



**ODDO BHF**  
ASSET MANAGEMENT

# Responsible Investor Report

*ARTICLE 29 OF LAW N°2019-1147 (EN-  
ERGY-CLIMATE LAW – KNOWN AS  
“LEC”)*

ODDO BHF ASSET MANAGEMENT SAS

**JUNE 2024**

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The present report was established within the framework of the Article 29 of the Energy Climate Law (Decree No. 2021-663 of May 27, 2021). ODDO BHF Asset Management SAS presents the procedures for taking into account, in its investment strategies, the environmental, social and governance (ESG) criteria and the means implemented to contribute to the transition. The present report meets the disclosure obligations arising from Article 29 for the entity and funds. The Statement on principal adverse impacts of investment decisions on sustainability factors referred to in art. 4 of the SFDR is published separately. This report covers our listed and private assets.

All informational documents and general policies may be viewed on our web page devoted to sustainable investing<sup>1</sup>.

The shareholder engagement policy and reports may be viewed on our web page detailing regulatory information<sup>2</sup>.

All documents pertaining to funds may be viewed on our web page dedicated to our funds, after the desired fund has been selected<sup>3</sup>.

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<sup>1</sup> [https://am.oddo-bhf.com/france/en/professional\\_investor/ad/sustainability/1339/publication/1380](https://am.oddo-bhf.com/france/en/professional_investor/ad/sustainability/1339/publication/1380)

<sup>2</sup> [https://am.oddo-bhf.com/france/en/professional\\_investor/infos\\_reglementaire](https://am.oddo-bhf.com/france/en/professional_investor/infos_reglementaire)

<sup>3</sup> Except professional and dedicated funds [https://am.oddo-bhf.com/france/en/professional\\_investor/fundspage](https://am.oddo-bhf.com/france/en/professional_investor/fundspage)

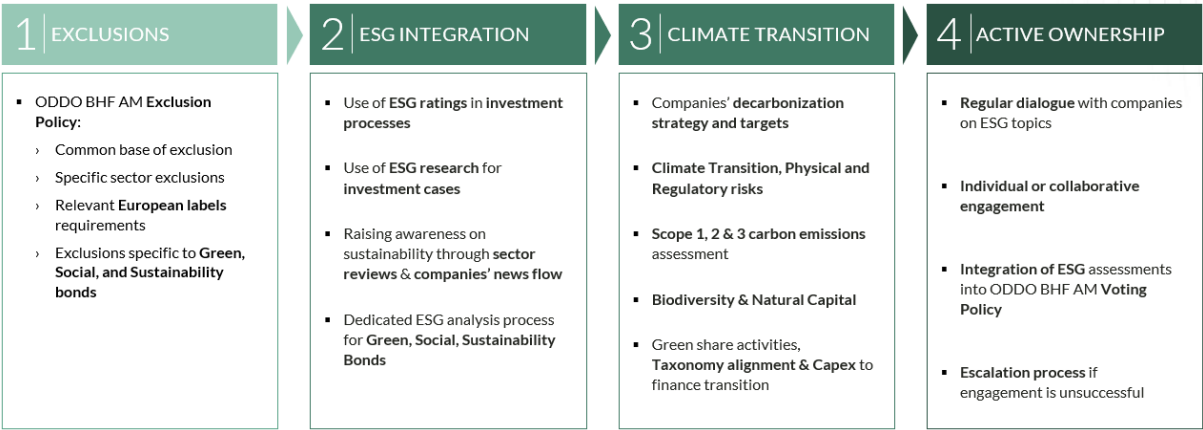
# 1° General approach of the entity

## 1. Entity's general approach to the consideration of environmental social and governance (ESG) criteria

### Listed assets

Our ESG approach is based on four pillars: exclusions, ESG integration, climate transition and active ownership.

#### The four fundamental pillars of our ESG approach for our listed assets



Source: ODDO BHF Asset Management, 2024

## Scope of application of ODDO BHF Asset Management’s ESG policies and processes for listed assets

		Open-ended funds Art. 6 SFDR	Open-ended funds Art. 8-9 SFDR	Dedicated funds and mandates Art. 6 SFDR	Dedicated funds and mandates Art. 8-9 SFDR
Exclusion Policy	Common base	✓	✓	~	~
	Specific sector exclusions	~	~	~	~
ESG integration	ESG rating, ESG research used for portfolio management	✗	✓	✗	✓
	Climate transition	✗	✓	✗	✓
Active ownership	Dialogue	~	✓	~	✓
	Individual engagement	✗	✓	✗	✓
	Collaborative engagement	~	✓	~	✓
	Voting Minimum threshold	✓	✓	~	~

Yes   
 Partially   
 No

Source: ODDO BHF Asset Management, 2024

### 1.1 Exclusion policy

Our Exclusion Policy defines two categories of exclusions:

- › **Common base of exclusions** that applies to all open-ended funds and delegated funds managers within the ODDO BHF Group except funds of funds on listed assets, listed derivative products, and ODDO BHF AIF PLC, regardless of their SFDR classification.
- › **Specific sector exclusions** that applies to some open-ended and dedicated funds, as well as to some mandates classified as SFDR Article 8 or 9.

The policy also states the exclusions that investment funds must comply with under the various labels or clients’ requirements.

Our exclusion policy is available in full on our website<sup>4</sup>.

<sup>4</sup> [https://am.oddo-bhf.com/france/en/professional\\_investor/ad/sustainability/1339/transparency/1345](https://am.oddo-bhf.com/france/en/professional_investor/ad/sustainability/1339/transparency/1345)

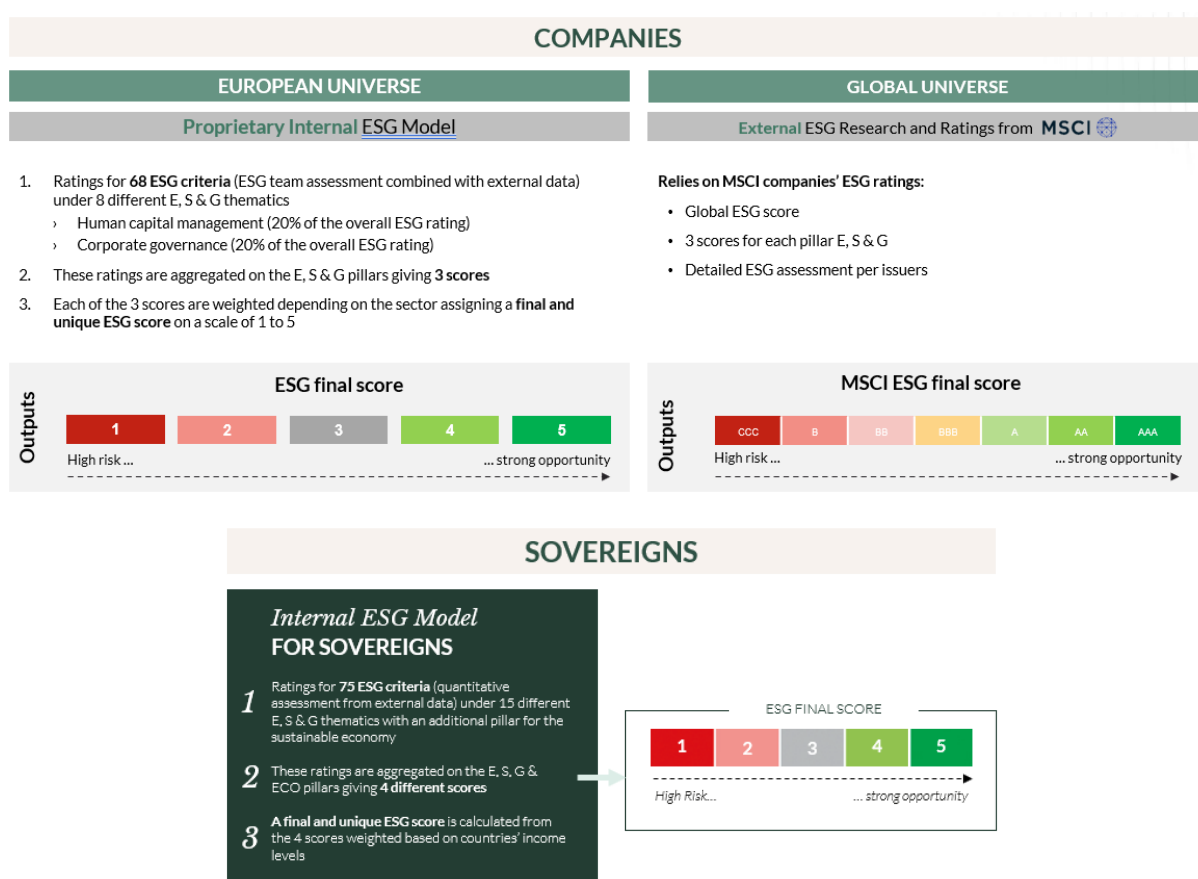


## 1.2 ESG integration

Investments are analyzed by our fund management teams, supported by the ESG Research team. This approach allows us to identify companies’ financial and sustainability risks and to assess how financially material such risks are.

We have developed our own in-house ESG research and scoring model for corporates, including a climate scoring model, applicable to our European investment strategies art. 8-9 SFDR. For Global investment strategies we mostly rely on an MSCI ESG ratings. We have also developed a proprietary ESG model for sovereigns.

### Sustainability analysis processes for listed assets







Source: ODDO BHF Asset Management, 2024

### 1.2.1 Our internal ESG model for companies

Our scoring model developed in-house by ODDO BHF Asset Management SAS is based on the United Nations Global Compact, of which ODDO BHF has been a signatory since 2015. The Global Compact is

based on 10 principles dealing with human rights, labor rights, the environment, and the fight against corruption, and is based on major international norms and conventions.

### The 10 principles of the UN Global Compact

 <b>HUMAN RIGHTS</b>	<ol style="list-style-type: none"> <li>1. Businesses should support and respect the protection of internationally proclaimed human rights;</li> <li>2. Make sure that they are not complicit in human rights abuses.</li> </ol>
 <b>LABOUR</b>	<ol style="list-style-type: none"> <li>3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</li> <li>4. Contribute to the elimination of all forms of forced and compulsory labour;</li> <li>5. Contribute to the effective abolition of child labour;</li> <li>6. Contribute to the elimination of discrimination in respect of employment and occupation .</li> </ol>
 <b>ENVIRONMENT</b>	<ol style="list-style-type: none"> <li>7. Businesses should support a precautionary approach to environmental challenges;</li> <li>8. Undertake initiatives to promote greater environmental responsibility;</li> <li>9. Encourage the development and diffusion of environmentally friendly technologies.</li> </ol>
 <b>ANTI-CORRUPTION</b>	<ol style="list-style-type: none"> <li>10. Businesses should work against corruption in all its forms, including extortion and bribery.</li> </ol>

Source: United Nation

Our model for companies is structured around 8 themes: two environmental, three social and three governance themes. The model encompasses some of the Principal Adverse Sustainability Impacts (PAI) as described in our Statement on principal adverse impacts of investment decisions on sustainability factors<sup>5</sup>.

<sup>5</sup> [https://am.oddo-bhf.com/france/en/professional\\_investor/infos\\_reglementaire](https://am.oddo-bhf.com/france/en/professional_investor/infos_reglementaire)

## 8 themes of the ESG research and rating model for listed companies linked to sustainable development goals

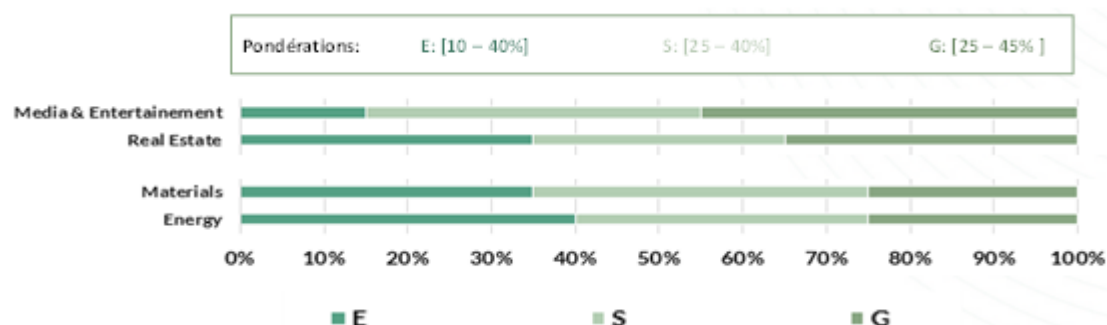


Source: ODDO BHF Asset Management, 2024

For each of the 8 themes, we define different categories for which we use a range of indicators to quantitatively and qualitatively assess companies' ESG profile. The model is built based on a double materiality approach for each of the three pillars, i.e. the external risks that weigh on the company as well as the risks that the company might have on society and environment.

