



EDMOND
DE ROTHSCHILD

EDMOND DE ROTHSCHILD FUND CHINA

EXTRA-FINANCIAL PERFORMANCE REPORT 2023

MARKETING COMMUNICATION: This is a marketing communication. Please refer to the UCITS prospectus and the Key Information Document before making any final investment decision.



PRESENTATION OF THE FUND

The EdR Fund China aims to create long-term value by seeking to capitalise on the long-term growth drivers of the Chinese economy. The Fund invests within the entire Chinese Equity Universe (Hong Kong, A Share¹, Chinese American Depositary Receipts) and implements a sustainable investment framework based on the following pillars:

- **ESG² Integration (through the application of exclusions filters and in depth stock by stock ESG analysis).**
- **A wide range of ESG indicators are actively monitored** at issuer and portfolio level including Carbon Footprint, ESG scores, alignment with United Nations Sustainable Development Goals², allowing us to measure the Fund's ESG performance and compliance with the ESG requirements of the French SRI Label.
- **Active Stewardship and engagement** to encourage companies to communicate and improve their ESG practices, while contributing to the Fund's performance.

ESG EXCLUSIONS

The Fund applies the following ESG exclusions

- ▶ Edmond de Rothschild Group's ESG exclusions (controversial weapons, thermal coal, fossil energy, tobacco and the violations of the United Nation Global Compact (UNGC)).
- ▶ Exclusions of serious and severe controversies.
- ▶ Selectivity filter to eliminate the least performing stocks from an ESG perspective.

ESG RESEARCH

Each stock in portfolio is subject to a detailed ESG analysis to develop a good understanding of a company's non-financial profile. Inclusion of environmental, social and governance (ESG) factors are part of our stock selection and buy/ sell discipline. Portfolio managers draw on the contributions of the Edmond de Rothschild Responsible Investment team as

well as specialist ESG research providers, Carbon4 Finance MSCI, ISS China specialist MioTech.

ENGAGEMENT

Our approach to engagement is part of the broader stewardship and voting policy of Edmond de Rothschild Asset Management (France). The engagement process is led by the EdR Fund China investment team and relies on the expertise of the Responsible Investment (RI) team with two main components: (1) active voting policy and dialogue with companies prior to general meetings, and (2) a more targeted engagement on ESG issues identified by the fund management team

Some ESG issues can have a material impact on the valuation of companies, and the fund's investment process includes an estimate of the potential for additional stock market appreciation related to engagement (earnings growth and/or expansion of multiples).

¹ESG: Environmental, social and governance criteria. ²The Sustainable Development Goals (SDGs) are the 17 priorities for economic and social development that respect people and the planet. ² Chinese A shares are shares in mainland China-based companies that are traded on China's two stock exchanges, the Shanghai Stock Exchange (SSE) and the Shenzhen Stock Exchange (SZSE).

KEY HIGHLIGHTS 2023



38.9% performance
over 10 years vs 39.3% for the
MSCI China 10/40¹



EUR 148M AUM
as of 29/12/2023



SFDR Article 8²



10.14 ESG Score³
vs 9.61 for the MSCI China
10/40



Total GHG⁴ intensity:
348.02t CO₂ / M€
vs MSCI China 10/40 1459.15t
CO₂/M€

French SRI Label⁵
since 2021



Past performance and volatility are not reliable indicators of future performance and volatility. They may vary over time.

1. Data as of 29/12/2023, EdR Fund China (Part I EUR) Source: EdRAM (France) **2.** SFDR classification: The investment policy of a fund may change over time and therefore its classification under the Sustainable Finance Disclosure Regulation (SFDR) may change. If you have any doubts about the SFDR classification of a fund, please contact your usual adviser. Article 8 SFDR: Article 8 funds under the Sustainable Finance Disclosure Regulation (SFDR): funds that promote environmental or social features. **3.** ESG score from MSCI are on a scale from 0 to 20, with 20 being the highest risk. **4.** GHG : Greenhouse gases. Source: Carbon4 Finance. **5.** SRI label: The SRI label is a tool for choosing responsible and sustainable investments. Created and supported by the French Ministry of Finance, the label aims to make socially responsible investment (SRI) products more visible to savers in France and Europe.

