



EDMOND
DE ROTHSCHILD

ASSET MANAGEMENT

RESPONSIBLE INVESTING POLICY



EDMOND DE ROTHSCHILD, BOLD BUILDERS OF THE FUTURE



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RESPONSIBLE INVESTING POLICY

With the belief that investment should be a driver for social and environmental change, the Edmond de Rothschild Asset Management teams continue to reinforce their commitment to responsible investing. In 2020 new funds obtained the French SRI label. The management company has also firmly committed to integrating ESG considerations (Environmental, Social and Governance) into all investments between now and the end of 2021.

It is our responsibility to plan the most efficient ways of integrating them and to determine their added value, a fortiori in a context of regulatory change and the increasingly strict standards of transparency in managing our assets.

Following the launch of our first Socially Responsible Investing (SRI) fund in 2009, and our continued efforts, which materialised in 2010 with our signing the internationally recognised PRI (Principles for Responsible Investment standards), we have developed a particularly robust SRI expertise, validated by the confidence of our institutional investors.

Based on its proprietary ESG analysis expertise, Edmond de Rothschild Asset Management (France) has gradually integrated material ESG issues into the various asset classes. This approach promotes synergies between the entities of the Group and meets the growing requirements of investors.

Operational deployment of this strategy will enable us to continue to move forwards, with a view to raising our financial and extra-financial performance standards, thereby creating a model which is both more sustainable and with the goal to better manage long-term risks.

INTRODUCTION: DEFINING RESPONSIBLE INVESTING

SOCIALLY RESPONSIBLE INVESTING (SRI)

There is currently no regulatory definition applicable to all actors, only coexisting normative definitions. SRI refers mainly to two different approaches:

- ▶ One described as “ethical”, which has arisen mainly in English-speaking countries, inspired by moral and religious values and resulting in the exclusion of certain sectors/activities (weapons, tobacco, alcohol, etc.) from the investment universe;
- ▶ Another, which is particularly well developed in continental Europe, focused on how issuers take sustainable development issues (ESG) into account in managing their businesses.

These two approaches are incorporated into management strategies in a variety of ways.

Thus, in France and Europe, SRI is defined by the AFG and FIR-Eurosif (2) as “an investment that seeks to balance economic performance and social and environmental

impact by financing companies and public entities that contribute to sustainable development, whatever the sector. SRI promotes a sustainable economy by influencing actors’ governance and behaviour”.

Eurosif (3) has identified seven SRI strategies: negative screening/specific exclusions (sector-based or other); norms-based exclusions; positive best-in-class screening and its variations; ESG-themed approach; ESG integration factors in financial analysis; engagement and voting practices on sustainability matters; and community investing/impact investing more broadly.

1. www.unpri.org
2. <http://www.semaine-finance-responsable.fr/la-finance-responsable>
3. <http://www.eurosif.org/wp-content/uploads/2018/11/European-SRI-2018-Study.pdf>

OUR COMMITMENT

FOUNDATION

The Edmond de Rothschild group has been committed to supporting the major changes shaping our society for over 250 years, with the belief that wealth is not an end in itself, but an opportunity to influence the world and make it better.

This means that investment is handled as a creative force, giving form to our beliefs and having a concrete impact on the real economy. Therefore, we are adopting a pragmatic approach by supporting companies invested in their sustainable growth. Our approach is positive and aims to improve on the existing.

Our approach is dynamic: responsible investing is the

focus of our innovation, both designing new products and developing new measurement tools.

It is also focused on the long term: we believe that by freeing ourselves from the immediacy of the financial markets we can come up with long-term investment solutions that combine financial, social and environmental performance.

Finally, we stand by our independence: to protect the freedom to state our opinions and exercise our responsibility as active and engaged shareholder, but also to develop our own ESG ratings in order to be proactive and control the whole of our value chain.

AMBITION AND OBJECTIVES

We wish to draw up strategies anchored in the real economy, combining financial performance with a positive environmental and social impact. Our commitment is organised around four themes:

- ▶ Integrating ESG criteria into the financial analysis with an objective set at 100% in 2021
- ▶ Managing climate risk via a "2 degrees" roadmap to guide our investments

- ▶ Dialogue and engagement to influence and encourage companies to develop their business model in line with sustainable development

- ▶ Innovation as a result of investments in order to increase the share of our assets invested according to sustainable finance principles

MAIN GUIDELINES SUPPORTING OUR COMMITMENT



THE PRI => STRENGTHEN OUR EFFORTS TO EMBED ESG FACTOR ANALYSIS INTO OUR INVESTMENT STRATEGIES

To support the development of its SRI expertise, Edmond de Rothschild Asset Management (France) chose to endorse its long-term commitment by signing the United Nations' "Principles for Responsible Investment" (PRI). As a signatory of these international standards, Edmond de Rothschild Asset Management (France) is firmly committed to deploying resources and harnessing our teams' efforts to embed ESG factors across the firm's investment strategies.