The weighting assigned to each of the “Environmental”, “Social” and “Governance” pillars is determined at the sectoral level according to long-term risks and opportunities. In practical terms, we use a grid that allows us to grasp each economic sector's degree of exposure to sustainable development challenges.

### Examples of pillar weighting by sector



Source: ODDO BHF Asset Management, 2024

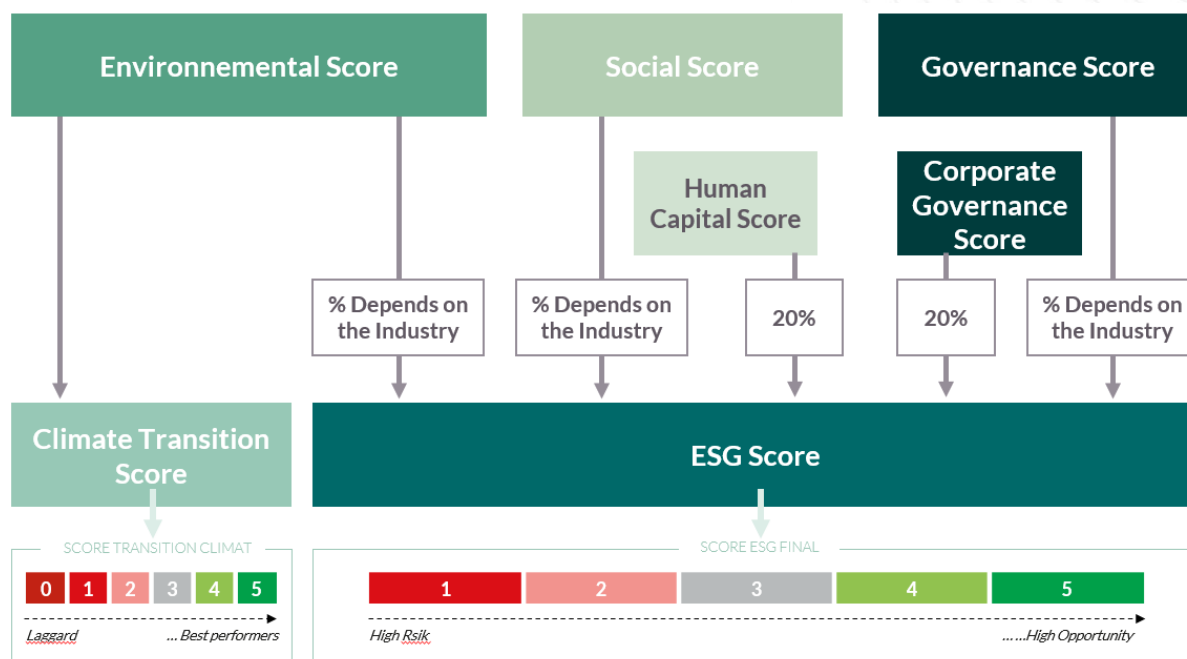
Each company that is analyzed obtains an absolute score out of 100 points for each of the three modules - E, S and G -, as well as two sub-scores for human capital management and corporate governance. An aggregate ESG score is calculated once each module has been weighted combined with the scores for human capital management and corporate governance accounting each for 20% of the overall ESG score. Scores obtained allows to classify companies on a scale of five levels: Strong Opportunity (5), Opportunity (4), Neutral (3), Moderate Risk (2) and High Risk (1). ESG score are reviewed regularly and mainly for the following reasons: severe controversies, company meeting update, and deterioration of the ESG quality.

#### 1.2.2 Our internal Climate Transition model for companies

A “transition score” is also calculated to assess the risk that companies’ activities face regarding the environmental transition. This score is obtained through the combination of indicators on the E pillar. This transition score allows us to evaluate companies from a transition risk/opportunity perspective: carbon intensity measures (analysis of scopes 1, 2 and 3), CapEx plans in low-carbon solutions or the breakdown of revenues between “green share” and “brown share”. It is calculated considering several indicators such as the sector activity of the company, the decarbonization strategy and its credibility, the carbon footprint<sup>6</sup>, or transition, physical and reputational risks.

<sup>6</sup> Measure the total GHG emissions of a portfolio by summing all GHG emissions of the underlying holdings, proportional to the share of ownership.

### Scores derived from our proprietary model for listed assets



Source: ODDO BHF Asset Management, 2024

Our analysis model includes an assessment of ESG controversies based on information provided by MSCI, by SESAMm thanks to a partnership leveraging artificial intelligence, and proprietary research, which is fed into the research model and has a direct impact on the final ESG score assigned to each company depending on the severity of the controversy.

#### 1.2.3 Our Sustainable Debt Framework

Sustainable bonds, and more specifically Green and Sustainability bonds, play an important role to support and finance the transition to a low carbon economy. Our assessment of Green, Social and Sustainability bonds rely on a bottom-up approach to make sure that the bonds finance projects that provide clear environmental and/or social benefits. This includes making sure that the respective framework follows the Green, Social, Sustainability Bond Principles but also that the projects to be financed are eligible under the Climate Bonds Initiative (CBI) taxonomy. To this end, ODDO BHF Asset Management has developed a four-step analysis framework for each of the Sustainable bond. The aim of these framework is to ensure that only bonds that adhere to internationally accepted standards are eligible for being.

#### 1.2.4 MSCI model

The MSCI ESG Research is designed to measure a company's resilience to long-term environmental, social and governance risks material to the industry. The ESG Ratings range from leader (AAA, AA), average (A,

BBB, BB) to laggard (B, CCC). MSCI ESG Ratings model identifies the ESG risks (key issues) that are most material to a GICS® sub-industry or sector.

### Hierarchy of MSCI Research's ESG rating model

ESG (IVA) Rating									
Environmental Pillar				Social Pillar				Governance Pillar	
Climate change	Natural Capital	Pollution & Waste	Env. Opportunities	Human Capital	Product liability	Stakeholder Opposition	Social Opportunities	Corporate Governance	Corporate Behavior
Carbon emissions	Water stress	Toxic emissions & waste	Clean tech	Labor mgt	Product safety & quality	Controversial sourcing	Access to finance	Ownership	Business ethics
Product carbon footprint	Biodiversity & land use	Packaging material & waste	Green building	Health & safety	Chemical safety	Community relations	Access to health care	Board	Tax transparency
Financing env. impact	Raw material sourcing	Electronic waste	Renewable energy	Human capital development	Consumer financial protection		Opport. in nutrition & health	Pay	
Climate change vulnerability				Supply chain labor standards	Privacy & data security			Accounting	
					Responsible investment				

Source: MSCI ESG Key Issues

The MSCI ESG Ratings model measures:

- Risk exposure
- Risk management

Each of these two criteria are measured and then expressed in the form of scores, which are then combined, such that a higher level of exposure requires demonstrating higher management skills to obtain the same final Key Issue Score. Key Issue Scores are expressed on a scale of 0 to 10, where 0 means “very poor” and 10 means “very good”.

More information on the methodology used by MSCI ESG Research is available on their website<sup>7</sup>.

#### 1.2.5 Our internal ESG model for sovereigns

Our internal ESG model for sovereigns has been updated in 2022, based on the United Nations' Sustainable Development Goals (SDGs). The model is based on four pillars divided into 15 themes. 75

<sup>7</sup>

<https://www.msci.com/our-solutions/esg-investing/esg-ratings#:~:text=What%20is%20an%20MSCI%20ESG,those%20risks%20relative%20to%20peers>

indicators are assessed, some of which are specific to certain countries based on their income levels, as high- or medium-income countries do not face the same challenges. It uses multiple reference sources<sup>8</sup>.

#### The 15 themes of our ESG research and rating model for sovereigns linked to the SDGs



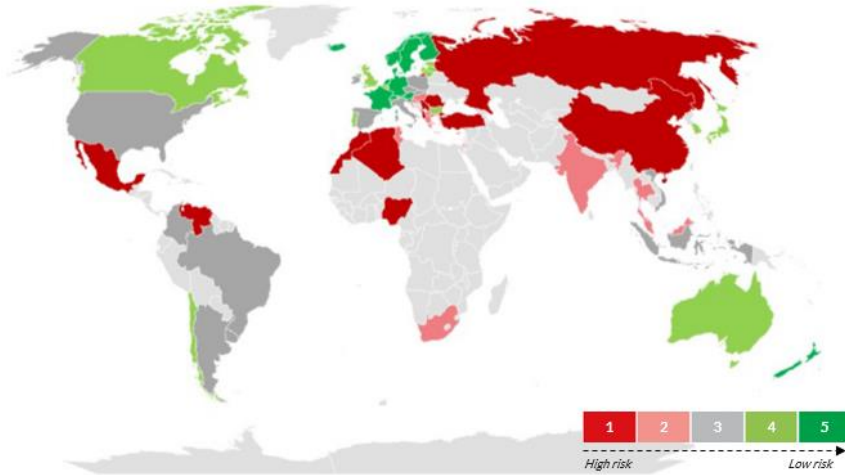
Source: ODDO BHF Asset Management, 2024

Sixty-five countries, plus the European Union, are assessed with this model. Each country receives a score ranging from 1 (= "high risk") to 5 (= "low risk"), as in our internal ESG model for companies.

<sup>8</sup> Amnesty International, Bündnis Entwicklung Hilft, Climate Watch, Convention on Biological Diversity, COP 21, COP 26, Financial Action Task Force, Food and Agriculture Organization, Freedomhouse, Garriga, International Energy Agency, International Labor Organization, International Monetary Fund, International Telecommunication Union, OECD, Population Reference Bureau, Programme for International Student Assessment, Transparency International, UNESCO, UNICEF, United Nations, Vision of Humanity, WHO, World Bank, World Intellectual Property Organization



### Short-/medium-term ESG risk by country



Source: ODDO BHF Asset Management SAS, 2024

### 1.3 Our active ownership approach

Please refer to the “Active Ownership” section below.

### Private assets

The identification of environmental, social and governance (ESG) characteristics is a crucial step in sustainable investment strategies classified as SFDR Article 8, as described below. Analyzing these ESG characteristics from the angle of risk and opportunity enables us to better assess long-term risks and value creation.

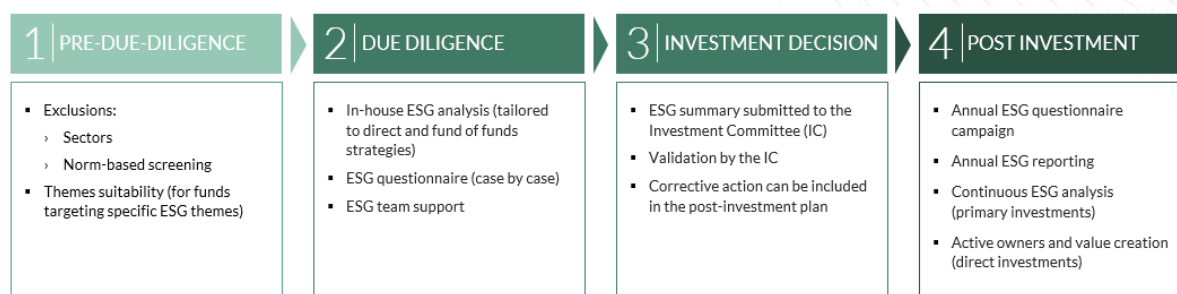
We provide our clients the access to different investments strategies including:

1. Investments in funds as part of primary transactions
2. Investments in funds as of secondary investments
3. Co-investments (funds of funds)
4. Direct investments

ESG factors are taken into account according to the availability of information, to the extent of our control over a given investment, and to our ability to exert influence, which vary according to the type of investment (primary, secondary, co-investment, or direct investments). Our approach is based on four pillars.



