Rothschild & Co
Asset Management

ESG policy

2026

Sommaire

Over 10 years of integrating sustainability issues

2025

96% of our open-ended funds classified as Articles 8 & 9 SFDR

7 labelled funds (SRI, Towards Sustainability, Finansol)

Palm oil exclusion

Creation of a biodiversity analysis grid

Launch of a “ESG golden source” (data, ESG analysis and engagement monitoring)

Training of all employees on greenwashing

2024

Creation of a guide to taking biodiversity into account with the AFG and Moonshot

Exclusion of all controversial weapons

Mandatory low-carbon transition training for all employees

Publication of Rothschild & Co Asset Management's 1st CSR report

2023

Proprietary analysis grid for corporates’ climate transition plans

Engagement Committee

Monitoring and escalation procedure for identified material controversies

Sustainability risks monitoring tool

Tobacco exclusion

Member of the French SIF

2022

New biodiversity data provider (Carbon4 Finance & CDC Biodiversity)

Member of 1% for the Planet

Publication of our climate policy and SBTi objective

2021

Partnerships with Polar Pod and Café Joyeux

Member of Finance for Tomorrow and Investors for a Just Transition coalition

Membership to the Net Zero Asset Managers Initiative

New ESG data provider (Ethifinance, Carbon4 Finance)

Signatory to the UN Global Compact, at Rothschild & Co Group level

2020

Rothschild & Co Group’s thermal coal investment principles

2019

4Change labelled product range

Member of “Climate Action 100+”

2018

Launch of an institutional mandate "Low Carbon"

2017

Signatory to the CDP (Carbon Disclosure Project), at Rothschild & Co Group level

New ESG data provider (MSCI ESG Research)

2015

Launch of work on carbon and social issues

1. Our approach

A sustainable approach to performance

Initiated more than a decade ago, our approach to sustainability is consistent with our investment management DNA: creating value for our clients by anticipating structural evolutions in the market. As conviction-based fund managers, we are guided in our investment decisions by 3 key principles:

1

Integrating sustainability issues into financial analysis

Sustainability criteria are not only extra-financial but must be integrated into the overall assessment of an asset. That's why we decided to combine both financial and ESG analysis. Having convictions means going beyond a regulatory vision or an "extra-financial process" to establish a more comprehensive evaluation of the robustness and relevance of a business model, the credibility of a strategy, and the ability to contribute or to adapt to the transition.

2

Supporting all economic players through a transition approach

We believe that the transition towards a more sustainable world requires integrating all sectors, including those who might seem the least virtuous. Even so, embracing a transition goal requires rigorous analysis combined with a long-term vision. We are convinced that by supporting companies from all industries we will achieve a more significant progress that may come along a reappraisal of the stock market value.

3

Participating in the development of a more inclusive economy

A long-lasting transition can only be achieved through a socially acceptable process. We believe that a sustainable economic model promotes more inclusive economy. Our approach intends to articulate the environmental and social dimensions consistently.

We have chosen to develop a transition approach that allows us to invest in all sectors and to combine our support to companies' sustainable transformations of companies with our financial returns objectives.

These three principles are applied to all our investment expertise according to investment strategies' levels of sustainability integration.

A common sustainable approach to all our products and all our asset classes

A common exclusion framework

- International sanctions and non-cooperative countries for tax purposes
- Controversial weapons
- United Nations Global Compact (UNGC)
- Thermal coal
- Tobacco
- Palm oil

Integrating material ESG criteria into financial analysis

- Use of ESG data providers: MSCI ESG Research (best-in-class approach), EthiFinance (optimization of ESG coverage), Carbon4 Finance and CDC Biodiversité (biodiversity data), Bloomberg, Morningstar Direct (fund data)
- Use of public company data, broker studies, NGO reports and open-access databases (SBTi, TPI or CDP)
- These elements can be combined with the investment cases produced by our analysts. The integration of ESG criteria adapts to the research process of each investment expertise and can apply either at the sector level, the issuer level, the management company level and/or the fund level

Sustainable requirements at portfolio level

- Minimum ESG rating of BBB
- Minimum ESG rating coverage
- ESG rating higher than that of the investment universe – for the majority of our directly managed open-ended products
- Minimum of sustainable investments – for SFDR Article 8 & 9 products

Active engagement

- A dialogue targeted on our priority themes (climate transition, just transition, data transparency, etc.) and controversies
- A responsible voting policy on all the equity perimeter
- Active participation in several local working groups (AFG, FIR, Climate Action 100+, Nature Action 100 etc.)

Production of a detailed ESG reporting[1]

- ESG profile: ESG rating, rating trends and breakdown by sector
- Carbon intensity: difference vs. the indices, sector contribution and identification of main contributors
- Transition profile: taxonomy alignments (revenues and CAPEX), SBTi reduction targets,exposure to “stranded assets”
- Biodiversity: assessment of water management practices (CDP)
- Governance: representation of women on the board of directors
- Sustainable Development Goals (SDGs): percentage aligned with SDGs

(1) Except for category 3 products in accordance with AMF doctrine DOC-2020-03 and Article 6 under SFDR regulation.

A range of products with varying degrees of ESG integration

> “We seek to set up a pragmatic approach that suits all our investment strategies. Three levels of intensity have been structured to best address the specific features of each investment expertise and to offer our clients a diverse range of investment solutions integrating sustainability challenges.”

