Rothschild & Co
Asset Management

Engagement and voting policy

2024

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A sustainable approach to performance

Initiated more than a decade ago, our approach to sustainability is consistent with our management DNA, i.e., creating value for our clients by anticipating structural shifts in the market. As conviction-based fund managers, we are guided in our investment decisions by three key principles:

I. Integrating sustainability issues into financial analysis

Sustainability criteria are not only extra-financial but must also be integrated in the overall analysis of an asset. That's why we decided to combine financial and ESG analysis. Having convictions means going beyond a mere regulatory vision or an "extra-financial process" and forging a more comprehensive view of the solidity and relevance of a business model, the credibility of a strategy, and the ability to contribute to the transformation towards a more sustainable world.

II. Supporting all economic player through the climate transition

In our view, the climate transition must take place by integrating all sectors, including the least virtuous ones. However, embracing a transition goal requires a great deal of analytical rigour, coupled with a long-term vision. We are convinced that this approach of supporting companies from all sectors will have a more significant advances on the environment and may, in addition, come with a stock market rebound.

III. Participating in the development of a more inclusive economy

A socially acceptable process is the prerequisite for a long-lasting transition. Our approach therefore intends to articulate the environmental and social dimensions consistently. We believe that a sustainable economic model promotes more inclusive practices.

We want to encourage companies in our portfolios to change their practices and to steer financial flows towards actors that integrate these challenges into their strategies and offer real-world solutions.

Hence, at a time when investors are being encouraged to invest massively in sustainable thematic, we have chosen to offer a transition approach that makes it possible to invest in all sectors and to combine this with the sustainable transformations of companies and the goal of greater financial returns.

The purpose of this document is to present our vision of engagement and how it is implemented in our investment processes.

02

Our vision of engagement

Overall philosophy

At Rothschild & Co Asset Management, engagement is the cornerstone of our approach to sustainability, which aims to serve financial returns and to be consistent with our management DNA. A regular and constructive dialogue over the long term with companies helps us better understand their business models and management strategies. In short, this allows us to fine-tune our analyses, to better understand the risks and opportunities arising out of our investments, and, hence, to inform our arbitrages and management decisions.

That being said, as shareholders and bondholders, we assert our right of oversight whenever we deem that necessary. We focus on the quality of targeted contacts rather than their quantity. As a true management tool, engagement is conducted on an ongoing basis and is handled by the investment teams of each of our management capabilities.

Key principles

We are confident that engagement can contribute to change by promoting the emergence, dissemination and adoption of good practices.

Since 2021, through our engagement initiatives, we have set three objectives:

I. Acting for the climate and preserve the planet

II. Contributing to a more inclusive economy

III. Facilitating the allocation of financial flows into sustainable investments

To do so, we intend to act on all the links in our value chain:

→ **Alongside issuers**, as part of our direct management practices, in the form of individual or collaborative dialogue. With a view to supporting and monitoring "ESG trajectories", we interact regularly and constructively with issuers in which we are invested. We make use of our right of oversight whenever we deem that necessary to deepen our analysis, to assess issuers' capacity to transform, to guard ourselves from the risk of controversies, or to take concrete measures in line with our ESG investment themes (transition plans and Net Zero trajectories, taxonomic alignments, social inclusion, specific exclusions, sustainable performance indicators, principal adverse impacts, etc.). We give priority to the formulation of areas for improvement, the implementation of which we can monitor. Unsuccessful or inconclusive dialogues may have a direct impact on the management of our portfolio positions.

→ **Alongside portfolio management companies**. As part of our open-architecture business and our fund selection processes, we have adopted an integrated approach to ESG criteria, with a single due diligence questionnaire. Answers provided enable us to exchange views, which are an ideal opportunity to encourage management companies to improve their practices.

→ **Alongside sustainable finance ecosystem** (clients, external data providers, professional associations, local initiatives, public authorities, NGOs, and educational sphere…). We take active part in various initiatives by participating, among other things in public consultations, working groups, and panel discussions or by conducting communications campaigns meant for the general public.

- **Alongside our associative partners**. A part of our management fees, for specific SRI funds, is redistributed to our associative partners Polar POD and Café Joyeux.
- **Alongside our employees**. Training and awareness-raising of our employees on our sustainable investment themes are factors in the success of our business. We carry out actions in this respect and involve them in our initiatives.