## The four fundamental pillars of our ESG approach for our private assets



Source: ODDO BHF Asset Management SAS, 2024

The steps 1, 2 and 3 are only applicable to SFDR Art. 8 Funds. For some of our SFDR Art. 6 funds, in particular for our strategy of investing in secondary operations, we apply Step 4 and more precisely only the Annual ESG questionnaire campaign and an Annual ESG reporting.

### 1.4 Pre-due diligence

We recognize the importance of mitigating potentially adverse environmental or social impacts of our investments and aim to avoid investing in companies that breach normative and sectorial guidelines as outlined in the ODDO BHF Asset Management Exclusion Policy<sup>9</sup>. The exclusion list (“Common base of exclusions”) is a component of the preliminary due diligence on investment opportunities and is applied every time it is feasible. It may vary according to each investment strategy as stated in the fund's legal documentation:

- Direct Private Assets Funds<sup>10</sup>: we apply our Common base of exclusion to all our Art. 8 funds
- Art. 8 Primaries, Secondaries, Co-Investment strategies (funds of funds):
  - For investments in funds as part of primary transactions, our Common base of exclusions may apply depending on the availability of data on existing transactions already made at the time of the due diligence.

<sup>9</sup> The ODDO BHF Asset Management exclusion policy is available at [https://am.oddo-bhf.com/france/en/professional\\_investor/ad/sustainability/1339/transparency/1345](https://am.oddo-bhf.com/france/en/professional_investor/ad/sustainability/1339/transparency/1345)

<sup>10</sup> Referring to funds managed by ODDO BHF Asset Management SAS

- For co-investments transactions as well as for some transactions with clear and strong visibility on the underlying assets (Continuation funds – Single assets), we apply our Common base of exclusions.
- For investments in funds as part of secondary operations, we strive to avoid investing in funds and companies that breach our Common base of exclusion. As such, the exclusion policy will be monitored on a best effort basis given the lack of visibility of underlying assets.

Some Art. 8 funds may apply additional exclusions that are listed in the respective fund legal documents. Further screening and exclusions can be applied on a case-by-case basis.

## 1.5 Due diligence

We incorporate ESG factors into the due diligence process for investments in Art. 8 SFDR funds based on a proprietary ESG research and rating model. The investment teams are primarily in charge of the due diligences supported by the ESG Research team. The approach may differ depending on the fund's strategy.

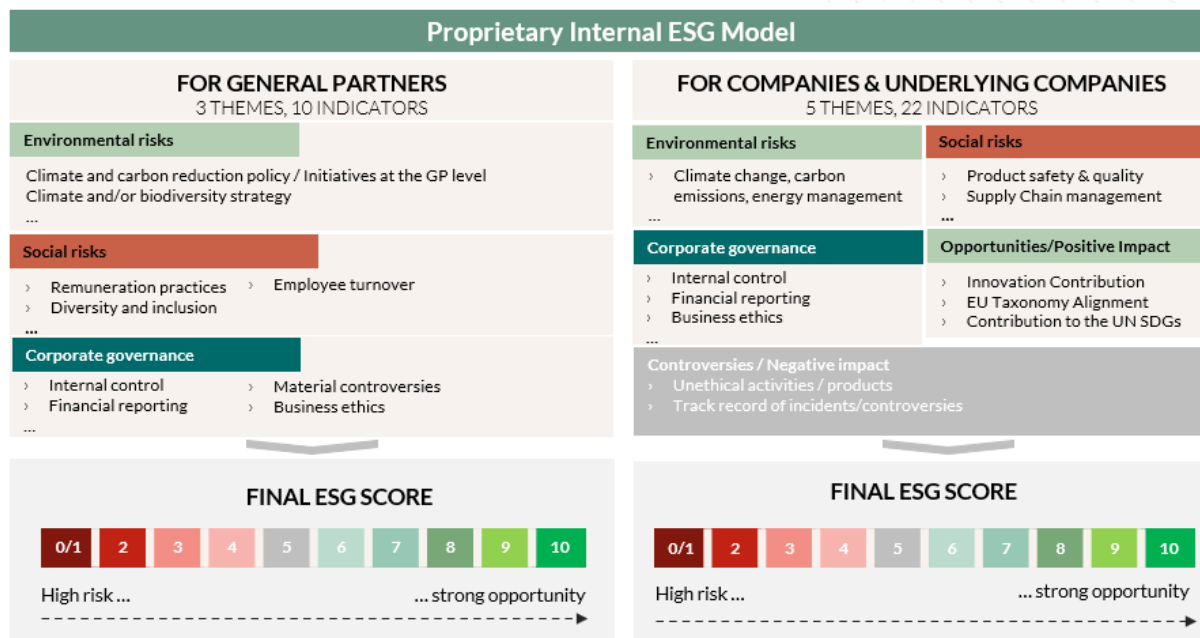
### 1.5.1 Due diligences for Funds of Funds investments

The breadth and depth of the ESG analysis necessarily depends on the availability of information, the extent of our control over a given investment, and our ability to exert influence as investor. We evaluate the ESG practices of GPs and their sustainability commitments. We aim to ensure that GPs to whom we allocate capital have strong ESG policies and procedures. For example, it includes GPs' responsibility for ESG integration or their engagement process. We then evaluate the underlying company(s) when investments have been made, or subsequently to being made. However, for secondary transactions, we may have to take a broad view by discussing mainly with the GP for more visibility.

### 1.5.2 Due diligences for direct investments

The due diligence is focused on analyzing companies' ESG practices, depending on the sector and discussions with the management. Areas for value creation and improvement are identified in the analysis.

## Proprietary internal ESG model for Private Equity Art. 8



Source : ODDO BHF Asset Management SAS, 2024

For direct investments, only the model for companies and underlying companies is applicable. For secondary transactions, the model for general partners and the model for companies and underlying companies apply on a case-by-case basis.

Each GP and/or company that is being analyzed obtains an absolute score out of 10.

This approach fits the investment teams' specific needs where access to information may be limited.

The internal ESG due diligence for both GPs and companies may rely on external recognized frameworks such as the 10 principles of the United Nations Global Compact and the United Nations Principles for Responsible Investment (PRI). In addition, materiality level for the company analysis is determined with the help of tools such as the Sustainability Accounting Standards Boards (SASB) Materiality Map.

Some Art. 8 SFDR Private Equity funds managed by ODDO BHF Asset Management SAS have a sustainable investment objective. We disclose more information about ODDO BHF Asset Management's

methodology to define and compute sustainable investments across arArt. 8 SFDR in the “Sustainable investments methodology” document available on ODDO BHF Asset Management’s Website<sup>11</sup>.

## 1.6 Investment decision

After the due diligence process, an investment memorandum is presented to the Investment Committee, including the conclusion of the ESG diligences, prior the final investment decision, for Article 8 funds. This memorandum covers quantitative data such as overall ESG Scores as well as qualitative comments and alignment with the UN Sustainable Development Goals (SDGs). The outcome of the ESG analysis can influence the final investment decision.

Depending on ESG material risks level, a corrective action can be included in the post-investment plan. The blind-pool nature of Private Equity investment means it may not always be possible to screen out companies prior to investment that are riskier from an ESG perspective. In such cases, we will seek to engage and influence the manager to improve standards of ESG integration and governance. Therefore, we may not exclude an underlying manager or direct investment if it displays weak ESG practices, as long as there is a commitment by the underlying manager or company to address these shortcomings. However, when we foresee that an underlying manager or direct investment will not or cannot address our ESG concerns, we are prepared to support them in helping them to address sustainability market practice in relation to their activities.

In addition, we may include a side-letter of any clarifications, precision of reporting obligations with regards to ESG, Fund Themes or Target SDGs, and rectifications or ESG improvement obligations, on the part of the third-party manager of a proposed Investment, as appropriate.

## 1.7 Post-investment

### 1.7.1 Annual ESG Questionnaire Campaign

Post-investment, we continue to monitor the ESG status of fund investments through an annual ESG questionnaire campaign. This is done for both Art. 6 and Art. 8 funds. Sample datapoints include carbon intensity, percentage of non-renewable energy consumption, turnover, company activities alignment with the UN SDGs, etc.

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<sup>11</sup>

[https://am.oddo-bhf.com/France/en/professional\\_investor/DownloadSingleDocumentML?Langue=GB&IDSarray=46919&IdSeqArray=2559827](https://am.oddo-bhf.com/France/en/professional_investor/DownloadSingleDocumentML?Langue=GB&IDSarray=46919&IdSeqArray=2559827)

### *1.7.2 Annual ESG reporting*

The data collected in the questionnaire campaign is presented in the annual ESG report which also details the ESG progress and priorities.

The report is available upon request. Additionally, as part of regulatory requirements under the Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy, disclosures and annual required reporting are produced and available.

### *1.7.3 Continuous ESG analysis and monitoring*

Company analysis updates are conducted on a regular basis and new analysis for primary investments are made as and when the investments are made. A positive or negative development such as an ESG controversy may also change a company's score at any time.

### *1.7.4 Active ownership*

Please refer to the “Active Ownership” section below.

## *2. Means used by the entity*

### **2.1 ESG reports**

#### *Listed assets*

For funds integrating ESG criteria into their investment process (Art. 8-9 SFDR), ODDO BHF Asset Management SAS reports the following information in its monthly ESG reports:

- › The fund ESG score vs its benchmark
- › The carbon intensity (scope 1-2) of the portfolio vs its benchmark
- › ESG ratings coverage: min. 75% for small caps and high-yield bonds; min. 90% for large caps and investment grade
- › Additional KPIs such as related to human capital, corporate governance, fossil fuel exposure etc.

For more information, please refer to products' documentation available on our website by selecting the fund and the reporting ESG<sup>12</sup>.

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<sup>12</sup> [https://am.oddo-bhf.com/france/en/professional\\_investor/fundspage](https://am.oddo-bhf.com/france/en/professional_investor/fundspage)

## Private assets

Across our Art. 6 and 8 Funds, ODDO BHF Asset Management SAS provides Annual ESG Reports with information on our ESG progress & priorities throughout the year and the results of the Annual ESG Campaigns which provide an overview of the ESG credentials of our investments.

Each report is available on request. Moreover, at the end of each fiscal year for art. 8 SFDR funds, we prepare a periodic disclosure.

### 2.2 Summary of sustainability-related documents

Documents	Scope	Description
<b>Appendix VIII: pre-contractual disclosures</b>	Fund <sup>13</sup>	Pre-contractual information for products art. 8-9 SFDR on sustainable investments (sustainable investment objective), environmental and/or social characteristics, sustainability indicators, no significant harm, addressing principle adverse impacts (PAI), investment strategy, the committed minimum rate to reduce the scope of investments, or the policy to assess good governance.
<b>Annual PRI report</b>	ODDO BHF AM excl. private assets	PRI Reporting allows signatories to be aware of both their strong points and their areas for improvement. Signatories are also confidentially rated and evaluated against their peers. Signatories can share private reports, and PRIs make certain information public to promote transparency. PRI annual reporting integrates different elements that combine transparency, engagement and performance.
<b>Annual report</b>	Fund	This document gives information on investments and management of the fund with the management report, the SFDR management report/taxonomy, and the annual financial statement of the fund at the end of the reporting period. For Private Assets funds, ESG reports are available on demand.
<b>Article 29 of the Law N°2019-1147 (Energy-Climate)</b>	ODDO BHF AM SAS	Definition of the information obligations of institutional investors concerning their transparency in relation to the integration of environmental, social, and governance (ESG) criteria in their investment operations.