ESG integration: 100% of Rothschild & Co Asset Management products

Rothschild & Co Asset Management products are managed in line with exclusions, portfolios ESG objectives (i.e., an ESG score greater than, or equal to, BBB) and come with a detailed ESG report(1). In order to appreciate risk exposure and practices that are in place within the industry, our research process is based on external ESG assessments and more in-depth analysis on the sector and/or issuer by internal teams. Controversies are also integrated and constitute a key element of the engagement process, on top of the responsible exercise of our voting rights. This common framework contributed to better protect our portfolios from sustainability risks and to disseminate good practices in terms of ESG integration.

Sustainable Investment: our 4Change funds

Since 2019, as part of our 4Change range of open-ended funds, we have managed labelled socially responsible investment strategies. These are based on enhanced sustainable selection criteria, additional exclusions, targeted engagement programs and can be dedicated to specific thematics (Net Zero, Green Bonds, Inclusion). The 4Change fund range is aligned with the most demanding European standards(2), it includes SRI, “Towards Sustainability” or Finansol labelled funds and covers all asset classes and geographical areas. It demonstrates our know-how and our commitment in favour of specific sustainability challenges.

Tailor-made ESG solutions

As part of our offering of dedicated solutions, Rothschild & Co Asset Management assists its clients in strengthening their investment processes through the integration of customized factors: normative and sector exclusion criteria, ESG objectives and/or a thematic approach, specific reporting, in accordance with our clients’ commitments and values.

(1) Except for category 3 products according to AMF doctrine DOC-2020-03 and Article 6 under SFDR regulation.

(2) a) Labelled funds have AFG-Eurosif transparency codes. (b) Investments in sustainable bonds (green bonds, social bonds and sustainability bonds) all comply with the principles laid down by the International Capital Market Association (ICMA), namely the Green Bond Principles “GBP”, the Social Bond Principles “SBP” and the Sustainability Bond Guidelines “SBG”. Sustainability Bond Guidelines “SBG”. We are closely monitoring the EU GB standards framework, which has just come into force.

2. Ressources

> “In addition to our Sustainable investment team, all our teams are involved in implementing our sustainable strategy.”

Sustainable investment team

Rothschild & Co Asset Management has a cross-disciplinary Sustainable investment team of 6 persons, under the responsibility of Ludivine de Quincerot, member of the Executive Committee:

- 2 ESG specialists, who contribute to research and thinking on ESG methodologies and strategies, and in business development. They ensure regulatory and competitive watch.
- An ESG analyst and engagement responsible who takes part in coordinating our engagement actions and research on specific sectors.
- 2 financial engineers and ESG data scientists who help develop quantitative tools, ensure methodological and service providers watches. They monitor the right coordination of our voting policy.

The Sustainable investment team contributes actively to steering and harmonising ESG processes within investment expertise, to coordinating research, and to engaging with the investment teams and external service providers.

In addition, the team takes part in discussions on the product offering development, the establishment of investment strategies with the managers and sales teams, as well as complying with regulations and market labels alongside the operational teams. The team is also involved in business development of the SRI funds offering.

The investment teams

In tight collaboration with the Sustainable investment team, the ESG and financial research, along with the engagement with issuers are conducted by analysts in each investment expertise team:

- 5 European equity analysts (6 people including 2 portfolio manager assistants working half-time on analysis
- 4 international equity analysts and 2 portfolio managers / analysts
- 6 fixed-income analysts
- 5 multi-management analysts

Stock selection for our portfolios is based on a financial analysis process that integrates ESG criteria. Analysts are also involved in the analysis of controversies and engagement procedures related to their sectors, both in terms of dialogue and voting.

The fund managers are responsible for properly integrating the asset manager’s sustainable investment principles for their funds. Working alongside the analysts, they are mobilized both on the sustainable approach, common to all generalist investment vehicles, and on the labelled strategies with dedicated sustainable thematic and enhanced selection criteria.

The operating teams

The **Risk and Compliance** teams are involved in establishing solutions to control and monitor our commitments. The Risk Management team is responsible for integrating ESG data into operational systems.

The **Legal** team is involved in the drafting and production of various contractual documents incorporating sustainability commitments.

The **Business Development** teams actively contribute to the development of marketing materials, monitoring tools, commercial strategies and promotion of ESG criteria.

The **Product Management** team is involved in managing the existing range and in creating new products. The team also updates the products database and supports the creation of new sustainable investment-related projects.

Each team actively contributes to our sustainable approach, sustainability related topics and their integration are not a matter of an independent expertise but rather of all internal skills and employees.

A committed governance

At the firm level, the governing bodies of Rothschild & Co Asset Management, i.e., the Executive Committee, the Management Committee and the Supervisory Board, monitor the ESG strategy deployed. The integration of sustainability challenges represents a strategic focus. In addition, several committees have been set up to decide and implement our responsible investment decisions:

- An "ESG Taskforce" organised regularly by the Sustainable investment team and with the Chief Executive Officer, the Chief Investment Officer the heads of operating departments and the business development,
- A bimonthly "Operational and Regulatory Sustainability" committee, coordinated by the Sustainable investment team, involving the Chief Investment Officer, the head of Compliance, Risk management, Legal and Product Management.