Voting policy

Since 2011, Rothschild & Co Asset Management has implemented an active voting policy consistent with the principles of sustainable investment. For this purpose, we have entrusted research on resolutions to a specialised company, Institutional Shareholder Services (www.issgovernance.com) and have chosen to adopt a "socially responsible investment" voting policy, to allow us to assess companies on all ESG pillars. The SRI voting policy is freely accessible and updated on a regular basis in order to keep up with changing practices.

ISS submits voting recommendations that comply with sustainable investment principles and Rothschild & Co Asset Management remains the ultimate decision-maker on the exercise of voting rights. Our qualitative analysis, on a case-by-case basis, of specific resolutions sometimes leads us to vote differently from ISS recommendations.

Our voting policy covers our entire equity investment perimeter, with no geographical or market-cap distinction. Accordingly, our voting rights perimeter covers European and international equities held in our funds. On an exceptional basis, we reserve the right to exercise our voting rights at general meetings of bondholders and SICAV.

We do not exercise our voting rights when:

- The delays in immobilizing securities are too much of an inconvenience and would hinder the financial management of the funds
- The content of the resolutions and/or voting recommendations could not be sent to us in time for analysis
- The costs of exercising voting rights, which are too high, justify abstention on our side in the interest of unitholders or shareholders of the funds (high cost induced by the knowledge, the analysis and the exercise of resolutions)

Assets under financial management delegation are not included in the scope of our engagement and voting policy, which nevertheless includes the assets for which we receive the financial management delegation.

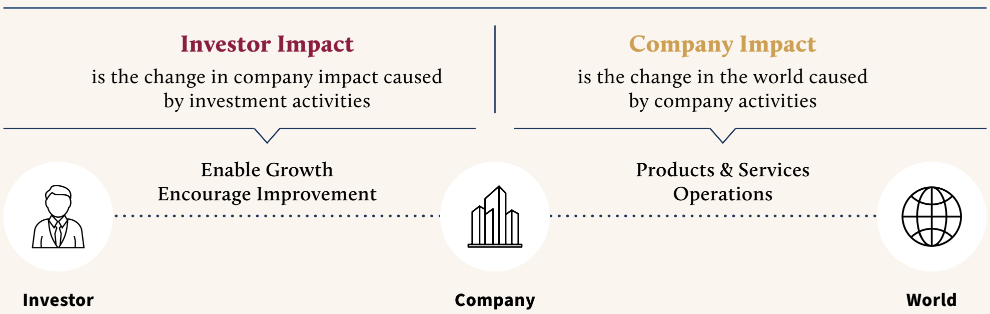
An impact mechanism for public markets

At a time when financial players are called on to play a role in resolving the major current issues, we believe it is essential to understand the potential of engagement, as well as its limits, as a mechanism for generating impact.

As investors in listed securities on primary and secondary markets, we separate the impact of our investment activities on changing practices of stakeholders (with which we interact) from the impact on the real economy that these stakeholders are likely to generate.

This elementary distinction reminds us that the impact of public markets is, by definition, indirect, while not casting doubt on the importance of their role in a fair and sustainable transformation of the real economy. It underlines the complexity inherent in attributing impact and the need to communicate clearly, precisely, and in good faith with our clients.

Distinction between investor impact and company impact



*Source: Kölbel, J., Heeb, F., Paetzold, F., Busch, T. (2020). “Can Sustainable Investing Save the World? Reviewing the Mechanisms of Investor Impact,” of the Center for Sustainable and Private Finance, UZH-Zurich University

The available literature already recognises various mechanisms for generating investor impact1 and assigns to each of them different standards of evidence. Among these, engagement is one of the most credible on public markets, as empirical findings leave little doubt on its capacity for being a driver for change.

That being said, engagement covers all our investment strategies, particularly our sustainable investment strategies.

An alternative to divestment

We believe that engagement cannot justify the status quo, whether in managing our portfolios or in changes that are desirable in the real economy and society.

That being said, we believe that an escalation procedure, and particularly sector disengagement, must be examined pragmatically and on a case-by-case basis, in order to support actors in all sectors in their transformation, while managing risk-reward on behalf of our clients.

We regard divestment as an option that must be "a last resort", to drive desirable changes in the real economy and society, for the following reasons:

→ Giving up our shareholder status means depriving ourselves of voting rights through which we can express our views and inform companies of channels for improvement.

