



EDMOND
DE ROTHSCHILD

RESPONSIBLE INVESTING POLICY

EDMOND DE ROTHSCHILD ASSET MANAGEMENT



MESSAGE FROM THE CHAIRMAN OF THE BOARD



Philippe Uzan

CHIEF INVESTMENT OFFICER
CHAIRMAN OF EDMOND DE
ROTHSCHILD ASSET MANAGEMENT
(FRANCE) RESPONSIBLE INVESTMENT
STEERING COMMITTEE

Edmond de Rothschild Asset Management (France) **strongly believes in incorporating ESG considerations** (*Environment-Social-Governance*) across our investment strategies. It will be our responsibility to determine how best to manage this integration and to quantify its added value, taking into account the impact of regulatory change and the increasingly strict standards of transparency across the investment industry.

Following the launch of our first Socially Responsible Investment fund (SRI) in 2009, and our continued efforts – which materialised with **our signing the internationally recognised PRI (Principles for Responsible Investment standards) – in 2010**, we have developed a particularly robust SRI expertise. This investment capability was particularly well received by our institutional clients.

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

The 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.

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INTRODUCTION: DEFINING RESPONSIBLE INVESTING

RESPONSIBLE INVESTING

A generic term referring to all ethical, socially responsible (SRI), solidarity investments etc... In other words, any form of investment which combines investors' financial objectives with a commitment to acknowledging Environmental, Social and Governance (ESG) issues.

The PRI¹ define Responsible Investing in the following terms: **“Responsible investment is an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns.”**²

For Edmond de Rothschild Asset Management (France), Responsible Investment is expressed in the form of a specialized range of SRI funds, showcasing our in-house expertise, and more generally with the integration of ESG factors in the fundamental analysis of our investment strategies.

SOCIALLY RESPONSIBLE INVESTING (SRI)

As we write, there is no regulatory definition of SRI which would apply to all players. Different normative definitions co-exist.

In France and in Europe, the AFG and FIR³ define SRI as **“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”**.

Eurosif⁴ has identified seven SRI strategies: a thematic ESG approach; ESG Selection strategies – including Best-in-Class and related strategies; normative exclusions, specific exclusions (sector based or other), integration of ESG factors to financial analysis; Engagement/voting strategies on sustainability issues; solidarity or impact investing.

¹www.unpri.org

²<https://www.unpri.org/about/what-is-responsible-investment>

³<http://www.semaine-finance-responsable.fr/la-finance-responsable>

⁴http://www.frenchsif.org/isr-esg/wp-content/uploads/4.-eurosif-sri-study_french-final-version.pdf



OUR COMMITMENT

FOUNDATION

The Rothschild Family has provided financial and industrial support to entrepreneurs and the projects they have carried for the past 250 years – and continues to do so. The family's values, based on trust and sustainable, responsible wealth management have helped forge its current reputation and navigate the many crises that have punctuated history.

Today however, the magnitude of environmental and social challenges means that Environmental, Social and Governance (ESG) issues are becoming increasingly relevant to our work as asset managers, particu-

larly as their material impact on financial markets continues to grow.

As an influential financial institution, Edmond de Rothschild Group plays a key role in the transition to a more sustainable world. The Edmond de Rothschild family values are at the heart of the Group's **Responsible Finance Chart** and are translated into action through the Group's sustainability strategy: **Concordia** - Building relationships based on trust, **Integritas** - ensuring an ethical, transparent approach in everything we do, **Industria** - Creating and preserving wealth and leaving a better world behind us.

OUR OBJECTIVES

In order to build upon the RI expertise, Edmond de Rothschild Asset Management (France) offers new analytical and investment tools that will enhance the resources already developed by the firm with the view to meeting two objectives:

- Providing an efficient investment solution which also promotes the economic development of companies committed to finding solutions to sustainable development issues.
- Anticipating the future incorporation of ESG factors into financial analysis.

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 SUSTAINABILITY STRATEGY

The Sustainability Strategy of Edmond de Rothschild Group is based on 5 pillars



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

Continuing its efforts to make progress in this area, Edmond de Rothschild Asset Management (France) takes part to varying extents in industry discussions to advance ESG related matters. For example, it helps promote and encourage adoption of RI via its involvement and contribution to various working groups:

- **In France**, particularly within the AFG¹'s SRI Commission, the research committee of the Responsible Investment Forum (FIR), which is chaired by our Head of RI, and the office of the Observatoire de l'Immatériel (which has now absorbed WICI² France);
- **Outside France** via its active involvement in the work of the PRI Academic Network, d'Eurosif- European Sustainable Investment Forum, the ESG committee of EFFAS³, WICI Europe (our Head of RI is "Mr WICI Europe" for 2015-2017), ICGN⁴ and the Carbon Disclosure Project.