<sup>13</sup> For Private Assets funds, on a case-by-case basis

<b>Law – known as “LEC”)</b>		
<b>Basic of Sustainable Investing</b>	ODDO BHF AM	Document offering guidance to investors who are beginning to take an interest in the subject and who wish to acquaint themselves with the basics of sustainable investing.
<b>ESG Report</b>	Fund excl. private assets	Monthly fund's report for which we integrate ESG criteria into their investment process to summarize ESG aspects considered.
<b>European SRI Transparency Code</b>	Fund excl. private assets	Regulatory document required for each fund applying for the French ISR label and the French Greenfin label to have a complete review of the sustainable strategy of the asset manager and of the fund.  At ODDO BHF Asset Management, we decided for homogeneity reasons to prepare a transparency code for each fund applying for any labels.
<b>Exclusion Policy</b>	ODDO BHF AM	Investment rules covering a range of controversial activities across sectors and/or practices that are contrary to major international norms and conventions.
<b>Prospectus</b>	Fund	The purpose of the prospectus is to provide full disclosure of all material facts about the securities being issued so that the investor can make informed investment decisions. The prospectus must disclose all matters that could affect the value or market price of the security being offered.
<b>Responsible Investment Policy</b>	ODDO BHF AM	The purpose of this document is to explain the sustainable approach, the ESG methodologies developed, the means implemented to promote sustainable development and the good governance policy adopted by ODDO BHF Asset Management. There is one document for listed assets and one for private assets.
<b>Semiannual report</b>	Fund	This document is more succinct than the annual report providing only the inventory of the funds.
<b>Shareholder</b>	ODDO BHF AM	Definition of our approach in terms of dialogue with companies



<b>engagement policy</b>			held in our portfolios, the exercise of voting rights and other rights attached to shares, our voting policy principles, the cooperation with other shareholders, the communication with stakeholders, and the prevention and management of actual or potential conflicts of interest.
<b>SFDR Website product disclosure</b>		Fund <sup>14</sup>	Document based on art. 10 SFDR summarizing ESG profile of funds art. 8-9 SFDR, commitments to sustainable investments, etc.
<b>Shareholder engagement report</b>		ODDO BHF AM	Report on dialogues, engagements, and voting annual statistics
<b>Sustainable Finance Disclosure Regulation (SFDR)</b>		ODDO BHF AM	Regulatory documents required by the EU regulation (SFDR classification, SFDR sustainability risk policy (Article 3), transparency of adverse sustainability impacts (Article 4)).
<b>White papers</b>		ODDO BHF AM	Different publications on main and relevant topics in relation to sustainability such as climate, human capital, the ecological transition, biodiversity, in line with our sustainable strategy.

Source: ODDO BHF Asset Management, 2024

All documents with the scope “ODDO BHF AM” or “ODDO BHF AM SAS” can be found on our Sustainable investing webpage<sup>15</sup>.

The Shareholder & Engagement Policies and Reports can be found on our Regulatory Information webpage<sup>16</sup>.

All documents with the scope “Fund” can be found on our Funds webpage by selecting the fund in question for non-professional funds<sup>17</sup>.

<sup>14</sup> For Private Assets funds, on a case-by-case basis

<sup>15</sup> [https://am.oddo-bhf.com/france/en/professional\\_investor/ad/sustainability/1339/publication/1380](https://am.oddo-bhf.com/france/en/professional_investor/ad/sustainability/1339/publication/1380)

<sup>16</sup> [https://am.oddo-bhf.com/france/en/professional\\_investor/infos\\_reglementaire](https://am.oddo-bhf.com/france/en/professional_investor/infos_reglementaire)

<sup>17</sup> [https://am.oddo-bhf.com/france/en/professional\\_investor/fundspage](https://am.oddo-bhf.com/france/en/professional_investor/fundspage)



The various means of communication described above are adapted to the scope authorized by position AMF-2020-03.




### 3. Financial products: "Article 8" and "Article 9"

As of December, 29, 2023, ODDO BHF Asset Management SAS managed €13bn assets classified as Article 8 or 9. This amounts to 73.3% of its total €17.7bn in assets under management (AuM)<sup>18</sup>. This includes listed and unlisted assets. To be classified as Article 8, in addition to SFDR requirements, ODDO BHF Asset Management SAS requires a clear integration of ESG in the investment and portfolio construction processes.

The SFDR classification of mutual funds is constantly updated and accessible online at<sup>19</sup>.

As of December 29, 2023 €5.8bn in assets under management or 32.7% of total AuM have a label.

#### Our labelled products as of December 29, 2023

 <ul style="list-style-type: none"> <li>• ODDO BHF Active Small Cap</li> <li>• ODDO BHF Euro Credit Short Duration</li> <li>• ODDO BHF Green Planet</li> <li>• ODDO BHF Polaris Flexible F</li> <li>• ODDO BHF Sustainable Credit Opportunities</li> </ul>	 <ul style="list-style-type: none"> <li>• ODDO BHF Green Planet</li> <li>• ODDO BHF Sustainable Euro Corporate Bond</li> </ul>
 <ul style="list-style-type: none"> <li>• ODDO BHF Avenir Europe</li> <li>• ODDO BHF Avenir Euro</li> <li>• ODDO BHF Génération</li> <li>• ODDO BHF Green Planet</li> </ul>	<ul style="list-style-type: none"> <li>• ODDO BHF Métropole Sélection</li> <li>• ODDO BHF Métropole Euro SRI</li> <li>• ODDO BHF Métropole Small Cap</li> <li>• Pilotage Sélection Durable</li> </ul>

Source: ODDO BHF Asset Management, 2023

These labels have been created to clarify the concept of socially responsible investment (SRI) for investors. Most labels are based on an independent certification guaranteeing the quality and transparency of the implemented processes.

For details on exclusion thresholds and methodology, please refer directly to the information published by the certification agencies concerned:

<sup>18</sup> Including all funds and mandates

<sup>19</sup> [https://am.oddo-bhf.com/france/en/professional\\_investor/infos\\_reglementaire](https://am.oddo-bhf.com/france/en/professional_investor/infos_reglementaire)

CLA, Revised Towards Sustainability Qualitative Standard Final Criteria (2023)<sup>20</sup>

FNG label for sustainable investing funds (2022)<sup>21</sup>

The official French “ISR” (SRI) label (2023)<sup>22</sup>

All information on the methodology for integrating ESG into these open-ended funds is available in the SRI transparency codes available on our website by selecting the fund in question<sup>23</sup>.

## 4. Collaborative initiatives

For several years now, ODDO BHF Asset Management SAS has been involved in international and national initiatives to promote ESG integration and stewardship, encourage dialogue on and raise awareness of sustainable investing among various stakeholders, as well as influence issuers to improve their ESG practices. Collaborative engagements are a powerful mechanism for investors to collectively have more leverage and influence on companies.

Our involvement in these initiatives allows us to be part of collaborative engagements to address longer-term sustainability issues and provides material inputs for investment-decision making.

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<sup>20</sup> <https://towardssustainability.be/the-label/quality-standard>

<sup>21</sup> [https://fng-siegel.org/media/downloads/FNG-Label2023-Rules\\_of\\_Procedure.pdf](https://fng-siegel.org/media/downloads/FNG-Label2023-Rules_of_Procedure.pdf)

<sup>22</sup> <https://www.lelabelisr.fr/label-isr/criteres-attribution/>

<sup>23</sup> [https://am.oddobhf.com/france/en/professional\\_investor/fundspage](https://am.oddobhf.com/france/en/professional_investor/fundspage)

## Memberships & collaborative initiatives

SIGNATORY	MEMBER	SUPPORTER
		
		
		
		
		
		
		

Source: ODDO BHF Asset Management, 2024

ODDO BHF Asset Management SAS takes part in several climate-related initiatives, including CDP or Climate Action 100+, and we are supporter of the Task Force on Climate Related Financial Disclosures, TCFD. We are also members of other groups focused on specific subjects such as FAIRR on the agri-food sector, the Finance for Biodiversity Foundation on biodiversity, or “l’Institut de la Finance Durable” on the just transition.

## 2° Internal resources deployed by the entity

### *1. Resources dedicated to sustainable investing*

#### **1.1 Human resources**

Within the scope defined below in point 1.1.1-2, 78 FTEs allow the implementation of the ESG strategy, which amounts to 48.8% of ODDO BHF Asset Management SAS's FTEs. These are figures at 31.12.2023.

##### *1.1.1 ESG Experts team*

For many years now, ODDO BHF Asset Management is investing in ESG resources. Today, the team is composed of 5 ESG experts. The team helps producing ESG and thematic research, as well as analytical solutions that promote portfolio managers' understanding and awareness of ESG factors. It is also in charge of our internal ESG rating models and sustainable bonds framework and approval, as well as integrating ESG analyses and climate data into investment processes. The Global Head of ESG Research reports to the CEO of ODDO BHF Asset Management SAS and is a member of the Global Management Committee Asset Management.

All investment teams work with the ESG Research team in structuring and implementing our sustainable approach to investment. They total 56 fund managers/analysts working for ODDO BHF Asset Management SAS amounting to 35% of ODDO BHF Asset Management SAS's full-time equivalents.

In 2022, ODDO BHF Asset Management has appointed a Group Head of Sustainability Policy. The main responsibilities of this role are to monitor and understand any new sustainable regulations to help our clients and investment teams to be compliant. This role is key and supported by all our internal capabilities (research, legal, reporting, risk & compliance, and support function teams).

##### *1.1.2 Support function teams*

The Risk & Compliance team is responsible for monitoring sustainability risks. 11 employees are dealing with sustainability subjects among other subjects accounting for 6.9% of ODDO BHF Asset Management SAS's full-time equivalents.

On the legal side, 6 FTEs oversee sustainability subjects representing 3.75% of ODDO BHF Asset Management SAS's full-time equivalents.

On the reporting side, 6 FTEs oversee sustainability subjects representing 3.75% of ODDO BHF Asset Management SAS's full-time equivalents.

1.2 Technical resources

Listed assets

The ESG Research team feeds its internal research model with data from company publications (reports, presentations), from external ESG data providers, from external suppliers of raw financial and non-financial data (Bloomberg, FactSet), and from specialized broker publications (including thematic research):

Main external ESG data providers

› <b>MSCI ESG Research</b>	<u>Climate data &amp; metrics</u> <ul style="list-style-type: none"><li>- GHG emissions</li><li>- Temperature alignment</li><li>- Green share</li><li>- Taxonomy</li><li>- Climate VaR</li><li>- Etc.</li></ul> <u>Ratings</u> <p>ESG ratings and qualitative research for +10,000 issuers</p> <u>Controversies</u> <p>UNGC, biodiversity or any other ESG controversies</p>
› <b>Carbone4 Finance</b>	<ul style="list-style-type: none"><li>- Biodiversity impact assessment</li><li>- Transition and physical risks assessment</li></ul>
› <b>SESAMm</b>	Partnership leveraging Artificial Intelligence (AI) and Natural Language Processing (NLP) to detect proactively ESG controversies and positive contributions in terms of Sustainable Development Goals (SDG)
› <b>Refinitiv</b>	Over 700 metrics available
› <b>ISS Proxy Voting</b>	Implementation of our Voting Policy and platform for votes

Source: ODDO BHF Asset Management, 2024

Over the past years, ODDO BHF Asset Management SAS has considerably raised its ESG tools and data budgets to support its ambitions in sustainability. Our overall amount allocated to deploying the ESG strategy (membership of coalitions and working groups, data providers, labels) is approximately €600,000. In 2023 we added an additional ESG data provider, Refinitiv.

## Private assets

The ESG due diligences may rely on data and information from:

- An internal ESG guidance for the different criteria taken into account based on the materiality
- Documents made available via the GPs, sponsors or companies themselves; dedicated ESG fact books and the ESG sections of information memoranda
- Specialized broker publications (including thematic research)
- External research providers to review controversies, such as RepRisk
- The analysis of an ESG questionnaire completed by the company on a case-by-case basis

These are particularly important sources of information as we recognize that the companies invested in Private Equity may only provide a limited amount of information regarding their ESG performance.

These are particularly important sources of information as we recognize that the companies invested in Private Equity may only provide a limited amount of information regarding their ESG performance.

We also leverage from external service providers to support with the analysis and review of ESG due diligence activities and conduct annual ESG questionnaires. Over the past years, we have raised the ESG budget in order to support our ambitions in sustainability. Our overall amount allocated to data providers is approximately €89,640.

## *2. Actions taken to strengthen the entity's internal capacities*

### 2.1 ESG trainings

The ESG Research team holds regular in-house training sessions, with the aim to clarify and better contextualize issues related to sustainability including regulatory developments (SFDR, EU Taxonomy). In 2023, we continued ESG trainings across teams, to continue building ESG understanding. Following are some examples of trainings we have pursued in the last year:

- The ESG Research team has held quarterly sector reviews for our listed assets, focused on key ESG themes and the climate transition. These presentations are prepared and presented collectively with an ESG analyst and an equity and/or fixed income portfolio manager.