→ Giving up our shareholder or bondholder status generally means limiting our capacity to build a constructive dialogue with companies.

→ Divesting securities, which, happen to be traded on secondary markets, limits our potential impact contribution to the real economy, unless we do so as part of a collective movement and can avail benefit from a "mass effect" that can make a bigger difference.

For example:

→ As part of the investment principles relating to the thermal coal sector, carried by the Rothschild & Co group, we are led to discuss with companies that would be exposed to thermal coal to ensure the proper conduct of their coal exit plan. Our dialogue focuses primarily on portfolio issuers that, according to Urgewald's Global Coal Exit List, breach our exclusion thresholds. The aim is to ensure that the issuers concerned have a strategy that is aligned with the international coal exit timetable, and that considers the social impacts induced by this transition. Elements taken into account include, among others, the exit timetable (planned exit date, phasing and closures), the corporate strategy and social safeguards in place, progress monitoring and the existence of external recognition and/or reference framework. Insufficient evidence or ambition will result in the exclusion of the issuers concerned.

→ Controversies are an integral part of our processes relating to sustainability risks, adverse impacts, the integration of sustainability issues into our investment analyses and portfolio management.

- Indeed, our investment vehicles have ESG objectives based on MSCI ESG Research's ESG ratings. These ratings incorporate controversies and can therefore be revised on an ad hoc basis to consider any new elements relating to a new or existing controversy. Controversy can therefore lead to a downgrading of an issuer's ESG rating, as well as its status about international standards such as UNGC. When the investment universe is updated, this can have an impact on the ESG requirements of the portfolio. After this update, if the ESG profile revised after the controversy no longer allows us to respect our ESG frameworks and constraints at portfolio level, the issuer may be divested.
- To identify any weak signals and areas of risk within issuers in the portfolio, E-S-G pillar scores below 2 out of 10 are monitored by Risk Management and reported to the Risk Committee.

- To monitor controversies, we have set up automatic daily/weekly notifications from the MSCI ESG Research platform. Bloomberg is also a complementary analysis tool. We monitor the news daily and disseminate relevant information every morning at the investment meeting. Compliance also monitors new cases of controversy involving issuers in portfolios, and informs the investment teams of these developments.
- For the management of controversies identified by Compliance or analysts, we have set up two controversy committees, with the participation of the Risk Management, Compliance, Sustainable investment teams and the Managing Partners. The management teams of the issuers involved in the controversies and the analysts specialising in the sector participate, depending on the case. The two committees qualify each controversy according to its credibility and materiality.
- When a controversy arises, the “Controversy Qualification Committee”, coordinated by the Sustainable investment team, aims firstly to qualify the seriousness and materiality of each controversy on the agenda, and to determine the most appropriate escalation; and secondly to monitor it. The committee votes on the most appropriate qualification for each controversy, based in particular on its financial, ESG, legal or reputational materiality. If the controversy is not deemed material, or has been resolved, then no follow-up is required of the issuer. On the other hand, if the controversy is deemed to be material, the committee may ask for further details to be provided by the analysts, and then, depending on the seriousness of the controversy, request engagement with the issuer, or refer to the Major Cases Controversy Committee for the most serious cases.
- When a major event or severe controversy arises, the “Major Controversy Committee”, coordinated by Compliance, meets on a discretionary basis. Operating in a collegial manner, the voting members of the committee decide unanimously and on a case-by-case basis on the most appropriate decision: to place the security under watch, to prohibit any new investment or, in the most severe cases, to divest the issuer. In the first two cases, they can decide how much time to grant the issuer to reply in detail to the charges against it (generally three to six months), but also the nature of corrective actions to implement by each issuer and the deadlines for doing so.

03

Contributing to change through dialogue with all our stakeholders

Individual dialogue

At Rothschild & Co Asset Management, we strive to encourage and support issuers and asset managers to enhance their practices.

We believe that individual dialogue must be:

I. Conducted with a true understanding of business models and specific challenges of each issuer and asset management companies;
II. Regular and constructive, with the goal of fostering a trust-based relationship with issuers and asset management companies;
III. Mutually enriching, by having high-level persons interact, including both "in the know" analysts and managers on the side of the investor or coalition of investors, and "business line" experts or decision-makers on the side of the issuer or asset management company;
IV. Contrarian and results-driven, by laying out channels for improvement and following up on them over time, while favouring quality over quantity.