This signature of the PRI demonstrates the Edmond de Rothschild group's willingness and commitment.

In this respect, Edmond de Rothschild Asset Management (France) will gradually deploy the 6 principles below across our operations, thereby incorporating environmental, social and governance issues into our investment process.

- ▶ **Principe 1** : Our analysis and investment decision making process shall take into account Environmental, Social and Governance factors.

- ▶ **Principe 2** : We shall be active investors who incorporate ESG issues into our ownership policies and practices.

- ▶ **Principe 3** : We will seek appropriate disclosure on ESG issues by the entities in which we invest.

- ▶ **Principe 4** : We will promote acceptance and implementation of the Principles within the investment industry.

- ▶ **Principe 5** : We shall work on a collaborative basis in order to improve our efficiency in the implementation of these Principles.

- ▶ **Principe 6** : We shall communicate on our activity and disclose progress reports in the implementation of these Principles.

The Edmond de Rothschild Group sustainable development strategy

The Edmond de Rothschild Group has drawn up a reference framework in order to identify the issues concerning us, providing the opportunity to have a positive impact on the company while creating value in the long term. This framework is divided into five pillars, the foundation of our sustainable development approach.

Our Responsible Investing Policy is one of the pillars and is implemented in accordance with our Corporate Social Responsibility (CSR) policy.



ACTIVE CONTRIBUTIONS TO INDUSTRY THINK TANKS

Taking an active part in French and international think tanks in order to strengthen the professional deployment of SRI

Edmond de Rothschild Asset Management (France) takes part actively in established or recent initiatives by the financial community to promote and disseminate SRI and reflect on ESG related matters.

- ▶ in France, particularly within the AFG's(1) SRI Commission, the research committee of the Responsible Investment Forum (FIR), and the office of the Observatoire de l'Immatériel (WICI)(2) France);
- ▶ in Europe by being involved for around ten years with the Eurosif- European Sustainable Investment Forum, taking leadership within WICI Europe and the ESG committee of EFFAS(3), (our Head of RI is respectively chairman and co-chairman, or more recently by contributing to the EFRAG European Reporting Lab (4)).
- ▶ internationally, via its active involvement in various initiatives and working groups within the PRI, such as the French-speaking network or the working group on green taxonomy created in 2020, but also via the ICGN(5) and the CDP(6).

Edmond de Rothschild Asset Management has also publicly asserted its commitment to responsible investing by signing up to two global initiatives:

- ▶ The first for climate with the signature of the Montréal Carbon Pledge on 1 December 2015, under which it is committed to measuring and publishing the carbon footprint generated by its investments every year. That carbon footprint can be accessed on our website using the following link: http://www.edmond-de-rothschild.com/SiteCollectionDocuments/_asset-management/isr/EDRAM-FR-EN-empreinte-carbone-carbon-footprint.pdf

- ▶ The second signed in autumn 2016 in accordance with both its fiduciary duty and its desire to promote responsible investing/ESG, which forms part of that duty, i.e. the “Global Statement on Investor Obligations and Duties” launched by UNEP-FI and PRI (<http://www.unepfi.org/fileadmin/documents/FiduciaryDutyStatement.pdf>)

Edmond de Rothschild Asset Management (France) supports since 2007 the academic work on Responsible Investment led by the Sustainable Finance Chair and Responsible Investment (FDIR) of Ecole Polytechnique and Toulouse School of Economics (<http://fdir.idei.fr/>). Edmond de Rothschild Asset Management (France) supports the FIR-PRI prize, which our Head of Responsible Investment co-founded. Finally, Edmond de Rothschild Asset Management (France) supports the academic work on SRI conducted by the Sustainable Finance and Responsible Investment Chair of AFG - FDIR (<http://fdir.idei.fr/>).

1 French Association of Financial Management

2 World International Capital Initiative adopted by the OECD: http://www.wici-global.com/aboutwici_jurisdictions_europe

3 European Federation of Financial Analysts Societies

4 European Financial Reporting Advisory Group

5 International Corporate Governance Network

6 Carbon Disclosure Project

PRINCIPLES FOR ACTION

Since 2013 Edmond de Rothschild Asset Management (France) has had a responsible investing strategy, underpinned by solid governance. This strategy aims to: Mitigate risks and identify opportunities to make our investments more sustainable.

