Product name: R-co Target 2027 HY

Legal entity identifier: 96950022R9JTJYGHZ067

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Did this financial product have a sustainable investment objective?

☐ Yes	☒ No
☐ It made **sustainable investments with an environmental objective**: [N/A] ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ It made **sustainable investments with a social objective**: [N/A]	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 28.51% of sustainable investments ☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☒ with a social objective ☐ It promoted E/S characteristics, but **did not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Through our work and MSCI ESG Research, we consider a broad spectrum of criteria relating to the E pillar (physical risks linked to climate change, water stress, waste management, etc.) and S pillar (staff training, product safety, auditing production practices, etc.) as part of our general approach.

Additionally, the investment teams seek to identify relevant and material factors as part of ex-ante analysis of ESG profiles and ex-post assessment of the sustainability trajectory of the issuer and/or industry. Based on dependencies and major impacts, the following elements may be considered: controversies (type, severity and recurrence), externalities (toxic/carbon emissions, water consumption, destruction of biodiversity, accidents, dismissals, strikes, precarious contracts, fraud, etc.) and contributions (Taxonomy alignment, participation in the United Nations sustainable development goals (SDG), alignment with the Paris Agreement temperature goal, etc.).

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

How did the sustainability indicators perform?

The performance of the sustainability indicators used to demonstrate the promotion of the aforementioned environmental and/or social characteristics is shown below. A detailed ESG report is available in the appendix.

...and compared to previous periods?

Sustainability indicators	29/12/2023	-
ESG score (/10)	5.56	
E score (/10)	6.23	
S score (/10)	4.6	
G score (/10)	5.1	
Women on the board of directors (%)	31%	
Carbon intensity (tonnes of CO2eq/million dollars of revenue)	153	
Asset stranding transition categories (%)	0%	
SBTi target set companies (%)	12%	
SBTi committed companies (%)	9%	
Green share (%)	1%	

This is the first periodic report for this product and a comparison with previous periods cannot be provided.

What were the objectives of the sustainable investments that the financial product partially intended to make and how did the sustainable investments contribute to such objectives?

With regard to corporate issuers, the objectives followed by the product's sustainable investments are:

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

Public issuers qualifying as sustainable investments promoted the following objectives:

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

As at 29 December 2023, the product had invested 0.00% of its net assets in issuers qualifying as sustainable investments, of which 0.00% contributed to an environmental objective, and 0.00% to a social objective, as described above.

We used the data published by and available from MSCI ESG Research.
As at 29 December 2023, the Taxonomy-alignment of the product was 0.00%. Taxonomy-aligned investments contributed to the following objectives:
- Climate change mitigation
- Climate change adaptation

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

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

To ensure that the sustainable investments of the financial product do no significant harm ("DNSH") to any of its environmental or social objectives, our DNSH procedure for products with a sustainable objective includes:

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

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

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

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

- Sectoral and normative exclusions, including compliance with minimum guarantees, through exclusionary PAIs:

o PAI 10 – Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, for corporate issuers;

o PAI 14 – Exposure to controversial weapons, for corporate issuers;

o PAI 16 – Investee countries subject to social violations, for sovereign issuers;

- A proprietary quantitative scoring model, incorporating mandatory PAIs.

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

Were the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Detailed description:

For all the Management Company's investments, we exclude companies suspected of violating the ten fundamental principles of the United Nations Global Compact (UNGC).

Furthermore, as part of our definition of a sustainable investment for corporate issuers, we check to ensure that there are no violations of the United Nations Global Compact (UNGC) or OECD Guidelines for Multinational Enterprises. To that end, we use an overall controversy indicator measuring the company's past and current involvement in violations of international standards. The regulatory frameworks considered include the following: the United Nations Global Compact (UNGC), the United Nations Guiding Principles on Business and Human Rights, the Conventions of the International Labour Organization (ILO) and the OECD Guidelines for Multinational Enterprises.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

How did this financial product take into account principal adverse impacts on sustainability factors?

The financial product considers principal adverse impacts (PAI) on the sustainability factors on which Rothschild & Co Asset Management focuses its efforts as a priority:

o Corporate issuers

- Climate change
  - Greenhouse gas intensity and emissions, scopes 1 and 2 (PAI 1 & 3)
  - Exposure to companies active in the fossil fuel sector (PAI 4)
  - Investments in companies without carbon emission reduction initiatives (optional climate PAI 4)
- Human rights, business ethics and respect for human dignity
  - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI 10)
  - Board gender diversity (PAI 13)
  - Exposure to controversial weapons (PAI 14)
  - Lack of anti-corruption and anti-bribery policies (optional social/human rights PAI 15)

o Sovereign issuers:

- Human rights, business ethics and respect for human dignity
- Investee countries subject to social violations (PAI 16)

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

From an operational standpoint, adverse impacts are taken into account in every aspect of our sustainability approach, including the exclusion policy, the analysis and selection process using ESG criteria, the engagement system and ESG reporting.

For this product, we report annually on all mandatory PAIs and optional PAIs chosen by the Management Company.

