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.

Product name: R-co 4Change Net Zero Credit Euro

Legal entity identifier: 969500VNIX40PZVYGL77

Sustainable investment objective

Does this financial product have a sustainable investment objective?

☒ **Yes**	☐ **No**
☒ It will make a minimum of **sustainable investments with an environmental objective**: **70.00%** ☒ 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**: **0.00%**	☐ 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 [N/A] 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**

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.

What is the sustainable investment objective of this financial product?

The fund has sustainable investment as its objective, assessed with respect to three pillars: (i) contributing to an environmental or social objective, (ii) doing so without doing significant harm and (iii) applying good governance practices.

Our definition is based on data supplied by our service provider MSCI ESG Research. Further details are available in the document “Definition of sustainable investments” which can be found on our website: *https://am.fr.rothschildandco.com/en/responsible-investing/documentation/*

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

As regards corporate issuers, our approach to sustainable investment takes into account:

- Companies’ general positive contribution through contributing revenue, i.e. revenue linked to activities with a positive impact on the environment or society (clean energy, energy efficiency, access to care, etc.) or to issuance of sustainable debt instruments (green, social or sustainable bonds);
- Contribution to environmental objectives, such as targets for reducing emissions in line with the Paris Agreement or reducing water use;
- Contribution to social objectives, through alignment with United Nations Sustainable Development Goal 5 (gender equality), 8 (decent work and economic growth) or 10 (reduced inequalities).

As regards public issuers, our approach to sustainable investment takes into account:

- States' general positive contribution through issuance of sustainable debt instruments (green, social or sustainable bonds);
- Positive environmental contribution: Signatory to the Paris Agreement or the United Nations Convention on Biological Diversity;
- Positive social contribution: Performance with respect to equality (Gini index) and freedom of the press (Freedom House).

In particular, the fund's primary environmental objective is to reduce carbon emissions and transition to a "net zero" economy by investing in the debt securities of companies whose carbon emission reduction targets, in the short or medium term, are aligned with the Paris Agreement, and which are classed as either "Leaders" on climate issues or "In transition". The investment objective is to contribute to United Nations Sustainable Development Goal (SDG) 13: Climate Action. The benchmark does not take into account the sustainability objective pursued by the fund. An appropriate ESG index is not currently available for the strategy.

What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

The environmental and/or social sustainability indicators used ex post by the fund are:

- ESG profile: ESG rating, rating trends and sector distribution
- Carbon intensity: divergence from indices, sector contribution and identification of main contributors
- Transition profile: green share, SBTi reduction targets, exposure to stranded assets
- Governance: representation of women on the board of directors
- Sustainable Development Goals (SDG): percentage aligned with the SDG

Moreover, the fund uses impact indicators that are directly aligned with its sustainability objective:

- Carbon intensity, calculated using the carbon emissions (tonnes of CO_2; scopes 1 and 2) it takes to generate EUR 1 million in turnover. This carbon intensity must be: (i) at least 20% lower than that of the fund's benchmark index; and (ii) follow a trajectory of a reduction of 5% per year, and a target of 7% per year, measured at the end of each financial year and starting from the reference date of 31 December 2019
- The percentage of the portfolio allocated to companies identified as "leaders" after an audit by the Science Based Targets initiative (SBTi) and the scenario with which they are aligned
- The percentage of the portfolio allocated to companies assessed by Carbon4 Finance as being "in transition", as well as the distribution by CIA (Carbon Impact Analytics) score. The CIA method was designed by Carbone4 to assess the impact of carbon on societies

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 do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

In order to be classed as sustainable, an investment must do no significant harm to the various environmental or social objectives to which it intends to contribute.

Rothschild & Co Asset Management has defined a "do no significant harm" ("DNSH") procedure to ensure that the sustainable investments of a financial product do no significant harm to any of its environmental or social objectives. This procedure includes:

- standard sector exclusions which reduce the product's exposure to social and environmental controversies;
  - consideration of the mandatory principal adverse impacts (PAIs) of these investments on sustainability factors.

We also use ESG ratings as part of our approach, as a minimal safeguard in relation to overall sustainability performance.

To improve its sustainability, the fund applies sector exclusions to the entire portfolio, allowing environmental and social harm to be limited. The following sectors are excluded: thermal coal, nuclear weapons, alcohol, pornography and gambling.