¹Association Française de la Gestion Financière (French Asset Management Association - AFG)

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

³European Federation of Financial Analysts Societies.

⁴International Corporate Governance Network

In addition, to further its public commitment to Responsible Investment, Edmond de Rothschild Asset Management (France) has joined two global initiatives:

- The first since late September 2015 with the signature of the **Montréal Carbon Pledge**, under which it is committed to gradually measuring and publishing the carbon footprint generated by its investments every year. That carbon footprint, which was published for the first time on 1 December 2015, can be accessed on our website at the following address: <http://www.edmond-derothschild.com/SiteCollectionDocuments/assetmanagement/isr/EDRAM-FR-EN-empainte-carbonecarbon-footprint.pdf>.
- The second an initiative adopted in the autumn of 2016 in accordance with both its fiduciary duty and its desire to promote RI/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) also supports university research on SRI conducted by the **AFG's Sustainable Finance and Responsible Investment Chair (FDIR)**. **FDIR** (<http://fdir.idei.fr/>).

FRAMEWORK

Following the implementation of its 2013-2016 RI Strategy, Edmond de Rothschild Asset Management (France) reached a strong position, notably confirmed by its PRI assessment that positions it among the market leaders of its global peer group. Edmond de Rothschild Asset Management (France) is committed in a new RI strategy for the

2017-2020 period: this strategy has been launched to cover all of the Edmond de Rothschild Group's Asset Management business line. This strategy aims to: Mitigate risks and identify opportunities to make our investments more sustainable.

| | | | |
|---|--|---|---|
| <p>1. MITIGATE RISKS AND IDENTIFY OPPORTUNITIES</p> <p>to make our investments more sustainable</p> <ul style="list-style-type: none"> • ESG analysis focusing on reducing risk / finding sustainable solutions • SRI management and ESG integration | <p>2. STRENGTHEN ESG DIALOGUE-SHAREHOLDER ENGAGEMENT</p> <p>with the issuers</p> <p>Shareholder responsibility and Fiduciary duty</p> | <p>3. RI GOVERNANCE</p> <p>opposable and traceable</p> <ul style="list-style-type: none"> • Organisation • Reporting • Monitoring and Controls • In-house CSR policy | <p>4. REINFORCED SALES, MARKETING AND VISIBILITY</p> <p>of our responsible investment solutions</p> <ul style="list-style-type: none"> • Innovative solutions • Sales • Brand image |
|---|--|---|---|



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.

ANALYTICAL FRAMEWORK FOR ESG

The key criteria used to assess the three **E, S and G (Environment, Social, Governance)** pillars are the following:

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

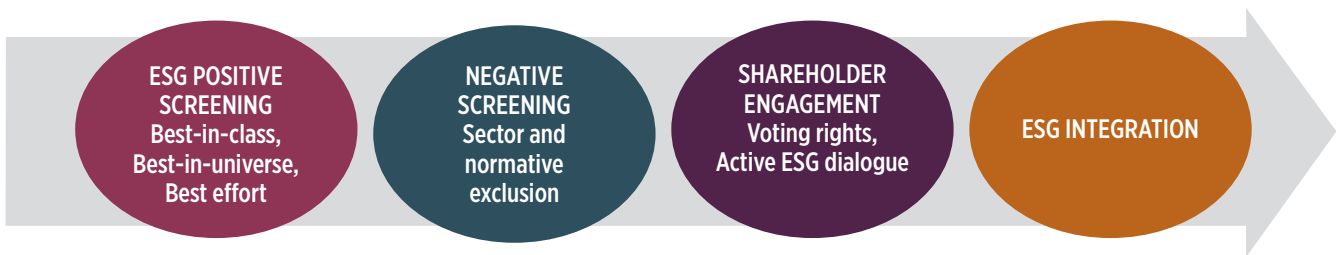


EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE)'S RESPONSIBLE INVESTING APPROACHES

Edmond de Rothschild Asset Management (France)'s decision to develop particular RI strategies was driven by three key factors:

- 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.



ESG POSITIVE SCREENING

June 26th 2009 saw the launch of Edmond de Rothschild Euro Sustainable Growth, the Edmond de Rothschild Group's first SRI fund. The euro zone equity fund's objective is to capitalise on the best European investment ideas while incorporating a SRI dimension, via a twofold approach: Best-in-universe and growth stock-picking.

