EDMOND DE ROTHSCHILD

RESPONSIBLE INVESTING POLICY 2024

EDMOND DE ROTHSCHILD

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1. RESPONSIBLE INVESTING POLICY EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE)

JEAN-PHILIPPE DESMARTIN
Head of Responsible Investing

A a firm believer that investment must have an impact on the real economy, the Edmond de Rothschild group has pledged to support the positive changes that are structuring our society. Over the past 250 years, our independent status has allowed us to express our convictions freely, and these are reflected in our commitments.

Our ability to ignore immediacy in capital markets means we are in a better position to identify investment solutions offering a combination of financial, social and environmental performances. We believe that extra-financial factors are key to delivering long-term performance. As independent, active, fundamental and conviction-driven investors, sustainability is part of our DNA. This approach is essential to all investment activities, across the full asset class spectrum - both in listed and private markets.

Our commitment to sustainable investment began in 2007, when we launched our first equity strategy focusing on renewable energies. We also decided to sign on to the UN PRI (the UN's Principles for Responsible Investing) very early on, in 2010. Our experience curve grew in close collaboration with our clients - particularly our institutional clients, on behalf of whom we have managed dedicated SRI (Socially Responsible Investing) funds since 2011.

As the sustainable investment universe expands constantly, the stakes also continue to evolve. Initially, the focus was on convictions and stocks: these factors remain fundamental - and will always be. However, the overriding task now is to analyse tangible data, the concrete evidence, and actions that sustainable investment has enabled. As a family-owned independent firm created over 250 years ago, we have been gathering this evidence and measuring the effectiveness of our actions for a very long time now.

Our investment teams strive to deliver long-term returns, but also to contribute to building tomorrow's world. Whether we invest in listed or private markets, we support projects that are impactful for the environment and for society.

2.
INTRODUCTION

OUR DEFINITION OF RESPONSIBLE INVESTING

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

- **One angle, 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;
- **The second angle,** which is particularly well developed in continental Europe, **focuses on how issuers take sustainable development issues (ESG - Environment, Social, Governance) into account** when managing their businesses.

These two approaches can be embedded in investment strategies in several ways.

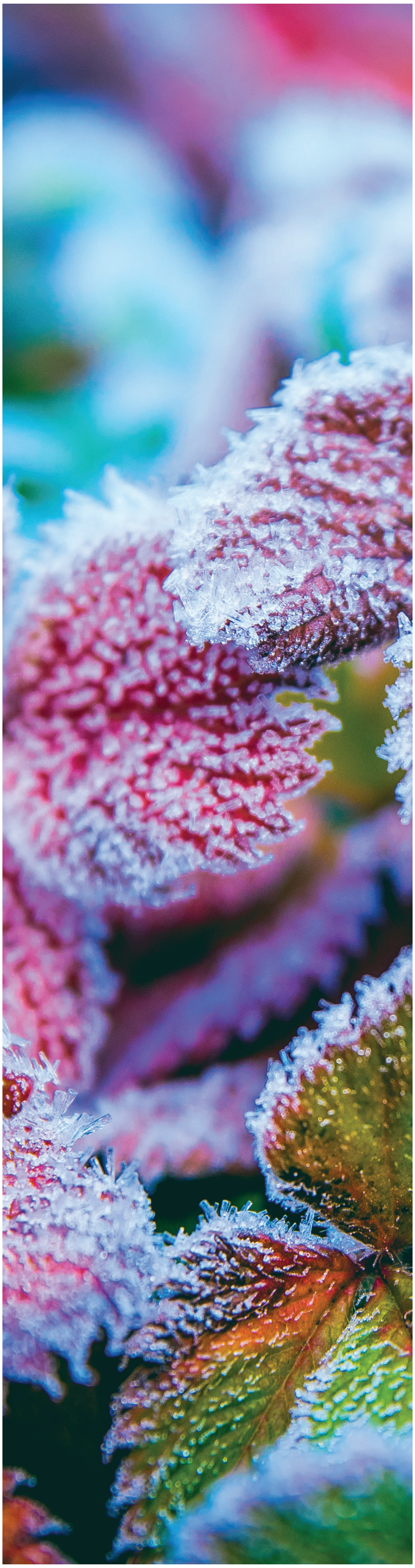
Edmond de Rothschild Asset Management (France) refers to the **definitions supplied by the UN PRI and the FIR-Eurosif.**

- **UN PRI[1]:** Responsible investing: **" strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions".** This is a broad concept that encompasses different types of investment - including SRI (Socially Responsible Investing).
- **AFG and FIR-Eurosif[2]:** Socially Responsible Investing: "**an approach to investing which aims to combine financial performance and social/environmental impact** by funding companies and public bodies that contribute to sustainable development across all sectors. By bearing on corporate governance and behaviour, SRI helps create a responsible economy".

Eurosif[3] has identified seven SRI strategies:

- Negative screening / specific exclusions (sector or other),
- Norm-based exclusions,
- Positive Best-in-Class selection and similar approaches,
- ESG thematic approach;
- Integration of ESG criteria in financial analysis,
- Engagement and active ownership (voting) on issues of sustainability,
- Impact investing.

