



Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:
USD Cons./Balanced

Legal entity identifier:
549300ZQJQ5GQRDOBE68

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: ___%;

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: ___%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of **15.00 %** of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What environmental and/or social characteristics are promoted by this financial product?

The product considers firstly investments in companies that plan to reduce their carbon emission in line with a global warming of 2°C or below. Through the focus on these companies, the product promotes the development of technologies, processes and practices aiming at climate warming mitigation. The product considers, secondly, investments in companies that generate at least 20% of their sales from products with a direct environmental and social contribution. These products are in alternative energy, energy efficiency, green building, sustainable water, pollution prevention, sustainable agriculture, nutrition, major disease treatment, sanitation, affordable real estate small and medium-sized enterprise finance, education and connectivity. Thirdly the product also focusses on investments whose investee companies have a minimum rating of AA by MSCI ESG Research LLC. Companies with such a rating have environmental, social and governance standards well above those of their industry peers. The investment focus on these companies tends to exert appreciation pressure on their valuations and has also signaling character. It therefore promotes the adoption of the same standards by their lagging peers, such improving the ESG practices of the whole industry.



Does this financial product consider principal adverse impacts on sustainability factors?

- Yes, Rothschild & Co Bank AG recognizes principal adverse impacts (PAI) as defined by the SFDR regulation as a comprehensive analysis grid and we are in the process of further improving their integration in our monitoring tools.

At this stage, we pay a specific attention to the following PAIs:

- For private companies:

o Regarding environmental characteristics:

- The investment product complies with our investment policy relating to thermal coal (PAI 4);
- Our definition of sustainable investment takes indirectly into consideration the optional PAI relating to investments in companies without carbon-emissions reduction initiatives;

o Regarding social characteristics: The financial product complies with our investment policies relating to fundamental principles and controversial weapons (PAIs 10 and 14).

- No



What investment strategy does this financial product follow?

The financial objective of the product is to achieve a superior risk-adjusted performance over the medium to long term through security selection and tactical asset allocation.

Moreover, the product commits to a minimum share of investments with E/S characteristics of 30%, a minimum share of sustainable investment of 15% and a minimum of 15% will be invested in sustainable investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy regulation.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

A) Common investment exclusion policy framework

- Exclusion of companies that have any industry tie to landmines, cluster ammunitions, chemical weapons, or biological weapons. Industry tie includes ownership, manufacturing, or investment. Landmines do not include related safety products.
- Exclusion of companies that breach one or more of the principles of the UN Global Compact.
- Exclusion of investing in companies involved directly in thermal coal production as well as exploration, mining & processing and power generation using thermal coal (above defined thresholds).

B) Minimum Investment ESG criteria for single securities:

- Minimum ESG rating of BB according to MSCI ESG Research LLC.
- Minimum MSCI Low Carbon Transition Score of 2.04, excluding companies deemed as asset stranding.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.



Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

C) At least 80% of the holdings must be covered by MSCI ESG Research LLC

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

We have not set a fixed minimum reduction rate on the investment universe. However, the investment universe is by default reduced by regulatory exclusions and the implementation of our common investment policies (see above).

● ***What is the policy to assess good governance practices of the investee companies?***

We use different levers of analysis to assess good governance practices of the investee companies:

- Compliance with our common investment policies relating to fundamental principles and controversial weapons;
- Consideration of the ESG rating provided by MSCI ESG Research LLC (min. BB rating). The MSCI ESG Research LLC rating integrates a specific governance pillar score in its analysis. The governance score covers the themes of cooperate governance and corporate behaviour. Topics such as ownership and control, board, pay, accounting, business ethics and tax transparency are considered across both themes.
- Our definition of sustainable investment integrates a good governance practices assessment including a minimum governance score (based on MSCI ESG Research LLC data).



What is the asset allocation planned for this financial product?