Individual dialogue informs our analyses and ensures us of the good faith and real capacities of issuers and asset management to transform and thus informs our allocation and sales decisions.

Direct management

In light of our desire to support players in all sectors and to forego systematic divestment, we must conduct our engagement initiatives with the greatest degree of thoroughness.

In practice, this gives rise to a bilateral dialogue that can:

- Take place at **various stages of the investment cycle** (with issuers in the portfolio and/or which might be added to it), as well as at any time and on various grounds:
  - In reaction to the emergence of a controversy, consistent with our goal of reducing our investments' negative impacts;
  - In reaction to a divisive item put at the agenda of a shareholder meeting;
  - In reaction to the setting of unambitious sustainable objectives;
  - In reaction to subpar sustainable performances, which are generally reflected in downgraded ESG ratings;
  - Etc.

- **Focus on priority themes:**
  - Related to the implementation of our norms-based (controversial weapons, international sanctions, etc.) and sector-based exclusions (thermal coal);
  - Related to the sustainability strategies of our "4Change" products, to which additional requirements are associated (climate transition plans and Net Zero trajectories, taxonomic alignments, social inclusion, specific exclusions, sustainable performance indicators, principal adverse impacts, etc.);
  - Related to high impact climate sectors and their material challenges.

- **Be conducted through various communication channels** (electronic forms or e-mail, physical or remote meetings, questions asked at General Meetings, or at events - whether or not dedicated to ESG.)

Engagements are conducted uniformly by each of our investment desks. They apply the present engagement policy to their investments, although they have their own specificities. To cite some examples:

- **The European Equities management team**, focuses on the theme of transition, with particular attention to companies in sectors with high climate impact, in line with the management company's sustainable approach. The European Equities team's expertise is leveraged by a dialogue with companies, fed by this in-depth knowledge of the sectoral and thematic issues linked to transition. In addition, the team is also involved in issues specific to the sustainable strategies of label funds. The team participates in the dissemination of best practices to all management expertise.
- **The International Equities and Diversified management team (Valor)**, given the size of assets under management, holds significant equity shares in some companies, giving it special access to certain managers and production facilities. Given the geographical exposure of its portfolios, the team is particularly involved in trading with companies operating in emerging markets, particularly in Asia and Latin America. The members of the team have international backgrounds and understand the cultural specificities of each region, enabling constructive dialogue with companies.
- **The Fixed Income management team** adopts a risk-based approach. It focuses mainly on managing controversies affecting debt issuers. Monitoring negative externalities is especially relevant to projects funded through subscription of green bonds.

The main purpose of all these initiatives is to deepen our analysis and formulate areas of improvement for issuers. Individual dialogue is regular, constructive and monitored over time. Individual dialogue is regular, constructive and monitored over time. It may be carried out jointly by the Sustainable investment team, the analysts working across our various expertise, and the portfolio managers.

Furthermore, the availability of contact persons, the quality of the discussions, and the will to implement the suggested channels of improvement are part of the basis on which we assess issuers. These factors come on top of the findings of our financial and ESG analyses and can have a direct impact on how we manage our positions within the portfolios. This is even more the case when the individual dialogue is carried out in the context of an escalation process.

As part of our efforts to improve our ESG dialogue with issuers, we established an Engagement Committee in 2023. This committee is coordinated by the Sustainable investment team and includes a panel of managers and analysts representing our areas of expertise. The committee meets every two months with the goal of:

→ Regular business monitoring, via a series of key performance indicators. We record, among other things, over different periods and different perimeter:
  - The number and type of interactions (individual or collaborative dialogue), their breakdown by triggering reason (controversy, general meeting...) as well as by interlocutors met according to the functions they occupy;
  - The number of unique issuers encountered and their geographical and sectoral distribution;
  - The number of questions asked and their breakdown by E, S and G pillar;
  - The number of areas for improvement that issuers have or have not implemented.