Our 2017-2020 RI Strategy is based on a demanding ESG integration approach covering the scope of our activities, the development of an SRI range and a desire for dialogue and engagement with the companies in which we invest. It also integrates the risks and opportunities of climate

issues. This ambitious framework for action has created a positive dynamic, mainly demonstrated by the fact that PRI reporting ratings place our RI approach and expertise among the leaders of our international peer group year after year.

The 2021-2024 investment strategy will enable us to accelerate and expand our approach and bolster the transversal ESG aspects of the various activities of the Edmond de Rothschild Group.



OUR APPROACH TO RESPONSIBLE INVESTING

OUR INVESTMENT ETHICS

As a responsible investor, Edmond de Rothschild Asset Management (France) pays particular attention to:

- ▶ Fulfilling our responsibility as shareholders,
- ▶ Focusing on wealth preservation in the management of our funds,
- ▶ Defending the interest of our funds' shareholders,
- ▶ Consistently seeking to generate returns in order to create long-term value.

For Edmond de Rothschild Asset Management (France), a company's long-term sustainability is a key investment criterion. This durability is rooted in economic, financial,

social, environmental and corporate governance factors, including:

- ▶ Looking to create value over a long-term horizon,
- ▶ Managing financial and economic variables,
- ▶ Striving to set up good governance,
- ▶ Ensuring a sound and inspiring workplace,
- ▶ Striving to reduce environmental impact,
- ▶ Maintaining sound relationships with stakeholders (clients, providers, civil society...),
- ▶ Managing risks and opportunities in relation to sustainable development.

REFERENCE FRAMEWORK FOR OUR ISSUER ESG ANALYSIS

Over the last ten years Edmond de Rothschild Asset Management (France) has created a proprietary extra-financial analysis and ratings methodology, based on an in-depth analysis of the criteria linked to the three pillars E, S and G (Environment, Social, Governance).

ENVIRONMENT (E)	SOCIAL (S)	GOVERNANCE (G)
<p>Environmental risk management</p> <ul style="list-style-type: none"> • Environmental programmes • Integration of climate change risks <ul style="list-style-type: none"> • Respect for biodiversity <p>Green innovation and Impact of product</p> <ul style="list-style-type: none"> • Added value of products and services, innovation <ul style="list-style-type: none"> • Eco-designed products <p>Environmental footprint</p> <ul style="list-style-type: none"> • Greenhouse gas emissions <ul style="list-style-type: none"> • Energy consumption • Water consumption • Waste treatment • Pollutant release 	<p>Human Resource Management</p> <ul style="list-style-type: none"> • Employee loyalty • Career and training management (Job and Competency Planning) <ul style="list-style-type: none"> • Training and diversity • Attractiveness of talents • Health and Safety Management <p>Societal impact</p> <ul style="list-style-type: none"> • Restructuring and Employment management <ul style="list-style-type: none"> • Supplier relations • Social added value of the product or service <ul style="list-style-type: none"> • Licence to operate <p>Customer relationship</p> <ul style="list-style-type: none"> • Information and safety related to products and services <ul style="list-style-type: none"> • Customer satisfaction 	<p>Business ethic and fundamental rights</p> <ul style="list-style-type: none"> • Respect for human rights and fundamental labour rights (incl. child labour) • Fight against corruption and anticompetitive practices <ul style="list-style-type: none"> • Fiscal transparency <p>Board</p> <ul style="list-style-type: none"> • Independence of the Board and its Committees (audit, remuneration,...) <ul style="list-style-type: none"> • Separation of powers • Board diversity <p>CEO and Executive Committee</p> <ul style="list-style-type: none"> • Board diversity • Composition and operation of the Executive Committee <ul style="list-style-type: none"> • Profile and succession planning of the CEO • Transparency and relevance of executive remuneration <p>Shareholders</p> <ul style="list-style-type: none"> • Audit and internal control <ul style="list-style-type: none"> • Awareness on the interests of minority shareholders

Edmond de Rothschild Asset Management (France)'s rating methodology and extra-financial analysis matrix were defined and are updated on the basis of existing references, including:

- ▶ **General:** United Nations Global Compact, International Integrated Reporting Initiative (IIRC), Sustainability Accounting Standards Board (SASB)
- ▶ **Environment:** United Nations Convention on Climate Change, 2016 Paris Agreement for the Climate

- ▶ **Social:** Ottawa Convention (Anti-personnel mines) and Oslo Treaty (Cluster Bombs), Universal Declaration of Human Rights, WTO Conventions
- ▶ **Governance:** United Nations and OECD Anti-corruption Conventions, Extractive Industries Transparency Initiative, OECD Principles on Corporate Governance, Principes de l'OCDE sur la gouvernance d'entreprise

At this time it covers approximately 350 European issuers (equities and credit), including all of the MSCI Europe.

