

Sustainable Investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significant 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.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **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 will make a minimum of **sustainable investments with a social objective**: N/A

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 30.00% 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 promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

Through its internal research and 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 the major dependencies and impacts, the following elements can be also 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...).

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

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The sustainability indicators used to demonstrate the promotion of environmental and/or social characteristics are :

- ESG profile (ESG rating, rating trends and sector breakdown)
- Carbon intensity (deviation from indices, sectoral contribution and identification of major contributors)
- Transition profile (reduction targets, green share, categories of activities in transition, etc.)
- Governance: representation of women on the board of directors
- Sustainable Development Goals (SDGs): percentage aligned with the SDGs.

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.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

A sustainable investment is analyzed against three pillars: (i) **its contribution to an environmental or social objective**, (ii) doing so without causing significant harm and (iii) applying good governance practices.

The Investment Manager's definition is based on data provided by its provider MSCI ESG Research. Additional information relating to the Investment Manager's definition of sustainable investment is available on its website : <https://am.fr.rothschildandco.com/en/regulatory-information/>

For private issuers, the approach to sustainable investment takes into account:

- the overall positive contribution of companies through their contributing revenues, i.e. linked to activities with positive impacts on the environment or the community (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 goals, through alignment with the UN Sustainable Development Goals #5 - gender equality, #8 - decent work and economic growth or #10 - reduced inequality.

Further details can be found in the document "Definition of Sustainable Investment" available at: <https://am.fr.rothschildandco.com/en/regulatory-information/>

For public issuers, the approach to sustainable investment takes into account:

- The overall positive contribution of governments through their sustainable debt issues (Green, Social, Sustainable Bonds);
- The positive environmental contribution: Signatory to the Paris Agreement or the United Nations Convention on Biological Diversity;
- The positive social contribution: Performance in terms of equality (GINI index) and freedom of the press (Freedom House).

How do the sustainable investments that the financial product partially intends to make, 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 has defined a "DNSH" procedure for sustainable investments, including:

- 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 have the indicators for adverse impacts on sustainability factors been taken into account?

The mandatory PAI are taken into account within the Investment Manager's definition of sustainable investments, through:

- Sectoral and normative exclusions, including compliance with minimum guarantees, through disqualifying PAI:
- - o PAI 10 – Violations of the United Nations Global Compact principles and the OECD Guidelines for Multinational Enterprises, for private issuers;
 - o PAI 14 – Exposure to controversial weapons, for private issuers;
 - o PAI 16 – Investee countries subject to social violations, for public issuers;
- A proprietary quantitative scoring model, integrating mandatory PAI.

Further details on the scoring model can be found in the document "Definition of Sustainable Investment" available at: <https://am.fr.rothschildandco.com/en/regulatory-information/>

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

In its definition of sustainable investment for private issuers, the Investment Manager checks for violations of the United Nations Global Compact (UNGC) and the OECD Guidelines for Multinational Enterprises. To this aim, the Investment Manager includes a global controversy indicator that measures 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 Labour Organization (ILO) Conventions and the OECD Guidelines for Multinational Enterprises.

In addition, and at the level of all its investments, the Investment Manager excludes companies that are in violation of the ten fundamental principles of the United Nations Global Compact (UNGC).

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 EU 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.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Rothschild & Co Asset Management has identified the main negative impacts (PAIs) on sustainability factors on which it seeks to focus its efforts and resources to deploy its responsible investment approach as a priority :

- o **Private issuers :**
 - Climate change
 - Greenhouse gas emissions and intensity, scopes 1 and 2 (PAI 1 & 3)
 - Fossil fuel involvement (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 with human rights violations and subject to human rights sanctions (PAI 16)

In considering the mandatory PAIs and defining optional and priority PAIs, the Investment Manager has used the methodology and data of its external 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 PAIs chosen for Rothschild & Co Asset Management.

More details on Rothschild & Co Asset Management's definition of sustainable investments are available at: <https://am.fr.rothschildandco.com/stock/lib/ESG/2022/Investissements%20durables.pdf>

Rothschild & Co Asset Management's Policy on addressing Principal Adverse Impact is available on the following website:

<https://am.fr.rothschildandco.com/en/responsible-investing/documentation/>



What investment strategy does this financial product follow?