- The ESG team has held in-house training sessions (called “teach-ins”), in order to clarify and better contextualize issues of sustainability, market dynamics, new regulations (SFDR, European Union (EU) Taxonomy, Décret 29 in France, Zielmarktin Germany, etc.) and sustainable finance issues.
- Regular training sessions have been held with operational teams to ensure that ESG data is collected, processed and disseminated as effectively as possible.
- The sales teams were also updated on the various internal and external issues relating to sustainability..

## 2.2 ESG infrastructure and data/tools/models

### Listed assets

We have strengthened our ESG infrastructure and systems and developed tools to enhance the support provided to investment teams. Having an ESG platform and ESG data accessible for the investment teams helps in improving ESG transparency and accountability as well as ensure portfolio managers have access to ESG data when making investment decisions. Our portfolio managers and investment analysts have access to the internal ESG platform to be able to see the full details of all ESG analyses completed, in addition to the internal ESG scores being disseminated on the platform AIM Bloomberg which also hosts ESG data from MSCI that we continuously keep up-to-date. With our internal ESG platform, we can also send company news, updates, ESG scoring actions and Sustainable bond approval directly to portfolio managers within ODDO BHF Asset Management.

### Private assets

We have developed our internal ESG model for our strategies Art.8 SFDR.

## 2.3 Enhanced ESG integration

### Listed assets

We have continued to improve the integration of ESG into our investment processes. We also undertook an overhaul of our internal ESG rating model and our climate score model, with the aim of having a single rating model for European and global investment strategies.

### Private assets

In 2023, we strengthened our approach to sustainable investing and formalized our internal ESG research and rating model for Art. 8 Private Equity strategies, adapted to different investment strategies. In addition, we formalized the systematic inclusion of the conclusion of the ESG due diligences in the investment memorandum presented to the Investment Committee for Art. 8 funds.

## 2.4 Reporting and transparency

### Listed assets

A number of our ESG-related policies were updated in 2023, either to reflect SFDR regulation or as part of their review cycle such as for our Exclusion Policy, for the Article 3 SFDR, or for our Shareholder Engagement Report.

### Private assets

We continued our Annual ESG reporting at Funds’ level and launched additional Annual ESG reports for new Art. 8 Funds launched. The production of the reports is a collaboration between the investment teams, the ESG Research team and an external third-party provider.

## 2.5 Development of ESG funds/mandates/other services

### Private assets

In 2023, two Private Assets funds promoting ESG characteristics (article 8 SFDR) were created. A professional fund set up in 2022 was reclassified as an article 8 SFDR during the year (previously article 6 SFDR).



## 3° Consideration of ESG criteria at the entity's governance level

### 1. Governance structure

All strategic decisions involving sustainability are submitted to the ODDO BHF Asset Management Executive Committee for the approval. The Global Head of ESG Research is a member of ODDO BHF Asset Management General Management Committees. The Group Chief Sustainability & Marketing Officer is a member of the Group General Management Committee and in charge of Marketing, Communication and Sustainability for all the Group. The Group Head of Sustainability Policy assists investment and operational teams in understanding and implementing national and European regulatory requirements.

#### Listed assets

At ODDO BHF Asset Management, we have an ESG proven track record and have established a dedicated governance structure for ESG across the firm that is supported by two Committees: the ESG Strategic Committee, and the ESG Investment Forum.

The ESG Strategic Committee meets on a quarterly basis with the following objectives:

- › Define and validate ODDO BHF Asset Management’s ESG strategy, processes and practices, and response to market developments
- › Discuss new ESG product concepts, tools, and data to improve our ESG approach
- › Contribute to the harmonization of processes and practices across jurisdictions

The committee is composed of the CEO, the Group Co-CIO, the Global Head of ESG Research, the Global Head of Marketing & Products, the Global Head of Sales, the Chief Risk & Compliance Officer, the Global COO, the Head of Private Debt, the Managing Directors of Private Equity.

The ESG Investment Forum is composed of the Group Co-CIO, the investment teams -equity and fixed income portfolio managers and analysts-, the ESG research team, and the Global Head of ESG Research. It meets on a monthly basis. The Forum discusses ESG investment cases (ESG ratings, companies news and controversies), review exclusion lists, sustainable debt approval or dismissal, excluded issuers and complex investment cases.

## Private assets

ESG topics are discussed at the Private Assets Executive Committee.

The Private Assets Executive Committee consisting of ODDO BHF Asset Management CEO, the Head of Operations & Business Management, the Global Head of ESG, the Head of Compliance as well as Managing Directors of the Private Equity activities, frequently meets with the following objectives:

- › Define and validate ESG strategy, processes and practices, and response to market developments
- › Discuss new ESG product concepts, tools, and data to improve our ESG approach
- › Contribute to the harmonization of processes and practices across jurisdictions

## 2. Compensation policy

Since 2021, the remuneration policy has been adjusted to integrate sustainability risks<sup>24</sup>.

## 3. Integration of ESG criteria in the internal rules of the Board of Directors

ODDO BHF Asset Management is part of the independent Franco-German financial group ODDO BHF that was founded in 1849. ODDO BHF Asset Management comprises ODDO BHF Asset Management GmbH in Germany, ODDO BHF Asset Management SAS in France, and ODDO BHF Asset Management Lux in Luxembourg.

The ODDO BHF Group has set out three main pillars of its CSR ambitions:

1. To support employees
2. To limit its environmental impact

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<sup>24</sup>

[https://am.oddo-bhf.com/FRANCE/en/professional\\_investor/DownloadSingleDocumentML?Langue=GB&IDSarray=11364&IdSeqArray=2633559](https://am.oddo-bhf.com/FRANCE/en/professional_investor/DownloadSingleDocumentML?Langue=GB&IDSarray=11364&IdSeqArray=2633559)

3. To act together for a cohesive society

Confident that staff diversity is a true lever of performance, the diversity plan that we rolled out in 2020 within the Group with the backing of the Executive Committees and steered by human resources teams, aims to promote gender equality within teams at all levels of responsibility.

Key figures for top management gender diversity

	Dec 2023	Dec 2022	Dec 2021
% of women in top management (OBSF <sup>2</sup> )	22%	21%	21%

<sup>1</sup> ODDO BHF Strategic Forum

Source: ODDO BHF

Due to its legal form, ODDO BHF Asset Management SAS does not have a board of directors or a supervisory board.

## 4°Active Ownership Strategy

### *1. Presentation of the active ownership strategy*

We aim to improve invested companies’ business practices, foster transparency on environmental, social, and governance issues, and aim to ensure long-term value creation in relation to strategy, risk management and governance. Our active ownership approach is aligned with EFAMA’s stewardship code principles and the AFEP-MEDEF Code on voting policy.

The description of the approach is summarized in our Shareholder Engagement Policy (incl. ODDO BHF Asset Management Voting Policy). Once a year, we publish a Shareholder Engagement Report describing the results of our active ownership approach. Both documents are available on our website<sup>25</sup>.

The scope of companies covered by the engagement strategy includes, as a priority, companies held in open-ended funds integrating an ESG process.

#### Listed assets

Active ownership for listed assets can be summarized in three ways:

- 1. Dialogue with companies**
- 2. Individual or collaborative engagement**
- 3. Exercise of voting rights**

By using these different actions, we seek to better understand the risks and opportunities of the sectors and companies in which we invest or are likely to invest, to strengthen our ESG analyses, to suggest areas for improvement, to require companies operating in carbon-intensive sectors to implement decarbonization trajectories in line with the Paris Agreement or to encourage companies with a strong influence/dependence on natural capital to take the necessary measures to reduce their impact/limit the associated risks.

A reactive engagement approach is our first level control procedure to start an engagement action. The ESG team performs a daily controversy check via multiple external providers alerts (MSCI, SESAMm, Bloomberg). If the controversy is considered of major attention, the ESG team conducts a proprietary due

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<sup>25</sup> [https://am.oddo-bhf.com/france/en/professional\\_investor/infos\\_reglementaire](https://am.oddo-bhf.com/france/en/professional_investor/infos_reglementaire)

diligence analysis to better understand the severity of the issue. If necessary, an engagement action is initiated and ad hoc objectives are established on a defined timeline, in line with the ESG targets of the fund holding the position. We use internal methodologies and monitoring files to classify the engagement actions and follow up the progress made. That helps deciding if an escalation process must be initiated.

Regarding voting rights, ODDO BHF Asset Management votes at shareholder meetings of European companies that are listed on a regulated market in the European Union or the European Economic Area, for which the funds collectively hold - at the entity level - a stake of more than 0.05% of the capital. It is true that in very rare cases the investment management company cannot vote for reasons of efficiency, costs and timeliness. In specific case of dedicated funds, we may not vote following client very particular demands. ODDO BHF Asset Management may vote at the Annual General Meetings of portfolio companies that are traded on a market other than a regulated market in the European Union or the European Economic Area. Moreover, ODDO BHF Asset Management strives to vote at meetings for all the positions we hold at the entity level, when it comes that the company is invested in a portfolio that has an SRI label, regardless of the related reference standard (SRI label, FNG label, Febelfin label).

### Private assets

In addition to questionnaires sent, different dialogue approaches have been adopted for our Fund of Funds activity and our direct investments.

For our *Funds of Funds* investments, the team endeavors to:

- › Engage with the GPs of portfolio funds to promote the importance of ESG characteristics and programs (notably the stewardship of their portfolio companies during the holding period and of any material ESG incidents that may arise), where appropriate and for the relevant funds
- › Have routine interactions with GPs and more specifically in relation to specific incidents
- › Encourage an ESG dialogue in alignment with our internal practices and with relevant industry associations (FranceInvest, PRI, etc.)
- › Keep our LPs aware of ESG-related topics through dedicated ESG reporting and encourage GPs to provide a similar level of reporting

For our *direct investments*, we can have direct access to company management and therefore are more able to define tailored areas of progress in consultation between the management company and the portfolio company. These depend on material ESG issues identified during the due diligence and naturally on the sector of activity. A dedicated ESG action plan can be put in place and progress monitored throughout the

investment cycle. If the management company has a representation on the Board of the portfolio company, a monitoring will also be carried during a meeting of this board. In situation where we do not have a seat on the Board, we will organize at minimum once a year a meeting to monitor the commitments and discuss potential ESG issues.

## *2. Investment strategy decisions*

In terms of investment strategy, particularly sectoral disengagement, as per the “Common base of exclusions” of our Exclusion Policy, we apply decreasing thresholds to exit from the coal sector. These thresholds will be lowered to zero by 2030 for EU and OECD countries and by 2040 for the rest of the world. We also added in our common base sectors like tobacco, biodiversity (negative impacts) and oil and gas in the Artic. In 2023, we strengthened our coal exclusion by adding a criterion for absolute installed coal-fired electricity generation capacity in absolute terms.

### Listed assets

We continue our reviews started in 2022 to analyze specific high-carbon sectors in addition to oil and gas, such as cement, automotive, and real estate, on the topic of climate transition. We looked at the key trends and solutions available to decarbonize these sectors and identified the “leaders” and “laggards” in the field. We also organized thematic meetings with companies to obtain further information on the transition: decarbonization plan (scope 1-2-3), robustness and credibility of these plans, validation by external bodies (Science Based Targets Initiative, SBTi), progress made, publication of taxonomy alignments or allocated CapEx. On the basis of these sector reviews, we engage with companies that we consider to be lagging behind in their climate transition trajectory, as part of an individual or collaborative engagement..

### Private assets

Depending on ESG material risks level in the due diligence phase, a corrective action can be included in the post-investment plan for Art. 8 SFDR funds. If necessary, in some cases, we have included a side-letter including precisions and obligations of reporting with regards to ESG, Fund Themes or Target SDGs, and rectifications or ESG improvement obligations, as appropriate.

## 5° Information on the European Taxonomy and fossil fuels

### 1. EU Taxonomy

Below are the taxonomy aligned figures based on reported data<sup>26</sup>:

	Amount CapEx EUR	% CapEx	Amount Turnover EUR	% Turnover
Aligned	614 943 434	4.7%	388 807 050	2.9%
thereof nuclear	10 050 337	0.1%	7 200 302	0.1%
thereof gas	39 790	0.0%	1 467	0.0%

The scope used includes all our listed and private assets under management<sup>28</sup>, less investments in derivatives, sovereigns, and companies not eligible for the European Non-Financial Reporting Directive.