SOVEREIGNS ANALYSIS FRAMEWORK

We incorporate into our analysis of European sovereigns a list of 25 ESG indicators that could positively impact the long-term growth outlooks for different countries. Our internal sovereign issuer rating model includes criteria linked to the E, S and G pillars such as :

- ▶ Greenhouse gas emissions in relation to total energy consumption
- ▶ PISA score (international programme measuring

student performance) in relation to education spending

- ▶ Position on Corruption Perceptions Index of the NGO Transparency International

This model gives rise to a classification and a progress score, based on the relative position of each country. It is regularly revised and is to be extended to the end of 2020 for all OECD and emerging country sovereign debts.

INTEGRATION OF UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The sustainable development goals (SDGs), set in 2015 by the United Nations member states, include 17 goals to be reached by 2030, grouped into 5 domains: people, prosperity, planet, peace, partnership. For investors, they provide a roadmap for standardising impact measurements.

Since 2018 Edmond de Rothschild Asset Management (France) has incorporated these SDGs into its private and sovereign issuer analysis (equities and bonds). Not all SDGs are taken into consideration to analyse each security, only those on which the company has a real impact. We have implemented a system for assessing the security positively or negatively, depending on the intensity of sustainable development in the sector. We are particularly vigilant concerning companies' statements of contribution to the SDGs in order to assess the real scope of said efforts. Using our analysis we can identify and quantify the contribution of a company, a fund or an investment universe for each SDG.



The SDGs most activated as part of our analysis are as follows:



THE RESPONSIBLE INVESTING APPROACHES OF EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE)

The choice of RI approaches developed by Edmond de Rothschild Asset Management (France) is underpinned by three main motivations:

- ▶ A combination of strong ESG and financial convictions designed to enhance the risk/opportunity analysis developed for each given company.

- ▶ The desire to launch innovative analytical and investment tools for our clients.

- ▶ The ability to adapt and meet new demands in terms of ESG criteria integration from institutional investors and private clients.



These approaches are far from being mutually exclusive and on the contrary create a matrix that can be used to implement complementary and holistic responsible investing approaches aimed at having an impact on the real economy.

NEGATIVE SELECTION: SECTOR AND REGULATORY EXCLUSION

Edmond de Rothschild Asset Management (France) has established a formal exclusion policy that incorporates controversial weapons, thermal coal and tobacco (1). It covers all of our asset portfolios and geographical areas. To ensure compliance, exclusions are configured as pre-trade and post-trade limits in the management tool. Exclusion lists are updated at least annually.

Our controversial weapons exclusion policy concerns stocks involved in the production or sale of weapons prohibited by international conventions (cluster munitions and anti-personnel mines, biological and chemical weapons), in the World zone for all funds managed.

The thermal coal exclusion policy covers mining companies and electricity producers that generate a significant portion of their turnover from thermal coal extraction and coal-based electricity production, unless a clear diversification strategy is in place and is consistent with a 2°C scenario/below 2°C and ideally validated by the Science-Based Target (SBT) Initiatives. It is also part of our Climate roadmap, which aims to “decarbonise” our portfolios by 2040.

In line with the WHO, Edmond de Rothschild Asset Management (France) considers tobacco to be a proven threat to public health. Our exclusion policy therefore applies to tobacco-producing companies or companies for which tobacco distribution is a central activity.

Edmond de Rothschild Asset Management (France) has also drawn up a list of excluded countries and a list of

countries under surveillance (countries under national or international sanctions or embargoes) for which the agreement of its internal audit and compliance department must be obtained before any investment in equities, corporate debt or sovereign debt.

ESG POSITIVE SELECTION

Edmond de Rothschild Asset Management (France) has chosen the Best-In-Universe methodology to build up its generalist SRI open-ended fund range. We started in 2009, with the launch of EdR Sicav Euro Sustainable Growth, euro equity fund and first SRI fund of the Edmond de Rothschild Group. In 2015 an SRI open-ended fund was launched on our bond management expertise: EdR Sicav Euro Sustainable Credit. It should be noted that in 2017 these two open-ended funds were awarded the SRI label (2) supported by the French Finance Ministry. This label is awarded to funds meeting a set of criteria balancing economic performance and social and environmental impact by financing companies and public entities that contribute to sustainable development, whatever the sector.