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

All mandatory PAIs are taken into consideration in the Management Company's definition of sustainable investments by means of:

- sectoral and normative exclusions, including compliance with minimum guarantees, through exclusionary PAIs:
    - PAI 10 – Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, for corporate issuers;
    - PAI 14 – Exposure to controversial weapons, for corporate issuers;
    - PAI 16 – Investee countries subject to social violations, for sovereign issuers;

- a proprietary quantitative scoring model, incorporating mandatory PAIs.

Further details on the scoring model are available in the document "Definition of sustainable investments" which can be found on our website: *https://am.fr.rothschildandco.com/en/responsible-investing/documentation/*

As well as embedding principal adverse impacts within the investment process, we exclude certain sectors that are controversial because of their environmental and/or social impact.

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

The fund ensures minimum safeguards by applying the following standards-based exclusions to the entire portfolio:

- The United Nations Guiding Principles on Business and Human Rights,
- The OECD Guidelines for Multinational Enterprises,
- The Fundamental Conventions of the International Labour Organization.

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

☒ Yes, ☐ No

Rothschild & Co Asset Management has identified the principal adverse impacts (PAI) on sustainability factors on which we intend to focus our efforts and resources in order to deploy our responsible investment approach:

Corporate issuers:

o Climate change

- Greenhouse gas intensity and emissions, scopes 1 and 2 (PAI 1 & 3)
- Exposure to companies active in the fossil fuel sector (PAI 4)
- Exposure to issuers that are not committed to adhering to the Paris Agreement (optional climate PAI 4)

o Human rights, business ethics and respect for human dignity

- Violation of fundamental ethical standards (PAI 10)
- Board gender diversity (PAI 13)
- Exposure to controversial weapons (PAI 14)
- Exposure to issuers with fragile anti-corruption processes (optional social/human rights PAI 15)

Sovereign issuers:

o Human rights, business ethics and respect for human dignity

- Exposure to countries implicated in human rights violations and subject to related sanctions (PAI 16)

As part of taking mandatory PAIs into account and defining our optional and priority PAIs, we relied on methodology and data from our external service provider, MSCI ESG Research.

From an operational standpoint, adverse impacts are taken into account in every aspect of our sustainability approach, including the exclusion policy, the analysis and selection process using ESG criteria, the engagement system and ESG reporting. For this product, we produce annual reports on all mandatory PAIs and optional PAIs chosen by the Management Company.

Our Policy for taking into account the principal adverse impacts in sustainability is available on our website: *https://am.fr.rothschildandco.com/en/responsible-investing/documentation/*

To supplement the above, the financial product considers additional PAIs that are directly aligned with the investment strategy:

- Scope 3 GHG emissions (mandatory Climate PAI 1)
- Total GHG emissions for scopes 1, 2 and 3 (mandatory Climate PAI 1)
- Total GHG intensity for scopes 1, 2 and 3 (mandatory Climate PAI 3)
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact and OECD Guidelines for Multinational Enterprises (mandatory Social PAI 11)

What investment strategy does this financial product follow?