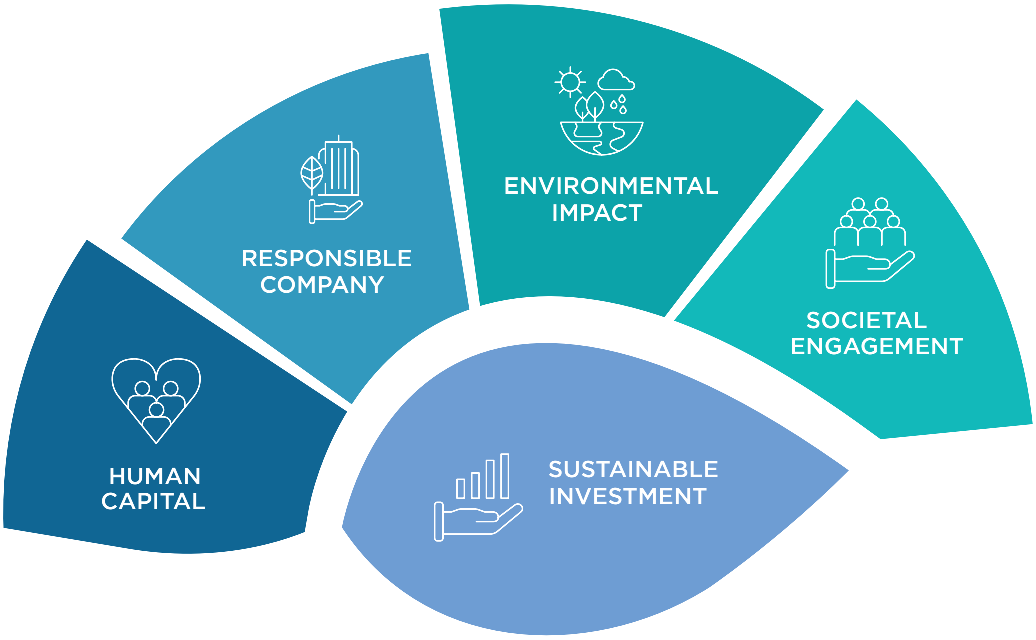
1. www.unpri.org
2. http://www.eurosif.org/wp-content/uploads/2018/11/European-SRI-2018-Study.pdf
3. https://www.eurosif.org/responsible-investment-strategies/



3. OUR COMMITMENT

THE EDMOND DE ROTHSCHILD GROUP'S STRATEGIC APPROACH TO SUSTAINABILITY

Since 2014, the Edmond de Rothschild Group has developed a sustainability framework designed to seek positive impact through financial solutions serving the real economy. Through a strategic approach to sustainability issues, we have identified themes aligned with global transformations that will help create a more sustainable economy. Sustainability issues are addressed across the Group and are managed within its five strategic priorities:



OUR INVESTMENT ETHICS

As an engaged, family-owned group, Edmond de Rothschild believes that its corporate culture, based on ethics and accountability in all circumstances, fundamentally underpins the way we conduct business and how we expect our teams to behave.

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

- being accountable as a shareholder through dialogue and engagement,
- developing a wealth preservation approach in our fund management,
- defending the interests 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:

- A focus on long-term value creation,
- The need to consider economic and financial criteria,
- The importance of quality governance,
- Offering a healthy and inspiring workplace,
- The efforts made to reduce environmental impact,
- Seeking a positive societal impact,
- Accounting for the impacts of the energy and environmental transition ("fair transition"),
- Maintaining sound relationships with stakeholders (clients, providers, civil society...),
- Managing sustainability risks and opportunities.

OUR PLEDGE GUIDELINES

In 2010, 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 Investing" (PRI), a network of institutional investors that promotes RI with backing from the UN.

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.

- **PRINCIPLE 1:** Our analysis and investment decision making process shall take into account Environmental, Social and Governance factors.
- **PRINCIPLE 2:** We shall be active investors who incorporate ESG issues into our ownership policies and practices.
- **PRINCIPLE 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **PRINCIPLE 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **PRINCIPLE 5:** We shall work on a collaborative basis in order to improve our efficiency in the implementation of these Principles.
- **PRINCIPLE 6:** We shall communicate on our activity and disclose progress reports in the implementation of these Principles.

OUR MISSION IS TO INVEST AS ENGAGED EXPERTS TO IMPROVE PEOPLE'S LIVES

As independent, active, fundamental and conviction-driven investors, Responsible Investing is in our DNA. Guaranteeing superior risk management and fostering the creation of long-term value, this expertise is a reflection of the Rothschild family's historical values.

We offer performance-driven financial solutions investing in liquid and low-liquidity assets, while supporting the growth of virtuous companies. This approach has been endorsed by top tier institutional investors.

- We employ a **pragmatic and positive** approach aimed at improving the status quo. We wish to support investee companies and help them achieve sustainable growth, and only apply exclusions as a last resort.
- Our approach is **dynamic**: responsible investing is core to our innovation process as we design new products and develop unique measurement tools.
- It is also **long term oriented**: freed from the "immediacy" that characterises capital markets, we are able to build long-term investment solutions that combine financial, social and environmental performance.
- Finally, we value our **independence**: free to state our opinions, to be active and engaged shareholders, and to develop our very own approach to ESG focusing on transparency, for better visibility on our entire value chain.

4. STRATEGY AND GOVERNANCE

Edmond de Rothschild Asset Management (France) employs a Responsible Investing Strategy introduced in 2017, drawing on the expertise of its RI team.

Implemented by the investment teams, with backing from the support teams, our Responsible Investing strategy (2021-2024) is steered by the Edmond de Rothschild Group's Asset Management Executive Committee (Comex AM). Strategic leadership was strengthened when the Responsible Investing Steering Committee was incorporated into the Asset Management Executive Committee.

This strategy overs all of the Edmond de Rothschild group's activities, including both liquid and physical assets. It aims to formalise Edmond de Rothschild's deep pledge to responsible investing and to support the development of RI. In practical terms, this strategy involves setting several cross-cutting goals covering:

- The integration of ESG issues
- Climate change,
- Human Resources/Training
- Marketing/ Communications

For Edmond de Rothschild Asset Management (France), the Responsible Investing Steering Committee has been split into three operational sub-committees:

- Exclusion committee - approves the exclusion policy and internal exclusion lists
- Voting committee - oversees the voting policy and its effective application
- Dialogue and Engagement Committee - approves the dialogue and engagement policy, decides on new engagement initiatives and oversees their progress

CAMG

(COMITÉ ASSET MANAGEMENT GROUPE)

Responsible Investing Steering Committee
- Incorporated within the CAMG since June 2022
- Cross-cutting AM Committee, with additional Business Committees
- Min 3x year + *ad hoc* if needed

OPERATIONS COMMITTEES*

Exclusion Committee
- Chaired by the Global CIO AM
- Annual + *ad hoc* if needed

Voting Committee
- Chaired by the Global CIO AM
- Annual + *ad hoc* if needed

Engagement committee
- Chaired by the Global CIO AM
- Every two months

* Operations committees only apply to Edmond de Rothschild Asset Management (France).