On this basis, we developed SRI cover for the different asset classes and we are involved in different SRI themes. This process is carried out both by transforming existing funds and by launching innovative new funds.

Thus in 2019 the SRI range was enhanced by the EdRF Global Sustainable Convertibles fund, the first SRI fund on the market in its category. Since 2020 we have also been covering the diversified funds asset class via the SRI labelling of the EdRF Income Europe fund. We also systematically seek the labelling of our SRI funds in order to guarantee the solidity and consistency of our approach.

In terms of themed SRI funds, we are already positioned on the sustainable development themes of health, the energy transition and human capital.

The intention is to expand this range in order to respond to the growing market demand and offer a relevant choice of SRI funds to our clients. It complements our traditional range that it supplies in terms of considering ESG issues.

In parallel we work closely with institutional investors; our proprietary analysis methodology allows us to offer them tailor-made solutions (e.g. best-in-class, best-in-universe, specific exclusions, sustainable development or climate goals).

At this time we manage several SRI institutional mandates on behalf of French, European and international investors.

DIALOGUE AND ENGAGEMENT

For Edmond de Rothschild Asset Management (France) dialogue and engagement are a duty to our shareholders. In fact our goal is to initiate and maintain constant and constructive dialogue with the companies in which we are invested in order to be a true player of change in developing ESG best practices. Our extended approach also covers the equities and credit asset classes. As active investor, it is also our duty to be accountable and transparent about our actions, in accordance with principle no. 2 of the Principles for Responsible Investing (PRI), of which Edmond de Rothschild Asset Management has been a signatory since 2010.

The purpose of active engagement is to make companies react on certain ESG or financial issues and encourage them to make changes with regard to these aspects, which would result in a rerating of the company's multiples, credit spread reduction and/or a better earnings growth trajectory, ultimately improving their market performance.

Our structured approach involves individual or collective dialogue with companies, pre-assembled dialogue, voting in general meetings and if necessary participation in filing resolutions at meetings.

Dialogue with companies consists of both knowing companies better and refining the ESG ratings carried out by the Responsible Investing team but also promoting best practices with the companies met. Thus it forms an integral part of the management process.

The objectives of our approach of dialogue/engagement with companies concern three levels:

- ▶ Transparency
- ▶ ESG operational performance
- ▶ Sustainability strategy

The Edmond de Rothschild SICAV Tricolore Rendement (EdR SICAV Tricolore Rendement) fund is the spearhead of our in-depth dialogue approach: mostly invested in French company equities, since 2009 it has incorporated an ESG engagement approach, that is, a more formalised and monitored approach than simple dialogue.

Edmond de Rothschild Asset Management (France) also reports on the initiatives arising from this ESG engagement policy in its annual report on exercising voting rights and the ESG Engagement Reporting of the Edmond de

Rothschild Tricolore Rendement fund. These documents are accessible on our website in the section "Our Areas of Expertise / Responsible Investment" (3).

EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE) VOTING POLICY

This voting policy, effective since the 2010 voting season in General Meetings of Shareholders, is applied in a standardised form to all stocks held in the portfolios for which the interests of Edmond de Rothschild Asset Management (France) in the capital are above 0.01%, whatever the nationality of the issuing companies, when the information provided by the issuer is sufficient and the depositories are able to take the vote into consideration. Each year, encountering specific cases or cases not provided for in our policy leads us to review said policy and potentially amend it.

Additionally, the principles of this voting policy are consistent with the RI approach deployed by Edmond de Rothschild Asset Management (France) since, in addition to the fundamental aspects linked to governance, they anticipate in detail the positions taken by Edmond de Rothschild Asset Management (France) in the case of Environmental and Social resolutions submitted to shareholder votes.

The Edmond de Rothschild Asset Management (France) engagement approach is the same for the equities and bond asset classes, except for the two aspects of pre-GM dialogue and filing resolutions. We consider that engagement is less relevant on the monetary asset class.

For further details about our voting and engagement policy, please consult the Engagement Policy document on our website (4).