On 1 September 2015, the first SRI credit strategy for the open market was launched: Edmond de Rothschild Euro Sustainable Credit. This eurozone credit strategy applies a best-in-universe SRI approach on securities that are mostly Investment Grade¹, with a pocket of diversification in High Yield². This fund aims to finance the most performant companies on ESG in order to deliver to the portfolio manager an additional outlook to adjust its level of trust and the evaluation of the exposure on the default risk.

It should be noted that **these two open-ended funds were awarded the new SRI label** supported by the French Ministry of Finance by EY France in September 2017. This label is awarded to funds that meet a set of criteria combining economic performance and social and environmental impact by investing in companies and public entities that contribute to sustainable development, whatever their business sector.

Edmond de Rothschild Asset Management (France) also manages for institutional investors two SRI mandates with a Best-in-class approach.

In 2016, the Long Only Multi-asset team strengthened the integration of sustainability factors in its research and management procedures. The aim is to develop dedicated responsible investment

mandates and funds, but also to encourage all external managers to integrate these factors.

To support the Group's Private Banking entities, the Multi-asset team has expanded the recommended list of funds with responsible investment strategies on themes which have a positive environmental, social and governance impact. After a rigorous due diligence process, its role is to identify the most relevant strategies to respond to private and institutional clients.

NEGATIVE SCREENING: SECTOR AND NORMATIVE EXCLUSION

Edmond de Rothschild Asset Management (France) applies a broad-based exclusion policy **on companies that are in any way related to cluster bombs or anti-personnel mines**, in compliance with the Oslo Treaty and the Ottawa Convention signed by the French government. This exclusion has been effective since 2011 upon the request of the in-house Voting and Engagement Committee **and concerns all of Edmond de Rothschild Asset Management (France)'s funds** (including those that are sub-advised). The policy is based on a list of forbidden stocks determined by the in-house RI team. In order to strengthen this exclusion policy, Edmond de Rothschild Asset Management (France) has set up pre-trade limits in its proprietary front/middle/risk tool; these block any attempt to introduce prohibited stocks as long as they feature on the list.

Edmond de Rothschild Asset Management (France) has also drawn up a **list of banned countries and a list of countries under watch (countries under national, international sanctions or embargoes) for which it is necessary to obtain prior approval from Internal Control and Compliance Department before making any investments.**

¹Securities with a rating that indicates that a corporate bond has a relatively low risk of default.

²Speculative securities for which there is a higher risk of default by the issuer



SHAREHOLDER ENGAGEMENT

At the end of 2009, Edmond de Rothschild Asset Management (France) **made changes to the investment policy of its flagship Edmond de Rothschild Tricolore Rendement fund, upgrading the fund's investment process with a comprehensive SRI Dialogue/Engagement process on ESG issues.** In September 2011 and 2012¹ (last year of existence of this label), Novethic awarded the SRI Label to Edmond de Rothschild Tricolore Rendement (with special mention for Engagement) – thereby shining light on a pertinent form of SRI which remains relatively underdeveloped on the French market.

Besides, the Edmond de Rothschild Euro Sustainable Growth fund is engaged in dialogue with companies through visits: the SRI portfolio managers use their proprietary ESG framework and actively discuss with companies on the evolution of their ESG practices.

EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE)'S ESG ENGAGEMENT POLICY

Edmond de Rothschild Asset Management (France) set up an ESG Engagement Policy in 2010, in the context of defining the investment process for Edmond de Rothschild Tricolore Rendement - the firm's SRI ESG Engagement fund. This ESG Engagement policy shall be based on the Edmond de Rothschild Asset Management (France)'s Voting Policy. Details of our ESG Engagement policy are available on our website².

Edmond de Rothschild Asset Management (France) discloses information on any initiatives that result from the ESG Engagement Policy in its Annual Report on Voting Rights and the ESG Engagement Report for the Edmond de Rothschild Tricolore Rendement fund. These documents are available on our website in the "Responsible Investment Expertise" pages³.

EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE)'S VOTING POLICY

This voting policy-effective from the 2010 Shareholder Meetings season – is applied on stocks held in the mutual funds that Edmond de Rothschild Asset Management (France) manages where the participation represents more than 0.01% of the company's capital, regardless of the nationality of issuing companies, as long as the issuer provides sufficient information and that custodian bank is in a position to take the votes into account. Every year, we may review or amend our voting policy as we come across specific cases or situations that were not covered.