The Sub-Fund invests in fixed-income transferable debt securities or convertible bonds, equities or equity related securities and in UCITS and/or other UCI (up to 10% of the net assets) having as main objective to invest in the above-mentioned asset classes, depending on market opportunities. Please refer to the Prospectus for more details.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

Compliance with the Investment Manager's common exclusion framework

- Regulatory exclusions: controversial weapons and international sanctions
- Discretionary exclusions: United Nations Global Compact (UNGC) and thermal coal

The integration of material ESG criteria into the analysis process

- A combined evaluation of financial and ESG criteria: the integration of ESG criteria is adapted to the analysis process of each management expertise and can be applied at the sector level as well as at the level of the issuer, the investment manager and/or the investment fund, depending on the asset class.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Compliance with sustainable requirements at portfolio level

- Minimum ESG rating target of BBB
- Minimum taxonomical and sustainable investments
- Minimum ESG data coverage: The proportion of positions analyzed on the basis of non-financial criteria will be higher than:
 - i. 90% of the portion of net assets consisting of shares issued by companies with a capitalization of more than €10 billion and having their registered offices located in developed countries, debt securities and money market instruments rated investment grade, and sovereign debt issued by developed countries.
 - ii. 75% of the portion of net assets consisting of shares issued by companies with a capitalization of less than €10 billion, or whose registered office is located in non-OECD countries, as well as debt securities and money market instruments rated high yield and sovereign debt issued by non-OECD countries.
- The portfolio's ESG rating is higher than the rating of the initial investment universe.

Active engagement

- Targeted dialogue, particularly on the Investment Manager's priority thematic (climate transition, inclusion and fair transition, etc.) and controversies,
- A responsible voting policy on 100% of the equity perimeter,
- Active participation in several working groups (Ademe, Finance for Tomorrow, AFG, Climate Action 100+, etc.) on the strategies implemented in the portfolios (impact, biodiversity, fossil fuels, just transition, etc.)

ESG ratings are mainly sourced from a data provider MSCI ESG Research, scoring companies from CCC to AAA (AAA being the highest rating).

As ESG data is fully integrated into the Investment Manager's operational systems, ESG monitoring is carried out continuously. The Investment Manager's entire value chain (compliance, risk, investment management and reporting teams) is covered by the same ESG data feed (updated quarterly), with ESG constraints and requirements coded into all systems, allowing for monitoring on a daily basis in real time.

Common exclusions are updated, coded with pre-trade blocking in operational systems by compliance. Specific constraints and sustainable targets at product level are the responsibility of the risk department.

Management teams have access to ESG data and can monitor their sustainability constraints on a daily basis via their Bloomberg portal. The impacts of portfolio movements on sustainability requirements are continuously reviewed by investment teams as part of their portfolio allocation.

In addition, regular investment committees provide an opportunity to review the sustainability risks and ESG issues of a specific issuer and/or portfolio.

Finally, warnings covering rating changes and ESG controversies are set up by MSCI ESG Research for investment teams and monitoring departments, in addition to news monitoring by analysts. A detailed process for monitoring controversies is available in the PAI Policy.

ESG reports are produced with the same ESG data flow, and subsequently validated by investment teams.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The reduction of the initial investment universe does not translate into a pre-determined selectivity rate at the onset of the investment process. However, regulatory exclusions, and subsequently the discretionary exclusions of the Investment Manager, are applied to the investment universe.

What is the policy to assess good governance practices of the investee companies?

Good Governance
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

To determine if and when a company is not, or is no longer, adopting good governance practices, the Investment Manager has put in place a two-level process:

Normative screening

In line with its common exclusion framework, issuers, both sovereign and private, involved in international sanctions or in violation of the UN Global Compact are excluded from the Investment Manager's initial investment universes for all its investment vehicles.

Assessment of good governance practices

Portfolio managers and research teams are responsible for assessing and monitoring the governance practices of the companies in which they invest.

In assessing good governance practices, the investment teams consider, among other things: MSCI ESG Research governance data, adherence to international codes of conduct (e.g. UNGC signatory), level of independence and diversity among the board of directors, controversies and history of senior management and board representatives.