→ Ensure the proper archiving of issuer dialogue activities in our internal tool, which enables not only the production of the above-mentioned key performance indicators, but also better information sharing and more effective cooperation between our various areas of expertise;

→ Identify the issuers to be prioritized and the themes to be addressed;

→ Inform participants, where necessary, of changes in regulatory or label requirements in terms of engagement;

→ Support the needs expressed by the "Qualification Controversy Committee" and the "Major Case Controversy Committee";

→ Facilitate the exchange of best practices and the sharing of experience between participants, notably through the presentation of concrete cases; and

→ Keep abreast of Rothschild & Co Asset Management's latest developments in the field of collaborative engagement.

Multi-management

Within our multi-management capability, we have opted for an approach integrating ESG criteria in our selection process of long-only funds and UCITS alternative funds. We have drawn up a single due diligence questionnaire for the following, overlapping purposes:

→ **To have a 360-degree view of asset management companies** (exclusion, engagement and voting policies, addressing climate change risks and opportunities, managing human resources and human capital, governance, etc.) **and funds** (integrating ESG criteria into the management process, the portfolio's ESG rating, certifications, carbon intensity, etc.)

→ **To promote the adoption of good practices in sustainable investment.**

Indeed, replies to our questionnaire bring forth and generate contacts that are special opportunities for incentivizing asset management companies to improve their practices, and in particular:

→ **To formalise their sustainable investment approaches and demonstrate transparency.** The multi- management team encourages asset management companies to endow themselves with policies (ESG, voting, engagement, exclusions, etc.) and to disclose their sustainable investment approaches (through engagement and voting reports, participation in local initiatives, etc.);

→ **To obtain an ESG rating for their portfolios.** The multi-management team invites asset management companies to regularly submit the inventories of their reviewed portfolios to Lipper, so those portfolios can be rated ESG by MSCI ESG Research. These ESG ratings then allow analysts to supplement their own studies and to possess an overall ESG rating at the fund-of-funds level; and

→ **To make the funds' sustainable approaches more credible by obtaining high-standard certifications and being in compliance with European and French regulatory frameworks.**

Our voting policy and main voting guidelines

Exercising our voting rights at general meetings is an integral part of our engagement approach and is consistent with the dialogues that we conduct with companies.

The implementation of the "SRI" voting policy is based on the recommendations issued by our voting proxy ISS, the main guidelines of which are set out below.

→ **On diversity: Generally speaking- Net income / dividend allocation:**

- As a general rule, vote against or abstain from voting when the payout ratio has regularly been below 30% without appropriate explanation, or when the payout ratio appears excessive in relation to the company's financial situation.

→ **Board independence:**

- As a general rule, at non-controlled companies, vote against or abstain from voting for the election or re-election of a non-independent candidate if the Board comprises less than one third of independent members or does not comprise a majority of independent members, excluding employee representatives.
- As a general rule, at controlled companies, vote against or abstain from voting for the election or re-election of a non-independent candidate if the Board does not include at least one-third of independent members.

→ **Executive remuneration:**

- As a general rule, vote against or abstain when all the components of remuneration are not adequately disclosed:
  - Maximum grant limits for short-term and long-term remuneration components
  - Exercise price, grant date and period, vesting period (minimum three years prior to grant), any discounts, performance criteria (assessed over three consecutive years), in the case of long-term incentive plans;
  - Discretionary powers may be granted;
  - Limits on exemptions (ceilings, weight, etc.).
- As a general rule, vote against or abstain when:
  - Variable remuneration components (including ESG) are not clearly linked to the company's strategy and objectives;
  - Remuneration appears to be excessive in relation to the company's performance or market/peer practices;
  - Significant pay increases are not clearly explained and justified.

→ **Diversity:**

- As a general rule, vote against or abstain from voting for members of the existing Appointments Committee if the Board of Directors does not include at least one member of an under-represented gender and, more specifically:
  - In continental Europe, vote against or abstain from voting for members of the existing nomination committee if the board of directors does not include at least 40% members of an under-represented gender.
  - In Canada, the United Kingdom and Australia, vote against or abstain from voting for members of the appointments committee if the board does not include at least 40% of members from an under-represented gender and at least 20% of members from under-represented ethnic minorities.