Sustainability issues are also discussed with our governance bodies within the structure:

- At Rothschild & Co Asset Management's Management committee, through the presence of Ludivine de Quincerot, head of Sustainable investment
- In the Executive committee of Rothschild & Co Asset Management, by the presence of Ludivine de Quincerot
- In the Wealth and Asset Management ("WAM") committee, through regular updates and decision-making on Responsible Investment issues across the WAM division, by the presence of Pierre Baudard, Chief Executive Officer
- In the Responsible Investment committee of Rothschild & Co Group, headed by François Pérol (Co-President of the Group Executive Committee) with the participation of Pierre Baudard

A Responsible Investment coordination team at both WAM and Group levels is in charge of managing cross-functional projects related to responsible investment. The team supports Group's entities in their integration of the Group's sustainability ambitions and their development on responsible investment issues.

Most members of these governance bodies have attended internal workshops and training sessions, including some mandatory training, notably on low-carbon transition and greenwashing. In addition, some have chosen to obtain a recognized certification, such as the AMF's certification in sustainable finance, or to deep dive into specific social issues through training courses on recruitment and inclusion.

Our ESG data providers

Combining our research capabilities with recognized external data providers: MSCI ESG Research, EthiFinance and Carbon4 Finance

We rely on research and ESG ratings established by MSCI ESG Research, which rates companies on a CCC to AAA scale (with AAA being the best rating). MSCI ESG Research's rating philosophy is based on financial materiality of ESG issues. Ratings are assigned on a sector-by-sector basis via a "best-in-class" approach which favors the highest ESG rated companies within their sector of activity, without privileging or excluding any sector.

MSCI rating correspondence table:

MSCI ESG Research uses public data provided by governments, NGOs, academic institutions or directly from

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

company disclosures. To summarize, for each key ESG challenge identified per sector (between 3 and 8, depending on the industry):

- MSCI ESG Research assesses a company exposure to potential risk (based on its business model, its presence in certain countries, etc.) and the policies and actions implemented to oversee it;
- Similarly, if MSCI ESG Research considers it as a sector opportunity, it evaluates the company exposure to the opportunity and the initiatives that have been taken to address it.

In their rating process, MSCI ESG Research analysts integrate any controversies to which issuers are exposed. The ESG ratings are reviewed at least annually and may be revised on an ad hoc basis to integrate a new controversy. The MSCI ESG Research ratings allow us to sort and steer our investment universe transparently.

In case of major corporate events, likely to materially alter the issuer's ESG rating and the delay the MSCI ESG Research updates, a provisional in-house rating may be assigned during the adjustment period.

We have upgraded our ESG data architecture with 4 complementary data providers:

- EthiFinance, providing ESG ratings on request and helping optimise ESG coverage of portfolios;
- Carbon4 Finance, which offers a set of biodiversity footprint data according to CDC Biodiversité's methodology;
- Bloomberg as a complementary ESG database;
- Morningstar, which offers fund ESG data and collects their sustainable regulatory characteristics.
- In addition to the quantitative information of our data providers, we also use external research:
- Brokers studies (JPMorgan, Exane, Goldman Sachs, Barclays, Morgan Stanley, Oddo, etc.);
- Supranational institution research, NGO reports and free-access databases (SBTi, TPI, ENCORE or CDP);

In addition to the quantitative information of our data providers, we also use external research:

- Brokers studies (JPMorgan, Exane, Goldman Sachs, Barclays, Morgan Stanley, Oddo, etc.);
- Academic, scientific or supranational institution research, NGO reports and free-access databases (SBTi, TPI, ENCORE or CDP);
- Bloomberg is also a complementary data source.

We have set up a "ESG Provider committee", coordinated by both Sustainable investment and Risk Management teams, with the participation of the Compliance team. The committee meets quarterly and aims to:

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

3. ESG integration

> "We are convinced that integrating sustainability challenges requires adjusting business models."

Our exclusion framework

We have set up an exclusion framework that is common to all our actively managed and open architecture investment vehicles.

As a transition manager, we believe that through targeted exclusion mechanisms and structured engagement, we can raise companies' awareness on the negative externalities stemming from their production model, and thus encourage them to adopt investment plans that will accelerate and give credibility to their sustainable positioning.

Our products have adopted a common exclusion framework:

- International sanctions and non-cooperative countries for tax purposes (UN, EU, OFAC, GAFI, PTNC, France, etc).
- Controversial weapons: cluster bombs, landmines, biological and chemical weapons, depleted uranium, blinding laser weapons, incendiary weapons (white phosphorus) and non-detectable fragment weapons. We use MSCI ESG Research as a source.
- The fundamental principles of the United Nations Global Compact (UNGC). We use MSCI ESG Research as a source.
- Our investment principles related to thermal coal sector, based on Urgewald's Global Coal Exit List.
    - We no longer invest in companies developing new thermal coalmines, coal-fired power plants, coal transport or other coal-related infrastructure;
    - We no longer invest in, or provide any new financing to, companies of which:
        - More than 10% of revenues come from activities involving thermal coal;
        - More than 10% of the energy mix (per megawatt generated) is coal-based;
        - Annual production of thermal coal exceeds 10 megatons (MT) per year;
        - Installed coal-fired capacities amount to more than 5 gigawatts (GW);

When companies are not involved in new projects but are exposed to thermal coal beyond the thresholds defined, on a case-by-case basis, we continue to provide financial support to certain companies that are implementing a coal exit strategy that is aligned with the international timetable, takes into account the social impacts of this transition, and whose credibility is demonstrated by quantitative evidence and data.

