

# SFDR Article 8 – Website Disclosures

**Product Name:** Rothschild & Co WM Sustainable Bond Fund (the “**Fund**”)

**Legal entity identifier:** 6354003DMGGCS72DQR11

## Separate Website Section titled, ‘Sustainability-related disclosures’

### Website section ‘Summary’

The Fund promotes environmental and/or social characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 60% of sustainable investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy and/or with a social objective.

The environmental and social characteristics promoted by the Fund include the transition to a more sustainable and just economy, the mitigation of climate change and adaptation, resource efficiency and the fair transition to a low carbon global economy. No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

The Fund will invest in debt securities issued by governments, supra-nationals, sovereign and public agencies and corporates with a focus on sustainable finance instruments including green, social and sustainable (or “GSS”) labelled bonds or other bonds where the use of proceeds is similar. The Fund may also invest in bonds, money market instruments, other collective investment schemes (including ETFs) whose property is predominantly debt instruments, cash, derivatives (including but not limited to FX forwards).

In order to promote the environmental and social characteristics, the Fund:

i) applies an exclusion policy which includes the following:

- The Fund will not invest in companies that design and produce cluster munitions and/or land mines in accordance with the Oslo Treaty (2008) and the Ottawa Convention (1997).
- The Fund will not invest in companies involved directly in thermal coal production as well as exploration, mining and processing and power generation using thermal coal.
- The Fund will not invest in companies which may breach fundamental principles due to gross corporate misconduct such as severe infringements of human rights, substantial environmental damage or those linked with corruption and bribery activities.
- The Fund will not invest in companies whose primary activities are in the following industries (a) armaments (b) gambling (c) pornography or (d) tobacco.

ii) considers investments in companies or public entities that either intend to reduce their carbon emission in line with the Paris Agreement or have a high share of products and services with a direct environmental and social impact or follow environmental and social standards above those of their relative industries. Additionally it excludes investments in companies and public entities with highly detrimental impact on the environment and that breach minimum accepted social standards as per the Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises; and

iii) considers whether the country is considered as having a credible carbon emission reduction trajectory or has ratified key environmental conventions and demonstrates good performances regarding corruption, rule of law, taxes, fundamental human rights, freedom and inequality reduction when investing in financial products linked to sovereigns.

Additionally, many of the bond issuers held by the Fund will be labelled as green, social, sustainable or sustainability linked, and/or be issued by a body set up to achieve sustainable development goals.

The investment strategy outlined above, including the exclusion policy contained therein, is binding and is used to select the investments to attain each of the environmental or social characteristics promoted by this Fund.

In following the investment process outlined above, the Investment Manager can satisfy itself that the relevant corporate issuers follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

The Fund considers different levels of analysis to assess good governance practices of the investee companies which include, but is not limited to, the corporate issuers compliance with exclusionary investment policies relating to fundamental principles of good governance and controversial weapons.

For further details in relation to the investment strategy for the Fund, please refer to the Supplement.

ESG data sourced to attain each of the environmental or social characteristics promoted by the Fund is predominantly provided by MSCI, however where required it is supplemented with independent analysis from the Investment Manager's Responsible Investment Team and other specialised data providers. An external software provider is used to source MSCI data and assess the data against Fund assets, in line with the defined requirements for sustainable investment and the relevant Principle Adverse indicators. A proportion of the data received and processed with respect to the Fund may be estimated in line with the source's proprietary methodology.

The primary limitation to the methodology used or data sourced by the Investment Manager on behalf of the Fund is the lack of corporate disclosure, particularly in respect of the full set of relevant Principle Adverse Indicators monitored by the Investment Manager in relation to the Fund.

The Investment Manager carries out due diligence and screening to understand the impact that proposed investments will have to the proportion of sustainable investments held within the Fund. This includes the independent analysis undertaken by the Investment Manager's Responsible Investment Team which looks at MSCI ESG scores and ratings and key indicators to ensure compliance with the exclusions policy and criteria as well as adherence to the sustainable investment definition and ensures that findings are taken into consideration in the investment decision making process.

## Website section ‘No sustainable investment objective’

The Fund promotes environmental and/or social characteristics but it does not have as its objective sustainable investment. While the Fund does not have as its objective a sustainable investment, it will have a minimum proportion of 60% of sustainable investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy and/or with a social objective.

As part of the implementation of the sustainable investments framework, the Investment Manager carries out due diligence and screening to ensure that the proposed investments do not cause significant harm to the environmental or social objectives.

Using mainly data provided by MSCI, corporate issuers selected for investment by the Fund are considered as complying with the “do no significant harm” criteria if the corporate issuers do not breach the UN Global Compact principles and OECD Guidelines for Multinational Enterprises and the Fund takes the principle adverse impacts into account as detailed further below.