OUR EXPERTISE

Expertise, which lies at the juncture between militancy and conformism, enables us to express our convictions and create long-term value. We owe this expertise to the men and women that make up our dedicated RI team, which has been integral to the investment teams since 2010. It fosters the transfer of knowledge - notably via our internal network of "IR correspondents", embedded within the different investment teams.

These correspondents are responsible for encouraging dialogue with the IR team, facilitating teamwork, and promoting the dissemination and consideration of extra-financial issues by their respective investment teams during the stock analysis process.

We also believe that IR expertise is essential within the support teams, notably in the fields of Risk Control and Compliance. These teams include professionals that are clearly identified as responsible for IR within their respective areas.

Edmond de Rothschild Asset Management (France) therefore benefits from an effective network of IR skills and interactions that feeds the entire asset management company.

ACTIVE CONTRIBUTION TO INDUSTRY THINKTANKS

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

Our commitments:

- Signatory of the UN PRI
- Signatory of the Montreal Carbon Pledge
- Signatory of the Global Statement on Investor Obligations and Duties
- Signatory of the Investor Statement - IIRC (International Integrated Reporting Council)
- Sponsor of the FIR-PRI European Award for Academic Research
- Member of the SRI Commission and the Corporate Governance Commission of the ***Association Française de la Gestion Financière*** (AFG)
- Member and Director of the French Responsible Investing Forum (FIR)
- Member of the FIR's Research Committee, Dialogue and Engagement Committee and SFDR Task force
- Affiliated member of the European Sustainable Investment Forum (Eurosif)
- Member of the French PRI network
- Member of the World International Capital Initiative (WICI) led by the OECD
- Member of the Bureau de l'Observatoire de l'Immatériel (WICI France) which has been chaired (for Europe) since 2017 by Jean-Philippe Desmartin, Head of IR at Edmond de Rothschild Asset Management (France).
- Co-chair of the ESG Commission for the European Federation of Financial Analysts Societies (EFFAS)
- Sponsor of the Sustainable Finance and Responsible Investing Chair of École Polytechnique and the Toulouse School of Economics
- Member of the European Reporting Lab (EFRAG) commission
- Member of the FAIRR (Farm Animal Investment Risk & Return) initiative
- Signatory of the Investor Statement Access to Medicine Index
- Signatory of the Investor Statement - Expectations for the nursing home industry, coordinated by UNI Global Union.
- Signatory of the "Finance for Biodiversity Pledge"
- Founding member of the Nature Action 100 initiative

Edmond de Rothschild Asset Management (France) also benefits from several initiatives conducted at Group level: The Group is actively involved in industry organisations, either as a member or participant. The largest are listed below:

- Signatory of the United Nations Global Compact
- Member of the United Nations Environment Programme Finance Initiative (UNEP FI)
- Member of the Swiss Sustainable Finance and Sustainable Finance Geneva
- Member of the Sustainable Finance Commission of VAV-ABPS (Swiss banks, wealth managers and private banks association)
- Member of the Swiss Banks Association Task force on European Taxonomy (ASB)
- Member of the Institutional Investors Group on Climate Change (IIGCC) for its asset management activities (liquid assets and Private Markets)
- Signatory of the "Net Zero Asset Managers" initiative (NZAM) since May 2023

5. OUR APPROACH TO RESPONSIBLE INVESTING

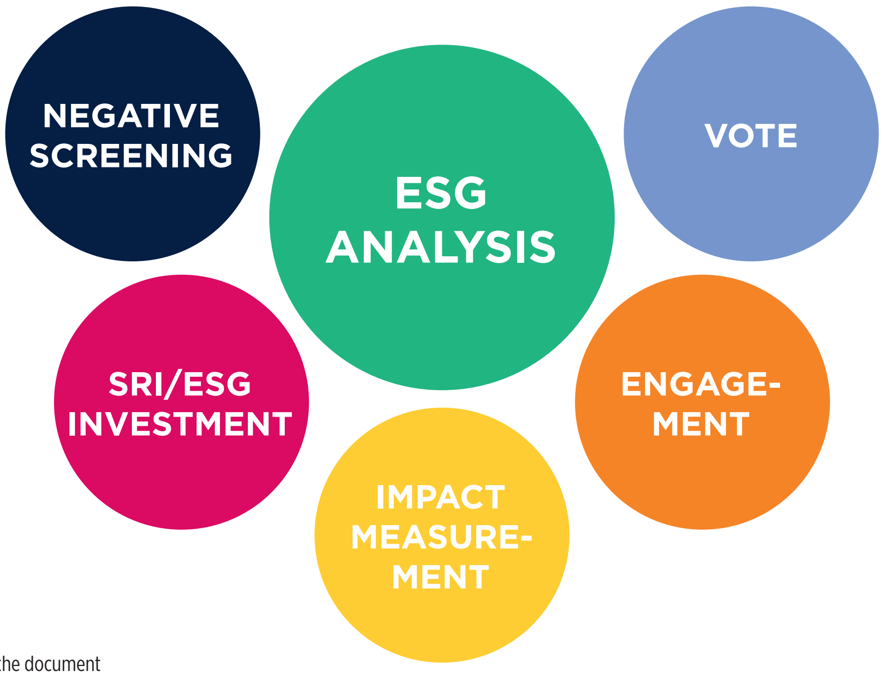
Edmond de Rothschild Asset Management (France) believes that investing sustainably and embedding ESG criteria into fundamental analysis helps to deliver regular returns over the long term while improving risk resilience. Indeed, extra-financial risks can have a material impact on market performance and incorporating these factors upstream contributes to a better understanding of risks and opportunities, and therefore to the identification of companies displaying the highest upside potential over the long term. At the same time, as a responsible investor, Edmond de Rothschild Asset Management (France) is mindful of the impact of its investments for the economy.