### 2. Fossil fuels

Fossil fuel investments represent 608,604,276 € or 3,6% of all ODDO BHF Asset Management SAS AuM<sup>30</sup>.

The percentage of the fund's market value exposed to issuers with fossil fuel-related activities, including oil and gas exploration, extraction, mining, storage, distribution and trading; thermal coal production and distribution; and metallurgical coal production, distribution, storage and reserves, is calculated from an indicator provided by MSCI ESG Research. We use the percentage sum approach recommended by our data provider, excluding non-applicable positions and rebasing the remaining positions<sup>31</sup>.

<sup>26</sup> Reported companies' data from MSCI ESG Research

<sup>28</sup> Calculated based on ODDO BHF Asset Management total AuM at 31.12.2023 when ODDO BHF Asset Management SAS is the Management Company. For private assets, we are unable to provide reliable and consistent data on private equity investments, as the public data needed to align them with the taxonomy is not yet available.

<sup>30</sup> ODDO BHF Asset Management AuM at end 31.12.2023 including all funds and mandates when ODDO BHF Asset Management SAS is the Management Company. For private assets, we are unable to provide reliable and consistent data on private equity investments, as the public data needed to align them with the taxonomy is not yet available.

<sup>31</sup> For more information, please refer to MSCI ESG Research's methodology: <https://www.msci.com/documents/1296102/23400696/MSCI+SFDR+Adverse+Impact+Metrics+Methodology.pdf/ac60df37-681e-6b18-6f9b-fd5196b3fd78?t=1694625178508>



## 6° Strategy of alignment with the international objectives of limiting global warming

To align our investment strategies with Paris Agreement (2015) and the National Low-Carbon Strategy (SNBC), our strategy and targets are based on three pillars:

1. Decarbonize our investment strategies (the assets covered by this objective are listed equities and corporate bonds, for which decarbonization data and methodologies are available and at this stage, this does not apply to our private investment strategies);
2. Evaluate companies' transition pathway (applicable to Private Equity)
3. Promote climate solutions (applicable to Private Equity)

### *1. Decarbonization of our investment strategies*

The overriding objective of the Paris Agreements in 2015, supported by the COP21, is to keep “the increase in global average temperature well below 2°C above pre-industrial levels” and to continue efforts “to limit the increase in temperature to 1.5°C above pre-industrial levels” by 2100. The private sector, and the financial sector in particular, has a role to play in mitigating and adapting to climate change.

As an asset management company, ODDO BHF Asset Management is therefore concerned by the need to mitigate and adapt to climate change. For several years now, the Group has been implementing a climate strategy based, among other things, on an analysis of companies' transition risks and the carbon footprint of our portfolios. Indeed, all our open-ended funds art. 8-9 SFDR<sup>32</sup> formally include a carbon intensity objective. Our portfolio managers take into account the impact of the carbon emissions of the issuers in their portfolios in order to achieve an aggregate carbon intensity lower than that of their benchmark index or investment universe.

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<sup>32</sup> Private asset funds not included because we are currently unable to obtain sufficiently reliable data that can be measured over time



We assess the transition risks of portfolio positions<sup>33</sup> in addition to carbon intensity indicators. This results in a Climate Transition score.

We have set ourselves medium-term targets for coal phase-out:

- › Coal mining: exclusion of investments exposed to coal, up to 0% of revenues by 2030 for OECD countries and by 2040 for the rest of the world.
- › Power generation: any company where coal exceeds 15% of the production mix, or 15% of its installed capacity. These thresholds will be lowered to 10% in 2026, 5% in 2028 and 0% in 2030 for EU and OECD countries.
- › Development of new projects: exclusion of any company operating in mining or power generation and developing new thermal coal projects, whatever the size of the project.

We have also updated our global voting policy to take into account the climate commitments made by companies and the level of transparency of these commitments and their results. Furthermore, as investors, we actively encourage companies to communicate the physical and transitional risks they face in relation to climate change through our engagements with companies.

## 1.1 Quantitative targets

In 2023 and 2024, we strengthened our strategy of alignment with the Paris Agreements by setting ourselves several short- and medium-term objectives.

### 1.1.1 Short-term targets (2024-2025)

- › Familiarize our portfolio manager/analysts with the various alignment indicators: implicit temperature, SBTi certification or trend monitoring of emissions;
- › Integrate alignment indicators into portfolio management tools and train management teams to use these data;
- › Engage with invested companies that have a very high temperature.

### 1.1.2 Medium-term targets (2024-2030)

- › Follow the intermediate alignment trajectory defined at 2.5°C for 2030, which as a first step concerns funds falling within the scope of Article 29. This target will be reviewed and adjusted

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<sup>33</sup> For European investment strategies



every five years to reach 2°C or less by 2050. Some funds are already on a trajectory below 2.5°C (see section 1.3.2), which could lead us to revise their targets during the annual review of our report.

- › Improve carbon emissions reporting of scope 1 and 2, especially scope 3,
- › Phase out investment in coal mining by 2030 for OECD countries.

## 1.2 Methodology<sup>34</sup>

During the year, we reviewed a number of commonly accepted decarbonization methodologies, including the “binary measurement method”, which targets companies with a net-zero alignment strategy certified by an external climate alignment methodology such as that of the Science Based Target Initiative (SBTi); the “sectoral decarbonization approach” (SDA), also known as the “benchmark divergence approach”; and the “implied temperature rise (ITR)” measurement method.

As part of the decarbonization of our investment strategies, we have opted for the implied temperature rise method established by MSCI<sup>35</sup>. The implied temperature rise of a portfolio gives an estimate of global warming if the world economy were to follow a climate trajectory identical to that of the portfolio.

To limit global warming to less than 2°C, it is necessary to limit cumulative greenhouse gas emissions. Applied to a portfolio, the implied temperature rise method compares the sum of excess carbon emissions financed for each portfolio (scope 1, 2 and 3) with the theoretical carbon budget of a 1.5°C aligned trajectory for each portfolio. Based on EVIC (enterprise value including cash), we calculate the portfolio's share of excess financed emissions and its budget.

The assumptions used to establish a 1.5°C trajectory come from the NGFS (Network for Greening the Financial System)<sup>36</sup> Net Zero 2050 scenario. To simulate sectoral decarbonization, the NGFS Net Zero scenario takes into account various variables, such as climate policies, technological progress, energy prices and consumer behavior. These variables are then used to estimate greenhouse gas emissions in different economic sectors and assess the financial risks associated with these emissions.

The amount by which the portfolio's financed carbon emissions exceed its budget is converted into temperature using the “TCRE (Transient climate response to cumulative CO<sub>2</sub> emissions)” factor. TCRE is

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<sup>34</sup> Private assets funds not included because we are currently unable to obtain sufficiently reliable data that can be measured over time

<sup>35</sup> <https://www.msci.com/documents/10199/7118a4c1-e446-ffa8-87f2-f4d6d2d07d36>

<sup>36</sup> <https://www.ngfs.net/ngfs-scenarios-portal/>

defined as the global average temperature increase in response to a given amount of cumulative CO<sub>2</sub> emissions. The Intergovernmental Panel on Climate Change (IPCC) provides a TCRE estimate of 0.00045°C per GtCO<sub>2</sub>.

$$\text{Portfolio implied temperature rise (°C)} = 1.5 + \frac{\sum_{i=1}^N \text{carbon overshoot financed}_i * \text{TCRE} * \text{global budget}}{\sum_{i=1}^N \text{financed carbon budget}_i}$$

*N corresponds to the total number of companies included in the portfolio, where i stands for a particular company. The “global budget” factor reflects the fact that the ITR gives an estimate of global warming if the world economy were on a climate trajectory identical to that of the portfolio<sup>35</sup>.*

The implied temperature rise, like any methodology, has its limits. Its main limit is that carbon overshoot is based on projections, and actual realizations may differ from these. In addition, the methodology currently covers only corporates, and not sovereigns. As a result, we may have to revise our commitment to the alignment trajectory defined in our objectives in section 1.1.2.

To date, we have calculated implied temperature rises for all our assets under management, as well as for our main funds. However, as previously mentioned, we will initially focus on implementing this alignment strategy for funds affected by the current Article 29.

In addition to our alignment strategy, we also use carbon data from MSCI to measure the carbon intensity of our investment strategies, as part of our reporting and portfolio management tools available to portfolio managers. Each month, we publish the weighted average carbon intensity (scopes 1 and 2) of our funds, compared with their benchmark index. Estimates are used when reported values are unavailable or contradictory. Estimates are based on the revenues-normalized average values (scopes 1 and 2 emissions) of peers in the sector. The weighted average carbon intensity is calculated as follows:

$$\text{Weighted average carbon intensity} = \sum_{i=1}^N \text{weight}_i * \frac{\text{carbon emissions Scopes 1 + 2}_i}{\text{revenues}_i}$$

*N corresponds to the total number of companies included in the portfolio or benchmark, while i stands for a specific company.*

From a broader climate change perspective, we have another indicator available provided by MSCI: the Climate Value at Risk<sup>37</sup>. Mitigating global warming and adapting to the consequences of climate change

<sup>37</sup> <https://www.msci.com/our-solutions/climate-investing/climate-and-net-zero-solutions/scenario-analysis>



expose companies to transition risks, physical risks and potential opportunities. MSCI has designed the Climate VaR to combine these parameters and assess their impact on company valuations.

Lastly, it is more difficult to obtain a complete and accurate view of an issuer's total GHG emissions, particularly when it comes to Scope 3 emissions. Scope 3 refers to emissions produced by supply chains, product use and end-of-life, which makes it very tricky to assess, even for companies themselves. To obtain a complete and homogeneous overview of these emissions, MSCI<sup>38</sup> has developed a granular methodology for estimating the scope 3 emissions of issuers.

### 1.3 Indicators

In accordance with the requirements of Article 29 LEC, funds and mandates with AuM of more than €500m are included in measuring key performance indicators:

EQUITY	BOND
› ODDO BHF Avenir	› ODDO BHF Euro Credit Short Duration
› ODDO BHF Avenir Europe	› ODDO BHF Euro High Yield Bond
	› ODDO BHF Global Target 2026

#### 1.3.1 Carbon intensity

##### Carbon intensity of main funds and mandates as of December 29<sup>th</sup>, 2023

Fund name	Fund		Benchmark	
	Coverage rate <sup>39</sup>	Weighted carbon intensity	Coverage rate <sup>39</sup>	Weighted carbon intensity
ODDO BHF Avenir	100%	39.2	100%	74.0
ODDO BHF Avenir Europe	100%	20.5	100%	114.6
ODDO BHF Euro Credit Short Duration	100%	122.1	100%	160.7
ODDO BHF Euro High Yield Bond	100%	167.9	100%	211.4
ODDO BHF Global Target 2026	100%	165.3	100%	160.1

Source: ODDO BHF Asset Management, MSCI

<sup>38</sup> <https://www.msci.com/www/blog-posts/scope-3-carbon-emissions-seeing/02092372761>

<sup>39</sup> As explained in the carbon intensity calculation methodology, estimates are used when reported values are unavailable or contradictory. Estimates are based on the revenues-normalized average values (Scopes 1 and 2 emissions) of peers in the sector.

At the level of ODDO BHF Asset Management SAS entity, we rely on the PAI 3 “GHG intensity of investee companies”, which represents the weighted average of the GHG intensity of issuers held at entity level (type 1, type 2 and estimated type 3 GHG emissions / million euros of revenues). In 2023, this intensity is 953.7 tCO2e/M EUR of revenues.

3.2 Climate trajectory

Implied Temperature Rise of main funds and mandates as of December 29<sup>th</sup>, 2023

	ITR
Fund name	Fund
ODDO BHF Avenir	2.7 °C
ODDO BHF Avenir Europe	2.1 °C
ODDO BHF Euro Credit Short Duration	2.2 °C
ODDO BHF Euro High Yield Bond	2.2 °C
ODDO BHF Global Target 2026	2.1 °C

Source: ODDO BHF Asset Management SAS, MSCI ESG Research (ITR data as of May 2024)

At the level of ODDO BHF Asset Management SAS, we obtained an ITR of 2.2 °C on our aggregate positions at December 29<sup>th</sup>, 2023<sup>40</sup>.