ESG NEWS

AN IMPROVING ESG ECOSYSTEM IN CHINA

China's ESG practices are a concern for some investors due to lack of transparency and communication, while there are promising signs that regulators and corporates are taking positive steps. China expects carbon dioxide emissions to peak by 2030 and aims to become carbon neutral by 2060 with a fully established green, low-carbon and circular economy. Also, over the past 40 years, China has lifted 800 million people out of poverty, aligning with the UN's Sustainable Development Goals to eradicate poverty. Corporate governance is also improving in some industries, such as the technology sector, but some companies are still not fully transparent in their disclosures.

Supportive regulation: Despite their late start, China's ESG regulations have rapidly evolved. In 2022, China introduced its first ESG reporting framework, emphasizing scientific and data-based evaluations with comprehensive indicators. Furthermore, stock exchanges like Hong Kong's HKEX and Shanghai's STAR market (the Science and Technology Innovation Board) are pushing for climate-related ESG disclosures, aligning with international standards and China's carbon neutrality goals by 2060. Early this year, three main stock exchanges in China have proposed new ESG disclosure regulations requiring over 400 of its largest companies to publish sustainability reports by 2026. Corporations falling under this mandate will be required to disclose comprehensive information about their ESG governance and strategy. Metrics such as energy transition plans and the impact on the environment and society will also be part of the disclosure requirements. Better disclosure: Each year, more Chinese companies are releasing ESG, Corporate Social Responsibility (CSR), or sustainability reports. In 2022, 28% of A-share companies produced reports related to ESG, with 80% labeled as CSR reports.

By April 2023, 70.4% of listed state-owned enterprises had published standalone ESG reports. However, small to medium-sized enterprises face challenges in reporting quality, primarily due to cost concerns.¹

Green financing: China, as the world's largest green credit market and second in green bond issuance, plays a pivotal role in the green finance sector. The central bank is advancing research in Transition Finance Standards across critical industries like steel, coal, construction, and agriculture. The government is also leveraging central bank re-financing facilities to fund projects with significant emission reduction potential. By Q2 2023, these re-financing loans reached RMB453 billion. Financial corporates are also active participants in this green investment initiative. Ping An Insurance launched China's first "carbon neutrality" charity trust plan.² By 2025, Ping An strives to achieve green investment and green loans scale of RMB400 billion, and a total of green insurance premiums of RMB250 billion.³

The pioneers: Driving one of the world's largest and most dynamic economies, China's enterprises have a leading role to play in actions for sustainable development. With the global climate action and China's "dual carbon" goals, the automotive industry is shifting towards electrification. Many players in the industry are planning to establish a green supply chain, set green procurement standards, build zero-carbon factories, provide recycling solutions, and invest in clean technologies. Leading the global E-mobility industry, CATL, Yadea and NIO are three of the pioneers in this space. Chinese companies have also made significant strides in the solar and wind industries, with strong footholds across the entire supply chain, ranging from resource extraction, processing, production equipment as well as final assembly.

ESG in China is quickly evolving, fueled by supportive regulations, conscientious investors, and active ESG practitioners. We believe that considerable progress on ESG is to accelerate China's long term development.

1. Morrow Sodali report: an evolving landscape of ESG in China - Wind, New Fortune survey: 1419 A-share companies published 1430 ESG reports, of which 11 companies released dual reports of CSR and ESG reports. 2. PBoC data 3. Ping An group news: <https://group.pingan.com/media/news/2022/Ping-An-Promotes-Responsible-Investing-for-China.html>

ESG indicators of EdR Fund China portfolio are summarized in the following table:

