



R-co Midcap France

Management report | ESG

ESG rating

Portfolio

Rating **A** Score/10

6.7

Management universe

Rating **A** Score/10

6.6

Coverage rate

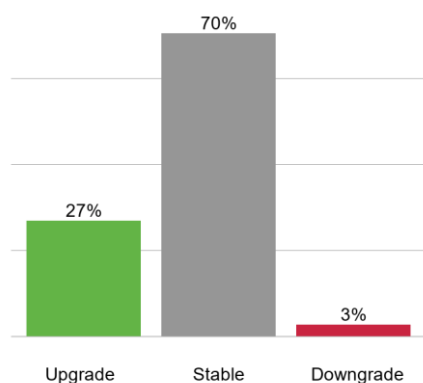
Number of holdings 47

Number of ESG rated holdings 34

78%

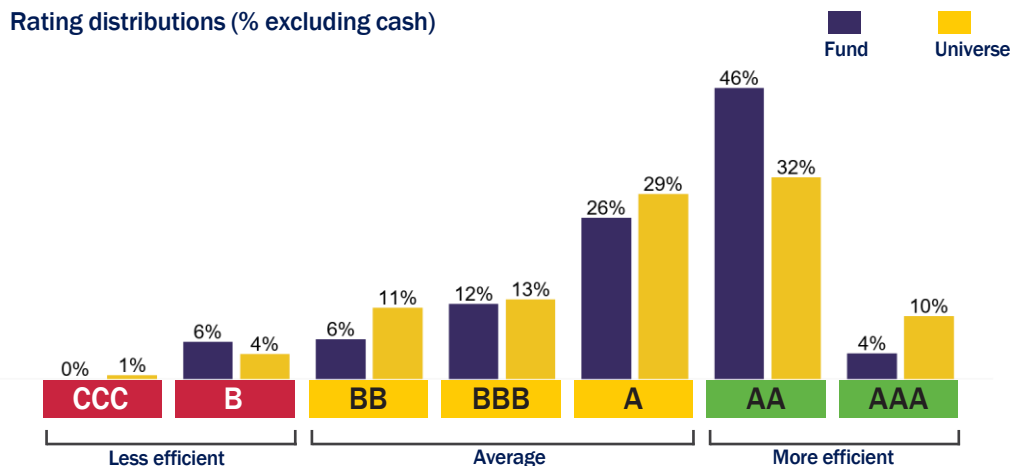
% of portfolio's total net assets

Rating evolution (over 12months)



ESG rating

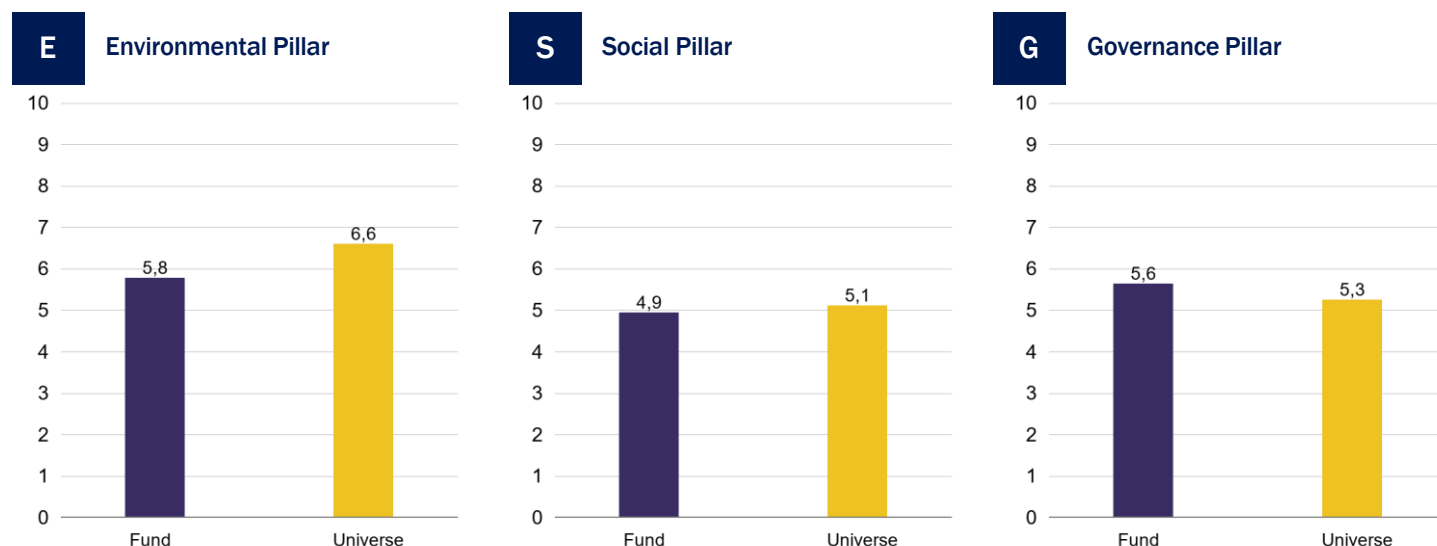
Rating distributions (% excluding cash)