1.4 Role and use of alignment assessment in the investment strategy and complementarity between the assessment methodology selected and other indicators on environmental, social criteria, and quality of governance

Listed assets

While temperature data is a key element in our decarbonization strategy, it is not sufficient on its own. We need to combine it with other measures of performance indicators. For example, integrating ESG into our investment processes is crucial not only to measure climate-related risks and opportunities, but also the credibility of the actions taken by companies to steer their activities towards a sustainable economy. This takes the form of ESG ratings, with particular attention paid to the quality of corporate governance and human capital, as well as a Climate Transition rating.

<sup>40</sup> Data as of May 2024



Engagement is a useful way of discussing with companies about the environmental, social and governance issues we deem relevant. In particular, it enables us to engage with companies whose decarbonization trajectory or actions are still too weak compared to the challenges facing their sector.

We also track and measure the negative impacts of our investments through PAIs (Principal Adverse Impact).

## Private assets

In 2023, we have formalized the inclusion of climate risks in the internal ESG due diligence were considered material. At the GP level, we systematically analyze whether there is a climate strategy and policy at a corporate level and in the investments, and targets and objectives set; at the underlying company level, we assess climate related risks such as climate change, carbon emissions, energy management depending on sector materiality as well as alignment with the EU Taxonomy where possible. There are additional climate related assessment questions in the Annual ESG questionnaire including the Principle Adverse Impacts (PAIs).

### 1.5 Impact on our investment strategies




This report marks the beginning of our strategy of alignment with the Paris Agreement, validated by the Executive Committee of ODDO BHF Asset Management in 2024.

In addition, as mentioned above, our exclusion policy already includes restrictions on coal, unconventional oil and gas, and conventional and unconventional oil and gas in the Arctic region in the common base of exclusions. The common base of exclusions applies to all open-ended funds and also apply to delegated fund managers within the ODDO BHF Group and to Private Assets depending on the investment strategy<sup>41</sup>. However, funds of funds on listed assets, listed derivative products, and ODDO BHF AIF PLC are excluded. When managing dedicated funds or segregated accounts, these exclusions will be presented to clients and will be applied unless they advise us otherwise.

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<sup>41</sup> More details on Section 5 of our Exclusion Policy available at: [https://am.oddobhf.com/france/en/professional\\_investor/GetRequestDocument?CodeDoc=PEX&CodPageWeb=FICHE\\_FONDS](https://am.oddobhf.com/france/en/professional_investor/GetRequestDocument?CodeDoc=PEX&CodPageWeb=FICHE_FONDS)

Fossil fuel related exclusions from the common base of exclusions

Sectors	Exclusion thresholds	Activities
 Coal	>8 millions tonnes ou 5% <sup>1</sup>	Coal mining – EU & OECD : 0% (2030), Rest of the world: 0% (2040)
	>15% <sup>2</sup>	Power generation - EU & OECD countries: 10% (2026) – 5% (2028) – 0% (2030)
	0	Any company developing new projects involving thermal coal, regardless of the project's size
 Unconventional oil & gas <sup>3</sup>	>5% <sup>1</sup>	Exploration-production & exploitation
 Arctic exploration	>10% <sup>1</sup>	Exploration-production & exploitation of (conventional & unconventional) oil & gas in the Arctic

All details in ODDO BHF AM Exclusion Policy.

<sup>1</sup> % of revenues | <sup>2</sup> % of production mix or alternatively of installed capacity | <sup>3</sup> Incl. shale oil & gas, oil sands

Source: ODDO BHF Asset Management, 2024

Regarding coal, ODDO BHF Asset Management adheres to the 2030 exit deadline for EU and OECD countries and the 2040 deadline for the rest of the world. Regarding non-conventional oil & gas, in addition to excluding any issuer whose revenues derive more than 5% from their extraction and production, we closely monitor our investments with exposure to these residual activities. Through our dialogues and engagements, we seek to better understand the agenda of these exposed issuers.

1.6 Frequency of assessment

Listed assets

The frequency of assessment depends on the metric considered:

- › Carbon intensity is reviewed on a monthly basis
- › The ITR is reviewed on a biweekly basis by MSCI ESG Research
- › Decarbonization trajectories will be reviewed on an annual basis

Private assets

For our Private Equity strategies, we continue to monitor investments’ climate and carbon performance through the annual ESG questionnaire campaign where comparisons can be made on a year over year basis. Sample datapoints include carbon intensity, percentage of non-renewable energy consumption, among others.



## 2 Evaluate companies' transition pathway

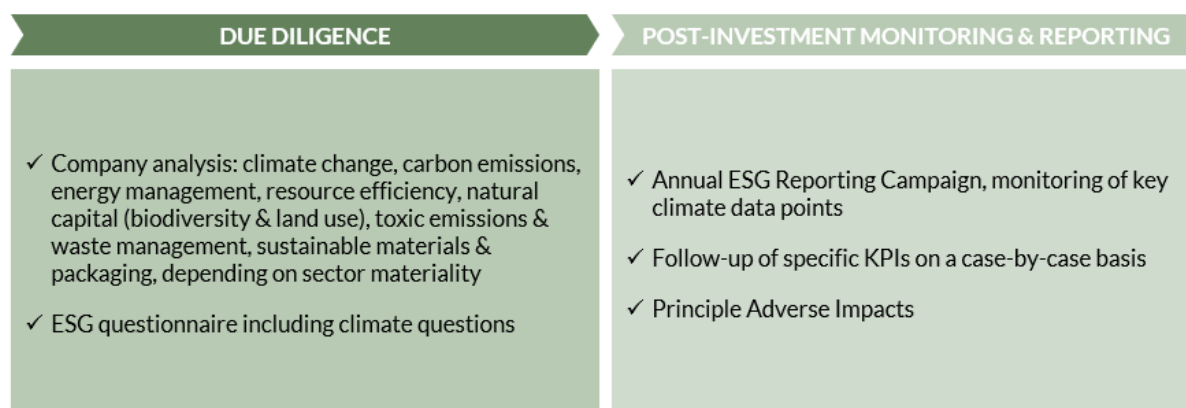
### Listed assets

Since 2017 and as part of the ambition to reach the goals of the Paris Agreement, ODDO BHF Asset Management developed a proprietary Climate Transition Score to assess the progress of each company regarding the global climate situation. As described in section 1° “General approach of the entity”, our Climate Transition model part of our internal ESG model appraises the quality and ambition of carbon emission reduction targets, determines investments needs toward low-carbon technologies, and estimates regulatory and physical potential risks.

### Private assets

Climate is considered at several stages of the investment cycle, alongside other ESG risks. Climate indicators are included in the due diligence phase if considered material, before an investment is made, as well as post-investment during the monitoring and reporting cycle.

#### Investment cycle for private assets and consideration of climate issues



Data availability for climate metrics ranges from scarce to non-existent in non-listed assets, and the expectation of climate data disclosed by companies in a harmonized way is still rather limited. As such, establishing clear trajectories for our holdings and portfolios still presents challenges.



### *3. Promote climate solutions<sup>42</sup>*

#### Listed assets

We aim to innovate within our fund range to provide our clients low carbon opportunities. In the last years, we launched several strategies across our listed assets at the forefront of the climate transition such as:

- ODDO BHF Green Planet (article 9 SFDR):  
This global equity fund uses artificial intelligence and quantitative analysis to invest in listed equities worldwide exposed to the theme of the ecological transition via a selection of associated sub-themes: clean energy, energy efficiency, sustainable mobility, and the preservation of natural resources.
- ODDO BHF Green Bond (article 9 SFDR):  
This fixed income fund invests in green bonds from international issuers, as well as sustainability bonds. One of the objectives of this fund is to make a positive contribution to climate and environmental protection by financing projects with measurable environmental, climate and social benefits.
- ODDO BHF Artificial Intelligence (article 9 SFDR):  
This global equity fund uses artificial intelligence and quantitative analysis to invest in listed equities exposed to the theme of artificial intelligence while at the same time following a decarbonization trajectory.

In addition, we have implemented several mandates at the request of our clients, including decarbonization trajectories.

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<sup>42</sup> During the year, we did not launch any new Private Assets products promoting climate solutions.



## 7° Strategy for alignment with long-term biodiversity objectives

### *1. Measuring compliance with the objectives of the Convention on Biological Diversity*

#### **1.1. Biodiversity loss is a systemic risk**

Biological diversity is essential in preserving ecosystem services which are essential for our well-being, development, and economic growth. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) identifies 18 ecosystem services under 3 categories - supply services with for ex. food or materials; regulation services with for ex. climate control or water quality; intangible contributions with for ex. creation and maintenance of habitats - that are contributions of nature to people, 14 of which are in decline today<sup>43</sup>.

The destruction of ecosystems is accelerating. 25% of all animal and plant species known to man (about 1 million species) are currently threatened with extinction according to the IPBES<sup>44</sup>, while the WWF reported<sup>45</sup> an average 68% drop of vertebrate species populations worldwide from 1970 to 2016. The causes of this drop include artificialization of land (an estimated 75% of ice-free land 66% of the marine environment have been modified considerably by human activities<sup>46</sup>), overexploitation of resources, climate change, pollution, and invasive species.

The depletion of ecosystem resilience also constitutes a major indirect risk and an aggravating factor in the climate crisis, as natural ecosystems (oceans, soil and forests) are important carbon sinks that sequester about 60% of global anthropic emissions of GHGs<sup>47</sup>; their destruction undermines this property and accelerates the climate crisis, with a feedback loop that is especially hard to stop.

The massive worsening of the quantity, quality and resilience of ecosystem services worldwide poses a primary systemic economic risk. The economic value of biodiversity (via ecosystemic services) is

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<sup>43</sup> IPBES, *Global assessment report on biodiversity and ecosystem services*, 2019

<sup>44</sup> IPBES, *Global assessment report on biodiversity and ecosystem services*, 2019

<sup>45</sup> WWF, *Living Planet Report*, 2020

<sup>46</sup> World Bank Group, *The Economic Case for Nature – A global Earth-economy model to assess development policy pathways*, 2021

<sup>47</sup> World Economic Forum, *Nature Risk Rising: why the crisis engulfing nature matters for Business and the Economy*, 2020

estimated at \$150,000bn annually, or about twice global GDP<sup>48</sup>. Researchers have pointed out the world's economies' close dependence on natural capital, particularly in low- or medium-income countries. As much as 50% of global GDP is estimated to depend directly on ecosystemic services and are vulnerable to their depletion.<sup>49</sup> The four value chains – food, energy, infrastructures, and clothing – are estimated to be responsible for more than 90% of the pressure that people exert on biodiversity<sup>50</sup>.

## 1.2 Our strategy

On the 5<sup>th</sup> of June 1992, the Convention on Biological Diversity (CBD) was adopted with three main objectives defined:

1. The conservation of biological diversity
2. The sustainable use of its components
3. The fair and equitable sharing of the benefits arising out of the utilization of genetic resources

Since then, 4 targets have been set on a 2050-horizon with intermediary targets for 2030:

1. 15% improvement in biodiversity (area, connectivity, integrity)
2. Valuation, maintenance, and enhancement of ecosystem services
3. Fair and equitable sharing of benefits from resource use
4. Closing the gap between what is needed and what is available

We included biodiversity into the pillars of our sustainability strategy to better align with the CBD. As for our general sustainability strategy, we adopted a risk-based approach through a double materiality angle:

1. The environmental materiality or impact materiality meaning the impact of company activities on biodiversity and nature, using natural resources use, soil exploitation, as well as its impact in terms of pollution and indirectly through its impact on global warming (feedback effect)
2. The financial materiality or dependency materiality meaning companies' exposure to losses resulting from the declining performance their economic activities or their assets that depend upon biodiversity.