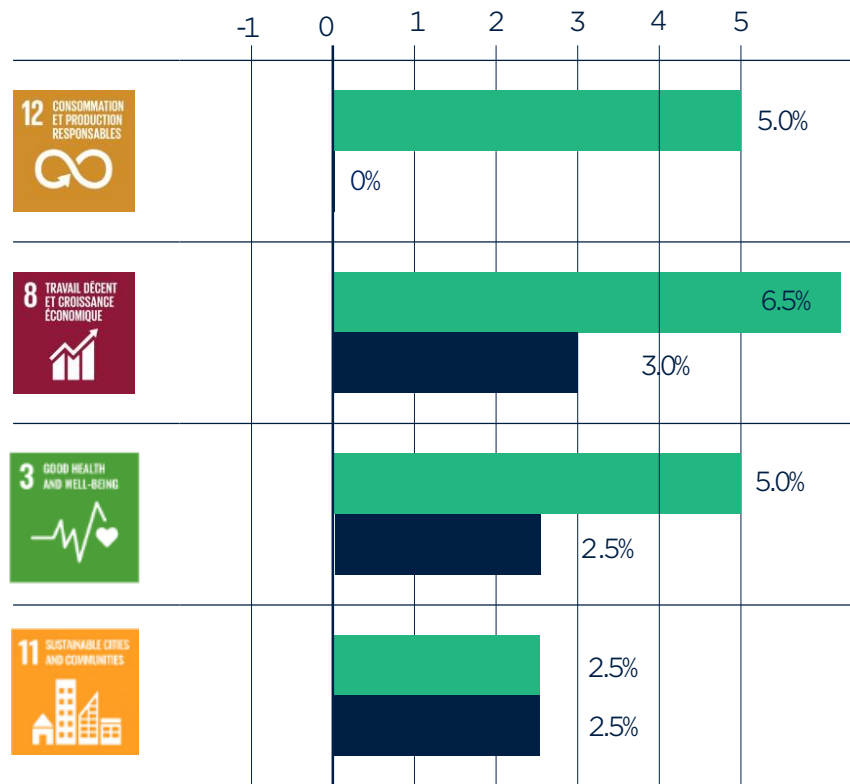
The fund is classified SFDR Article 8 and is committed to ensuring that the UN Global Compact Signatories and induced emissions intensity (Scope 1, 2&3) indicators are better than its benchmark as part of the French SRI Label requirements. These indicators are monitored on a regular basis and corrective actions within the portfolio are implemented to ensure that the Fund retains a superior footprint on those two metrics than the index.

ESG indicators	EdR Fund China	MSCI China 10/40	
ESG Score (Coverage rate)	10.14 (97%)	9.61 (97%)	✓
Controversy score (Coverage rate)	5.56 (97%)	5.33 (99%)	✓
SOCIAL IMPACT INDICATORS			
Share of women in the workforce (Coverage rate)	39.20% (85%)	38.01% (82%)	✓
Share of women on the board (Coverage rate)	18.60% (98%)	17.57% (85%)	✓
Share of women in the executive committee (Coverage rate)	17.85% (96%)	15.38% (85%)	✓
ENVIRONMENTAL IMPACT INDICATORS			
Climat alignment in degrees	3.72 (95%)	4.08 (93%)	✓
Induced emissions intensity (Scope 1, 2&3) (tCO2e/M€ of revenue)	348.02 (95%)	1459.15 (93%)	✓
GOVERNANCE INDICATORS			
UN Global Compact Signatories	33.21% (96%)	32.88% (99%)	✓
Combined CEO/Chair (%)	38.37% (97%)	38.80% (99%)	✓

The indicators are defined on page 10.

UN SUSTAINABLE DEVELOPMENT GOALS ALIGNMENT

SDG Alignment Score¹



Companies with strong UN SDG Portfolio Alignment score vs MSCI China 10/40

NIO

- ▶ A leading electric vehicle manufacturer targeting the premium segment.
- ▶ The total number of EVs delivered in 2021 by NIO can reduce CO2 by approximately 1.4million tons in the whole life cycle.

NEW ORIENTAL EDUCATION

- ▶ A leader in the Chinese education industry, providing English language training, test preparation, after-school tutoring, and study-abroad consulting services.

BeiGene

- ▶ BeiGene is a global biotechnology company developing innovative and affordable cancer medicines for more patients around the world.
- ▶ More than 800,000 patients have been treated reflecting Beigene's expansive global reach and deep commitment to access.

GREE ELECTRIC

- ▶ A global home appliance manufacturer, specializing in energy-efficient air conditioning solutions and innovative technology.
- ▶ "Green Intelligent Manufacturing" project focus on promoting sustainable and innovative manufacturing practices.