Furthermore, **the principles of this voting policy are in keeping with the RI approach deployed by Edmond de Rothschild Asset**

Management (France): they set forth Edmond de Rothschild Asset Management (France)'s position on Environmental or Social resolutions submitted at shareholder meetings, in addition to fundamental governance issues.

For more details on our policy, please refer to the Voting Policy document⁴ available on our website.

ESG INTEGRATION

In 2016, Edmond de Rothschild Asset Management (France) continued projects started in 2015, including:

- the first one launched: primarily based on the availability of ESG analysis data to the management teams, the ESG integration process evolves to the analysis of ESG and carbon risks of European equity portfolios, combined with a system for conducting dialogue with companies on ESG factors, which is carried out jointly by the RI investment team and European equity managers.
- the other one on the Multi-asset team launched an advanced ESG integration process within its existing research activities by sending a responsible investment questionnaire to 117 asset managers. Completing this questionnaire is now mandatory in order to be included on the list of referenced funds used by Private Banking and Asset Management. We currently have responses for 257⁵ funds. These responses enable us to better identify the external management teams and their respective investment strategies.

⁴<http://www.edmond-de-rothschild.com/SiteCollectionDocuments/asset-management/isr/EDRAM-voting-policy.pdf>

⁵Between 1 January 2016 and 10 February 2017

¹2012 is the last year of existence of this label

²<http://www.edmond-de-rothschild.com/SiteCollectionDocuments/asset-management/isr/EDRAM-EN-transparency-code-EdR-ESG.pdf>

³<http://www.edmond-de-rothschild.com/site/France/en/asset-management/our-expertise/socially-responsible-investment>



FIRST APPROACH ON CLIMATE CHANGE ISSUE

Following its signature of the Montréal Carbon Pledge in 2015, and after its first carbon footprint in 2015 on seven investment strategies covering around 60% of the equity assets under management, Edmond de Rothschild Asset Management (France) extended the scope on 16 strategies in 2016, covering around 80% of the open equities strategies (European, US and international)¹. This measure provides an opportunity to make all stakeholders aware of the carbon challenge and highlight the transparent approach taken by Edmond de Rothschild Asset Management (France). Our progress in this field occur progressively, as the methodologies move forward and the availability of the dedicated data provided by the companies. Edmond Rothschild Asset Management (France) is also signatory to the Carbon Disclosure Project (CDP) and work, by his dialogue with companies, to encourage greater transparency.

Furthermore, the Edmond de Rothschild Asset Management (France)'s proprietary ESG analysis methodology integrates in its environmental pillar the criterion "green Innovation and impact of products". This qualitative criterion on green impact complete the gaps of an indicator that is purely focused on greenhouse gas emissions, by taking into