- The tobacco sector, with a threshold of 5% of sales for producers, suppliers and licensors; and a threshold of 15% of sales for distributors and retailers. We use MSCI ESG Research as a source.
- The palm oil sector, with a threshold of 5% of revenue for producers and distributors. If a company produces or distributes palm oil that is 100% certified by the RSPO label, it may be eligible for investment. We use MSCI ESG Research as our source.

Integrating ESG criteria into direct investment management

We use quantitative data from external providers, especially MSCI ESG Research, which assigns ratings based on a best-in-class approach and a materiality analysis.

In line with our transition approach, MSCI ESG Research's best-in-class philosophy allows us to select issuers in all sectors. In 2021, we have upgraded our ESG data architecture with two new data providers:

- EthiFinance, which provides us with ESG ratings on request and helps optimise ESG coverage of portfolios.
- Carbon4 Finance, which provides us a set of biodiversity footprint data, following CDC Biodiversity's methodology.
- Bloomberg gives us access to complementary ESG data.

Since 2025, we have been working with Bloomberg to implement a solution designed to structure ESG data and processes. This solution is based on three key features: an ESG view by issuer, an ESG summary by portfolio, and monitoring of engagement. ESG profiles are built on a set of data points that are consistent across different systems and can come from all our data providers and internal research.

These elements may be combined with investment cases realized by our internal analyst teams on issuers and/ or sectors represented in portfolios, when presented to the investment managers. The analysts also use companies' publicly available data and integrate elements from discussions with company representatives.

We seek to identify relevant "out of scope" information in our ex-ante ESG profiles analysis and in the ex-post trajectory assessment of the issuer and/or industry. They are based on key impacts and dependencies, such as: controversies (type, severity and recurrence), externalities (carbon/toxic emissions, water consumption, destruction of biodiversity, accidents, layoffs, temporary contracts, fraud, etc.), and contributions (taxonomic alignment, participation in the United Nations Sustainable Development Goals "SDGs", temperature in accordance with the Paris Agreement, etc.).

When it comes to analyzing companies' climate transition plans, we have chosen to draw inspiration from existing recognized frameworks, and to take part in industry initiatives (AFG, IFD) aimed at defining best practices, in order to build our own proprietary analysis grid. This grid is a tool available to our teams of analysts. The analysis integrates the dimensions of financial materiality and impact materiality, and is based on six pillars: governance of climate issues and just transition, transparency of greenhouse gas emissions reporting, public commitments to the climate, robustness of environmental objectives, measures and investments, and observed results in terms of transition. It addresses three major issues:

- Establishing the transition potential of companies, by listing the measures they have already implemented as well as assessing the credibility and relevance of their ambitions;
- Nurture dialogue with companies and define areas for improvement;
- Respond to growing demands (regulations, customers, labels...) to identify and invest in so-called "transitional" assets.

In terms of biodiversity, in 2024 we participated in drafting a practical guide for management companies. We familiarized ourselves with recognized frameworks such as SASB, TNFD, and ENCORE.

Drawing on all these frameworks, we developed a proprietary analysis grid based on four areas: dual materiality at both sector and company levels, policies in place, quantitative performance measurement, and positive contributions. This grid is deployed across a limited number of companies.

It addresses three major challenges:

- Establishing the biodiversity profile of issuers;
- Fostering dialogue with companies and defining areas for improvement;
- Addressing this major challenge for our economies and meeting the needs of our clients.

(1) The scope is available on request.

More specifically as part of our direct equity management and on a limited perimeter of funds[1], we have an internal rating system assigning a composite rating to each issuer in the perimeter. This is made of:

- Of their best-in-class ESG rate established by MSCI ESG Research, using a financial materiality approach,
- Of a series of impact indicators, on the net contribution of issuers to the 17 Sustainable Development Goals, the carbon impact and biodiversity footprint provided by MSCI ESG Research and Carbon4Finance, that we convert into a rating according to an internal methodology, and
- A rating to assess the credibility and robustness of their transition plan. This rating, established by our analysts, is based on our proprietary analysis grid which integrates both financial materiality and impact materiality dimensions.

It should be noted that sustainable issues are studied according to their relevance to the sector and/or the issuer and with the ambition to integrate the dual materiality, i.e. financial and impact. However, given our approach as a transition manager, environmental bias may exist.Through our internal process and MSCI ESG Research ratings, we already consider a broad spectrum of ESG criteria as part of our generalist approach.

The ESG analysis process for our **direct fixed income management** is based on an analysis integrated into credit analysis, conducted with the aim of informing management decisions and contributing to value creation. Structured around risk and based on dual materiality, it combines an assessment of the potential financial impact of ESG issues on the issuer with an analysis of its impact on the environment and society. It provides a comprehensive and operational understanding of an issuer's risk profile.

To limit blind spots, ESG integration is structured around three complementary levels of analysis, covering the entire life cycle of a bond in the portfolio.

- **Level 1** consists of a systematic check of the normative and discretionary eligibility of all issuers in order to immediately identify areas of risk and points of attention. This initial quantitative filter acts as a clear and rapid risk radar, facilitating pre-trade decisions and preventing issuers that are incompatible with our ESG policy from entering the portfolio.