■ Edmond de Rothschild Fund China
 ■ MSCI China 10/40

¹ The percentage of alignment with each SDG measures the company's contribution to achieving the Sustainable Development Goals. Source: EdRAM (France) as of 29/12/2023, based on MSCI's SDG Net Alignment score, activation thresholds determined by EdRAM (France) according to its proprietary methodology. The information on companies should not be considered as an opinion of the Edmond de Rothschild Group on the foreseeable development of these securities and, where applicable, on the foreseeable development of the price of the financial instruments they issue. This information does not constitute a recommendation to buy or sell these securities. The composition of the portfolio may change over time.

DIALOGUE AND ENGAGEMENT

Our engagement approach is part of the broader stewardship and voting policy¹ of Edmond de Rothschild. This policy is applicable for all equity portfolios under management.

The engagement policy is led by the EdR Fund China's investment team, drawing on the expertise of the Responsible Investment (RI) team.

The engagement process implemented within the EdR Fund China aims to encourage companies to communicate and improve their ESG practices, while contributing to the fund's performance. Indeed, some ESG issues can have a material impact on the valuation of companies and

the Fund's investment process includes an estimate of the potential for additional stock market appreciation related to engagement (earnings growth and/ or expansion of multiples).

The engagement process has two main components: an active voting policy and a dialogue with companies prior to general meetings, and a more targeted engagement on ESG issues identified by the management team.

In 2023, our portfolio managers and analysts engaged in meaningful dialogues with 22 companies out of 53.

One of our objectives is to encourage companies to be signatories of the United Nations Global Compact principles (which is an impact indicator that we actively monitor), in order to implement best practices in terms of business ethics and human rights. The United Nations Global Compact is the world's largest voluntary

In 2023, our portfolio managers and analysts engaged in meaningful dialogues with 22 companies, representing 41,5% of the portfolio, to discuss their extra-financial practices.

commitment to sustainable development, with more than 13,000 participants in 170 countries. We try to raise the companies' awareness on ESG issues and encourage them to disclose more and better information especially vis-à-vis global ESG rating agencies. Ultimately, we believe following such an approach supports long-term investment outcomes and aligns our interests with those of our clients, as well as the wider society.

We conducted an in depth dialogue with Estun on different subjects such as production safety controls and human resources management, including their talent attraction and retention strategies. We also engaged in dialogues with Alibaba and Ping An Insurance on corporate governance practices.

Furthermore, in 2023, when exercising voting rights at the general meetings of companies held by the EdR Fund China, the management team voted on 675 resolution at the fund meetings proposed by 80 companies, representing a voting rate of 100% of the companies in our voting perimeter. The rate of opposition was 34,5%, notably on issues of renewal/ auditor remuneration, financial transactions executive remuneration (Source: ISS).

Engaging in dialogues with companies and exercising our voting rights in meetings is crucial in promoting ESG practices and driving positive change. Through our engagement efforts, we can encourage companies to adopt more sustainable and responsible business practices, and through our voting rights, we can hold companies accountable for their ESG practices and promote long-term value creation for our stakeholders.

¹ This is applicable in France and internationally for all portfolios under management. You can find our voting policy here: <https://www.edmond-de-rothschild.com/SiteCollectionDocuments/Responsible-investment/OUR-ENGAGEMENT/EN/EdRAM-EN-Voting-Policy.pdf>. Source : ISS, data as of 29/12/2023. The information on companies should not be considered as an opinion of the Edmond de Rothschild Group on the foreseeable development of these securities and, where applicable, on the foreseeable development of the price of the financial instruments they issue. This information does not constitute a recommendation to buy or sell these securities. The composition of the portfolio may change over time.

FOCUS CATL



As a leading producer of electric vehicle (EV) batteries, Contemporary Amperex Technology Co. Ltd CATL has maintained its top position in the EV Battery market for six consecutive years. It is contributing to the fast adoption of electric vehicles, which are important elements in the global energy transition.

CATL has set an ambitious goal to achieve carbon neutrality in its core operations by 2025 and across the battery value chain by 2035. The company is also committed to promoting safe, green, and efficient production, and has demonstrated its commitment by earning the PAS2060 certification on carbon neutrality at its Yibin production base from the world's leading inspection and certification company SGS in 2022. The Yibin production base is now the world's first zero-carbon factory in the new energy industry. Additionally, CATL has made investments in renewable energy production and has committed to using renewable energy for 50 % of its production processes by 2025.