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

The fund is a UCITS in the "Bonds and other debt securities denominated in euro" category. Its investment objective is to outperform, net of management fees, its benchmark, the Markit iBoxx € Corporates with income reinvested, over the recommended investment horizon of at least three years. The asset mix of the UCI may differ significantly from the composition of the benchmark. The fund implements a socially responsible investment strategy and a proactive approach to reducing carbon emissions, aimed at achieving the net zero target in 2050, based on two elements: (i) tougher selection criteria for the bonds in the portfolio based on the environmental practices of the issuing companies, and (ii) management of the carbon intensity of the assets in the portfolio for which the management company is able to track the carbon intensity. This must be: (i) at least 20% lower than that of the benchmark index; and (ii) follow a trajectory of a minimum reduction of 5% per year, with a target of 7%, measured at the end of each financial year and starting from the reference date of 31 December 2019. In order to attain its objective of a reduction in carbon emissions in line with the Paris Agreement, the fund invests in debt securities issued by two types of company: (i) leaders, defined as companies whose targets have been approved by the Science Based Targets initiative ("SBTi") made up of scientific experts on carbon emissions reductions and net zero targets; and (ii) in transition companies, defined as those companies that have already put in place ambitious reduction plans for carbon emissions, which have not yet been approved and for which targeted action plans have been established. Companies are selected based on temperature analyses carried out by Carbon4 Finance. Securities are chosen on the basis of fundamental analysis of companies' profitability, their market valuation, analysis of the economic environment, and extra-financial research. Definition of the eligible investment universe is structured around the exclusion: of companies that do not comply with the fundamental principles of the United Nations Global Compact and which, at the same time, are not aligned with the Rothschild & Co group's investment principles relating to thermal coal, and companies belonging to controversial sectors. Controversial sectors are defined as: controversial and nuclear weapons, tobacco, alcohol, pornography and gambling, and the 20% of companies in the initial investment universe (detailed in the prospectus) with the worst extra-financial ratings. Ratings are primarily sourced from an external data provider and are based on a best-in-class approach that favours companies with the best extra-financial ratings (from a best rating of AAA to CCC) within their business sector, but does not favour or exclude any sector. This means that the fund may invest in all types of sectors, including polluting sectors. The FCP invests at least 90% of the net assets (hereinafter "NA") in fixed-income securities denominated in euro, with public issuers accounting for up to 10% of NA, with any credit rating, including participating securities, index-linked bonds, subordinated bonds (including up to 20% of NA in contingent convertible bonds), fixed-rate, variable-rate and adjustable-rate negotiable debt securities, and negotiable medium-term notes, as well as convertible bonds (up to 10% of NA). The FCP may hold up to 20% of the NA in fixed-income products from speculative-grade issuers ("high yield" or with a rating below BBB- or deemed equivalent by the management company) and/or that have not been rated by the rating agencies. Callable and puttable bonds may represent up to 100% of the NA. The FCP may hold up to 5% of the NA in equities, and up to 10% in securities and bonds issued by non-OECD governments and/or issuers having their registered office in a non-OECD country, including emerging markets. With a view to achieving its investment objective, especially as regards managing the portfolio's modified duration and credit risk, the fund may use forward financial instruments (in particular, credit derivatives, futures, options, performance swaps and currency forwards) and securities with embedded derivatives for hedging and/or exposure purposes, within the limit of 100% of its NA. The portfolio's modified duration* will be held within a range of [0-8]. The portfolio's overall exposure, including exposure resulting from forward financial instruments, will not exceed 200%.

What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

Adherence to our common exclusion framework

o Regulatory exclusions: controversial weapons, international sanctions and non-cooperative tax jurisdictions

o Discretionary exclusions: United Nations Global Compact (UNGC), thermal coal and tobacco

Integrating material ESG criteria into the analysis process

o An assessment combining financial and ESG criteria: the integration of ESG criteria reflects the analysis process applied by each management team; it may be applied at sector or issuer level, and at management company and/or fund level, depending on the asset class in question.

Adherence to sustainability requirements at portfolio level

o Target ESG score of at least BBB
o Minimum sustainable investments
o Minimal coverage of ESG ratings (90%)
o The following standards-based exclusions: the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the Fundamental Conventions of the International Labour Organization
o The following sector exclusions: nuclear weapons, alcohol, pornography and gambling
o Exclusion of the lowest-scoring 20% of issuers with respect to ESG from the investment universe
o This carbon intensity must be: (i) at least 20% lower than that of the fund's benchmark index; and (ii) follow a trajectory aligned with a reduction of at least 5% per year, with a target of 7%, measured at the end of each financial year and starting from the reference date of 31 December 2019
o By 2030, the fund is committed to 90% of the companies in the portfolio being leaders, with targets validated by the SBTi

More information on the fund and its investment strategy can be found in the Transparency Code (Direct Management), which is available on the website.

Active engagement

- Dialogue primarily focused around our top-priority themes (climate transition, data transparency and other sector-based material themes, etc.) and controversies
- A responsible voting policy for the entire equity scope
- Active participation in multiple industry working groups (Institut de la Finance Durable, AFG, FIR, Climate Action 100+, etc.) on key sustainable issues (climate transition plan, biodiversity, fossil fuels, fair transition, etc.)