Our RI approach therefore integrates financial materiality and impact materiality. We study the impact that the environment and society have on companies, as well as the impact of the company on the environment and society.

More specifically, our approach is built on pragmatic principles, in order to:

- **Establish a dialogue** with companies including recommendations for improvements on issues of transparency, operational performance or strategy on extra-financial factors.
- **Encourage** companies that are improving their ESG performances and have committed to achieving best practices.
- **Reward** the "best in class*" companies whose environmental, social and governance (ESG) performances create opportunities and reduce risks.
- **Favour** innovative companies that fully incorporate sustainability into their business model and strategy, in order to generate a positive environmental and social impact.

THE PILLARS OF OUR APPROACH



* cf glossary at the end of the document

6. ESG ANALYSIS: OUR PROPRIETARY MODEL, EDR BUILD

CORE TO OUR APPROACH AS RESPONSIBLE INVESTORS

Over the past 12 years, we have developed a proprietary model dedicated to the ESG analysis of companies - EdR BUILD (Bold, Universal, Impact, Long Term, Differentiation). EdR BUILD allows the RI team to express its non-financial convictions, independently of external databases. The outcome is a detailed ESG scoring methodology applicable to issuers – covering over 40 criteria – and balanced across the three pillars (E, S and G). It includes proprietary indicators. The themes assessed cover essential issues such as climate change, water, biodiversity, safety and security, human development, gender equality, business ethics and responsible governance practices. Our analysis methodology also considers a company's specific characteristics (sector, market cap, capital structure).

ENVIRONMENT (E)	SOCIAL (S)	GOVERNANCE (G)
Environmental risk management • Environment strategy - supply chain included • Integration of climate change risks • Physical and climate-related risks • Climate strategy and target pathway • Respect for biodiversity **Green innovation and Impact of product** • Added value of products and services, innovation • Eco-designed products **Environmental footprint** • Greenhouse gas emissions • Energy consumption • Water consumption • Waste treatment • Pollutant release	**Human Resource Management** • Job quality • Freedom of association • Career and training management (Job and Competency Planning) • Training and diversity • Company attractiveness • Health and Safety Management **Societal impact** • Restructuring and Employment management • Supplier relations • Social added value of the product or service • Licence to operate **Customer relationship** • Information and safety related to products and services • Customer satisfaction • Data protection	**Business ethic and fundamental rights** • Respect for human rights and fundamental labour rights (incl. child labour) • Fight against corruption and anticompetitive practices • Fiscal transparency • Responsible lobbying **Board** • Independence of the Board and its Committees (audit, remuneration,...) • Separation of powers • Diversity within the Board and availability **CEO and Executive Committee** • Composition and operation of the Executive Committee • Profile and succession planning of the CEO • Transparency and remuneration structure **Shareholders** • Voting rights • Audit and internal control • Consideration given to minority interests

Controversies are also integrated to our rating model and weigh in our issuer ratings. These may lead to a 20% depreciation of the rating within our proprietary system.

The final rating will lead to differentiated weightings for each sector and in some cases, to the deactivation of a few criteria considered to be irrelevant to the sector or the company[4]. The 7-point scale rang-

4. Example: a chemicals company will be more exposed to environmental issues, while a company operating within corporate services will receive more attention on social factors.

es from CCC to AAA, with the top ratings (AAA) reflecting our strongest extra-financial convictions.

Although the weightings given to the extra-financial criteria of our ratings matrix differ between sectors, the rating is expressed in absolute terms and is not relative to the performances within the sector.

ESG issuer analysis is formally documented in factsheets that are accessible to all asset managers and analysts.

FRAMEWORK

Edmond de Rothschild Asset Management (France)'s rating methodology and extra-financial analysis matrix were developed and are regularly 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 Framework Convention on Climate Change, Paris Climate Agreement, Task Force for Climate Related Financial Disclosure (TCFD)
- **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, OECD guidelines for multinational enterprises, Extractive Industries Transparency Initiative

We also take into account European sustainability-related regulations, including the European Union's Green Taxonomy, the Sustainable Finance Disclosure Regulation (SFDR) and Corporate Sustainability Reporting Directive (CSRD). The key indicators associated with these directives are systematically incorporated into our ESG analysis matrix.

A RESEARCH-DRIVEN AND EMPIRICAL APPROACH

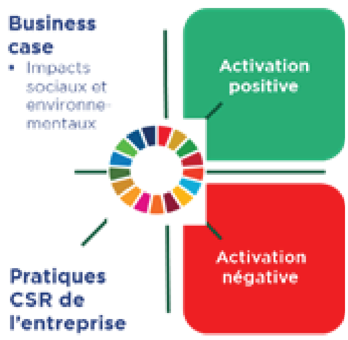
Mindful of the quality and availability of the data, our approach focuses on gross data and close, regular contacts with the companies. The RI team conducts around 200 company meetings to discuss ESG issues; a growing number of these visits are held jointly with portfolio managers and financial analysts.

We also integrate extensive external data, often within specific areas, for example:

- Proxinvest and ISS for governance,
- Carbone4 Finance for climate and biodiversity data,
- MSCI for the Sustainable Development Goals (SDGs), green taxonomy and principal adverse impact indicators, and for the companies that are not covered by our proprietary model,
- Gaïa for European small and mid-caps,
- Reprisk for controversies,
- Data and analysis supplied by NGOs and industry initiatives (e.g. FAIRR for livestock farming, Sciences Based Target Initiative (SBTi) for climate alignment, CDP for climate risk…)

INTEGRATION OF UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

EdR BUILD is regularly reviewed and improved, and since 2018 has integrated the 17 United Nations Sustainable Development Goals (SDGs). These are activated differently depending on their materiality for the company concerned.



Not all SDGs are taken into consideration in the analysis process but 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.

KEEPING UP WITH REGULATORY CHANGE

We take regulatory changes into account and since 2020, have added the following to our ESG analysis matrix: green taxonomy, principle adverse impacts (PAI) indicators concerning the climate, energy transition, biodiversity, pollution, health & safety, human development, gender equality, business ethics, responsible governance practices etc. Each key indicator is associated with an analysis criterion within our EdR BUILD model.