Using mainly data provided by MSCI, financial instruments linked to sovereigns selected in the for investment by the Fund are considered as complying with the “do no significant harm” criteria if:

- They do not breach international sanctions;
- They demonstrate good performances regarding corruption international standards; and
- They have a minimum ESG Score of >4.

The Fund takes into account the following principal adverse impacts on sustainability factors when assessing whether an investment does any significant harm to the environmental or social objectives of the Fund:

- (1) GHG emissions;
- (2) Carbon footprint;
- (4) Exposure to companies active in the fossil fuel sector;
- (5) Share of non-renewable energy consumption and production;
- (6) Energy consumption intensity per high impact climate sector;
- (10) Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises;
- (13) Board Gender diversity; and
- (14) Exposure to controversial weapons.

## **Website section ‘Environmental or social characteristics of the financial product’**

The environmental and social characteristics promoted by the Fund include the transition to a more sustainable and just economy, the mitigation of climate change and adaption, resource efficiency and the fair transition to a low carbon global economy.

## Website section 'Investment strategy'

The Fund will invest in debt securities issued by governments, supra-nationals, sovereign and public agencies and corporates with a focus on sustainable finance instruments including green, social and sustainable (or "GSS") labelled bonds or other bonds where the use of proceeds is similar. The Fund may also invest in bonds, money market instruments, other collective investment schemes (including ETFs) whose property is predominantly debt instruments, cash, derivatives (including but not limited to FX forwards).

In order to promote the environmental and social characteristics, the Fund:

i) applies an exclusion policy which includes the following:

- The Fund will not invest in companies that design and produce cluster munitions and/or land mines in accordance with the Oslo Treaty (2008) and the Ottawa Convention (1997).
- The Fund will not invest in companies involved directly in thermal coal production as well as exploration, mining and processing and power generation using thermal coal.
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- The Fund will not invest in companies whose primary activities are in the following industries (a) armaments (b) gambling (c) pornography or (d) tobacco.

ii) considers investments in companies or public entities that either intend to reduce their carbon emission in line with the Paris Agreement or have a high share of products and services with a direct environmental and social impact or follow environmental and social standards above those of their relative industries. Additionally it excludes investments in companies and public entities with highly detrimental impact on the environment and that breach minimum accepted social standards as per the Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises; and

iii) considers whether the country is considered as having a credible carbon emission reduction trajectory or has ratified key environmental conventions and demonstrates good performances regarding corruption, rule of law, taxes, fundamental human rights, freedom and inequality reduction when investing in financial products linked to sovereigns.

Additionally, many of the bond issuers held by the Fund will be labelled as green, social, sustainable or sustainability linked, and/or be issued by a body set up to achieve sustainable development goals.

The investment strategy outlined above, including the exclusion policy contained therein, is binding and is used to select the investments to attain each of the environmental or social characteristics promoted by this Fund.

In following the investment process outlined above, the Investment Manager can satisfy itself that the relevant corporate issuers follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

The Fund considers different levels of analysis to assess good governance practices of the investee companies which include, but is not limited to, the corporate issuers compliance with exclusionary investment policies relating to fundamental principles of good governance and controversial weapons.

## Website section 'Proportion of investments'

The planned minimum proportion of the investments of the Fund used to meet the environmental or social characteristics promoted by the Fund is 60% of the Net Asset Value of the Fund. The planned minimum proportion of sustainable investments of the Fund is 60% of the Net Asset Value of the Fund. This 60% threshold will be achieved through direct exposure to investee entities.

The remaining "Other" investments will represent up to 40% of the Net Asset Value of the Fund.

The "Other" category includes investments that might have not been analysed from an ESG perspective due to the lack of methodologies, data availability or the nature of the underlying asset (cash). However, these investments should comply with the investment policy as stated in the Supplement.

## **Website section ‘Monitoring of environmental or social characteristics’**

Monitoring of environmental and social characteristics promoted by the Fund and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics is done by the Investment Manager’s dedicated Responsible Investments specialists who inject expertise and data insights into the Fund’s investment decision making process. This includes, but is not limited to, highlighting material sustainability factors, collecting and interpreting key sustainability indicators of investee entities and highlighting areas requiring attention.

Prior to investment, an assessment of the proposed asset’s alignment with the definition of sustainable investment is undertaken. This includes assessing whether the asset has a positive contribution to an environmental or social objective, meets the ‘Do No Significant Harm’ criteria and has good governance processes in place, where applicable. Additionally, assets are screened against the exclusions criteria to ensure that the Fund avoids investing in entities that are restricted based on its exclusions policy.

On a periodic basis, the Fund’s holdings are checked to ensure that the minimum of 60% of the Net Asset Value in sustainable investments is adhered to. In the event that the Fund is nearing the minimum threshold, the Investment Manager will increase the frequency of the checks to ensure that this is not breached.