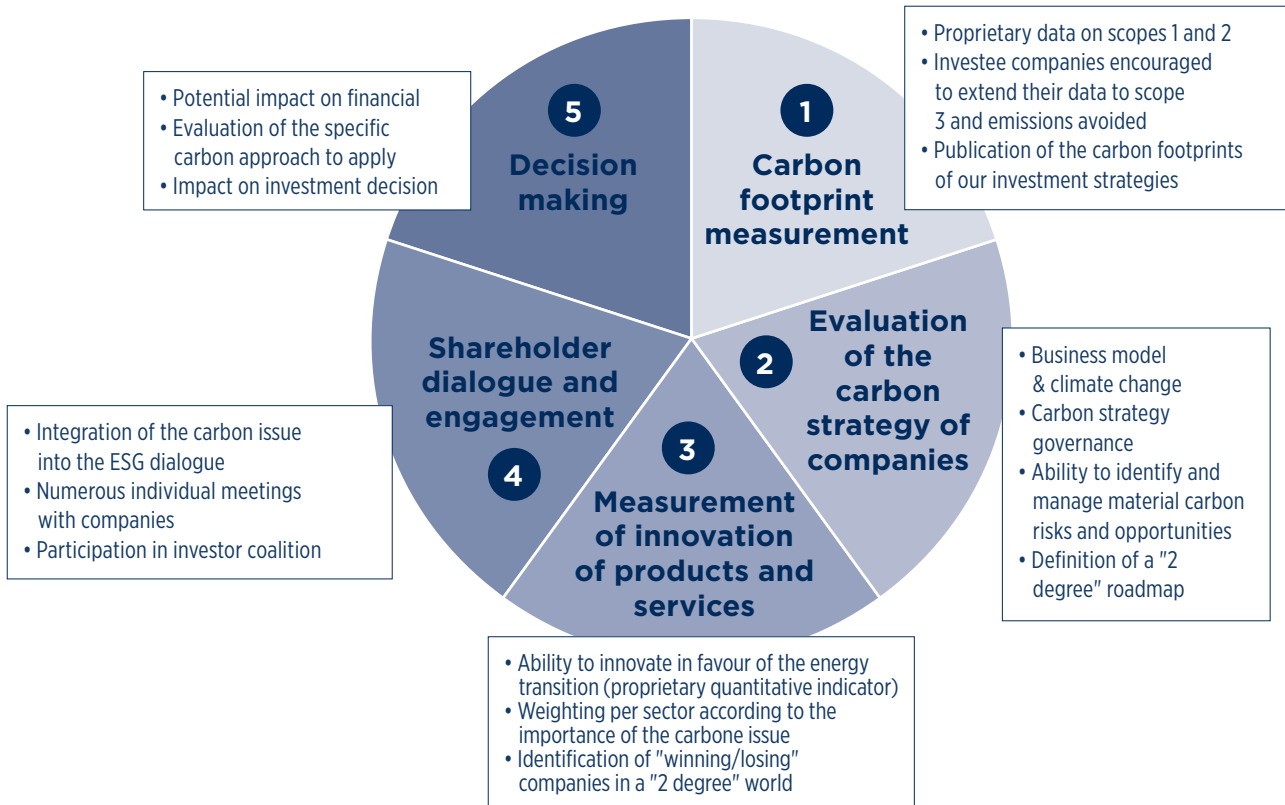
¹See the carbon footprint of our open-ends equity funds by clicking on the following web link: <http://www.edmond-de-rothschild.com/SiteCollectionDocuments/asset-management/isr/EDRAM-FR-EN-empreinte-carbone-carbon-footprint.pdf>

account the contribution of a company on green business innovation as well as the reduction of the environmental impact of its products. Another aspect is taken into account in our ESG analysis methodology: Environmental risk management and, in particular, the degree of integration of the risks associated with climate change.

In 2016 Edmond de Rothschild Asset Management (France) worked to disclose a detailed brochure² outlining the initial contributions and solutions it has made to the climate change challenge. This brochure affirms our conviction that the impacts of climate change which must be taken into account as part of our fiduciary duty and our obligations to comply with regulations and standards, since they relate to our efforts to secure the long-term returns of our investment strategies and to take into account the long-term interests of our investors as effectively as possible. The brochure clearly shows that the profound changes underway also create investment opportunities linked to the energy transition for green growth. It also underlines the importance of a 360-degree approach, preceded and/or complemented by dialogue and engagement with companies on Climate risk, and of an investment approach to support the energy transition for the green green growth.

²<http://www.edmond-de-rothschild.com/SiteCollectionDocuments/asset-management/isr/EDRAM-EN-Climate-Brochure.pdf>

CLIMATE CHANGE - OUR HOLLISTIC APPROACH TO PORTFOLIO MANAGEMENT





SCOPE

| EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE) Total Assets as of 31/12/2016: €23.6bn | | | | | | | |
|---|--|--|--|--|---|---|--|
| | CORE SRI MANAGEMENT (ESG positive screening, active ESG engagement/ dialog) | ESG POSITIVE SCREENING | ESG NEGATIVE SCREENING | SHAREHOLDER ENGAGEMENT | | INITIAL ESG INTEGRATION (diffusion of ESG analyses) | PORTFOLIOS' CARBON FOOTPRINT ⁵ |
| | | | | VOTING IN ANNUAL GENERAL MEETINGS | ACTIVE ESG DIALOG | | |
| FUND SCOPE | 3 SRI open-ended funds: Edmond de Rothschild Tricolore Rendement, Edmond de Rothschild Euro Sustainable Growth, Edmond de Rothschild Euro Sustainable Credit 2 SRI mandates | 2 SRI open-ended funds: Edmond de Rothschild Euro Sustainable Growth, Edmond de Rothschild Euro Sustainable Credit 2 SRI mandates | All funds at Edmond de Rothschild Asset Management (France) | All equity funds at Edmond de Rothschild Asset Management (France) | 3 SRI open-ended funds: Comprehensive engagement: Edmond de Rothschild Tricolore Rendement ² Engagement: Edmond de Rothschild Euro Sustainable Growth ² Edmond de Rothschild Euro Sustainable Credit ² | All European and US equity funds at Edmond de Rothschild Asset Management (France) | 16 european, US and international equity funds at Edmond de Rothschild Asset Management (France) |
| ASSET SCOPE AS OF 31/12/2016 | €3.34bn 14% of Edmond de Rothschild Asset Management (France) global assets | €1.87bn 7.9% of Edmond de Rothschild Asset Management (France) global assets | 100% of assets invested on corporate issuers ¹ Effective voting rate in AGM: 76% | Execution of voting policy: 100% of equity funds at Edmond de Rothschild Asset Management (France) | €1,58bn ³ 6.71% of Edmond de Rothschild Asset Management (France) global assets | €8.07bn ⁶ 34% of Edmond de Rothschild Asset Management (France) global assets | 5.55 Mds € ⁵ 23.53% of Edmond de Rothschild Asset Management (France) global assets 64% of Edmond de Rothschild Asset Management (France) equity assets |