Adverse sustainability indicator	Metric	Impact	Unit
1. GHG emissions	Scope 1 GHG emissions	3,044.2	tCO_2
1. GHG emissions	Scope 2 GHG emissions	556.8	tCO_2
1. GHG emissions	Scope 3 GHG emissions	18,905.5	tCO_2
1. GHG emissions	Scopes 1/2 GHG emissions	3,601.0	tCO_2
1. GHG emissions	Scopes 1/2/3 GHG emissions	22,506.5	tCO_2
2. Carbon footprint	Scope 1 carbon footprint	116.9	tCO_2/EUR m
2. Carbon footprint	Scope 2 carbon footprint	21.4	tCO_2/EUR m
2. Carbon footprint	Scope 3 carbon footprint	725.9	tCO_2/EUR m

2. Carbon footprint	Scopes 1/2 carbon footprint	138.3	tCO_2/EUR m
2. Carbon footprint	Scopes 1/2/3 carbon footprint	864.2	tCO_2/EUR m
3. Carbon intensity	Scopes 1/2/3 carbon intensity	882.8	tCO_2/EUR m
4. Exposure to companies active in the fossil fuel sector	Exposure to companies active in the fossil fuel sector	7.3	%
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and production	78.2	%
6. Energy consumption intensity per high impact climate sector	A sector	0.0	GWh/EUR m
6. Energy consumption intensity per high impact climate sector	B sector	2.2	GWh/EUR m
6. Energy consumption intensity per high impact climate sector	C sector	0.5	GWh/EUR m
6. Energy consumption intensity per high impact climate sector	D sector	2.9	GWh/EUR m
6. Energy consumption intensity per high impact climate sector	E sector	4.0	GWh/EUR m
6. Energy consumption intensity per high impact climate sector	F sector	0.2	GWh/EUR m
6. Energy consumption intensity per high impact climate sector	G sector	0.0	GWh/EUR m
6. Energy consumption intensity per high impact climate sector	H sector	1.0	GWh/EUR m
6. Energy consumption intensity per high impact climate sector	L sector	0.3	GWh/EUR m
7. Activities negatively affecting biodiversity-sensitive areas	Activities negatively affecting biodiversity-sensitive areas	0.2	%
8. Emissions to water	Emissions to water	60.5	T/EUR m
9. Hazardous waste ratio	Hazardous waste ratio	0.3	T/EUR m
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0.0	%
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	3.6	%
12. Unadjusted gender pay gap	Unadjusted gender pay gap	12.2	%
13. Board gender diversity	Board gender diversity	37.5	%
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	0.0	%
15. GHG intensity	GHG intensity	173.8	tCO_2/EUR m of GDP
16. Investee countries subject to social violations (number of countries)	Investee countries subject to social violations (number of countries)	0.0	number

16. Investee countries subject to social violations (in relative terms)	Investee countries subject to social violations (in relative terms)	0.0	%
16. Investee countries subject to social violations (as % of AuM)	Investee countries subject to social violations (as % of AuM)	0.0	%
4 (optional). Investments in companies without carbon emission reduction initiatives	Investments in companies without carbon emission reduction initiatives	37.4	%
15 (optional). Lack of anti-corruption and anti-bribery policies	Lack of anti-corruption and anti-bribery policies	0.0	%

What were the top investments of this financial product?

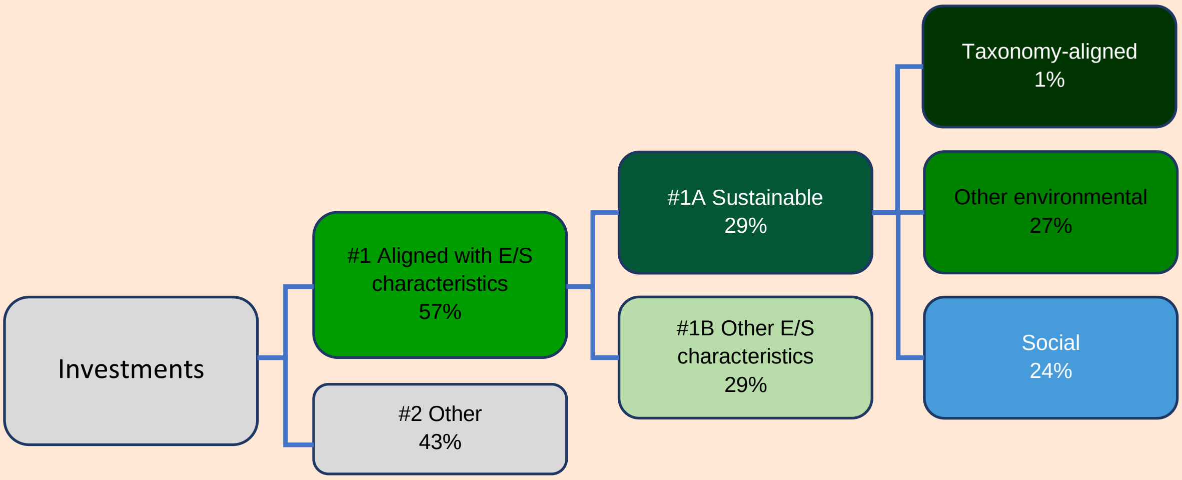
The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 29/12/2023

