Rothschild & Co
Asset Management



Is the carbon transition a driver of sustainable and financial performance?



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The carbon transition is an economic driver, not a hindrance. This is how we approach this issue, especially given that the current geopolitical context underscores that it is as much a climate imperative as it is a matter of competitiveness and sovereignty. Convinced of its potential, we are developing an approach aimed at balancing sustainable and financial performance. Here's why.

Transition without style bias.

Our approach is based on a simple idea: we will have a greater impact by supporting companies from all sectors in their transition—including those with the highest emissions—rather than through exclusion. However, such an approach requires selecting only those with the most credible decarbonization trajectories. This approach also offers significant management flexibility, allowing us to avoid being constrained by sector rotations and enabling us to generate performance across various market conditions.

The embodiment of this philosophy

Launched in 2019, R-co 4Change Net Zero Equity Euro is one of the first transition funds. Classified as an Article 9 SFDR[1] fund and SRI-certified[2], it embodies our philosophy of combining high standards with flexibility. To guide our investments and track progress toward our climate goals, we have identified three impact drivers:

• a carbon intensity that is structurally 20% lower than that of the benchmark index[3],

• an average reduction of at least 7% per year in this intensity,

• 90% of portfolio companies must have their 2030 Paris Agreement alignment trajectories validated by the SBTI.

Beyond these commitments, its style-neutral management philosophy allows it to navigate varied market conditions by offering a differentiated—or even complementary—position relative to a large portion of the "climate" fund universe, which is often thematic and exhibits more binary market behavior.

Going beyond statements

While the R co 4Change Net Zero Equity Euro fund may include emitting sectors in its portfolio, it is not exclusively invested in them. The transition is approached across the entire value chain. However, this extremely demanding concept requires us to constantly scrutinize the ambitions stated by companies in order to go beyond mere declarations of intent. We have therefore developed a transition framework applied to the entire portfolio, which we monitor year after year. For us, this tool is an essential instrument for analysis and engagement.

Establishing a long-term dialogue

Engagement goes hand in hand with a transition approach. We have therefore implemented a strategy of active dialogue across the entire portfolio, prioritizing quality over quantity. Our lens is both sustainable and financial, allowing us to take into account all aspects of the companies. Measuring and understanding their challenges enables us to exert influence by building long-term relationships of trust. And we believe engagement is inseparable from conviction-based management, characterized by a concentrated portfolio and limited turnover.

Concrete and measurable results

This approach appears to be paying off. Since its launch, R co 4Change Net Zero Equity Euro has enabled us to exceed our commitments:

• 67% of portfolio companies are currently SBTi-validated (compared to 21% in 2019)[4]

• Carbon intensity has decreased by more than 7% per year[4]

• This same carbon intensity is 49% lower than the benchmark[3]

At the same time, other indicators such as absolute emissions have fallen by 73% across the entire portfolio, the implied temperature is below 2°C, and taxonomic alignment stands at 12.3% of revenue and 16.9% of Capex[4].

From constraint to opportunity

Our experience shows that most of the companies in which we invest are staying on track. A milestone of maturity has been reached. In a context marked by geopolitical tensions, the transition is becoming a matter of competitiveness. Controlling supply chains, accessing carbon-free energy at a reasonable price, and developing solutions to achieve this… these issues are becoming increasingly strategic. The climate challenge has evolved into a business challenge in order to better understand risks and, ultimately, ensure greater financial stability.

Toward accelerating the transition in Europe

This issue extends beyond the corporate sector alone. Concerns about sovereignty have also intensified, as volatile energy prices, the growing electrification of energy use, and infrastructure modernization demand bold policy decisions. In response to this situation, the European Union is entering a new phase of acceleration, driven by regulatory initiatives that now aim less to regulate the transition than to support its effective implementation.

An economic lever rather than a regulatory imperative

Capital Markets Union, the Industrial Accelerator Act, Made in Europe, the Green Deal, reform of the European electricity market… all measures aimed at supporting the climate transition without weakening European competitiveness. These initiatives seek to channel capital toward the transition, produce in Europe what it will need, but also to reduce financial uncertainties and avoid falling behind U.S. and Chinese policies by stimulating innovation and preserving its competitive advantages.

An unwavering convinction

While these measures bolster the outlook for this sector, funding needs far exceed public financing capacity. The private sector has a central role to play. Investment solutions such as R-co 4Change Net Zero Equity Euro are fully aligned with these ambitions. And our standards remain consistent, regardless of market or regulatory changes, as we adhere to the industry's highest standards. Despite the headwinds that sustainable investing may sometimes face, we are convinced that the transition, when approached with pragmatism and discernment, could be a powerful driver of sustainable and financial performance.

Learn more about the fund(s)

R-co 4Change Net Zero Equity Euro

Check this document on our website

[1] The SFDR defines three categories of products based on their sustainability objective. Article 9: products with a sustainable investment objective. The SRI label is a French label designed to provide greater visibility to investment funds governed by French law that adhere to the principles of socially responsible investing.
[2] Labels certify only the responsible and sustainable nature of management and should not be considered either a guarantee of capital security or a guarantee of the fund's financial performance. Management teams are subject to change.
[3] Euro Stoxx ® NR
[4] Source: Rothschild & Co Asset Management, April 30, 2026

SRI risk indicator : 4/7
The synthetic risk indicator helps assess the risk level of this product compared to others. It indicates the probability that this product will incur losses due to market fluctuations or our inability to make payments. The risk indicator assumes that you hold the product for five years. The actual risk may be very different if you opt for an early exit, and you could receive less in return. We have classified this product as risk level 4 out of 7, which is a medium-to-high risk level and primarily reflects its positioning in the Eurozone equity market. In other words, potential losses related to the product's future performance are at a medium-to-high level, and if market conditions deteriorate, our ability to make payments could be affected. This product does not provide protection against market fluctuations or a capital guarantee, meaning you could lose some or all of your investment. Before any investment, it is essential to carefully read the PRIIPS DIC and the prospectus of the UCI, and more particularly its section on risks and fees, available on the Rothschild & Co Asset Management website: am.eu.rothschildandco.com.

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More information at: www.am.eu.rothschildandco.com

(1) Source: Rothschild & Co Asset Management, 31/07/2026.

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