Edmond de Rothschild Asset Management (France)'s Responsible Investment Policy is due to be applied gradually to all investment strategies, in a manner suited to the specificities of each asset class.

At this point in time:

- Edmond de Rothschild Asset Management (France) has adopted a normative exclusion policy applicable to all its portfolios under management concerning companies that are in any way related to cluster bombs or anti- personnel mines, as well as countries submitted to an embargo. Edmond de Rothschild Asset Management (France) has also implemented a list of banned countries according to FATF and a list of countries under watch (countries under international sanctions or embargoes).
- Edmond de Rothschild Asset Management (France)'s Voting Policy incorporates ESG (Environment-Social-Governance) factors at shareholder meetings. This policy applies to all equity funds managed by the firm.

- In terms of ESG integration, Edmond de Rothschild Asset Management (France) has extended its analytical coverage across the euro zone and Europe of its equity and credit funds, and is gradually deploying coverage to include North American equities. This proprietary analysis is available to all equity and fixed income fund managers who invest in these countries.

- Our ESG analysis has a systematic impact on our investment decisions/decisions to initiate dialogue-engagement on our three SRI open-ended funds - Edmond de Rothschild Euro Sustainable Growth, Edmond de Rothschild Euro Sustainable Credit and Edmond de Rothschild Tricolore Rendement (cumulated assets of €1.58bn, or 6.71% of our global assets, and two of our institutional mandates (€1.76bn as of end December 2016).

¹Exclusions on anti-personnel mines and cluster bombs in compliance with France's signature of Ottawa convention and Oslo Treaty + list of banned countries according to FATF and a list of countries under watch (countries under international sanctions and embargoes).

²EdR Euro Sustainable Growth, SRI fund with positive selection bias - EdR Tricolore Rendement, SRI fund with an ESG comprehensive engagement process.

³84 engagement actions were led in 2016: 2 comprehensive engagement actions and 81 engagement initiatives (including 12 to prepare shareholders general meetings, 69 in the context of one to one SRI meetings to feed the in-house ESG research and analysis process to dialogue with the CEO and top management of the European companies on specific ESG issues)

⁴European and North-American equity open-ended funds and mandates. In 2016, the internal ESG analysis coverage amounted to 324 European companies and 786 North-American companies.

⁵In September 2015, Edmond de Rothschild Asset Management (France) became a signatory to the Montreal Carbon Pledge, an initiative supported by the PRI. This involves a commitment to monitor and publish the carbon footprint generated by its open-ends funds every year, gradually increasing the scope over time (<http://www.edmond-de-rothschild.com/SiteCollectionDocuments/asset-management/isr/EDRAM-FR-EN-empreinte-carbone-carbon-footprint.pdf>).

Source: Edmond de Rothschild Asset Management (France)



TRANSPARENCY

Edmond de Rothschild Asset Management (France) discloses on its website various public documentation such as a report on the exercise of its voting rights, its ESG Engagement approach for the Edmond

de Rothschild Tricolore Rendement fund. Disclosure also includes the AFG-FIR Transparency Code for SRI open-ended funds and the annual PRI reporting.

| ASSET MANAGER | SRI FUNDS | MAINSTREAM |
|---|--|--|
| PRI Annual Reporting Article 173 of the Energy transition for the green growth Act | AFG/FIR/SRI Transparency Code Quarterly Extra-Financial Reporting Engagement Reporting | Annual Report on Voting Carbon footprint for 16 equity funds portfolios |
| 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.

September 2017 (data as of December 31, 2016).

COUNTRIES OF REGISTRATION:

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