Largest investments	Sector	% Assets	Country
RMM Court Terme C	-	5.82%	Europe
Nidda Healthcare Holding 7 1/2 08/21/26	Health care	1.97%	Germany
Grifols Sa 3 7/8 10/15/28	Health care	1.87%	Spain
Teva Pharm Fnc Nl Ii 7 3/8 09/15/29	Health care	1.78%	Netherlands
Multiversity Srl Float 10/30/28	Industrial goods	1.77%	Italy
Benteler International A 9 3/8 05/15/28	Financial services	1.73%	Other Eurozone
Crl Credito Agricola Mut 8 3/8 07/04/27	Banking	1.72%	Other Eurozone
Sani/ikos Financial Hldg 5 5/8 12/15/26	Consumer discretionary	1.69%	Other Eurozone
Itelyum Regeneration Spa 4 5/8 10/01/26	Chemicals	1.67%	Italy
Telecom Italia Spa 7 7/8 07/31/28	Telecoms	1.66%	Italy
Energia Group Roi 6 7/8 07/31/28	Utilities	1.53%	Other Eurozone
Italmatch Chemicals Spa 10 02/06/28	Chemicals	1.50%	Italy
Monitchem Holdco 3 S.a. 8 3/4 05/01/28	Chemicals	1.49%	Other Eurozone
Douglas Gmbh 6 04/08/26	Consumer staples	1.45%	Germany
Almaviva The Italian Inn 4 7/8 10/30/26	Technology	1.45%	Italy

What was the proportion of sustainability-related investments?

What was the asset allocation?

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The applicable criteria for **fossil gas** to be considered aligned with the EU Taxonomy include restrictions on emissions and a transition to fully renewable energy sources or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The asset allocation figures presented above are expressed as a percentage of net assets.

In which economic sectors were the investments made?

Sector	% Assets
Consumer discretionary	12.43%
Industrial goods	12.33%
Consumer staples	11.86%
Health care	9.39%
Banking	9.15%
Chemicals	7.54%
Financial services	7.41%
Telecoms	5.88%
Automotive	5.32%
Technology	3.12%
Energy	2.96%
Utilities	2.62%
Construction	2.36%
Commodities	0.60%

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Did the financial product invest in nuclear and/or fossil gas related activities complying with the EU Taxonomy[1]?

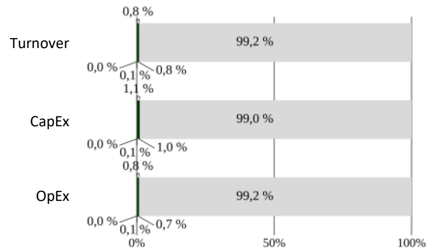
☒ Yes

☐ In fossil gas ☒ In nuclear energy

☐ No

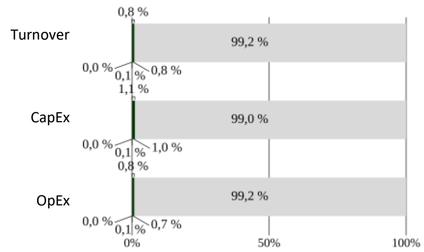
The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

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



- Taxonomy-aligned: fossil gas
- Taxonomy-aligned: nuclear
- Taxonomy-aligned (no gas and nuclear)
- Non Taxonomy-aligned

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



- Taxonomy-aligned: fossil gas
- Taxonomy-aligned: nuclear
- Taxonomy-aligned (no gas and nuclear)
- Non Taxonomy-aligned

This graph represents 100.0% of the total investments.

* For the purpose of these graphs, “sovereign bonds” consist of all sovereign exposures

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies;
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy;
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

We used the Taxonomy data available from MSCI ESG Research.

What was the share of investments made in transitional and enabling activities?

As at 29/12/2023, 0.00% of investments were made in transitional activities, and 0.00% in enabling activities.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

Comparing the percentage of Taxonomy-aligned investments with previous reference periods, on the basis of estimated data, would not be appropriate.

The percentage of investments that were aligned with the EU Taxonomy as at 29/12/2023 was 0%.

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[1] Fossil gas and/or nuclear related activities will only comply with the Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Within the sustainable investments made, the share with an environmental objective not aligned with the Taxonomy is 0.00% of net assets.

What was the share of socially sustainable investments?

Within the sustainable investments made, the share with a social objective is 0.00% of net assets.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

A share of the financial product's net assets may be invested in securities that are not analysed with respect to ESG criteria. However, all investments adhere to the Management Company's common exclusion framework, guaranteeing a baseline level of compliance with ESG principles.

Such securities held in the portfolio serve to further the financial product's financial investment objective.
The financial product may invest up to 10% of its net assets in cash on an ancillary basis.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During the financial year, the product's allocation was adjusted on the basis of its sustainability procedures and the environmental and social characteristics promoted.