- **Level 2** corresponds to an in-depth qualitative analysis of issuers already in the portfolio that have a risky ESG profile. This analysis, in the form of an ESG SWOT, allows us to refine the credit risk premium, adjust exposure, and integrate sustainability factors that are sometimes absent from traditional metrics, particularly in the environmental and social pillars.

- **Level 3** is based on reactive monitoring of controversies and significant changes in ESG ratings. As soon as an event becomes material, immediate dialogue is initiated with the issuer in order to assess risk management and quickly decide on the measures to be taken: maintenance, reduction, purchase ban, or divestment. This monitoring is reinforced by a dedicated committee that assesses the severity of controversies and ensures consistent, rapid, and documented decisions.

This process is fully operational thanks to close collaboration between credit analysts, the dedicated ESG analyst, and portfolio managers. This proximity ensures a smooth flow of information and flexibility that allows us to quickly detect weak signals and respond effectively to market developments, while ensuring greater integration of ESG issues into management.

Finally, the structured use of dialogue with issuers is a central element of our approach. It allows us to go beyond external ratings, obtain differentiating qualitative information, and improve financial decision-making in real time. This approach helps reduce the risk of extreme events, strengthen portfolio resilience, and identify opportunities related to transition or improved practices..

Taking sustainability factors into account is an ongoing process. Internal assessments are updated on an ad hoc basis, in case of event having major implications on material characteristics of the investment case.

Through our internal process and MSCI ESG Research ratings, we already consider a broad spectrum of ESG criteria as part of our generalist approach.

We are committed to the Net Zero Asset Managers initiative since 2021, for all our open-ended direct investment funds. In 2026, we have renewed this commitment.

We are committed to supporting (i) the Net Zero objective of limiting global warming to 1.5°C by 2050, and (ii) investments aligned with the Net Zero objective.

To achieve this, we have chosen one of the methodologies of the Science Based Target (SBTi) initiative: Portfolio coverage, i.e. a percentage of companies with reduction targets based on climate science and aligned with a 1.5°C temperature rise scenario. In 2022, we have defined an intermediate target for 2030, and aim to hold 75% of companies with targets aligned with a 1.5°C scenario, within the basket of assets held through our open-ended direct management funds.

The Science Based Target initiative establishes greenhouse gas emission reduction frameworks in line with a 1.5°C scenario for each sector. Targets are considered "science-based" if they are in line with most recent climate science, and if they meet reduction levels needed to reach the Paris Agreement's objective of limiting global warming to 1.5°C above pre-industrial levels. All emission scopes are considered. Targets must cover scopes 1 and 2. For companies whose scope 3 emissions account for more than 40% of total emissions, targets must cover all scopes.

We are encountering challenges in pursuing our intermediary target due to a lack of coverage by the SBTi reference framework. The scientific governance committee has not reached a consensus on the fossil fuel sector. The financial sector, which depends on frameworks applicable to other sectors due to its financing activities, is also encountering difficulties in committing to the SBTI to have its decarbonization targets validated. Governments are also not covered by the framework. We are therefore exploring the possibility of implementing other reference frameworks such as TPI or the financial sector's Net Zero alliances, which would complement the SBTi framework.

Integrating ESG criteria into funds of funds

Within our open-architecture activity (funds of funds), we have also defined an approach that integrates ESG criteria into our selection process for funds and alternative UCITS funds.

We have set a unique due diligence questionnaire that integrates ESG criteria allowing us to benefit from a 360-degree analysis encompassing 3 axes of assessment, i.e., the ESG/SRI, investment and operational dimensions. It is conducted at the level of the portfolio management company and of the fund. We assess the following elements in particular:

- The consideration of climate change risks and opportunities within the portfolio management company (existence of a CSR policy, systems for monitoring energy, water and paper consumption, commitments to reduce carbon emissions, etc.), in its investment processes and the company's ability to produce carbon data on its investments, for example.
- The management of human resources and the development of human capital: through our questionnaire and analysis, we seek to address specific criteria, such as the existence of formal employee satisfaction surveys, training structures (percentage of employees, hours of training per employee per year, etc.), as well as how challenges related to the presence of women in the company are considered and managed. We also verify the absence of social controversies and litigation between the company and its employees.
- The governance: we assess the quality and stability of decision-making bodies based on criteria, such as the degree of independence of the management committee, audit and control systems, compensation mechanisms (whether performance-based objectives exist and are related to the management of sustainable development challenges), the capital structure with regards of tax issues, the existence of regulatory litigation, etc.
- The engagement policies implemented by the portfolio management companies, particularly the voting and dialogue policy and their memberships in international initiatives aiming to promote good sustainable practices, including the Carbon Disclosure Project (CDP), UNEP Finance Initiatives, Institutional Investors Group on Climate Change (IGCC), Montreal Carbon Pledge, etc.
- The fund's responsible investment process: the objective is to use qualitative analysis (1) to assess the adequacy between resources (human, IT and extra-financial databases) and the responsible investment process implemented within the fund; (2) to identify the relevance of process (filters, exclusions, ratings, etc.) compared to its philosophy and sustainable themes and its added-value compared to its peers. In addition, we consider the level of disclosure and transparency (including portfolio inventory and funds covered by MSCI ESG Research) and, the fund's ESG rating in absolute and relative terms compared to its peers and/or its benchmark..