IDENTIFYING INVESTMENT OPPORTUNITIES

EdR BUILD currently covers over 400 issuers across the market cap spectrum, including all companies within the MSCI EMU index. It plays a systematic part in determining the overall or partial investment universes of all our equity, fixed income and diversified SRI funds, by excluding securities displaying the weakest ESG ratings. It is also intended to detect investment opportunities and provides clear signals to asset managers as part of the stock selection process.

MEETING THE HIGHEST STANDARDS OF EXTRA-FINANCIAL ANALYSIS

Positioned at the confluence of methodological breakthroughs, we review our analysis framework every year. Today, biodiversity and climate & physical risks are fully integrated to our analysis matrix.

A key asset for our teams, EdR BUILD offers a holistic approach to risks, allowing for greater responsiveness and investments in contrarian plays in innovative companies. This can prove decisive, notably in the case of IPOs, primary issuances, or mid-sized companies that are poorly covered by external ESG ratings providers.

Considering that most ESG criteria are established over the mid or even long-term, we update our ratings every 18 to 24 months maximum, in order to highlight significant changes. Ad-hoc updates are carried out in the event of material positive or negative catalysts.

This demanding analysis model can also provide a bespoke research framework for dedicated clients.

STANDARDISING THE RESEARCH UNIVERSE

We use the ESG MSCI rating agency for companies that are not covered by EdR BUILD. For these issuers, we determine a specific rating, based on the scores obtained in MSCI's E, S and G pillars, before applying the weightings set for each pillar within the EdR BUILD model. This proprietary scoring system helps to standardise ESG ratings for portfolios investing beyond the scope of EdR BUILD, though the latter is used as a priority when the data is available.

ESG issuer analysis is formally documented in factsheets that are accessible to all asset managers and analysts.

https://www.msci.com/sustainable-investing/esg-ratings

7. NEGATIVE SCREENING: SECTOR AND NORM-BASED EXCLUSION

Edmond de Rothschild Asset Management (France)'s approach to Responsible Investing intends to both lower risks and identify sustainability-related opportunities. As an active, long-term, investment firm, we aim to direct our investments towards the most responsible companies. We also wish to support these companies as they adapt their business models and practices to a more sustainable world.

As such, Edmond de Rothschild Asset Management (France) applies exclusions as a last resort. However, we do exclude securities if ownership could be viewed as contrary to regulations or practices that we feel are least compatible with our approach as a responsible investor, particularly on climate-related issues.

Edmond de Rothschild Asset Management (France) has set up a formal sector-based exclusion policy for controversial weapons, thermal coal, non-conventional fossil fuels, tobacco and violations of the United Nations Global Compact. This policy is applicable to all portfolios, across the full asset class and country spectrum, and is implemented in dedicated funds and/or mandates managed on behalf of institutional investors, unless specified otherwise by the latter. Exclusions are configured as prohibitive pre-trade and post-trade limits in the management tool, to guarantee compliance. Exclusion lists are updated at least once per year.

Controversial weapons

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.

Thermal coal

Edmond de Rothschild Asset Management (France)'s exclusion policy regarding thermal coal is an important feature of our Responsible Investing strategy, and notably of the Climate change roadmap aimed at decarbonising our portfolios by 2050. Coal combustion is the largest cause of global warming, and coal is the first supplier of global electricity generation. Reducing the emissions produced by coal is therefore one of the most effective ways to ensure a transition that is compliant with the Paris Agreement.

The policy applicable to thermal coal excludes all mining companies with high exposure to coal, as well as power producers, if their energy mix is overexposed to coal based on relative and absolute thresholds. All companies developing new projects involving the use of thermal coal are also excluded. Edmond de Rothschild Asset Management (France) has laid out a comprehensive coal exit strategy to be achieved by 2034.

Tobacco

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 companies producing or distributing tobacco products.

Non-conventional fossil fuels

Edmond de Rothschild Asset Management (France) has chosen to adopt a climate policy that will gradually lower investments in oil and gas extraction companies. The policy will initially target non-conventional oil & gas - i.e. requiring non-traditional extraction techniques or more challenging or costly extraction conditions.

We are therefore gradually withdrawing non-conventional oil & gas companies from our portfolios, starting with the most controversial techniques due to their adverse impact on the environment: oil sands, fuel production in the Arctic, ultra-deep drilling, and coal-bed methane.

Violation of UN Global Compact (UNGC)[5]

The UN Global Compact is the world's largest corporate sustainability initiative. Signing up to the UN Global Compact signals a firmer commitment to corporate sustainability and environmental, social and governance (ESG) issues.

Edmond de Rothschild Asset Management (France) has chosen to exclude companies that violate any of the UN Global Compact's 10 principles from its portfolios.

Details of our exclusion policy: https://www.edmond-de-rothschild.com/SiteCollectionDocuments/Responsible-investment/OUR-ENGAGEMENT/FR/EDRAM-FR-Politique-Exclusion.pdf

Country exclusion

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 authorisation of Compliance and audit department must be obtained before any investment in equities, corporate debt or sovereign debt.

5. https://pactemondial.org/decouvrir/dix-principes-pacte-mondial-nations-unies/#droits-de-l-homme

8. VOTING POLICY

Edmond de Rothschild Asset Management (France) introduced a Voting Policy for shareholders' meetings in 2010. This policy is applied in a standardised form to all stocks held in the portfolios managed by Edmond de Rothschild Asset Management (France), whatever the nationality of the issuing companies, as long as the information provided by the issuer is sufficient and that the custodian banks are able to register the vote. At the end of 2023, Edmond de Rothschild Asset Management (France) chose to broaden its voting to 100% of its positions.

The principles of the voting policy are consistent with the RI approach adopted by Edmond de Rothschild Asset Management (France). In addition to fundamental governance-related aspects, they provide detailed guidance on the position that Edmond de Rothschild Asset Management (France) will take regarding draft resolutions on environmental and social matters put to the shareholders' vote.

