INFORMATION ON ESG EXCLUSION: EDMOND DE ROTHSCHILD SICAV FINANCIAL BONDS

The subsequent information is provided to investors to the exclusions applicable for the Sub-Fund EDR SICAV Financial Bonds.

The governance structure of Edmond de Rothschild Asset Management reflects the importance of ESG, as illustrated by the existence of an RI Steering Committee headed by the Global CEO Asset Management and the direct reporting line of the Head of RI to the CIO Asset Management.

Edmond de Rothschild has signed the UN PRI as early as in 2010, obtaining the highest rating (A+) for governance and strategy over the past 4 years. Its Sustainability Report, Responsible Investment Policy, Exclusion Policy, Engagement Policy and Annual report on Exercising Voting Rights are available on the website. Edmond de Rothschild AM has formalized a climate strategy since 2017.

A dedicated RI team carries out in-depth proprietary ESG research and has access to a number of recognized ESG data providers (Sustainalytics, ISS, CDP, Reprisk, Carbone 4….). The team is supported by 9 RI correspondents in different investment teams. Portfolio managers can rely on sophisticated ESG monitoring tools to help guide the ESG/climate characteristics of their portfolios. A very detailed ESG rating and a carbon footprint dashboard for each portfolio have been developed directly in our portfolio management tool.

1/ Global exclusion criteria

A list of exclusions applies to all the funds managed by Edmond de Rothschild Asset Management (France).
These exclusions are currently:

- **Controversial weapons:** based on the exclusion bases provided by the Sustainalytics rating agency, as well as on the public lists regularly updated by some 20 institutional investors in France and around the world (e.g. Norwegian Pension Fund, New Zealand Super Fund, etc.), the Responsible Investment team draws up a proprietary exclusion list that targets companies producing/selling prohibited weapons,
- **Coal:** the exclusion threshold currently stands at **25%** of turnover/installed power
- **Tobacco:** the exclusion thresholds are **5%** of production and **50%** of distribution, based on data from Sustainalytics

2/ Ad-hoc exclusion criteria for Edmond de Rothschild SICAV Financial Bonds

Furthermore, additional exclusions on Sub Fund level apply to Edmond de Rothschild SICAV Financial Bonds:

- **Weapons:** this exclusion covers conventional armaments and weapons (**>10%** turnover from production and/or distribution) as well nuclear weapons (**zero** tolerance)
- **Nuclear Power:** the Sub Fund does not invest in companies operating nuclear power plants, manufacturers of essential components and uranium mining (**zero** tolerance)
- **Serious Breach of UN Global Compact:** systematic and formal exclusion of ESG controversies: the Sub Fund does not invest in issuers with a **controversy level of 5** as provided by Sustainalytics. This limit may be waived on a case-by-case basis if the management team can demonstrate that the source of controversy is unambiguously outside of the scope of the UN Global compact.
- **Insufficient scoring for the Freedom House Index[1]:** the Sub Fund does not invest in sovereign issuers that are classified as **"not free"** for the Freedom House Index.

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[1] Measure of political rights and civil liberties. Collected since the 1970s by Freedom House, an American research institute, the index evaluates countries according to a wide range of criteria relating to democratic performance and the functioning of government.

The fund is classify in category 4, in line with the nature of securities and geographical zones in the «objectives and investment policy» section of the key investor information document (KIID). The risks described below are not exhaustive: it is the responsibility of investors to analyse each investment's risk and to come to their own opinion. Risk of capital loss: the fund does not benefit from any guarantee or capital protection. There is a risk that investors will not get back the full amount of the capital originally invested. Investors should note that the performance target is provided for information purposes only; in no way does it constitute an obligation of results for the management company. Sector risk: the fund may be invested exclusively in securities issued by companies in the financial sector. As a result, the portfolio will not therefore be diversified between sectors, so the fund may be affected significantly by a general deterioration in the financial sector. Credit risk: credit risk is the risk that an issuer may default on its commitments. In the event of default, or a downgrading of the quality of issuers, the value of debt securities and money market instruments in which the fund invests will fall. In particular, the fund may be exposed, at a level up to 100% of its net assets, to high yield bonds that offer linked to the credit risk of companies whose risk of defaulting is not nil. In the event of a deterioration in the quality of corporate issuers, the value of these bonds will fall, resulting in a fall in the net asset value. The fund will also be invested in part in subordinate securities that are dated but are of indeterminate maturity, presenting a greater risk of fluctuation of their valuation than that of top grade bonds. Risks associated with contingent convertible bonds (CoCos): CoCos are subordinated debt securities issued by credit institutions or insurance or reinsurance companies that are eligible for inclusion in their capital requirement and that have the specific feature of potentially being converted into shares or having their par value reduced (write-down mechanism) in response to a trigger, as previously defined in the prospectus. A CoCo includes an option to convert into shares at the initiative of the issuer in the event that their financial situation deteriorates. In addition to the inherent interest rate and credit risk involved with bonds, activating the conversion option may cause the value of the CoCo to decrease by an amount greater than that recorded on other traditional bonds of the issuer. Under the conditions set out by the CoCo concerned, certain trigger events may lead to the main investment and/or accrued interest permanently depreciating to zero, or to the conversion of the bond into a share.

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EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE)
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