Distribution of ratings by sector (% excluding cash)

Sector	Weight	Not rated	CCC	B	BB	BBB	A	AA	AAA
Consumer goods	9.3%	12.4%	-	-	15.3%	-	33.2%	18.6%	20.5%
Oil & Gas	8.4%	28.7%	-	-	-	-	40.6%	30.7%	-
Financials	10.0%	62.1%	-	-	-	-	-	37.9%	-
Industry	34.8%	16.0%	-	-	6.3%	25.9%	32.2%	19.7%	-
Materials	2.6%	-	-	-	43.4%	-	-	56.6%	-
Utilities	1.5%	-	-	-	-	-	100.0%	-	-
Consumer services	12.6%	12.6%	-	-	-	-	-	78.3%	9.1%
Technology	17.0%	24.5%	-	26.1%	-	-	-	49.4%	-
Telecommunications	1.3%	100.0%	-	-	-	-	-	-	-
UCIs	2.4%	100.0%	-	-	-	-	-	-	-

ESG score comparison by pillar





Carbon intensity (scope 1 + 2)

Coverage rate :

% of portfolio's total net assets

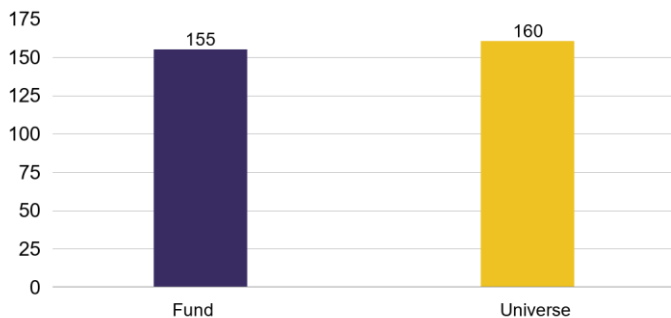
70%

Difference of contribution to the carbon intensity (%) :

-5

tons of CO2 per sales, in millions of USD

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



Main sectors contributing to carbon intensity

Issuers	Weight	Carbon intensity	Contribution to the carbon intensity (%)
Utilities	2,2%	67,0	43%
Industry	36,3%	46,4	30%
Oil & Gas	8,5%	19,6	13%
Top 3	47,0%	133,0	86%