The ESG ratings mainly come from a data provider called MSCI ESG Research, which rates companies from CCC to AAA (AAA being the best rating).
ESG monitoring is ongoing, since ESG data is fully integrated into our operational systems.
Our entire value chain (compliance, risk, investment management and reporting teams) is covered by the same ESG data flow (updated on a quarterly basis), with ESG constraints and requirements encoded into every system. This allows us to monitor ESG data on a daily basis and in real time.
Our common exclusion framework is kept up to date and encoded into the operational systems with pre-trade blocks by compliance. Specific sustainability constraints and objectives at product level are the responsibility of the risk department.
The management teams have access to ESG data and can monitor their sustainability constraints via their Bloomberg portal every day. The impact of portfolio movements on sustainability requirements are continuously assessed by the investment managers as part of the portfolio allocation process.
Furthermore, regular meetings of the investment committee and risk committee offer an opportunity to assess the sustainability risks and ESG issues associated with specific issuers and/or portfolios.
In terms of handling controversies identified by Compliance or analysts, we have set up two controversy committees. The two committees handle different types of controversies, depending on their severity and nature. They determine how controversies should be escalated and monitor them.
Lastly, alerts covering rating changes and ESG controversies are implemented by MSCI ESG Research for the investment teams and control departments, and analysts monitor the latest news. In terms of handling controversies identified by Compliance or analysts, we have set up two controversy committees. The two committees handle different types of controversies, depending on their severity and nature. They determine how controversies should be escalated and monitor them. Details of the controversy monitoring process are available in the PAI Policy.
ESG reports are produced using the same ESG data flow, then validated by the investment teams.

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

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

To determine whether and when a company does not adopt, or no longer adopts, good governance practices, we have implemented a process on two levels:

Standards-based screening

In accordance with our common exclusion framework, sovereign and corporate issuers subject to international sanctions, located in non-cooperative tax jurisdictions or implicated in violations of the United Nations Global Compact are excluded from our initial investment universes for all our investment vehicles.

Assessment of good governance practices

The portfolio managers and analysis teams are responsible for assessing and monitoring the governance practices of the companies in which they invest.

To assess good governance practices, the investment teams consider factors including: governance data from MSCI ESG Research, commitment to international codes of conduct (e.g. UNGC signatory), analysis of issuers' transition plans through the involvement of governance, the degree of independence and diversity on the board of directors, controversies and the history of senior management and representatives of the board of directors.

Governance data from MSCI ESG Research include two sub-themes: corporate governance and corporate behaviour. The topics addressed within each of these categories include sound management structures, remuneration matters, employee relations and tax compliance. The governance aspect of our definition of sustainable investment is based on these issues.

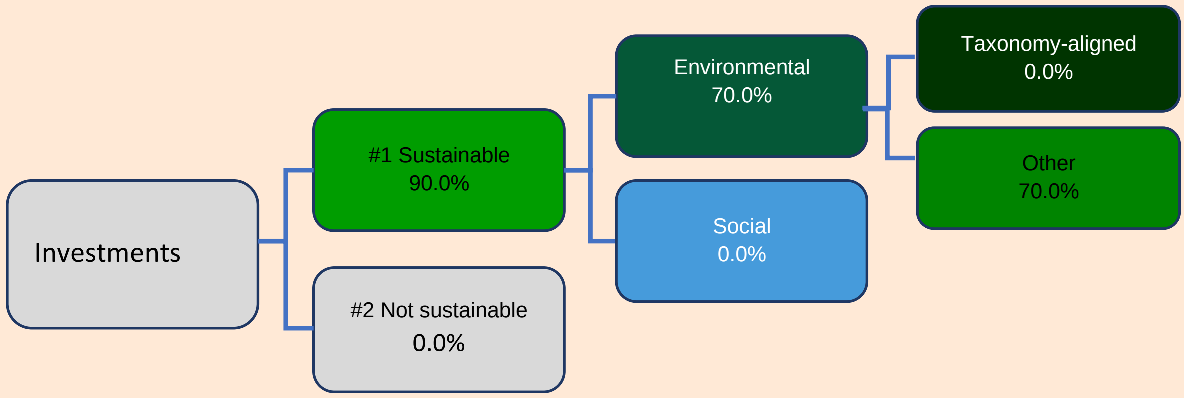
We view the assessment of good governance practices as an ongoing process. Investment teams are encouraged to engage directly with companies on their governance practices.

What is the asset allocation and the minimum share of sustainable investments?