In MSCI ESG Research's ESG ratings, the governance pillar is considered according to their methodology as material for all sectors and is weighted at minimum 33% in the calculation of the final ESG score for all issuers. This governance pillar is based on 2 sub-themes: Corporate governance (structure and control, board of directors, remuneration and accounting) and corporate behaviour (business ethics and tax transparency). Within these categories, topics such as sound management structures, remuneration and employee relations issues and tax compliance are addressed.

The Investment Manager believes that the assessment of good governance practices is an ongoing process, and investment teams are encouraged to engage directly with companies to obtain additional information, address concerns and/or remedy issues related to identified governance practices or associated controversies.



What is the asset allocation planned for this financial product?

Asset Allocation

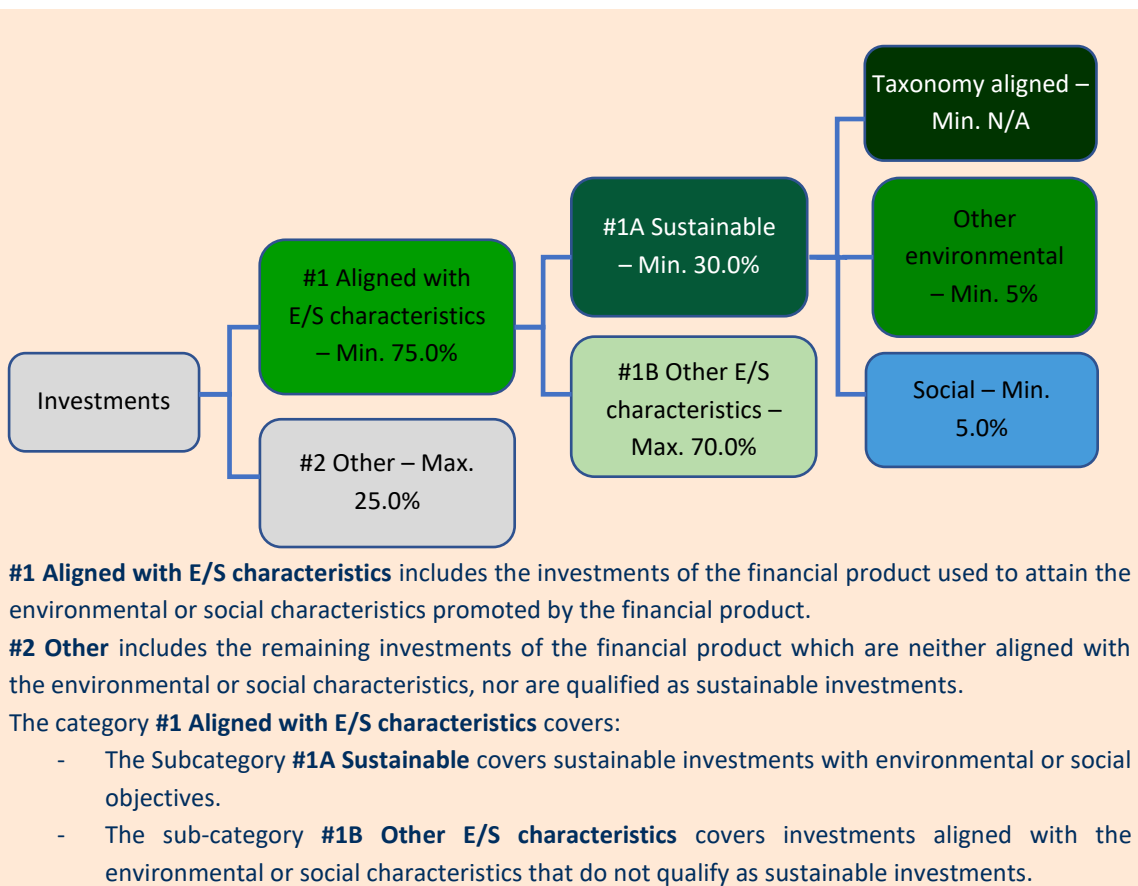
describes the share of investments in specific assets.