Note

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

Main contributors to carbon intensity

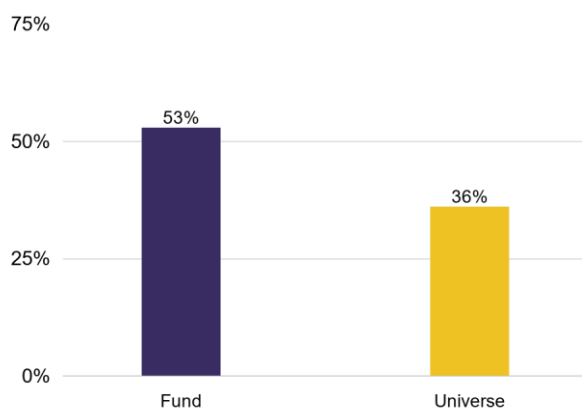
Issuers	Weight	ESG rating	E Score	Low carbon Transition Management Score	Annual emissions (Mt/Co2)	Carbon intensity	Contribution to the carbon intensity (%)
Albioma SA	2,2%	A	7,3	6,8	2,0	67,0	43,2%
VERALLIA SA	3,1%	BB	5,4		0,5	29,4	19,0%
Gaztransport Et Technigaz SA	4,8%	A	6,3	4,5	0,1	11,9	7,7%
SOITEC	5,0%	B	4,4	2,8	0,1	9,6	6,2%
TECHNIP ENERGIES NV	3,7%	AA	7,2	2,0	0,8	7,7	5,0%
Top 5	18,8%				3,5	125,6	80,9%

Note

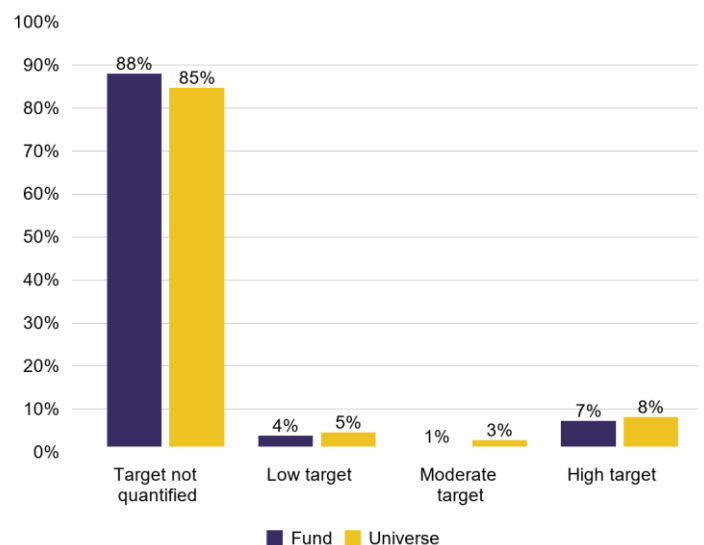
carbon intensity calculated in tons of CO2 (scope 1+2) per sales, in millions of USD