Such adjustments related to sector exposures and/or investments in specific issuers, and were made on the basis of updates to exclusion lists and/or investment cases, compliance with the product's sustainability requirements, controversies management and/or engagement activities.
Certain constraints were tightened during the year, such as the definition of sustainable investment, which now uses a proprietary model to consider principal adverse impacts in a quantitative way, and the management company's common exclusion framework, which has been extended to the tobacco industry.

Our Engagement and Voting Report summarises our major engagement activity and voting decisions during the course of the year, together with concrete examples of cases encountered in the Rothschild & Co Asset Management portfolios. This report is available on our website at the following address:
https://am.fr.rothschildandco.com/en/responsible-investing/documentation/

How did this financial product perform compared with the reference benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

How does the reference benchmark differ from a broad market index?

N/A

How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

N/A

How did this financial product perform compared with the reference benchmark?

N/A

How did this financial product perform compared with the broad market index?

N/A

December 2023

R-co Target 2027 HY C EUR

Management report | ESG

ESG rating

Portfolio

Rating **BBB** Score/10 **5.6**

Management universe

Rating **A** Score/10 **6.1**

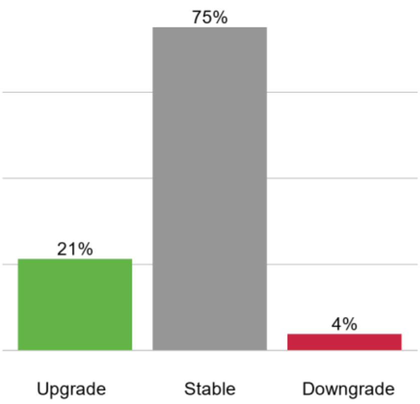
Coverage rate

Number of holdings	137
Number of ESG rated holdings	83

57%

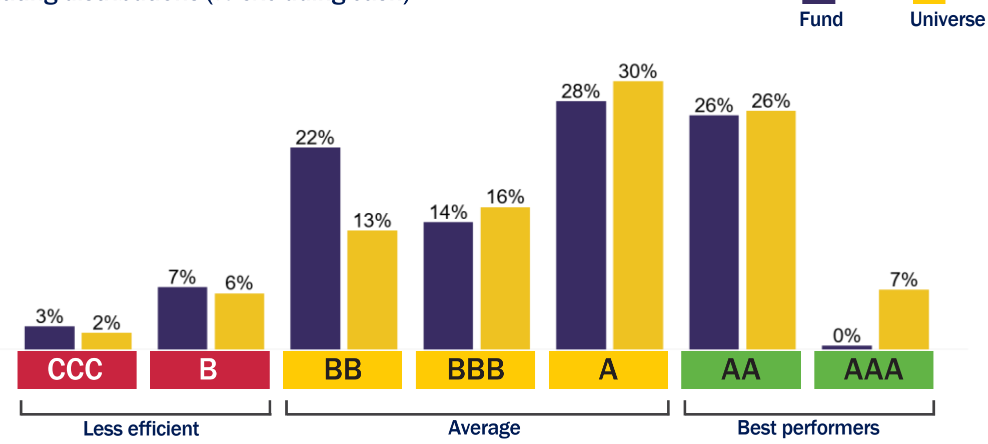
% of portfolio's total net assets

Rating evolution (over 12months)



ESG rating

Rating distributions (% excluding cash)

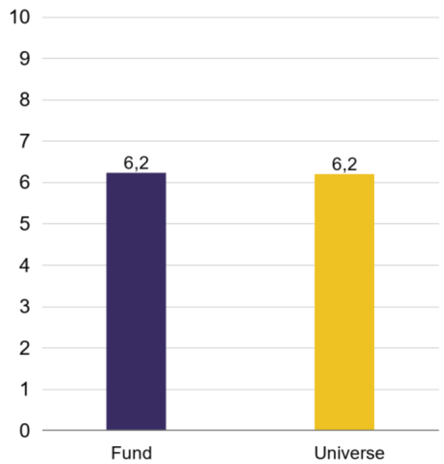


Distribution of ratings by sector (% excluding cash)