Our Voting Policy is reviewed at least every year during the Voting Committee and may be amended accordingly. In 2022, for example, Edmond de Rothschild Asset Management (France) emphasised the "say on pay" aspect of our voting policy: approval of the compensation report will be given on the condition that transparent and quantifiable non-financial criteria are duly integrated.

Edmond de Rothschild Asset Management (France)'s approach to shareholder engagement is identical for equities and bonds, except for the two aspects relating to pre-AGM dialogue and filing resolutions.

Voting policy details: https://www.edmond-de-rothschild.com/SiteCollectionDocuments/Responsible-investment/OUR-ENGAGEMENT/FR/EdRAM-FR-Politique-de-vote.pdf

9. DIALOGUE AND ENGAGEMENT

Edmond de Rothschild Asset Management (France) views dialogue and engagement as a duty owed to investors in our funds. Our approach to engagement is constructive, independent, and long-term oriented - with measurable outcomes. This structured approach involves individual or collective dialogue with companies, pre-AGM dialogue, voting, and if necessary, participation in filing resolutions at shareholders' meetings. Our engagement covers both equities and credit asset classes.

Our goal is to initiate and maintain constant and constructive dialogue with investee companies to drive change and foster best ESG practices.

Dialogue with companies consists in improving our knowledge of the company, fine-tuning the ESG ratings assigned by the Responsible Investing team, as well as promoting best practices with the companies concerned. Engagement therefore forms an integral part of the management process.

The purpose of active engagement is to trigger a response from companies on a number of ESG or financial issues and encourage them to make changes in these areas - changes that could lead to a rerating of the company's multiples, a lower credit spread and/or a better earnings growth trajectory, ultimately improving their market performance. We engage companies on a variety of issues, from ESG reporting to climate change, green taxonomy, immaterial factors or animal welfare, emphasising initiatives that deliver concrete results.

Our engagement approach is governed by an engagement policy available on our website: https://www.edmond-de-rothschild.com/SiteCollectionDocuments/Responsible-investment/OUR-ENGAGEMENT/FR/EDRAM-FR-Politique-Engagement.pdf.

The bi-monthly Dialogue and Engagement Committee, chaired by the Global CIO Asset Management, is responsible for approving this policy as well as the list of companies we engage with, follows-up on the progress made, and monitors the results.

The objectives of our dialogue/engagement with companies cover multiple aspects and timeframes:

- Improved transparency on ESG policies, strategies and practices (12/18 months)
- Improved operational performance (2/3 years)
- Improved sustainability strategy (3 years and more)

Our dialogue and engagement policy also includes dedicated dialogue on climate change, consistent with the application of our Climate roadmap (targeting issuers held within the portfolios as a priority).

Engagement initiatives are thoroughly monitored. We measure the progress made according to predetermined indicators for each initiative and over specific timeframes.

Our duty as an active investor is also to be transparent and accountable for our actions. We therefore publish an annual Engagement Policy report: https://www.edmond-de-rothschild.com/SiteCollectionDocuments/Responsible-investment/OUR-ENGAGEMENT/FR/EDRAM-FR-CR-Politique-engagement-actionnarial-et-votes.pdf.

10. RESPONSIBLE INVESTING (RI)

ACTIVE AND FUNDAMENTAL

Consistent with our responsible investing policy and as a signatory of the UN PRIs, Edmond de Rothschild Asset Management (France) has pledged to promote the integration of ESG factors both at analysis level, and in the decision-making process applied to our funds.

Both our financial and extra-financial approaches aim to substantiate our investment convictions. This leads to the default choice of an absolute, "Best-in-Universe" approach, applied to all ESG open-ended funds - i.e. the selection of issuers with the best ESG practices, regardless of the sector or industry in which they operate.

Our analysis model clearly favours sectors and activities focusing on finding solutions to sustainability challenges, while problem sectors are disfavoured.

Since 2010, we have developed a robust RI expertise across multi-asset, bond and equity strategies.

Two approaches co-exist:

- "Core " ESG assets
  - Broad strategies
  - Thematic SRI strategies
  - Engagement strategy
- "Transition" ESG assets

"Core" ESG assets

"Core" ESG assets are SRI strategies that have been granted a SRI label or employ an SRI investment process with similar or superior requirements to the labels. These funds are classified article 8 or 9 under the SFDR regulation. Our range that was awarded the French SRI label covers European, emerging and international equities, bonds, mixed asset funds, and thematic funds focusing on healthcare, climate change, technology and human capital.

Our "core" range applies a "Best-in-Universe" approach, including the systematic use of our analysis model, EdR BUILD. Funds within this range pursue an environmental or social sustainability goal. As is already the case with financial research, ESG research is fully-integrated at all levels of the investment process and constitutes a key criterion for stock selection. Furthermore, funds are assigned specific ESG performance indicators.

Issuers must display minimum ESG ratings to enter an SRI portfolio. Overall, the portfolio must demonstrate a significant ESG-driven selection process - i.e. the reduction of the initial investment universe, as well as an extra-financial rating ratio above 90%[6].

We also apply for other general or specific European labels (for example, FNG, Luxflag Climate Finance) for some of our funds.

Our SRI funds are either co-managed by a "traditional" portfolio manager and an SRI specialist, or managed in close collaboration with our SRI specialists.

Core ESG strategies

Most of our "core" ESG assets pursue a sustainability goal, with relevant impact indicators, while maintaining a "broad" investment strategy focusing on a given region, sector or market segment. A useful example would be our Euro Equity strategy, which also pursues a climate objective.

Thematic ESG strategies

Over the past few years, we have expanded our range of open-ended funds promoting ESG themes, consistent with the engagement pursued by our shareholder and with our areas of expertise. This range includes environment or social-related themes, such as climate change, energy transition, human capital or healthcare.

Engagement strategy

As early as 2011, Edmond de Rothschild Asset Management launched a French equity strategy focusing on shareholder engagement, a forerunner paving the way for other ESG approaches. This strategy aims to influence companies' decisions in order to encourage them to improve their ESG practices, including via an AGM voting policy.

6. 70% for some asset classes.