→ **Climate:**

- As a general rule, for the highest emitting companies (defined as those belonging to the Focus Group list of Climate Action 100+), vote against the Chairman of the Board - in place (or another member, on a case-by-case basis) if the company does not take the minimum steps necessary to align with a net zero trajectory by 2050, namely, among others:
  - Adoption of the framework established by the Task Force on Climate-related Financial Disclosures (TCFD);
  - Setting a “Net Zero” target by 2050 (or earlier), incorporating greenhouse gas emissions from Scopes 1, 2 and 3 (the most significant items); and
  - Setting a medium-term target for reducing greenhouse gas emissions.
- As a general rule, vote on a case-by-case basis on management-proposed “say-on-climate” resolutions while assessing the exhaustiveness and thoroughness of the company’s climate ambitions, including:
  - Disclosure of all sources of greenhouse gas emissions (Scopes 1, 2 and 3);
  - The credibility of its short-, medium-, and long-term greenhouse gas reduction objectives;
  - Its commitment to obtaining an independent science-based validation of its greenhouse reduction objectives;
  - Its commitment to be “Net-Zero” by 2050;
  - Its commitment to report regularly in the coming years on the proper implementation of its climate transition plan;
  - Third-party verification of its climate data;
  - etc.
- As a general rule, vote on a case-by-case basis on external resolutions calling on the company to:
  - Publish its greenhouse gas emissions, its greenhouse gas emissions reduction targets and/or its climate transition plan;
  - Give shareholders the opportunity to express their views on the company’s climate ambitions/ transition plan.

→ **External environmental and social resolutions:**

- As a general rule, vote for resolutions seeking to promote transparency on (i) financial, regulatory or physical risks faced by the company in relation to the impact of climate change on its activities; and (ii) procedures implemented to identify and manage such risks.

We reserve the right to undertake, on a case-by-case basis, a qualitative analysis of certain resolutions and/or to discuss matters with the company prior to the general meeting. In some cases, this means that we choose not to follow certain ISS recommendations.

In addition, the fact that a company belongs to a high impact climate sector, low approval ratings at previous annual general meetings, the organization of shareholder opinion polls prior to the validation of agendas and, more generally, negative media coverage of the outcome of the vote are all signals that encourage us to conduct a more in-depth analysis.

The final voting decision is, in all cases, made collegially at Rothschild & Co Asset Management by the analysts, the portfolio managers involved and management. Each vote that goes against ISS recommendations is evidenced and documented.

Finally, in the interests of transparency, since early 2023 we have been pre-declaring our voting intentions for certain resolutions ahead of general meetings on the UN PRI “Collaboration Platform”. Finally, we reserve the right to participate in the submission of external resolutions.

The management company has a conflict of interest policy and a conflict of interest map that covers ESG risk. In 2023, Rothschild & Co Asset Management faced no conflicts of interest when exercising voting rights.

Collective dialogue

At Rothschild & Co Asset Management, we believe that changes that are desirable for society must not be pushed solely by individual initiatives. We believe in the strength of collective intelligence and take proactive part in public reviews, panel discussions, working groups and engagement campaigns.

In accordance with our sustainable investment themes, we have chosen to take part in a deliberately limited number of local initiatives, so that we can participate actively in the planning and work being done within the sustainable finance ecosystem.

For example, we are members of several investor coalitions that bring their forces together to have a positive influence on companies' practices, including:

→ **Climate Action 100 +**, an initiative aiming to alter the practices of the planet's major emitters of greenhouse gases. The participating investors in the initiative, representing total assets of more than USD 68,000 billion for nearly 700 investors, are calling on companies to improve their climate change governance, reduce greenhouse gas emissions and strengthen their climate-related financial disclosure. Rothschild & Co Asset Management joined Climate Action.

→ **Investors for a Just Transition**, an initiative aiming to engage with issuers from certain sectors in order to promote a socially acceptable transition towards low-carbon economies. Rothschild & Co Asset Management has been a founding member of Investors for a Just Transition since 2021 and is currently taking part in an engagement campaign with various companies. We are respectively responsible for and contributors to the "Food and Agriculture" and "Energy" working groups.

→ **The Forum de l'Investissement Responsable (FIR)**, a multi-stakeholder French association created in 2001, aims to promote and develop responsible investment and its best practices. In 2023, Rothschild & Co Asset Management became a member of the "Dialogue and Engagement" commission and decided to take part in the 5th campaign of written questions to CAC 40 companies.

As we are confident that a collaborative and partnership-based approach can leverage our impact potential as investors, we also support the development of sustainable finance through the initiatives mentioned below.