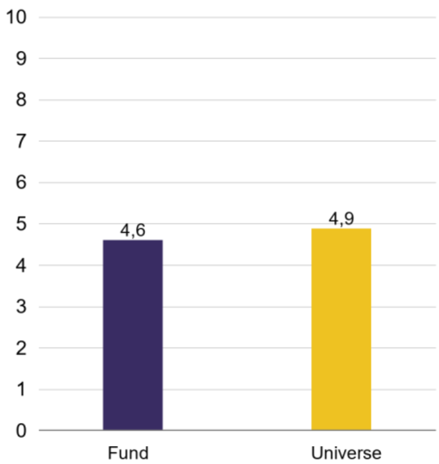
Sector	Weight	Not rated	CCC	B	BB	BBB	A	AA	AAA
Consumer goods	10.7%	50.5%	-	20.5%	17.7%	5.7%	5.6%	-	-
Oil & Gas	3.0%	34.2%	-	-	17.3%	-	-	48.5%	-
Financials	16.8%	27.5%	-	6.1%	3.8%	12.1%	34.7%	14.2%	1.6%
Industrials	7.5%	60.2%	-	-	14.3%	10.3%	15.2%	-	-
Materials	8.2%	90.8%	-	1.8%	-	-	3.8%	3.6%	-
Health Care	9.5%	26.1%	-	-	19.0%	19.9%	20.9%	14.1%	-
Utilities	1.9%	79.9%	-	-	20.1%	-	-	-	-
Consumer services	24.5%	47.1%	-	2.5%	14.9%	11.3%	13.0%	11.3%	-
Technology	6.0%	28.0%	24.2%	-	35.4%	-	-	12.4%	-
Communication Services	5.9%	41.8%	-	-	12.5%	-	45.7%	-	-
UCIs	5.9%	-	-	-	-	-	-	100.0%	-

ESG score comparison by pillar

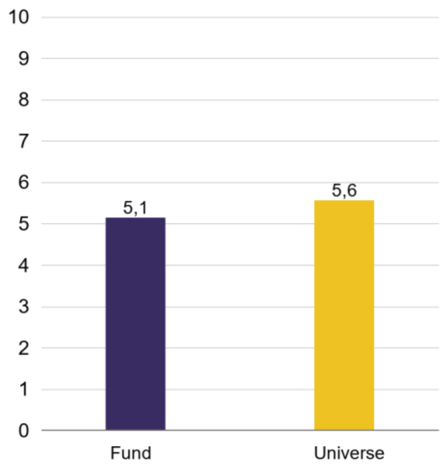
E Environmental Pillar



S Social Pillar



G Governance Pillar



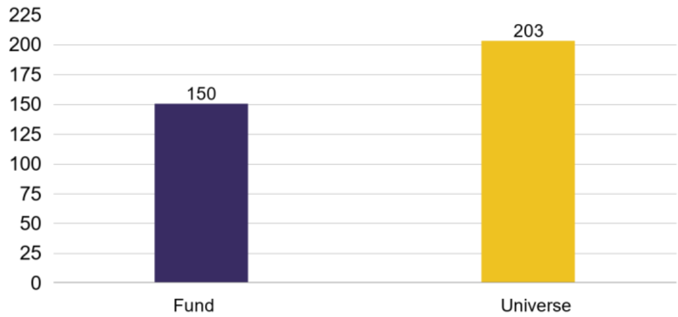
Rothschild & Co
Asset Management

Carbon intensity (scope 1 + 2)

Coverage rate : 47%
% of portfolio's total net assets

Difference of contribution to the carbon intensity (%) : -53 tons of CO2 per sales, in millions of EUR

Carbon intensity (tons of CO2 per sales, in millions of EUR)



Main sectors contributing to carbon intensity

Issuers	Weight	Carbon intensity	Contribution to the carbon intensity (%)
Utilities	0,8%	48,6	**32%**
Consumer services	24,3%	27,9	**19%**
Industrials	8,3%	26,4	**18%**
Top 3	**33,4%**	102,8	**68%**

Note
carbon intensity calculated in tons of CO2 per sales, in millions of USD

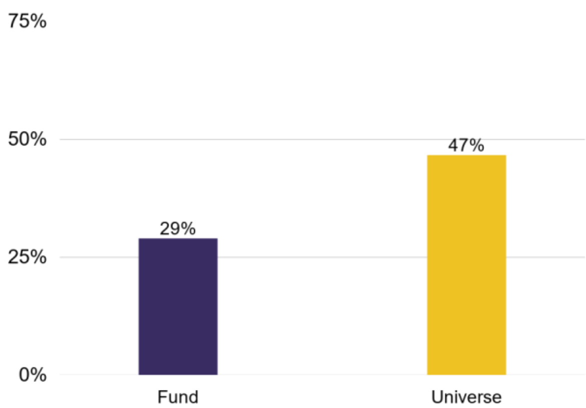
Main contributors to carbon intensity

Issuers	Weight	ESG rating	E Score	Low carbon Transition Management Score	Annual emissions (MtCO2)	Carbon intensity	Contribution to the carbon intensity (%)
CONTOURGLOBAL POWER HLDG	0,8%	BB	4,0	5,3	**12,4**	48,6	**32,3%**
INTERNATIONAL PETROLEUM	2,2%				**0,9**	18,2	**12,1%**
OI EUROPEAN GROUP BV	1,7%	BBB	5,2	4,3	**6,6**	16,0	**10,7%**
AIR FRANCE-KLM	1,9%	BBB	6,8	7,5	**22,7**	14,9	**9,9%**
ARDAGH PACKAGING FINANCE PCL	1,4%	BB	6,5	5,8	**3,4**	6,3	**4,2%**
Top 5	7,9%				**46,1**	103,9	**69,2%**