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.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

The asset allocation figures presented above are pre-contractual minimums expressed as a percentage of the net assets; they are not a forecast of a target allocation. For information on the percentages achieved, please refer to the annual report.

As part of this approach, the strategy will contribute to efforts to mitigate and adapt to climate change in accordance with EU criteria for environmentally sustainable economic activities. The minimum alignment commitment of investments, including activities making a substantial contribution and enabling and transitional activities, is 0%.

How does the use of derivatives allow for the attainment of the sustainable investment objective?

Interest rate and currency derivatives neither contribute to nor affect the environmental and social characteristics promoted by the financial product. Derivatives on other asset classes do not contribute to the attainment of the environmental and social characteristics, but may affect them. For the purposes of transparency, 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 applicable criteria for **fossil gas** to be considered aligned with the EU Taxonomy include restrictions on emissions and a transition to fully renewable energy sources or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive rules regarding nuclear safety and waste management.

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.

Does the financial product invest in nuclear and/or fossil gas related activities that are aligned with the EU Taxonomy[1]?

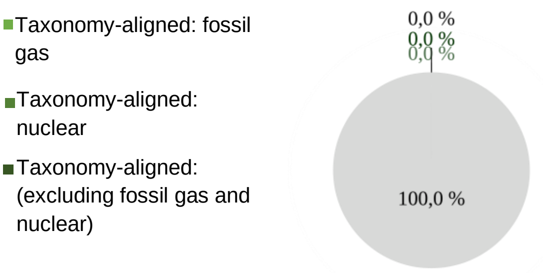
☒ Yes

☒ In fossil gas ☒ In nuclear energy

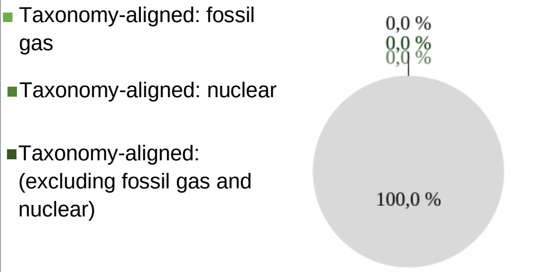
☐ No

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.

1. Taxonomy-alignment of investments **including sovereign bonds***



2. Taxonomy-alignment of investments **excluding sovereign bonds***



This chart represents N/A% of total investments.

* 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 in enabling and transitional activities is 0%.

are environmentally sustainable investments 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?

Within the minimum invested in sustainable investments, and in light of the environmental sustainability objective pursued by the fund, the share of investments with an environmental objective that are not aligned with the taxonomy will be at least 70% of net assets.

[1] Activities related to nuclear and/or fossil gas related activities will only be considered Taxonomy-aligned if they contribute to climate change mitigation and do no significant harm to any of the objectives of the EU Taxonomy – see the explanatory note in the left-hand margin. All criteria applicable to economic activities in the nuclear and/or fossil gas related activities that are aligned with the EU Taxonomy are defined in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of sustainable investments with a social objective?

Within the minimum invested in sustainable investments, the share of investments with a social objective is 0%.

What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The financial product may invest up to 10% of its net assets in cash on an ancillary basis. Cash may be invested in money market funds managed by our management company, in accordance with our ESG policy and where we have complete transparency.

Is a specific index designated as a reference benchmark to determine whether the sustainable investment objective has been attained?

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?

The fund’s benchmark is not an ESG benchmark, so it does not consider ESG or sustainability criteria.

The fund follows a “transition” investment strategy, with the dual sustainability objective of increasing the portfolio weighting of companies whose climate targets have been approved by the SBTi and reducing the fund’s carbon intensity.

To that end, the fund invests in companies from all sectors, including those with the highest emissions, with a credible commitment to this transition, and whose carbon emission reduction targets, in the short or medium term, are aligned with the Paris Agreement. The fund uses temperature scenarios calculated by Carbon4 Finance and climate target audits conducted by SBTi. The strategy implemented does not correspond to the European climate indices, and no appropriate ESG index is currently available.

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

N/A

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

N/A

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

N/A

Where can I find more product specific information online?

Further details on the financial product are available in the prospectus, the ESG policy, the Transparency Code (Direct Management) and the policies for taking into account PAI and sustainability risks, which are available on our website: https://am.fr.rothschildandco.com/en/responsible-investing/documentation/