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.



The asset allocation figures presented above are pre-contractual maximums or minimums expressed as a percentage of the net assets and do not anticipate a target allocation.

For information on realized percentages, please refer to the annual report. The “#2 Other” category includes securities that are not analyzed according to ESG criteria, as well as in ancillary liquid assets.

A proportion of the net assets of the financial product may be invested in instruments that do not promote environmental or social characteristics (liquidity, UCIs or derivatives). They constitute technical and support instruments for the financial objective of the Sub-Fund (hedging, liability movements, etc.). Minimum ESG safeguards are applied in line with our sustainable approach, detailed in the answer to the question dedicated to "other" investments below.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Interest-rate and currency derivatives neither participate in nor affect the environmental or social characteristics promoted by the financial product. Derivatives on other asset classes do not participate in the promotion of environmental and social characteristics, but may affect them. Derivatives are not taken into account in the ratios presented above.



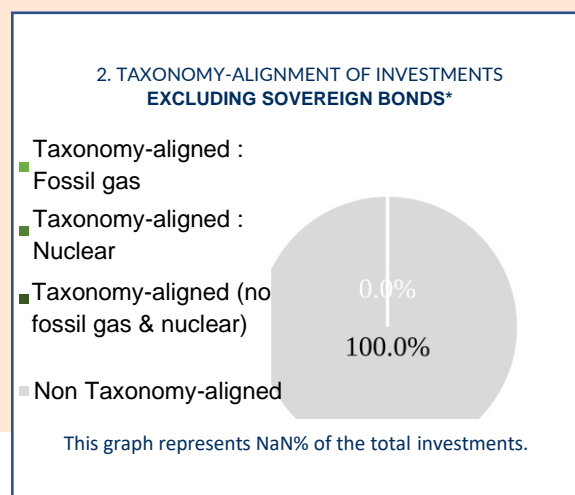
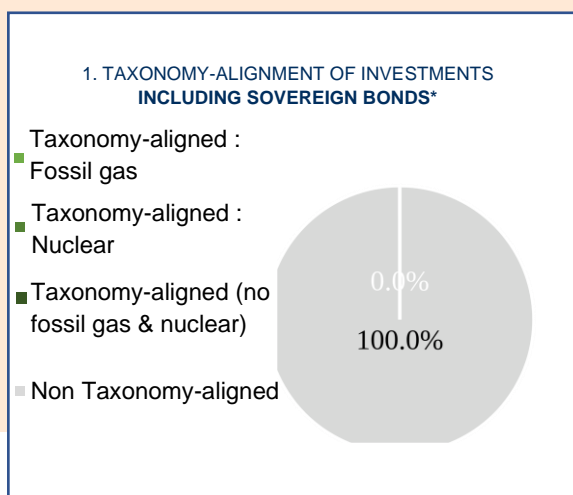
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The product does not commit to a minimum alignment of sustainable investments with the EU Taxonomy.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the UE Taxonomy¹?

- Yes
 - In fossil gas
 - In nuclear energy
- No

The two graphs below show in green the minimum percentage of investments that are 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.



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.

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 end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities, directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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

What is the minimum share of investments in transitional and enabling activities?

The minimum share of enabling and transitional activities is 0%.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 5%.



What is the minimum share of socially sustainable investments?

The minimum share of socially sustainable investments is 5%.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

A proportion of the net assets of the financial product may be invested in securities that are not analysed 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, within the allocation limits set out in the prospectus, are used to pursue the investment objective of the financial product.

The financial product may hold ancillary liquid assets, up to 20% of its net assets. Liquid assets may be invested in money market funds managed by the Investment Manager, which respect its ESG policy and for which it has full transparency.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

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

How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

Not applicable.

How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

Not applicable.

How does the designated index differ from a relevant broad market index?

Not applicable.

Where can the methodology used for the calculation of the designated index be found?

Not applicable.



Where can I find more product specific information online?

Additional details on this financial product can be found in the prospectus, the ESG policy and the Principal Adverse Impacts policy and Sustainability Risk policy which are available on the Investment Manager's website: <https://am.fr.rothschildandco.com/en/responsible-investing/documentation/>