“Transition” ESG assets

These assets include “ESG integration” funds classified as article 8 funds under SFDR, but that do not yet meet the high requirements of our “core” funds.

These funds have broad ESG performance requirements and must notably display an average ESG rating that is superior to the ESG rating of the benchmark or investment universe. They tend to follow a “Best-in-Universe” approach. Exceptions are possible depending on the specific features of the fund’s strategy.

ESG considerations are actively integrated by the portfolio managers over the course of the investment and stock selection process. Relevant criteria are formalised within the investment process depending on the specific features of each investment strategy.

Furthermore, in 2020, we developed an ESG SWOT[7] analysis to be implemented by our Equity portfolio managers/analysis for each investment case.

IMPACT MEASUREMENT AND MONITORING TOOLS

Monitoring ESG characteristics and measuring impact are key features of the RI process. Edmond de Rothschild Asset Management (France) has developed and continues to deploy several detailed dashboards - ESG, climate, biodiversity, SDGs, and impact - for our fixed income, equity and mixed asset funds.

A comprehensive set of data provided by MSCI, Carbon4 Finance and Gaïa was successfully incorporated into our front-office tool. These dashboards are updated daily and now cover a wide range of indicators, including:

- Global ESG scores and scores per pillar,
- Climate indicators covering direct, indirect and avoided emissions,
- Biodiversity indicators,
- Exposure to SDGs,
- Environmental, social and governance impact indicators,
- The proportion of sustainable investments,
- SFDR and taxonomy-related indicators.

This data is available for the fund, its benchmark, its investment universe and for individual positions. These indicators feature in our front-office tool and are available to all portfolio managers.

An ESG and climate attribution quickly identifies the best and worst contributors to the overall portfolio and helps the managers determine which companies must be monitored as a priority.

The dashboards are an effective ESG monitoring and steering tool for the fund managers, who can simulate the impact of a change in the ESG profile of a given portfolio. They can also more easily prioritise analysis efforts, determine areas for improvement and track any progress made.

Support teams such as Risk Control, Reporting or RFP teams are also able to visualise these dashboards.

7. Analysis that identifies the strengths, weaknesses, opportunities and threats around a company or a project.

TRANSPARENCY AND REPORTING

Intent on offering quality and transparent client support, Edmond de Rothschild Asset Management communicates regularly on its RI approach, new developments, and the impact of its investments. We think the core issue is the added social and/or environmental value of our investments.

First, our annual UN PRI report provides details on our commitments and formally establishes our ambitions.

We publish our ESG policies and inform our clients on our main methodologies and their results on our website, in our client performance reports, and in our marketing material. Importantly, we provide a detailed account of our voting results and our dialogue and engagement initiatives.

As far as our open-ended funds are concerned, our standard monthly report includes a detailed ESG section covering the fund's ESG profile, its exposure to controversies, the fund's performance against climate and biodiversity metrics, and its exposure to the Sustainable Development Goals.

Impact reports are available for our SRI-certified funds, featuring a list of selected impact indicators.

Finally, our approach fits into a broader corporate responsibility policy, including the publication of the Edmond de Rothschild Group's Sustainable Development report.

ESG REGULATION: FROM "OBLIGATION OF MEANS" TO THE "OBLIGATION TO DELIVER"

CSRD, SFDR, Green taxonomy, MiFID... Several regulatory packages have been introduced in recent years to offer a better framework for responsible investing. The European SFDR (Sustainable Finance Disclosure Regulation), which came into force in March 2021, aims to improve transparency and harmonise sustainability disclosure standards on financial products. One key aspect of the regulation is to classify financial products into three categories:

- Products that promote environmental and/or social characteristics (article 8),
- Products that have sustainable investment as their objective or contribute to an environmental and/or social objective, without doing any significant harm to other environmental and/or social goals (article 9),
- Products that fail to meet the definitions of articles 8 et 9.

Edmond de Rothschild Asset Management (France) has classified its open-ended funds into article 8 or 9 funds under SFDR, intentionally adopting a conservative approach. These funds formally incorporate ESG considerations in their investment process, and in the case of article 9 funds, also have a sustainable investment goal. They also take principle adverse impacts into consideration. Non-certified funds are required to display ESG ratings above those of the benchmark or investment universe to qualify as article 8.

In accordance with article 2(17) of the SFDR regulation, we have also drawn up our own definition of "Sustainable Investment", which must provide evidence of a positive contribution to an environmental or social objective, not cause significant harm to any other objectives, and apply best governance practices.

https://www.edmond-de-rothschild.com/SiteCollectionDocuments/Responsible-investment/OUR-ENGAGEMENT/FR/EdRAM-Definition-et-methodologie-Investissement-durable.pdf

- 93% of our open-ended funds are classified article 8 or 9 under SFDR[8].

Meanwhile, the Green Taxonomy plays a key role in identifying the economic activities considered to be sustainable. The latter must comply with one or several of the following objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition towards a circular economy, pollution prevention, protection and restoration of biodiversity and ecosystems.

Edmond de Rothschild Asset Management (France) welcomes the implementation of this framework and has developed the necessary monitoring and steering tools to support its roll-out.

8. At end December 2022.

11. INTEGRATION OF CLIMATE AND BIODIVERSITY ISSUES

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 returns of our funds and to the impact of our investments on the said climate change. Today, there is no doubt that climate chance calls for urgent action. Awareness is also growing on biodiversity risks, and on the close relationship between biodiversity and climate issues.

Climate-related impacts come with substantial risks, but they also offer multiple opportunities. They highlight the importance of a 360-degree approach, preceded and/or complemented by dialogue and engagement with companies on climate risk and an investment approach supporting the energy transition for green growth.

We build on several existing climate approaches, particularly the Montreal Carbon Pledge signed by Edmond de Rothschild Asset Management (France) in 2015, the CDP (Carbon Disclosure Project) and the TCFD's 2017 recommendations, designed to help companies take account of climate-related issues, and the Science Based Target (SBT) Initiative. In May 2023, we joined the "Net Zero Asset Managers" (NZAM), consistent with our pledge to support the energy and environmental transition, having joined the Institutional Investors Group on Climate Change (IIGCC) a few weeks earlier. This membership marks a major milestone in Edmond de Rothschild's global ESG strategy.

