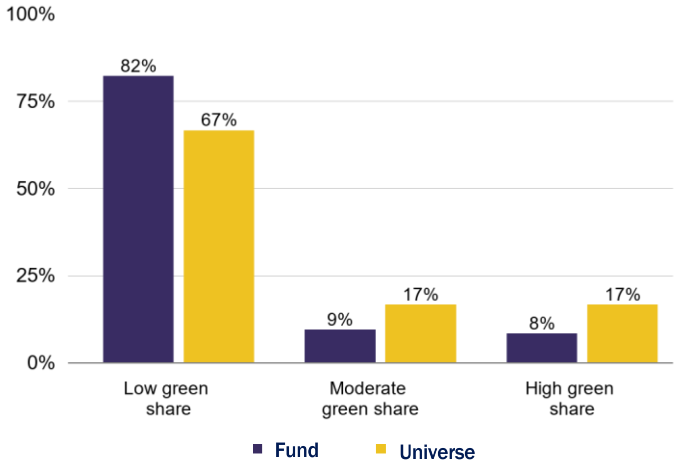


Breakdown of issuers by transition category

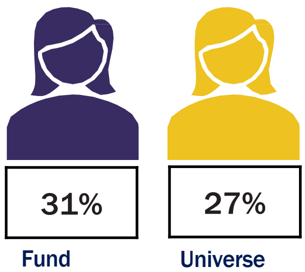


This score (from 0 to 10) evaluates a company's performance in terms of managing the risks and opportunities associated with the transition to a low-carbon economy. It combines management assessments over the following key issues: (i) management of greenhouse gas emissions, (ii) carbon footprint of products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

Green share



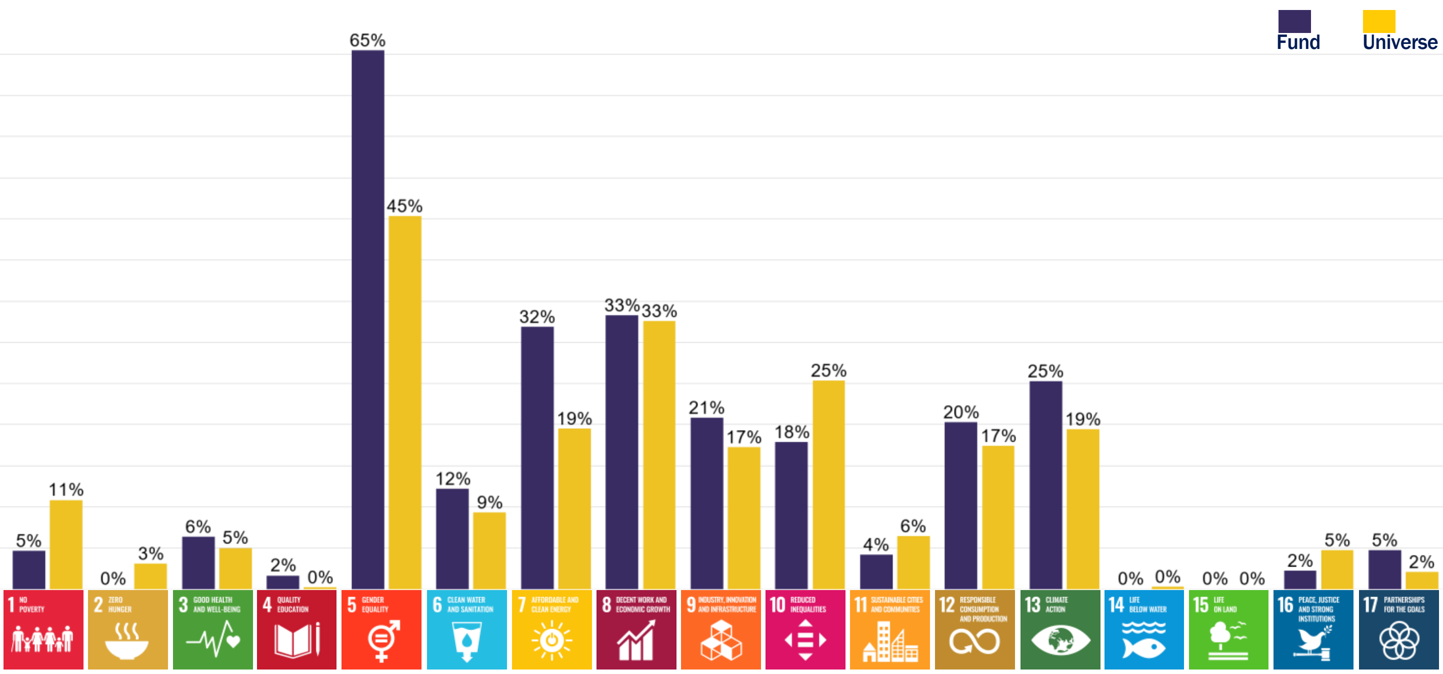
Women representation on the Board of Directors



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

Sustainable Development Goals

% of portfolio aligned with Sustainable Development Goals



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.

End poverty in all its forms everywhere

Zero hunger

Ensure healthy lives and promote well-being for all at all ages

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Achieve gender equality and empower all women and girls

Ensure access to water and sanitation for all

Ensure access to affordable, reliable, sustainable and modern energy

Promote inclusive and sustainable economic growth, employment and decent work for all

Build resilient infrastructure, promote sustainable industrialization and foster innovation

Reduce inequality within and among countries

Make cities inclusive, safe, resilient and sustainable

Ensure sustainable consumption and production patterns

Take urgent action to combat climate change and its impacts

Conserve and sustainably use the oceans, seas and marine resources

Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

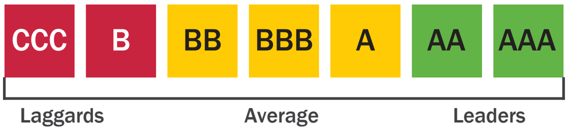
Promote just, peaceful and inclusive societies

Revitalize the global partnership for sustainable development

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).

Green share

Share of revenue from underlying assets that contributes to the transition.

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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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