Based on information compiled through our proprietary questionnaire, during our discussions with the asset management company and from MSCI ESG Research and Morningstar Direct, the analysts produce an ESG assessment of the asset management company and of the fund. As most of the information used is from the portfolio management company, we are able to conduct these reviews independently of MSCI ESG Research coverage. If the fund is not rated by MSCI ESG Research, we have developed an internal tool to assign an ESG rating to the fund, in accordance with their methodology.

To complement our internal analysis, we produce a scorecard, based on our proprietary methodology, and inspired by a risk/opportunity approach and the materiality challenges identified by MSCI

ESG Research for the financial sector. The scorecard's objective is to guide the analysts in their ESG assessment of the asset management company and of the fund. It provides homogenous research framework and a synthetic overview via the selection of key criteria. This synthesis is based on both tangible, systematic and objective criteria, and on factors that are more qualitative, including analysts' evaluation. This process results in a score ranging from 1 (the best score) to 4.

The criteria for analysis are as follows:

- At the portfolio management company level:
  - **Environmental pillar:** environmental policy at company level, exclusion policies regarding thermal coal, portfolios' carbon emissions, etc.
  - **Social pillar:** human resources management, signatory of UN PRI, exclusion policies related to controversial weapons and fundamental principles, etc.
  - **Governance pillar:** board independence, compensation policy, etc.
- At the fund level: ESG criteria integration into the investment process, ESG rating of the fund, carbon intensity, labels, etc.

4. Engagement

> "We believe that engagement contributes to change by supporting companies in transforming their business models."

Key principles of our engagement policy

As part of implementing our engagement policy for our direct management activities, we interact with companies through individual or collaborative dialogue. It enables us to strengthen our analyses, to ascertain issuers' real willingness and ability to transform, and thus enlight our allocation decisions. With a view to supporting and monitoring "ESG trajectories", we interact regularly and constructively with issuers. This involves a two-way dialogue that can:

- Take place at various stages of the investment cycle (with issuers in the portfolio or which might be added to it), 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 or climate transition objectives;
  - In reaction to subpar sustainable performances, which are generally reflected in downgraded ESG ratings;
- Focus on specific themes:
  - Related to the implementation of our norms-based (controversial weapons, international sanctions, fundamental principles) and sector-based exclusions (thermal coal, tobacco, palm oil);
  - 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, biodiversity, specific exclusions, sustainable performance indicators, ESG rating, 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, although they have their own specificities.

The Engagement Committee is part of a joint approach to steering our engagement activities and enables us to monitor progress over time. 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;
- Ensure the proper archiving of issuer dialogue activities in our internal tool, which enables not only the production of 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;
- Monitor and supervise engagement actions that are part of our escalation procedure;
- 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.

As part of our **open-architecture business**, and fund selection process, we have adopted an integrated approach to ESG criteria with a single due diligence questionnaire allowing:

- A 360-degree analysis of funds and their asset managers;
- Promote the adoption of sustainable investment best practices.

The responses received allow a dialogue and give the opportunity to encourage asset managers to improve their practices, and in particular to:

- Formalize their sustainable investment approach and demonstrate transparency: we encourage management companies to adopt sustainable policies (ESG, commitment, exclusions, etc.), and then to communicate on their sustainable investment approach (commitment and voting reports, participation in industry initiatives, etc.);
- Obtain ESG ratings for their portfolios, which then enable analysts to complete their research;
- Enhance the credibility to the funds' sustainable approaches by obtaining high-quality labels and complying with European and French regulatory frameworks.

More details on our engagement process and mechanisms are available in the dedicated reference document "Engagement and voting policy" published on our website.

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. It is available for free consultation and is regularly updated.

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. The qualitative analysis, on a case-by-case basis, of specific resolutions sometimes leads us to vote differently from the recommendations of our service provider ISS.

Our voting policy covers our entire equity investment perimeter, with no geographical or market-cap distinction. As a result, the scope of voting rights covers European and international equities held in our funds. We reserve the right to exercise, exceptionally, our voting rights in the context of general assembly on bonds and mutual funds.

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

More details on our engagement process and its scope are available in the "Engagement and voting policy" published on our website.

5. Controls

Several teams are in charge of controls at Rothschild & Co Asset Management. These departments are independent and are at the service of fund managers.

Risk management

Rothschild & Co Asset Management has a permanent Risk Management function hierarchically and operationally independent of the operating units. It reports directly to the chief executive officer and is under the operating responsibility of the RMM group's chief risk manager. Risk Management has the human and technical means necessary to carry out its tasks properly. The company does not outsource this task.

Risk Management measures and monitors all risks arising from managing portfolios. Within the framework of its purview, Risk Management draws up a map of financial and sustainability risks that aims to identify and manage all risks that the portfolios are exposed to, including sustainability risks.

Risk Management supervises limits on a daily basis, requirements and constraints specific to funds (AMF doctrine 2020-03, label certifications, SFDR). This mainly involves compliance with:

- Product-specific exclusions
- Coverage rates in ESG ratings
- Average rating objectives, issuer minimum ratings
- Performance targets and coverage of sustainability indicators
- Taxonomic alignment and sustainable investments minimums
- Reinforcement/purchase bans in case of controversies
- And the coherence of portfolios with their initial investment universe

In the event of breaches, risk management is in charge to inform the relevant portfolio manager.