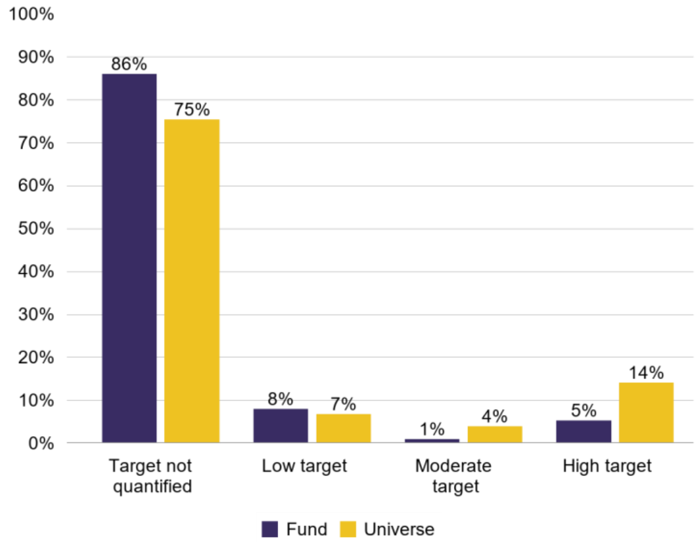
Note
carbon intensity calculated in tons of CO2 (scope 1+2) per sales, in millions of USD

Issuer Carbon Emissions Reduction Targets

% of issuers with a carbon emission reduction target



Breakdown of issuers by reduction target category



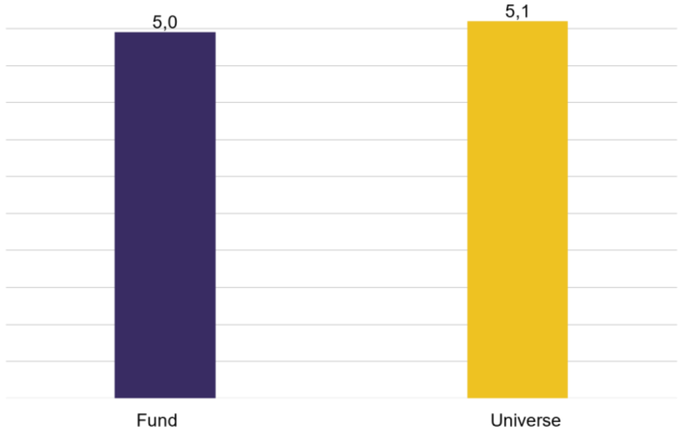
Sources: Rothschild & Co Asset Management Europe / MSCI ESG Research ©

Rothschild & Co Asset Management

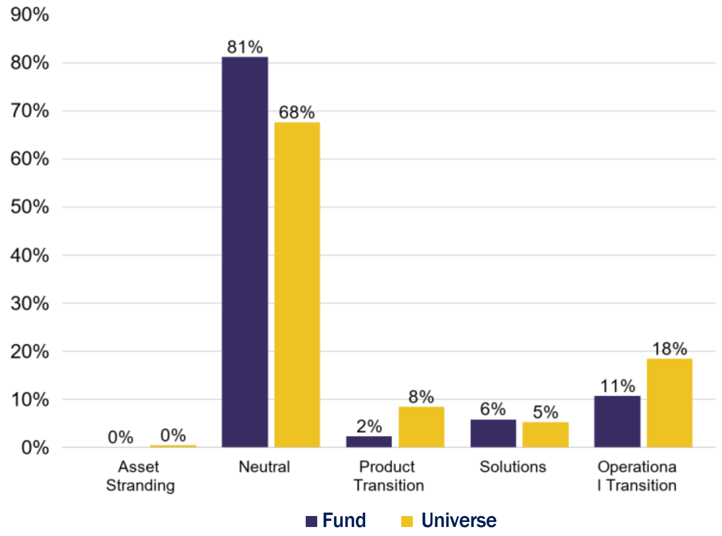
Transition towards a low carbon economy

Coverage rate : **48%**

Low carbon Transition Management Score

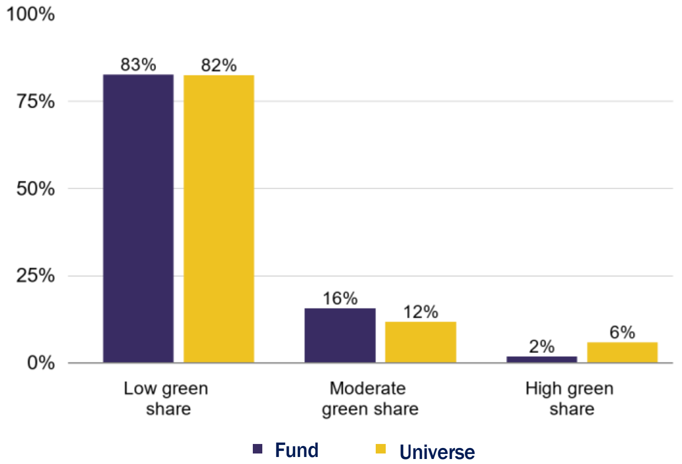


Breakdown of issuers by transition category

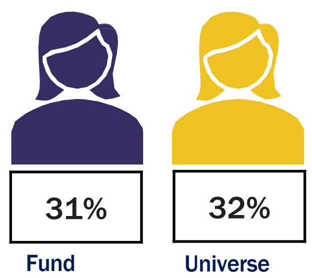


*This score (from 0 to 10) evaluates a company's performance in terms of managing the risks and opportunities associated with the transition to a low-carbon economy. It combines management assessments over the following key issues: (i) management of greenhouse gas emissions, (ii) carbon footprint of products and services. Higher the score is, more effectively the company's management is regarding these issues.