ESG INTEGRATION

In accordance with our long-term investment policy and as a signatory of the PRIs, Edmond de Rothschild AM (France) committed firmly to promoting integration of the ESG considerations into analysis of the investments and into our management processes. In fact, we believe that advance integration of non-financial risks contributes to better understanding of the risks and opportunities, and therefore to identifying the issuers with the greatest performance potential in the long term.

Thus, Edmond de Rothschild AM (France) defines 10 criteria for measuring the intensity of ESG integration of its funds. We consider that funds have an ESG integration approach when they meet at least 8 criteria out of 10; the funds in our specific SRI range meanwhile meet at least 10 criteria.

The criteria, adapted to the specific features of each asset class, have been selected to:

- ▶ Guarantee all portfolio managers have appropriate knowledge of the main ESG characteristics and the carbon footprint of their portfolios, as a starting point to enable better management;

- ▶ Help identify the companies most exposed to extra-financial opportunities and risks;
- ▶ Make portfolio managers aware of the impacts of ESG criteria on company valuations;
- ▶ Encourage portfolio managers to support and consider ESG factors.

Our ESG integration approach involves the different management teams working closely together. A summary ESG SWOT analysis framework for analysts and managers was formalised in 2019. This tool is intended to be extended to all management teams, as leverage for increasingly advanced ESG integration.

According to our methodology, at the end of December 2019 51% of our assets under management and 76% of the assets under management of our open-ended funds are managed using ESG integration; the objective was to cover 100% of the assets under management at the end of 2021.

1. <https://www.edmond-de-rothschild.com/SiteCollectionDocuments/asset-management/isr/EDRAM-FR-Politique-Exclusion.pdf>

2. <http://www.lalabelisr.fr>

3. <http://www.edmond-de-rothschild.com/SiteCollectionDocuments/asset-management/isr/EDRAM-voting-policy.pdf>

4. <https://www.edmond-de-rothschild.com/SiteCollectionDocuments/asset-management/isr/EDRAM-FR-Politique-Engagement.pdf>

CONSIDERATION OF THE CLIMATE CHANGE ISSUE

We believe that the effects of climate change should be taken into consideration as part of our fiduciary responsibility, insofar as they are connected to securing the long-term yield of our funds and the optimum consideration of the long-term interests of our investors. The far-reaching changes in progress, and indeed the climate emergency, present significant risks and offer as many investment opportunities. They highlight the importance of a 360-degree approach, preceded and/or complemented by an approach of dialogue and engagement with companies on climate risk and an investment approach in favour of the energy transition for green growth.

We refer to several existing climate approaches, particularly the Montreal Carbon Pledge signed by Edmond de Rothschild AM (France) in 2015, the CDP (Carbon Disclosure Project) and the TCFD's 2017 recommendations intended to support companies in their efforts to consider climate risk.

Our desire is to ensure, through our financing choices and our engagement with companies, that our investments have a very limited climate change trajectory that is compatible with the Paris Agreement.

As a result in 2017 Edmond de Rothschild (France) implemented a climate strategy, expressed in a 2°C roadmap. It includes a proprietary scoring model based on the TCFD classification that quantifies the main climate risks and opportunities in the various sectors and sub-sectors of the economy. This model differentiates 5 risk levels and 5 opportunity levels by defining three periods: short term 2017-2020, medium term 2020-2030 and long term 2030-2040. Our roadmap inserts fully into our responsible investing management investment philosophy and progress in this area is gradual, as methodologies and the access to data provided by companies improve.