The Risk Management team is also responsible for the definition and monitoring of internal limits governing sustainability risks.

Each time the ESG data used is updated, the team ensures that it is consistent when integrated into the systems. To this end, it carries out a systematic check of the various indicators, monitoring high variations, coverage rates and data quality for qualitative indicators.

Finally, Risk Management maintains the ESG data map, which lists the various data flows, their sources and the applications that use them. This ensures the overall consistency of the data used.

Compliance

The mapping of non-compliance risks, operational risks and conflicts of interest take ESG risks into account. The compliance activity plan includes ESG actions and controls (in particular reviews of regulatory policies and reports, labels, etc.)

On a daily basis, the department monitors compliance with the entity common exclusions framework.

The Compliance team is in charge of:

- Regulatory monitoring to ensure that any new regulation has been addressed by the company;
- Major controversies watch, identified by MSCI ESG Research for the positions held in our portfolios;
- Offering assistance and information to employees to ensure awareness regarding their professional obligations.

Internal Controls

The internal control plan includes ESG & labels related verifications processes.

The second level of control, permanent and a posteriori of operations, is carried out by the Internal Control team. The main task of this team is to monitor compliance with procedures and the quality of the tools put in place and the presentation of ESG commitments in the funds' legal documentation. The controls assess the effectiveness of the first-level controls.

Internal Auditing

Periodic control is carried out by the internal audit department as part of an audit plan defined by the Audit Committee at Group level. This plan includes ESG controls.

In particular, an internal audit dedicated to ESG took place in 2023.

Portfolio management & ESG controls

As ESG data from external providers used for portfolio quantitative constraints are fully integrated in our operational systems, enabling continuous ESG monitoring. Our entire value chain (teams in charge of compliance, risk management, portfolio management and reporting) is covered by the same ESG data flow (updated quarterly), which allows us to monitor daily and in real time ESG constraints and requirements coded in trading systems by the Compliance team (with a common exclusion framework) and the Risk Management team (product-specific ESG requirements).

The investment management teams have access to ESG data and can follow their sustainability constraints daily via their Bloomberg portal. Allocations within portfolios and their impacts on sustainability requirements are thus monitored in real time by fund managers.

ESG reports are produced monthly with the same ESG data flow. They are reviewed and validated by the Investment teams.

These mechanisms complement the investment committees and risk committees, which meet regularly to discuss in greater depth the ESG risks and challenges of a specific issuer and/or portfolio. To monitor changes in ESG ratings and controversies, we have set up automatic daily and weekly notifications

from the MSCI ESG Research platform. The investment teams monitor news flow daily and disseminate relevant information every morning at the investment meeting . As regards to controversies management identified by Compliance or analysts, we have set up two controversy committees, the Qualification Committee and the Major Cases Committee, with the participation of the Risk Management, Compliance, Sustainable investment teams and the Managing Partners. The management teams that own the controversial issuer, as well as the analysts dedicated to the sector in question, participate on a case-by-case basis. The two committees distinguish themselves by qualifying each controversy according to its severity and materiality. They determine the appropriate escalation and monitor it. Our process for managing controversies is detailed in the engagement and principal adverse impact policies.

6. ESG reporting

The ESG quality of our directly managed funds and funds of funds is reflected in ESG indicators. These indicators are published on a monthly[1] basis, alongside financial performance indicators.

To highlight the ESG profile:

- The portfolio's ESG score
- Distribution of ESG ratings within the portfolio and by sector
- Review of the portfolio's ESG rating trajectory

To highlight environmental performance:

- Environmental score
- Carbon intensity, calculated in tons of scopes 1 & 2 carbon emissions per million euros or dollars of revenues, review of deviations with indices, detailed contribution per sector and identification of the most contributing issuers or funds

Scopes 1 and 2 are the most heavily documented

Scope 1	Scope 2	Scope 3
Direct emissions	Indirect emissions from energy use	Indirect emissions incurred by other stages in a product's lifecycle
Emissions from fixed or mobile installations located within the organisational perimeter	Greenhouse gas emissions incurred by consumption of electricity, heat, steam or artificial cold	Apart from its production alone and which the company can influence but does not benefit from direct control (supply, transport, use, end-of-life, etc.)

Sources: Companies, MSCI ESG Research, Carbon Disclosure Project

$$\frac{\text{Calculation of an issuer's carbon intensity tons of CO2 emission}}{\text{by Revenues (in million}}$$

Calculation of a portfolio's carbon intensity of n title:

$$\sum_{i=1}^{n} \text{weight of the title i x carbon intensity of the title i}$$

To highlight social and good governance performances:

- Social score
- Governance score
- Presence of women on the Board of Directors

To highlight the trajectory and the consideration of transition challenges:

- SBTi "Target Set" and "Committed" reduction targets
- Taxonomy alignments: % of revenues and capital expenditures (CAPEX)
- Exposure to "stranded assets"
- For funds of funds only, a focus on energy transition, with an assessment of exposure to fossil fuel and coal reserves of underlying companies

To highlight biodiversity issues:

- Assessment of water-related risk and opportunity management practices, according to CDP

To highlight the participation of directly managed investments to the United Nations Sustainable Development Goals:

- The percentage of the portfolio aligned with each of the 17 SDGs

For transparency of our products classified Article 8 and 9 according to SFDR, at annual frequency:

- Percentages of taxonomic alignment reported by companies
- Percentages of sustainable investments, as per our definition
- Principal adverse impacts of investments on sustainability factors

(1) Except for category 3 products in accordance with AMF doctrine DOC-2020-03, in which case they are available on request.