We intend to ensure, through our financing choices and our shareholder engagement, that our investments are aligned with a very limited climate change trajectory compatible Paris Agreement.

As a result, in 2017, Edmond de Rothschild (France) developed a climate strategy, expressed in a 2°C roadmap. This 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. Our model analyses risks and opportunities over 5 levels and 3 timeframes:

- Short-term,
- Mid-term and
- Long-term - until 2050,

Five sectors were identified with the application of the TCFD methodology:

- energy,
- transport,
- construction,
- manufacturing,
- agriculture,

and a dozen sub-sectors bearing high climate-related risks, some of which are already present today. As a result, attention is focused on a limited number of sectors and issuers that present a high level of climate risk, such as coal mining, power generation based on thermal coal, tar sands and Arctic oil and gas, but also airlines and ruminant meat production. At the same time, we have identified a dozen sectors and around 20 sub-sectors that present major climate opportunities, some of which can be unlocked from today.

Our roadmap is entirely consistent with our Responsible Investing philosophy. We are making incremental progress in this area, as methodologies improve and as companies provide better access to data.

The roadmap was initially updated in 2020, and later in early 2024 when it was incorporated into our NZAM pledge. The update takes into account the climate emergency and responses from various economic participants and regulators, including the European Union's green taxonomy. It draws from the IEA's most recent climate scenario[7], the Net Zero Emissions by 2050 (NZE)[9], which maps out a way to achieve a 1.5 °C stabilisation in the rise in global average temperatures, alongside universal access to modern energy by 2030.

Moreover, Edmond de Rothschild Asset Management (France) participates in several initiatives and commissions covering climate issues at local (FIR), European (EFFAS) and global (ICGN, IIGCC, PRI) level.

NET ZERO ASSET MANAGERS INITIATIVE (NZAM)

In May 2023, we joined the "Net Zero Asset Managers" (NZAM), consistent with our pledge to support the energy and environmental transition, having joined the Institutional Investors Group on Climate Change (IIGCC) a few weeks earlier. This membership marks a major milestone in Edmond de Rothschild's global ESG strategy.

The initiative aims to galvanise the asset management industry to commit to a "net zero emission" transition and allows for the implementation of actions and ambitious investment strategies, targeting zero net emissions by 2050 or earlier, for all assets under management within the scope of the initiative.

Over the next few months, we shall publish:

- The initial percentage of the portfolio aligned with the initiative;
- Our interim goals for assets under management managed in accordance with the "Net Zero Initiative";
- The target date for interim goals;
- The methodology used to set these goals.

We shall monitor these commitments carefully over time and will review the goals every 5 years minimum, in order to increase the percentage of assets under management aligned with the initiative, until we reach 100%.

BIODIVERSITY

All stakeholders agree that the issues around climate change - problems and solutions alike - are closely connected with the preservation of biodiversity. Indeed, half of the world's GDP depends on nature and on its preservation. The IPBES[0] has estimated that 75% of land ecosystems and 66% of the oceans have been significantly altered. One million animal and plant species are now threatened with extinction at a pace that is 10 to 100 times faster than the natural rate.

Version 1.0 of the Taskforce on Nature-related Financial Disclosures (TNFD) roadmap will create the first comprehensive common language around biodiversity for the entire private sector, just like the Taskforce on Climate-related Financial Disclosures (TCFD) did for climate change in 2017.

This makes building a common climate & biodiversity roadmap, using the two compatible TCFD and TNFD frameworks, particularly pertinent.

Furthermore, Edmond de Rothschild Asset Management (France) takes part in the Finance for Biodiversity[12] initiative and is a founding member of Nature Action 100[13].

9. International Energy Agency

10. https://www.iea.org/reports/world-energy-outlook-2022/executive-summary?language=fr

11. Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, https://www.ipbes.net/global-assessment

12. https://www.financeforbiodiversity.org/signatories/

13. https://www.natureaction100.org/investors/

12. GLOSSARY

ESG criteria: Environmental, Social and 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.

AMF doctrine:

Guidelines aimed at ensuring the proportionality between the reality of non-financial criteria taken into account in fund management and the importance given to these criteria in investor communication, applicable to French and foreign UCITs sold in France to non-professional clients. Financial products have been split into 3 categories:

- **The first category** covers products with a strong emphasis on shareholder engagement.
- **The second category** includes products that apply extra-financial criteria but do not place a strong emphasis on engagement.
- **The third category** includes all other products that do not meet central or "reduced" communications standards.

Issuers:

Any entity (companies, states, agencies, supranational agencies or local authorities) that taps the market to finance its operations by issuing equities, bonds and other financial securities.

SRI:

"SRI (Socially Responsible Investing) 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, July 2013).

SFDR regulation:

The Sustainable Finance Disclosure Regulation (SFDR), which came into force on March 10th 2021, aims to standardise transparency and disclosure requirements for the financial services industry on its sustainable products. The SFDR has created 3 categories:

- **Article 6:** the product does not have a sustainable investment objective.
- **Article 8:** the fund promotes environmental or social characteristics, though this may not be a core factor, nor the core feature of the investment process.
- **Article 9:** the product has a sustainable investment objective.

APPROACHES

Engagement:

Practice aiming to influence the behaviour of investee companies in order to improve their environmental, social or governance practices. Engagement themes must be defined and the monitoring of engagement initiatives (dialogue, individual or collective, voting at General Meetings, tabling resolutions) must be documented.

Exclusion:

Funds can apply two types of exclusion:

- **Norm-based exclusions:** Norm-based 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 (e.g.: controversial weapons, countries under embargo, etc.) are not sufficient to characterise an exclusion approach.

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 inclusive funds, which invest in companies operating within the inclusive or social 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.

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.

LEGAL DISCLAIMER:

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Sources of information: unless otherwise stated, the sources used in this document are the Edmond de Rothschild group's sources.

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