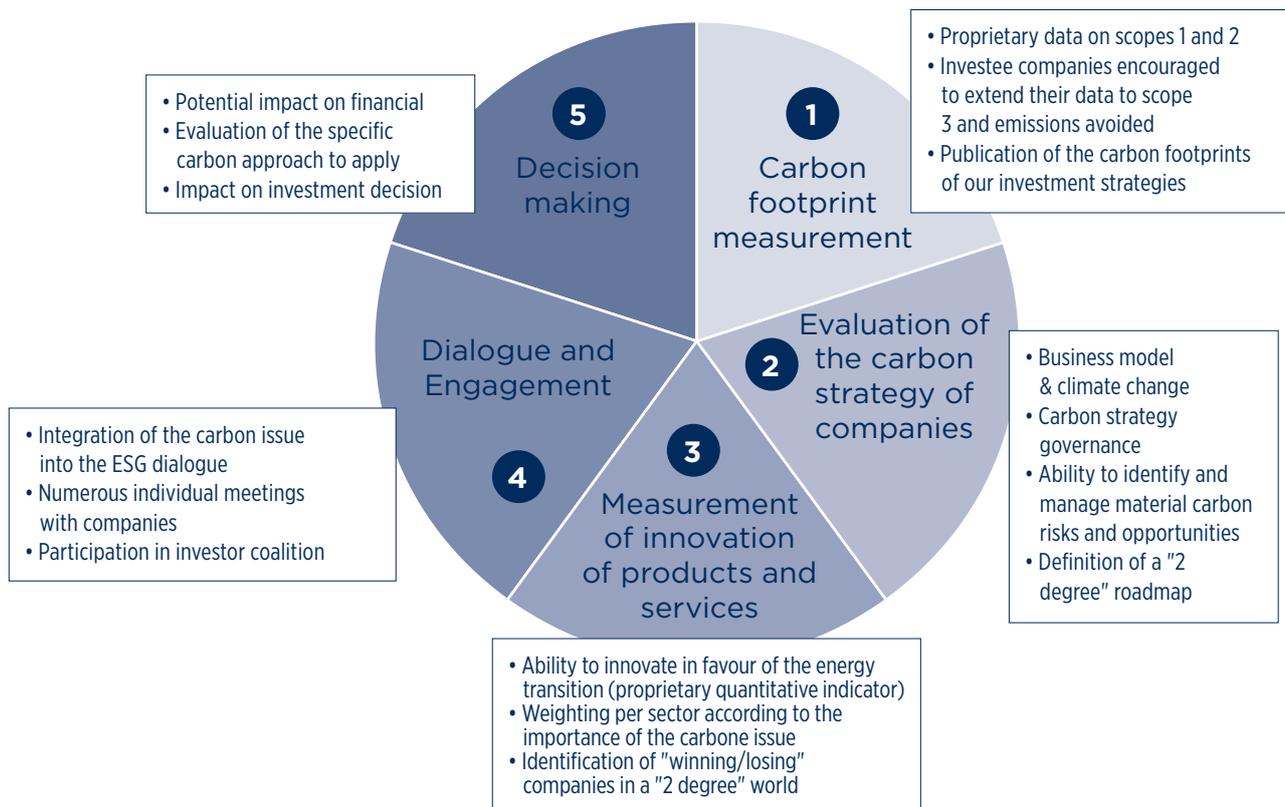
Our Reporting and Climate Change project falls within this context. In 2019 we managed to extend the carbon measure to almost all of our open-ended funds, for which the monthly reports now include a carbon footprint, based on the CDP (Carbon Disclosure Project) data. We consider this cover as both an objective attained but above all an essential step for improving the carbon management of our portfolios.

The RI team also began climate trajectory analyses in 2019 with the help of the open access screening tool, 2Dii Pacta. This screening demonstrated for example that our SRI strategy of sustainable growth positive selection can already be considered as aligned with our climate roadmap and compatible with a climate trajectory in line with the Paris Agreement (1).

Our climate roadmap has just been updated in 2020 for the period 2020-2025, in order to take into consideration the climate emergency and the responses provided by the various economic players and regulators, including the European Union green taxonomy. It also takes into account the latest climate scenarios of the AIE ("sustainable scenario") compatible with the Paris Agreement. Moreover, Edmond de Rothschild Asset Management (France) participates in several initiatives and commissions covering climate issues at the local (FIR), European (EFFAS) and global (ICGN, PRI) level.

1. <https://www.iea.org/reports/world-energy-model/sustainable-development-scenario>

CLIMATE CHANGE - OUR HOLLISTIC APPROACH TO PORTFOLIO MANAGEMENT



SCOPE

EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE)							
	NON-SPECIALISED SRI	THEMED SRI	ESG NEGATIVE SCREENING	VOTING IN ANNUAL GENERAL MEETINGS	DIALOG AND ENGAGEMENT	INITIAL ESG INTEGRATION	PORTFOLIOS' CARBON FOOTPRINT
FUND SCOPE	Open-ended funds (best-in-universe) EdR Sicav Euro Sustainable Growth EdR Sicav Euro Sustainable Credit EdRF Global Sustainable Convertibles EdRF Income Europe SRI mandates and dedicated funds	Open-ended funds (best-in-universe) EdRF Healthcare Green New Deal Theme	Application of the exclusion policy to all Edmond de Rothschild Asset Management (France) funds	Execution of voting policy: All equity funds at Edmond de Rothschild Asset Management (France)	In-depth engagement: EdR Sicav Tricolore Rendement Engagement: SRI Range	51% of our AUM Objective: 100% of our AUM	Almost totality of our open-ended funds Objective: all -open-ended and dedicated

TRANSPARENCY

In order to be transparent, Edmond de Rothschild Asset Management (France) provides various public documents on its website, mainly its Responsible Investing, Engagement and Exclusion policies. We also report on our results via the annual PRI reports, and our Voting Reports covering all our assets. For our specialised SRI range there are

additional publications, particularly the transparency code under our SRI labels and specific extra-financial reports. Our wish to be transparent extends to all our funds, with publication of the CO2 footprint and an ESG rating in our monthly reports.