Initiatives	What is it?
ADEME / 2 Degree Investing Initiative	As part of the European “Life Finance ClimAct” project, the 2° Investing initiative and Ademe, Agence de l’Environnement et de la Maîtrise de l’Energie, have initiated a working group on optimizing the contribution of financial products to the objectives of the Paris Agreement, in which Rothschild & Co Asset Management will participate in 2024. In 2023, Rothschild & Co Asset Management took part in the working group on commercial environmental impact claims for financial products, which resulted in the publication of a dedicated guide.
AFG (French Association of Financial Management)	The French Asset Management Association (AFG) represents professional third-party asset managers. It brings together all asset managers, whether of individualised (mandates) or collective assets. AFG organises plenary meetings on sustainable investment, which Rothschild & Co Asset Management attends. We are also a member of a working group on fossil fuels organised by AFG. Since 2023, we have been participating in working groups on Diversity in asset management companies, as well as on transition plans, just transition and biodiversity in investment.
EFRAG	EFRAG, the European Financial Reporting Advisory Group, is an international not-for-profit association created in 2001 with the encouragement of the European Commission to serve the public interest. As part of its work on the CSRD (Corporate Sustainability Reporting Directive), Rothschild & Co Asset Management is a member of the “Sector communities” working group and as well as the Capital Markets Advisory Panel (CMAP) in charge of defining sector-specific ESRS.
Institut de la Finance Durable	Launched in 2016 by Paris Europlace, the Finance for Tomorrow initiative, which became the Institut de la Finance Durable in early 2023, aims to make of the French capital, a hub for green and sustainable finance. Rothschild & Co Asset Management joined this initiative in 2021 and since then has participated in various working groups on a wide range of subjects: regulatory developments in the field of sustainable finance (“Commission Permanente Policy”), preservation and restoration of biodiversity and natural capital, development of impact finance, just transition, etc. Since 2023, we have participated in working groups dedicated to the methodology of extra-financial analysis and the trajectory relating to fossil fuels.
FAIR	Rothschild & Co Asset Management is a member of FAIR, a collective committed to socially responsible finance and promoter of the Finansol label.
French SIF (French Forum for Sustainable Investment)	Rothschild & Co Asset Management has joined the FIR and is a member of the “Social Taxonomy” and “Finance and Disability” working groups.
Net Zero Asset Managers Initiative	The Net Zero Asset Managers initiative (NZAMi) is a group of asset managers committed to meeting Net Zero targets by 2050, in line with a 1.5 C trajectory, as well as an additional, intermediate target of reducing CO_2eq emissions by 50% by 2030. Rothschild & Co Asset Management joined the initiative in 2021 and, in line with its commitment, published its targets in November 2022: hold 75% of companies with objectives aligned with a 1.5°C scenario by 2030, within the basket of assets held through our open-ended direct management funds.
Pledge for the development of impact finance	As part of its participation in the Institut de la Finance Durable impact finance working group, Rothschild & Co Asset Management signed a pledge for the development of impact finance in 2021.
Opinion piece from the French SIF on “Say on Climate” resolutions	In 2022, and again in 2023, Rothschild & Co Asset Management signed two opinions pieces from the French Forum for Responsible Investment (French SIF) in favour of the adoption and generalisation of a demanding “Say on Climate”.
United Nations’ Principles for Responsible Investment	The Principles for Sustainable investment (PRI) were launched by the United Nations in 2006. They incentivise investors to integrate environment, social and governance (ESG) themes into their management practices. A signatory since 2011, Rothschild & Co Asset Management answers the UN PRI questionnaire every year. In 2024, Rothschild & Co Asset Management joined the French-speaking UNPRI reference group and the Sustainable Regulation Commission.

Engagement with our other stakeholders

External data providers

The availability, comparability and reliability of ESG data disclosed by companies are major issues for investors and regulators. The work currently being carried out by the International Sustainability Standards Board (ISSB) and the European Financial Reporting Advisory Group (EFRAG), among others, is designed to address these long-standing issues.

In the meantime, we have regular exchanges with external data providers to test the robustness of their methodologies and the quality of the information they make available to us. We see this dialogue as commitment, in that we make them aware of the growing and increasingly specific needs of investors and help them to improve their offerings.

Additionally, seeking to enhance the readability of our sustainable investment strategies and reporting, we are seeking to acquire tools that can offer new and differentiating views of our management practices while dovetailing with those that we already possess.