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 ©

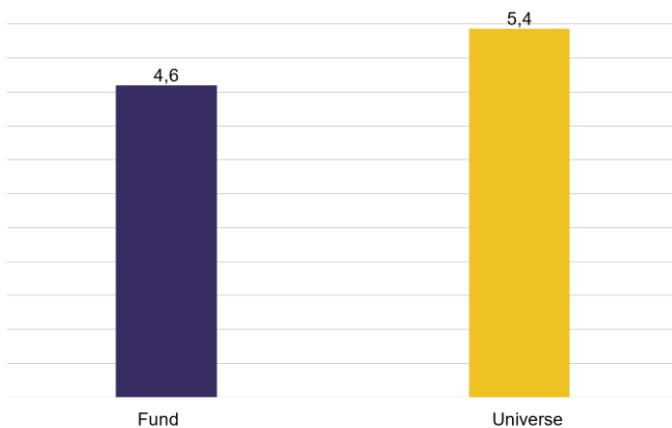


Transition towards a low carbon economy

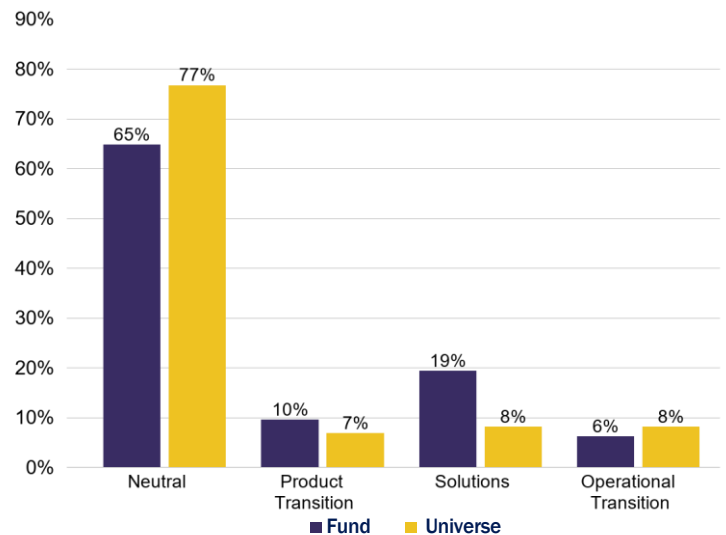
Coverage rate :

72%

Low carbon Transition Management Score

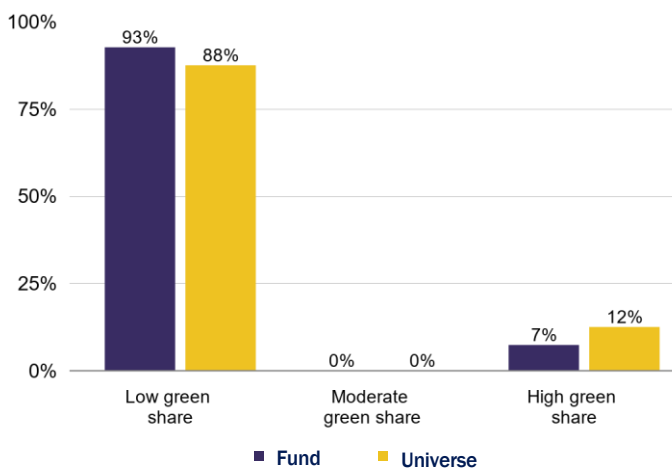


Breakdown of issuers by transition category

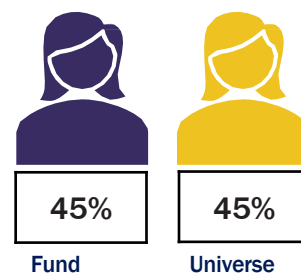


This score (from 0 to 10) evaluates a company's performance in terms of managing the risks and opportunities associated with the transition to a low-carbon economy. It combines management assessments over the following key issues: (i) management of greenhouse gas emissions, (ii) carbon footprint of products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