7. Industry initiatives

> “We are confident that addressing sustainability challenges is a structural and unmissable trend in our business.”

Engaging collectively

We have chosen to join a limited number of initiatives that are directly referring to our investment themes, in order to be involved in developing and disseminating best practices. Our contributions to the initiatives presented below are detailed in our annual engagement and voting report.

We take part in working groups that include financial actors to promote credible and pragmatic sustainable finance that is applicable to all asset management:

AFG

- Responsible Investment Committee
- Club Diversities in asset management companies
- Operational working groups on Transition Plans and Just Transition
- Regulatory working groups on SFDR 2.0 and Sustainability Preferences (MIF)
- IFD working group on Climate Risk Analysis
- ESG Data provider working group

EFRAG
European Financial Reporting Advisory Group

- Advisory committee on the definition of ESRS standards for the capital markets sector

FIR FORUM POUR L'INVESTISSEMENT RESPONSABLE

- Disability and Finance working group
- AI and Sustainable Investment working group
- ESG workshop for Corporates & Investors
- Member of the “Research” Committee

We are member of investor coalitions that engage with companies on climate & just transition challenges:

Climate Action 100+

- Joining the initiative to enhance governance on climate change

Nature Action 100

- Joining the initiative to support companies in addressing nature and biodiversity issues

FIR Forum pour l'Investissement Responsable

- Member of the "Dialogue and Engagement" committee
- Participation in written questions to CAC 40 companies campaigns
- Collaborative engagement initiative on Just transition

As a portfolio management company, we take active part in these climate and transition challenges, by inscribing our management activities into demanding and recognised frameworks:

PRI Principles for Responsible Investment

- Signatory of the UNPRI since 2011
- Answer to 2025 and 2026 questionnaires

urgewald

- Use of the Global Coal Exit List and Gloal Oil and Gas Exit List of Urgewald, an NGO

The Net Zero Asset Managers initiative

- Joining the Net Zero Asset Managers initiative to act in favour of the climate and meet the Net Zero objective

Label ISR – Investissement Socialement Responsable

- French state label
- 1st fund in our 4Change range to receive the label in 2020

Towards Sustainability

- Private label from the Belgian financial sector
- 1st fund in our 4Change range to receive the label in 2020

label finansol – fair.

- Private label committed to solidarity-based finance
- 1st fund in our 4Change range to receive the label in 2023

Alongside these initiatives and our sustainable investment ambitions, we are involved in support of associations.

We have a partnership with Café Joyeux and Biscornu, whose common goal is to promote the reintegration of mentally or cognitively disabled people through work in an ordinary environment.

The CSR policy implemented by Rothschild & Co is available on the Group's website.

8. Investor disclosures

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

Policies / General documentation

- ESG policy
- Engagement and voting policy
- Exclusion policy relating to controversial weapons
- Exclusion policy relating to fundamental principles
- Investment principles for the thermal coal sector
- Exclusion policy relating to tobacco
- Exclusion policy relating to palm oil
- Exclusion ledger
- Principal Adverse Impacts policy
- Sustainability risk policy in investing
- Definition of sustainable investment
- Remuneration policy

Specific documents

- AFG-FIR Transparency Code for “4Change” range
- List of open-ended funds and their SFDR category
- Prospectus, including SFDR pre-contractual disclosures related to funds classified as Article 8 and 9

Reports

- Annual engagement report, including our voting rights report
- Article 29 of the French Energy and Climate Law report
- Rothschild & Co Asset Management’s CSR report
- Rothschild & Co’s CSR report
- The UN PRI transparency report, available on the PRI website
- Financial & ESG reporting of our open-ended funds
- Annual reports, including SFDR periodical disclosures related to funds classified as Article 8 and 9

Glossary

SFDR Regulation

The European SFDR (Sustainable Finance Disclosure Regulation), came in force on March 10, 2021, aims to harmonize transparency obligations and the publication of sustainability information in the financial services sector. It defines 3 categories:

- Article 9: the product has a sustainable investment objective.
- Article 8: the communication promotes environmental and/or social characteristics, even if it is not its main focus, nor the main focus of the investment process.
- Article 6: the product may integrate extra-financial criteria into its investment management, but does not promote environmental and/or social characteristics, nor does it have a sustainability objective

AMF Doctrine 2020-03

Effective since March 2020, these principles aim to ensure proportionality between the effective consideration of extra-financial factors in investment and the space dedicated to them within communications to investors. There are 3 categories:

- The first category covers products with a significant investment commitment.
- The second category includes products that follow extra-financial criteria but have no significant investment commitment.
- The third category covers the rest of the products that do not meet central or reduced communication standards.

Rothschild & Co Asset Management, a “société en commandite simple” [French limited partnership] with a share capital of EUR 1,818,181.89, registered with the Paris Trade and Companies Register under number B 824 540 173, having its registered office at 29, avenue de Messine in Paris, France (75008). Portfolio Management Company approved by the AMF, under number GP-17000014.

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