As part of a formalization process, and given the intensification of our dialogue with external data providers, we have set up a “Provider Committee” during 2023, coordinated by the Sustainable investment team, with the participation of the Risk Management and Compliance teams. The Committee meets twice a year, with the aim of:

- Monitor partnerships with various data providers, in particular data quality and the proper integration of data into our internal tools;
- Maintain the ESG data flow mapping;
- Ensure competitive watch and align the prospecting of potential service providers with idea generation and new needs, based on predefined selection criteria.

Sharing units and associative partnerships

Rothschild & Co Asset Management finances several associations through sharing units, offered through funds in our 4Change range.

This mechanism consists in donating a portion of our management fees and seeks not only to give meaning to our clients’ investments, but also to enhance the additionality of our management decisions.

Employee engagement and commitment

Sustainable finance is an environment in full flux. Our employees play an essential role in the operational deployment of our sustainability approach, mobilizing on a daily basis many departments with in our organization.

With this in mind, ongoing training and awareness-raising of our employees on sustainable investment themes are keys to success. More broadly, we believe that we cannot base the development of a fairer and more sustainable economy solely on the actions of our stakeholders. We also must get involved and make a contribution. We therefore involve our employees in our community engagement initiatives, linked to the R&co4Generations foundation, and encourage them to invest their time and energy in causes that we support.

04

Transparent and comprehensive disclosures

Transparent and comprehensive communication is an integral part of our approach to sustainability and commitment.

Every year, Rothschild & Co Asset Management steps up its communication efforts with clients and the public, in line with its sustainable investment themes and news. With a view to informing, educating and promoting our initiatives, as well as sharing best practices, we regularly take part in events and are gradually increasing our presence in the traditional media and on social networks.

We have formalised our responsible investor approach in the form of various documents, accessible on our website.

Policies / General documentation

- → ESG policy
- → This Engagement policy and Voting policy
- → Exclusion policy relating to controversial weapons
- → Exclusion policy relating to fundamental principles
- → Investment principles for the thermal coal sector
- → Tobacco exclusion policy
- → Exclusion ledger
- → Principal Adverse Impacts policy
- → Sustainability risk policy in investing
- → Definition of sustainable investments
- → Rothschild & Co's CSR policy
- → Remuneration policy

Specific documents

- → AFG-FIR Transparency Code of the "4Change" range
- → List of open funds and their SFDR category
- → Funds' prospectus, including periodic SFDR disclosures for Article 8 and 9 funds

Reports

- → Annual engagement report, including our voting rights report
- → Article 29 reporting combined with TCFD Report
- → The UN PRI transparency report, available on the PRI website
- → Financial and ESG reporting on our open-ended funds
- → Fund annual reports, including SFDR periodical disclosures related to funds classified as Article 8 and 9

Disclaimers

The information/opinions/data contained in this document, considered legitimate and correct on the day of its publication, The information/opinions/data contained in this document, which is believed to be correct as of the date of publication, in accordance with the economic and financial environment prevailing at that time, is subject to change at any time. Although this document has been prepared with the utmost care from sources deemed reliable by Rothschild & Co Asset Management, it does not guarantee the accuracy and completeness of the information and assessments made in this document. Although this document has been prepared with the utmost care from sources deemed reliable by Rothschild & Co Asset Management, it offers no guarantee as to the accuracy or completeness of the information and assessments it contains, which are for guidance only and are subject to change without notice.

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This information is provided without knowledge of the investor's specific circumstances. Before subscribing, investors should check in which countries the fund(s) referred to in this document are registered and, in the countries in question, which sub-funds or asset classes are permitted for public sale. Investors considering subscribing for units are advised to carefully read the most recent version of the fund's legal documentation (prospectus, DICI and annual report), which are available from Rothschild & Co Asset Management Client Services and on the website www.am.eu.rothschildandco.com, or from the fund's distributors. Investors are advised to consult their own legal and tax advisers before investing in the fund. and tax advisers before investing in the fund. Given the economic and market risks, there can be no guarantee that the fund will achieve its investment objectives. the fund will achieve its investment objectives. The value of the units may fluctuate up and down by nature. The performance figures are given after deduction of fees. The figures quoted relate to the past months and years. Past performance is not a reliable indicator of future of future performance.

Sources : Rothschild & Co Asset Management (or other external data) as of 29/12/23.

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