Green share



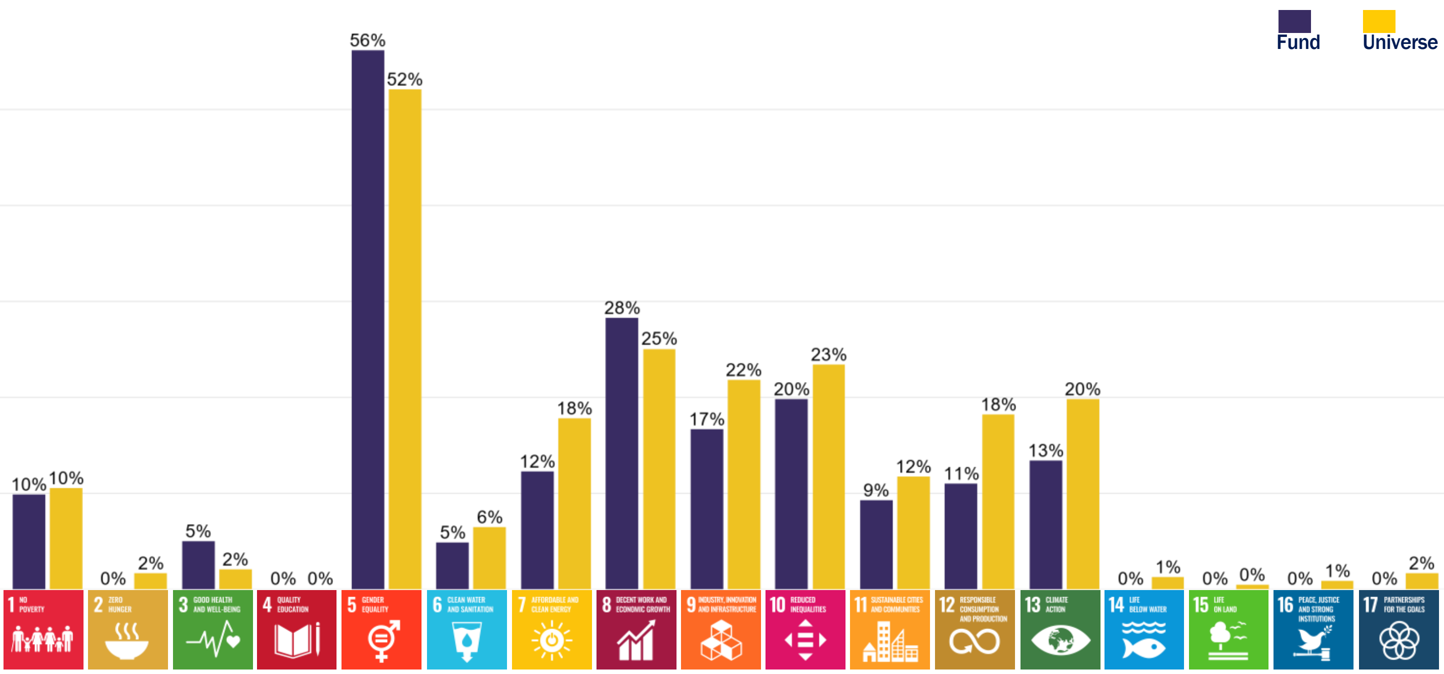
Women representation on the Board of Directors



Sources: Rothschild & Co Asset Management Europe / MSCI ESG Research ©

Sustainable Development Goals

% of portfolio aligned with Sustainable Development Goals



The sustainable development goals address a range of social needs, in particular education, healthcare, social protection and employment opportunities, while combating climate change, and the protection of the environment. Companies can contribute directly to the achievement of these goals through their activities.

1. End poverty in all its forms everywhere
2. Zero hunger
3. Ensure healthy lives and promote well-being for all at all ages
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5. Achieve gender equality and empower all women and girls
6. Ensure access to water and sanitation for all
7. Ensure access to affordable, reliable, sustainable and modern energy
8. Promote inclusive and sustainable economic growth, employment and decent work for all
9. Build resilient infrastructure, promote sustainable industrialization and foster innovation
10. Reduce inequality within and among countries
11. Make cities inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts
14. Conserve and sustainably use the oceans, seas and marine resources
15. Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss
16. Promote just, peaceful and inclusive societies
17. Revitalize the global partnership for sustainable development

Glossary

ESG rating

The ESG rating, based on data provided by MSCI ESG Research ©, is measured on a scale ranging from AAA (highest rating) to CCC (lowest rating). The rating is based on the underlying company's exposure to industry-specific sustainability risks and its ability to mitigate these risks relative to its peers. The overall rating of the portfolio is calculated on a relative sector basis, while the underlying E, S and G individual ratings are absolute. The overall rating cannot therefore be considered an average of the individual E, S and G ratings.