The Fund will also benefit from additional control mechanisms including oversight of the Investment Manager’s investment processes by the Compliance, Risk and Internal Audit Teams of the Investment Manager.



## Website section ‘Methodologies for environmental or social characteristics’

The sustainability indicators used to measure the attainment of the environmental and social characteristics promoted by the Fund include, the ESG Rating of the investee corporate issuer which is provided by MSCI ESG Research LLC (“**MSCI**”) and the following Principle Adverse Impact indicators with respect to corporate issuers: 1 (the level of greenhouse gas (“**GHG**”) emissions), 2 (the carbon footprint), 4 (exposure to the fossil fuel sector), 5 (share of non-renewable energy consumption), 6 (the investee companies energy consumption intensity per high impact sector), 10 (violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (“**OECD**”) Guidelines for Multinational Enterprises), 13 (the gender diversity of the board) and 14 (exposure to controversial weapons).

Many of the bond issuers held by the Fund will be labelled as green, social, sustainable or sustainability linked and managed by an external, established framework, and/or be issued by a body set up to achieve sustainable development goals.

Additionally, for assessment of the thermal coal involvement of the investee companies, the Global Coal Exit List provided by Urgewald (a non-profit environmental and human rights organisation) is used. Furthermore an implied temperature rise metric, the low carbon transition score, revenue from sustainable impact solutions, estimated EU Taxonomy-alignment and a controversy score/flag provided by MSCI are used for measurement.

For Government securities, the corruption perception index from Transparency International, the relevant ESG Score provided by MSCI (“**ESG Score**”), a rule of law indicator by the World Bank, non-cooperative tax jurisdiction indicator from the European Union, fundamental rights score from the World Justice Project Rule of Law Index, ratification of the Paris Agreement status, ratification of UN Convention on Biological Diversity, the GINI index and Freedom House index all provided by MSCI are used for measurement. In addition, a decarbonisation assessment given by Climate Action Tracker (an independent scientific body tracking decarbonization of governments) is used for Government securities.

## Website section 'Data sources and processing'

### ***What data sources are used to attain each of the environmental or social characteristics promoted by the Fund?***

ESG data sourced to attain each of the environmental or social characteristics promoted by the Fund is predominantly provided by MSCI, however, where required it is supplemented with independent analysis from the Investment Manager's Responsible Investment Team and other providers.

Other specialised data providers from which the Fund sources relevant data include, but are not limited to:

- Issuers subject to international sanctions (UN, EU, OFAC, France, etc.);
- The Urgewald Global Coal Exit list; and
- Public lists compiled by reliable third parties, to exclude entities that do not comply with a number of fundamental principles.

### ***What measures are taken to ensure data quality?***

The quality of the data is predominantly managed by MSCI, as the Investment Manager's key external ESG data provider, in line with its ESG data methodology. In addition, the Investment Manager's Responsible Investment Team provides additional validation through their independent analysis, where required.

### ***How is that data processed?***

An external software provider is used to source MSCI data and assess the data against Fund assets, in line with the defined requirements for sustainable investment and the relevant Principle Adverse indicators.

### ***What is the proportion of data which are estimated?***

The Investment Manager relies on data provided by MSCI and other providers, alongside its internal validation process. Where data is provided by external sources, this data may be estimated in line with the source's proprietary methodology. It is currently difficult to report sufficiently accurate numbers on the proportion of data used for the Fund by the Investment Manager which is estimated. However, no additional estimation is undertaken by the Investment Manager.

## **Website section ‘Limitations to methodologies and data’**

The primary limitation to the methodology used or data sourced by the Investment Manager on behalf of the Fund is the lack of corporate disclosure, particularly in respect of the full set of relevant Principle Adverse Indicators monitored by the Investment Manager in relation to the Fund. The Investment Manager makes best efforts to review all relevant sources of information on an ongoing basis to inform a fulsome ESG assessment, including cross-reference of primary information with third-party data providers.

## **Website section ‘Due diligence’**

As part of the implementation of the sustainable investments framework, the Investment Manager carries out due diligence and screening to understand the impact that proposed investments will have to the proportion of sustainable investments held within the Fund.

This includes the independent analysis undertaken by the Investment Manager’s Responsible Investment Team. The team will look at MSCI ESG scores and ratings and key indicators monitored by the Investment Manager to ensure compliance with the exclusions policy and criteria as well as adherence to the sustainable investment definition.

The Responsible Investment Team works with the portfolio managers to ensure that findings are taken into consideration in the investment decision making process. Additional oversight is provided by the Compliance, Risk and Internal Audit Teams of the Investment Manager.

## **Website section ‘Engagement policies’**

N/a.

## **Website section ‘Designated reference benchmark’**

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.