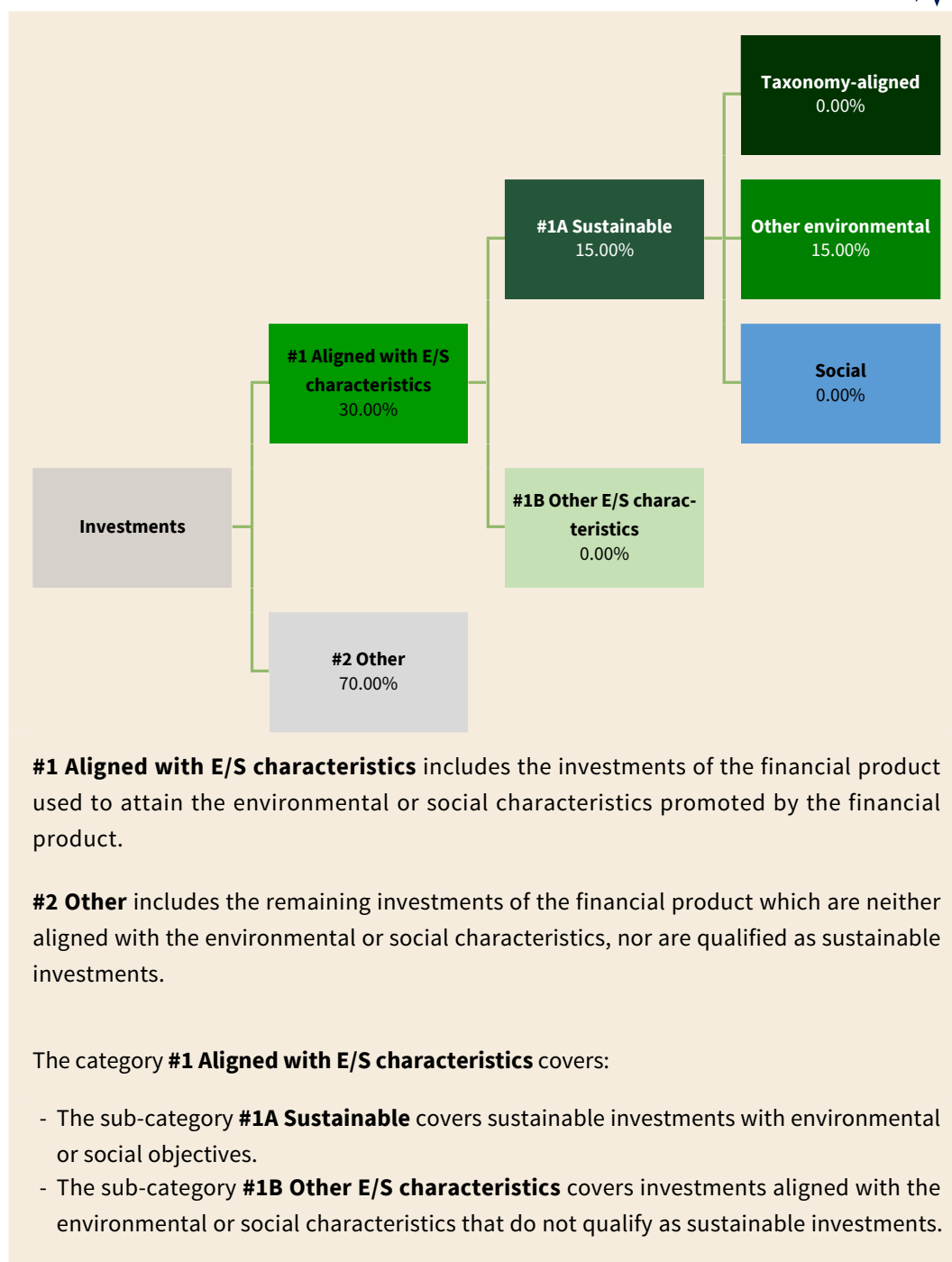
This product will be invested in investments with environmental and social (E/S) characteristics of at least 30% (minimum). The share of sustainable investments, the share of EU Taxonomy-aligned investments and the share of investments with other E/S characteristics contribute to this share. The share of sustainable investments must be at least 15% (minimum). Investments with other environmental or social characteristics will have a minimum investment of 0%. A minimum of 15% will be invested in sustainable investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy regulation. Other investments will be set at a maximum of 70% and can include investments which are neither aligned with environmental or social characteristics, nor are qualified as sustainable investments.



Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the E/S characteristics promoted by the product.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The minimum share of sustainable investments with an environmental objective that is aligned with the EU Taxonomy is not set as a fixed number in this strategy.



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

• **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

Yes:

In fossil gas

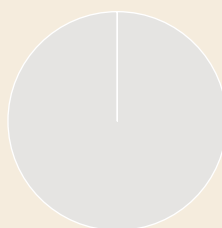
In nuclear energy

No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds*

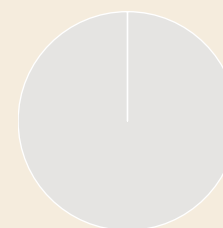
■ Taxonomy-aligned (no fossil gas & nuclear): **0%**
■ Non Taxonomy-aligned: **100%**



Total Taxonomy-aligned: 0%

2. Taxonomy-alignment of investments excluding sovereign bonds*

■ Taxonomy-aligned (no fossil gas & nuclear): **0%**
■ Non Taxonomy-aligned: **100%**



Total Taxonomy-aligned: 0%

The graph represents 70.00% of the total investments.

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

¹Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

• **What is the minimum share of investments in transitional and enabling activities?**

The product does not commit to a minimum share of transitional and enabling activities as defined by the regulation.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 15%.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" category includes firstly investments that might have not been analyzed from an ESG perspective due to the lack of methodologies, data availability or the nature of the underlying asset (cash). Secondly it includes those securities whose investee companies do not fulfill our criteria for sustainability and "other E/S characteristics". Nevertheless, these securities must meet the exclusion criteria described in the section "Binding elements". The minimum share for those investments is set at 0%.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.rothschildandco.com/en/wealth-management/>