CCC	B	BB	BBB	A	AA	AAA
Laggards			Average		Leaders	

Correspondence between ratings and scores

Rating	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

Carbon Intensity

The portfolio's Carbon Intensity is defined as the sum weighted by their portfolio weights of the carbon intensities of the underlyings present in the portfolio's Carbon Allocation.

$$\frac{\text{Tonnes of } CO_2 \text{emissions}}{\text{Millions of euros of revenue}}$$

For a given company, the carbon intensity used is defined as the annual amount (year N) of CO2 emissions (scopes 1 and 2) divided by the company's annual revenue (year N). The carbon intensity calculation of the Carbon Allocation is rebased on 100 to take into account the coverage rate available on the carbon intensity indicator. The data required for these calculations may come from external data providers (MSCI ESG Research ©).

Scope 1: direct emissions from fixed or mobile facilities located within the organisational scope;

Scope 2: indirect emissions related to energy consumption such as greenhouse gas emissions generated by electricity consumption, heating, steam and cooling consumption.

Emissions reduction target

If a company has a carbon emissions reduction target, this indicator assesses the commitment of this target. Higher scores are attributed to companies actively seeking to reduce their emissions from an already relatively low level. Apart from companies with no targets, the lowest scores are for companies with high levels of emissions and seeking only minor reductions. For small companies, where carbon reduction targets are relatively rare, a moderately high score is given for all types of carbon emission reduction targets.

Score for managing the transition to a low-carbon economy

This score is an indicator of a company's performance in terms of risk management measures and opportunities related to the transition to a low-carbon economy. It combines management assessments of the following key issues:
(i) managing greenhouse gas emissions, (ii) carbon footprint of products and services,etc. The higher the score the more the company implements effective management of these issues. (Score: 0-10)

"Transition to a Low-Carbon Economy" category

This indicator classifies companies according to their exposure to risks and opportunities related to the transition to a low-carbon economy.

The different categories are:

- *Asset Stranding* refers to assets that lose value due to unfavourable market developments in the market to which they are exposed (legislation, environmental constraints, technological disruptions) leading to substantial devaluations (example of companies owning coal mines);
- Operational transition: companies facing an increase in operating costs due to carbon taxes or which need to make significant investments to implement solutions to reduce their greenhouse gas emissions (for example, cement producers);
- Product offering in transition: company facing reduced demand for carbon intensive products and which needs to adjust its product offering to products compatible with a low-carbon economy (for example, the automotive sector);
- Neutral: company with low exposure to increased operating costs/investment requirements related to the transition to a low-carbon economy (for example, the healthcare sector);
- Solutions: a company that provides products or services that should benefit from the transition to a low-carbon economy (for example, renewable energy electricity producers).

Green share

Share of revenue from underlying assets that contributes to the transition.

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It is possible to assume that the extra-financial data provider, MSCI ESG Research, faces certain methodological limitations, which could be, as an illustration, the following:

- Problem of missing or incomplete disclosure by some companies of information (for example, relating to their ability to manage their exposures to certain extra-financial ESG risks) that is used as input to MSCI ESG Research's ESG rating model; this issue may be mitigated by MSCI ESG Research through the use of external alternative data sources to supply its rating model;
- Issue related to the quantity and quality of ESG data to be processed by MSCI ESG Research (significant information flow on an ongoing basis to be incorporated into the MSCI ESG Research ESG rating model): this issue may be mitigated by MSCI ESG Research through the use of artificial intelligence technologies and many analysts working to transform raw data into relevant information;
- Issue related to the identification of information and factors relevant to the extra-financial ESG analysis of the MSCI ESG Research model but which is processed upstream of the MSCI ESG Research model for each sector (and sometimes each company): MSCI ESG Research uses a quantitative approach validated by the expertise of each sector specialist and the feedback from investors to determine the most relevant extra-financial ESG factors for a given sector (or for a particular company if applicable). ”

• Risk related to extra-financial criteria (ESG)
Taking sustainability risks into account in the investment process as well as responsible investment is based on the use of extra-financial criteria. Their application may lead to the exclusion of issuers and/or underlying funds and cause certain market opportunities to be lost. Consequently, the Fund's performance may be higher or lower than that of a fund that does not take these criteria into account. ESG information, whether from internal or external sources, is derived from assessments without strict market standards. This leaves room for an element of subjectivity that may result in a significantly different issuer rating from one provider to another. Furthermore, ESG criteria may be incomplete or inaccurate. There is a risk of incorrect valuation of a security or issuer. As such, the management companies of the underlying funds will be able to refer to ESG information from various sources and apply different ESG methodologies. These different aspects make it difficult to compare strategies that incorporate ESG criteria. ”

• Website
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