Renewable electricity usage for the Company reached 26.60% in 2022, having increased by 4.60% compared with 2021. CATL's efforts in battery material recycling and development of a sustainable battery value chain are noteworthy. The company has developed a closed-loop recycling system for lithium batteries. Its subsidiary Brunp, has built a recycling system of the entire battery industry chain. CATL has also received recognition from various ESG ratings agencies for its overall performance. In 2023, the company maintains an "A" rating from MSCI ESG Fundamentals.



Source: CATL. Data as of 29/12/2023. The information on companies should not be considered as an opinion of the Edmond de Rothschild Group on the foreseeable development of these securities and, where applicable, on the foreseeable development of the price of the financial instruments they issue. This information does not constitute a recommendation to buy or sell these securities. The composition of the portfolio may change over time.

FOCUS MEITUAN



Meituan is a leading e-commerce platform in China. Service offerings on its platform address people's daily needs for food, broad lifestyle and travel services. The company is actively working to reduce its carbon footprint and has implemented various sustainability initiatives.

To promote ecofriendly practices, Meituan has been using more electric scooters and has introduced a green delivery initiative since 2020, which aims to reduce carbon emissions by 40% compared to traditional delivery methods. Additionally, the company has achieved a 100 % recyclable rate for its retired shared bicycles. Meituan is also collaborating with industry associations and catering businesses to promote anti-waste measures, including the « small portion dishes » and « clean plate » initiative and donating unsold food to charities.

On the social front, the company has established several programs to support vulnerable groups, including elderly citizens, people with disabilities, and children from low-income families. Furthermore, Meituan is constantly expanding its business categories and services to provide more abundant daily necessities for rural residents and make life services consumption accessible for more remote villages.

Meituan's sustainability and social initiatives demonstrate the company's commitment to ESG principles and its efforts to create long-term value for its stakeholders.



Source: Meituan., data as of 29/12/2023. The information on companies should not be considered as an opinion of the Edmond de Rothschild Group on the foreseeable development of these securities and, where applicable, on the foreseeable development of the price of the financial instruments they issue. This information does not constitute a recommendation to buy or sell these securities. The composition of the portfolio may change over time.

APPENDIX: IMPACT INDICATORS

Edmond de Rothschild Asset Management' Responsible Investment team has identified a range of impact indicators to measure the fund's non-financial performance vs its reference benchmark.

ESG score: ESG score from MSCI are on a scale from 0 to 20, with 20 being the highest risk.

Controversy score: share of companies subject to controversy according to MSCI

Induced emissions intensity (tons of CO₂ eq /Million € of revenue) scopes 1, 2 and 3: measures portfolio's exposure to carbon-intensive companies using Carbon4 Finance data. It is the weighted sum of the carbon intensity of the companies in the portfolio, and is expressed in tons of CO₂ equivalent per million euros of sales based on Carbon4 Finance methodology. Scope 1 refers to direct greenhouse gas emissions. Scope 2 refers to indirect energy-related emissions. Scope 3 refers to other indirect emissions.

Share of women in the workforce: number of women employees expressed as a percentage of the total workforce.

Share of women at the executive committee: number of women at executive committee as a percentage of the total members of the executive committee.

Share of women on the board: number of women directors at the board as a percentage of the total board members.

UN Global Compact signatories: The Global Compact is a voluntary initiative initiated by the United Nations that sets out 10 key principles on the environment, human rights, labor rights and business ethics.

Combined CEO/Chair (%): Separation of the functions of Chairman and Managing Director is a principle of good governance favoured by Edmond de Rothschild Asset Management.

Climate alignment: also measured by Carbon4 Finance, measures the portfolio's alignment with a climate trajectory by 2100.

The indicators are calculated using the most recent data available. For each indicator, we specify the coverage rate corresponding to the portion of the fund or index for which we were able to obtain the inform.

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A summary of investors' rights in English and French can be obtained at the following link: <https://www.edmond-derothschild.com/SiteCollectionDocuments/LegalWebPartSiteDocument/France/documents-reglementaires/EdRAM-France/EDRAM-ENMain-rights-of-investors.pdf>.

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