MANAGEMENT COMPANY	SPECIALIST SRI RANGE	MAINSTREAM FUNDS
Annual PRI Reports Responsible Investment Policy Engagement Policy Exclusion Policy Voting Reporting Article 173 Statement	SRI Transparency Code AFG/FIR Extra-financial reporting Engagement reporting (engagement fund) Evtl. Specific exclusion policy	CO2 footprint and ESG rating
Public access		
http://www.edmond-de-rothschild.com/site/France/en/asset-management/our-expertise/socially-responsible-investment http://www.unpri.org/signatories/#investment_managers		

GLOSSARY

ESG CRITERIA (ENVIRONMENT, SOCIAL, GOVERNANCE)

- **Environmental Dimension:** refers to the direct or indirect impact of an issuer's activity on the environment.
- **Social Dimension:** relates to the direct or indirect impact of an issuer's activity on stakeholders based on universal values (human rights, international labour standards, anti-corruption...).
- **Governance Dimension:** set of policies, regulation, laws and institutions that influence how a given company is managed, administered and controlled. This dimension also includes relations between the many stakeholders and the objectives that govern the company. These key players include the shareholders, executive managers, and members of the board of directors.

SRI:

«SRI (Socially Responsible Investment) is an approach to investing which aims to combine financial performance and social/environmental impact by funding companies and public bodies which contribute to sustainable development across all sectors. By bearing on corporate governance and behaviour, SRI helps create a responsible economy.» (AFG – FIR, juillet 2013)

ISSUERS:

all entities (companies, states, agencies, supranational agencies or local authorities) that tap the market to finance themselves by issuing equities, bonds and other financial securities.

APPROACHES

ESG SELECTION:

This approach consists in selecting the issuers with the best environmental, social or governance practices. ESG selection can take several forms:

- **best-in-class:** selection of issuers with the best ESG practices in their business sector. This approach includes all economic sectors.
- **best-in-universe:** selection of issuers with the best ESG practices independently from their business sector.
- **best effort:** selection of issuers having demonstrably improved their ESG practices over time.

ESG-THEMED FUNDS:

Funds that specialise in environmental, social or governance themes. They invest in issuers whose products or services contribute to generating profits consistent with the investment strategy. Selected companies must comply with minimum ESG requirements, such as active monitoring of environmental (E), social (S) and governance (G) controversies, and demonstrate their E or S or G impact.

EXCLUSION :

Funds can apply two types of exclusion:

- **Normative Exclusions :** Normative exclusions consist in excluding companies that do not meet certain international standards or conventions (human rights, ILO convention, Global Compact, etc.), or countries that have not ratified certain international treaties or conventions.
- **Sector Exclusions:** Sector exclusions consist in excluding companies from industries such as alcohol, tobacco, weapons, gambling and pornography for ethical or public health reasons, or GMOs, nuclear power, thermal coal, etc. for environmental reasons. Exclusions resulting solely from a regulatory ban (ex: controversial weapons, countries under embargo, etc.) are not sufficient to characterise an exclusion approach.

ENGAGEMENT :

Fund whose objective is to influence the behaviour of the companies that it invests in so as to improve their environmental, social or governance practices. Engagement themes must be defined and the monitoring of engagement actions (dialogue, individual or collective, voting at General Meetings, tabling resolutions) must be documented.

IMPACT INVESTING:

Funds that invest in companies or organisations which seek primarily to have a positive environmental or social impact. The impact induced by the investments must be quantifiable. In France, impact investing can be likened to socially responsible, or solidarity, funds, which invest in companies of the social and solidarity economy (SSE).

ESG INTEGRATION:

For a fund manager, ESG integration consists in building Environmental, Social and Governance (ESG) issues into his or her investment decisions. ESG integration relies on appropriate resources and is intended to improve understanding of the risks and opportunities associated with each issuer.

MAIN INVESTMENT RISKS:

Risk of capital loss, equity risk, credit risk, risk linked to the SRI selection, currency risk, risk relating to investment in speculative securities.

COUNTRIES OF REGISTRATION:

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