Green share



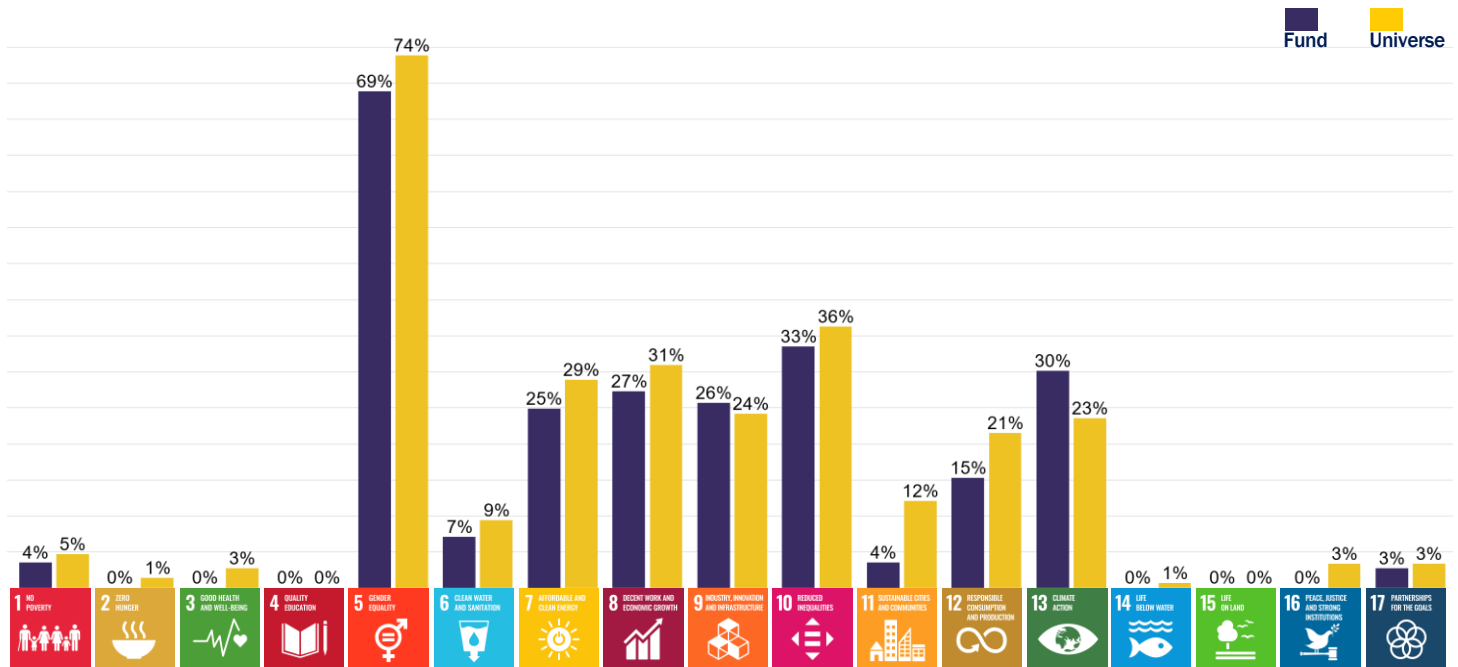
Women representation on the Board of Directors





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. NO POVERTY** End poverty in all its forms everywhere
-  **2. ZERO HUNGER** Zero hunger
-  **3. GOOD HEALTH AND WELL-BEING** Ensure healthy lives and promote well-being for all at all ages
-  **4. QUALITY EDUCATION** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
-  **5. GENDER EQUALITY** Achieve gender equality and empower all women and girls
-  **6. CLEAN WATER AND SANITATION** Ensure access to water and sanitation for all
-  **7. AFFORDABLE AND CLEAN ENERGY** Ensure access to affordable, reliable, sustainable and modern energy
-  **8. DECENT WORK AND ECONOMIC GROWTH** Promote inclusive and sustainable economic growth, employment and decent work for all

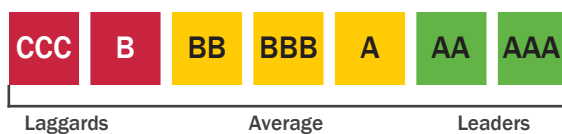
-  **9. INDUSTRY, INNOVATION AND INFRASTRUCTURE** Build resilient infrastructure, promote sustainable industrialization and foster innovation
-  **10. REDUCED INEQUALITIES** Reduce inequality within and among countries
-  **11. SUSTAINABLE CITIES AND COMMUNITIES** Make cities inclusive, safe, resilient and sustainable
-  **12. RESPONSIBLE CONSUMPTION AND PRODUCTION** Ensure sustainable consumption and production patterns
-  **13. CLIMATE ACTION** Take urgent action to combat climate change and its impacts
-  **14. LIFE BELOW WATER** Conserve and sustainably use the oceans, seas and marine resources
-  **15. LIFE ON LAND** Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss
-  **16. PEACE, JUSTICE AND STRONG INSTITUTIONS** Promote just, peaceful and inclusive societies
-  **17. PARTNERSHIPS FOR THE GOALS** 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.



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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- 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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