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<sup>48</sup> Boston Consulting Group, *The Biodiversity Crisis is a Business Crisis*, 2021

<sup>49</sup> World Economic Forum, *Nature Risk Rising: why the crisis engulfing nature matters for Business and the Economy*, 2020

<sup>50</sup> Boston Consulting Group, *The Biodiversity Crisis is a Business Crisis*, 2021



### 1.2.1 Exclusions

We drew up two exclusion lists specific to biodiversity:

1. The first is based on non-sustainable environmental practices in the palm oil sector including companies that generate more than 5% of their revenues from various activities in the palm oil industry<sup>51</sup> and that violate sustainability principles as defined by certification bodies (e.g. Roundtable on Sustainable Palm Oil (RSPO));
2. The second is focused on highly environmentally controversial companies with high negative impacts on biodiversity.

The Exclusion Policy includes other activities, which may negatively impact biodiversity such as coal related ones.



To find out more on these exclusions, you can look at our Exclusion Policy available on our website<sup>52</sup>.

### 1.2.2 Integration

#### Listed assets

Our internal ESG model for corporates integrates biodiversity-related risks and opportunities on several criteria.

#### Biodiversity risks and opportunities integrated into our internal ESG model for corporates

 <b>DOUBLE MATERIALITY APPROACH</b> 			
Direct effects			
› Biodiversity footprint (BIA-GBS)	(1)	› Natural capital risk	(1)
› Use of resources	(2)	› Waste & pollution risk	(1)
› Waste management & pollution	(2)		
Indirect effects			
› Climate change	(7)	› Climate risk	(3)

( ) : number of criteria to score in our internal ESG model for corporates

Source: ODDO BHF Asset Management, 2024

<sup>51</sup> Production, processing, trade, consumer goods based on palm oil.

<sup>52</sup> [https://am.oddo-bhf.com/france/en/professional\\_investor/ad/sustainable\\_investment/1339/publication/1380](https://am.oddo-bhf.com/france/en/professional_investor/ad/sustainable_investment/1339/publication/1380)

Companies' impacts on their environment are assessed through 12 criteria, 5 being directly linked to pressures on biodiversity and 7 through indirect effects linked to climate change. Some data points are directly imported from MSCI and supplemented with our own qualitative evaluation.

We signed a partnership with Carbon4 Finance, a supplier of extra-financial data and a specialist in the biodiversity footprint of companies' activities, which developed the BIA-GBS tool in 2021. They provide a biodiversity footprint for 7,000 companies and sovereigns expressed in mean species abundance (MSA). Thus, we established a ranking by sector using the footprint in intensity to decrease a company size bias.

### Use of resources

We capture the risks linked to the main raw materials used such as deforestation or soil erosion as well as a company's water consumption and its location in water stress areas. We assess the policies and processes that are put in place to limit these risks, consider external certifications, judge the credibility of the strategy, and look to understand whether alternatives are considered. Some examples include:

- Water risks: looking at the amount of water consumed (in comparison with similar companies), the location of a company's direct and indirect activities in areas of hydric stress, the existence of an effective strategy for limiting water consumption, setting up circular systems (particularly for cooling systems), and considering the water needs of all stakeholders on a territorial scale, etc.
- Waste management and pollution: we are particularly interested in systems and policies to prevent high impacts as well as the strategy that is adopted and its different targets. For example, we look at waste levels (in comparison with similar companies), strategies to limit toxic waste and plastic use (particularly disposable plastic), waste-recycling rate, reducing percentage of waste sent to landfills, circularity strategy, etc.

### Climate change

Climate change is appraised from two perspectives: the current situation of the company and its transition strategy to align on a well below to 2°C trajectory, pursuing efforts to limit to 1.5°C.

The external impacts on the company are evaluated based on 5 criteria. This is more of a qualitative analysis that allows for a better contextualization of the perception of the regulations and the market concerning the company's activity.



## Climate risks and opportunities

For the climate risk, three components are inspected: transition, physical, and regulatory risks:

- **Transition risk:** The assessment of the good alignment in a decarbonization trajectory thanks to our Climate Transition score combining both quantitative and qualitative factors. We also rely on additional indicators such as the share of issuers with SBTi certification, maximization of revenues aligned with the European Taxonomy or maximization of the "green share" and minimization of the "brown share".
- **Physical risks:** These are an integral part of climate change risks. The study of their impact on the valuation of assets is indeed necessary. These risks are mainly linked to the location of the company's operations and value chains. To date, we have at our disposal MSCI's Climate Value-at-Risk (Climate VaR), which we use among other data points. This tool enables us to measure the potential impact on company valuations. However, given the complexity of the subject, these risks are assessed on a case-by-case basis according to the data available.

Companies that implement climate change adaptation and mitigation measures will be more resilient to these risks, and thus a source of opportunities.

## Natural capital

Depending on the company's operating sector, we could look at the raw material supply risk, the regulatory limits on the use of some specific raw materials, or even at consumer preferences/perception regarding some practices.

Concerning the waste & pollution risk, we may be interested in tightening regulations on the use of plastic, or on chemicals, the countries' infrastructure available for disposing/recycling waste, etc.

## Controversies

Lastly, we set a penalty for environmental controversies ensuring that we follow upon a company's negative impacts on biodiversity with the help of MSCI and the work done by NGOs.

## Private assets

For direct investments strategy, we take biodiversity risk into account as part of our internal rating model and during the due diligence phase for our Art funds. 8. For funds of funds strategy, we analyze at GP level whether there is a biodiversity strategy and policy for the investments, and whether targets and objectives have been set.

With regards to establishing clear alignment paths on biodiversity, this still presents challenges for the time being for several reasons:

- Firstly, measuring the impact of companies on biodiversity requires the consideration of a multiplicity of variables compared to measuring the climate impact of an investment or a portfolio, which can be captured through CO2 emissions
- Secondly, the data availability for each of the variables ranges from scarce to non-existent in non-listed assets, and the expectation of a biodiversity data disclosed by companies in a harmonized way seems very limited for the moment
- Thirdly, impacts on ecosystems are more geolocated in contrast to impacts on climate, which are more global. This complicates even more the measurement exercise at a company level

Finally, the methodologies for measuring the impact on biodiversity vary widely from one provider to the other and are not harmonized. There is also little coverage of non-listed assets.

### 1.2.3 Dialogue & active ownership

#### Listed assets

As explained above, we structure our active ownership approach for listed assets in three ways: dialogue with companies, individual or collaborative engagement, exercise of voting rights. These elements are detailed in the shareholder engagement report<sup>53</sup>.

Through our sectoral materiality matrices, we have also identified the sectors for which biodiversity risk has the greatest impact. Consequently, the biodiversity criterion is taken into account in the weighting of the environmental pillar for each of these sectors, including:

- |  |                                  |
|--|----------------------------------|
| ▪ Aerospace & defense                              | ▪ Energy                         |
| ▪ Automobiles & components                         | ▪ Financials                     |
| ▪ Chemicals  | ▪ Food, beverage & tobacco       |
| ▪ Commercial services sub-sector (waste treatment) | ▪ Metals & mining                |
| ▪ Construction materials                           | ▪ Pharma, biotech & life science |
| ▪ Consumer discretionary distribution & retail     | ▪ Real estate                    |
| ▪ Consumer durables & apparel                      | ▪ Semiconductors                 |
| ▪ Consumer services (hotels, restaurant)           | ▪ Utilities                      |

<sup>53</sup> [https://am.oddo-bhf.com/france/en/professional\\_investor/infos\\_reglementaire](https://am.oddo-bhf.com/france/en/professional_investor/infos_reglementaire)



On this basis, the theme of biodiversity and its challenges has been regularly discussed with companies exposed to high risks in these sectors.

In 2023, in collaboration with the NGO “Rainforest”, we worked on understanding the European automotive industry's contribution to deforestation in Brazil. In particular, we engaged with a European car manufacturer to obtain more details on its main leather suppliers and the geographical mapping of purchases, the inclusion of a deforestation policy in company policies, their reporting and monitoring in compliance with regulations (i.e. CSRD). The Group has launched a benchmark of leather suppliers and conducted a number of on-site audits to ensure that recommendations on traceability and animal welfare are effectively implemented. However, to date, only one supplier has demonstrated transparency on all practices, and further information needs to be collected from other suppliers sourcing leather in Brazil. We expect the company to improve its mapping and monitoring in 2024. For more details, please refer to our Shareholder Engagement report.

ODDO BHF Asset Management SAS decided to be more active in the field of biodiversity following the rise of European and global initiatives involving a broad range of financial actors. We became a signatory to the *Finance for Biodiversity Pledge* and a member of the *Foundation Finance for Biodiversity*.

The Finance for Biodiversity Pledge was launched on 25 September 2020 and now has 170 financial institutions from 26 countries among its signatories. The objective is to protect and restore biodiversity through finance and investment activities. It implies different actions by 2024 at the latest:

- › collaboration and knowledge sharing on the complex issues around biodiversity;
- › engagement with companies to reduce negative footprint on nature by promoting better practices;
- › assessing the impacts of financing and investment activities;
- › setting targets to increase significant positive and reduce significant negative impacts on biodiversity;
- › reporting publicly on the committed financial institutions' contribution to global biodiversity goals.

We are a member of the Nature Action 100 working groups, which have set up collaborative engagements with a number of high-stake biodiversity companies. We also follow up on those initiatives that are the most structural in nature in building a joint methodological framework and tools to measure and monitor biodiversity indicators. For example, we support the work of the Taskforce on Nature-related Financial Disclosures (TNFD), which is developing an overarching framework for disclosing biodiversity risks. We continue to review our engagement in initiatives and join new ones as and when appropriate.



## Private assets

Post-investment, we continue to monitor the ESG status of the companies in which we have invested through the annual ESG questionnaire campaign. In 2023, we have added biodiversity related assessment questions in the Annual ESG questionnaire including the PAIs.

## *2. Contribution to the reduction of the main pressures and impacts on biodiversity<sup>54</sup>*

### Listed assets

Measuring the impact of companies on biodiversity requires the consideration of a multiplicity of variables, in comparison of measuring climate impact of an investment or a portfolio through the carbon emissions or intensity. Thus, it makes it complicated to reduce the measure to a final score or equivalent.

Moreover, the data availability for each of the variables ranges from correct to non-existent, and the expectation of a biodiversity data disclosed by companies in a harmonized way seems very limited for the moment. This is particularly a challenge for fixed income High Yield asset classes and small cap companies for instance.

On the other hand, impacts on ecosystems are more geolocated in contrast to impacts on climate, which are more global. This complicates even more the measurement exercise at a company level.

Finally, the methodologies for measuring the impact on biodiversity vary widely from one provider to the other and not harmonized. We expect improvements through the work of TNFD and Science Based Targets for Nature, SBTn.

As announced in last year's report, we have launched a dedicated biodiversity commitment plan. In defining our biodiversity engagement strategy, we used different tools and databases to select the major companies contributing to natural capital loss.

Based on the SBTN Materiality Screening Tool, we selected the sectors with the highest impact to any of the pressures on biodiversity, as defined by IPBES (land use change, natural resource use and exploitation, climate change, pollution, invasive species). We decided to focus on the chemical, agriculture, F&B, energy,

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<sup>54</sup> This section does not cover our private assets because we do not yet have exhaustive data to be able to develop a methodology equivalent to the one for listed assets



semi-conductors, and cement sectors. With engagements having started at the end of 2023, we will be able to start reporting on progresses in our next report.

After this assessment step, we filtered our holdings' exposure of our funds on those sectors and, looking at the BIA-GBS database, we focused on companies with a significant intensity footprint (MSA.km2).

Finally, for each company, we defined the goal of the engagement in line with material issues. Some of those engagements are conducted individually and some collaboratively together with other investors, via the NA100 coalition.

As a first step of the engagement process, we are now collecting more information and asking companies to be transparent on different biodiversity related policies and actions, including ambitions, assessment methods, targets setting, implementation measures, and governance structure.

Sector	Material topics
Agriculture	<ul style="list-style-type: none"><li>› Farming methods</li><li>› Sourcing</li></ul>
Chemical	<ul style="list-style-type: none"><li>› Water management</li><li>› Toxic waste management</li></ul>
Cement	<ul style="list-style-type: none"><li>› Quarry management</li><li>› Water management</li></ul>
Energy	<ul style="list-style-type: none"><li>› Disturbance of the natural environment (spills, pollution)</li><li>› Mining methods</li></ul>
Semi-conductors	<ul style="list-style-type: none"><li>› Use of PFAS</li><li>› Water management</li></ul>

### 3. Biodiversity footprint indicator<sup>55</sup>

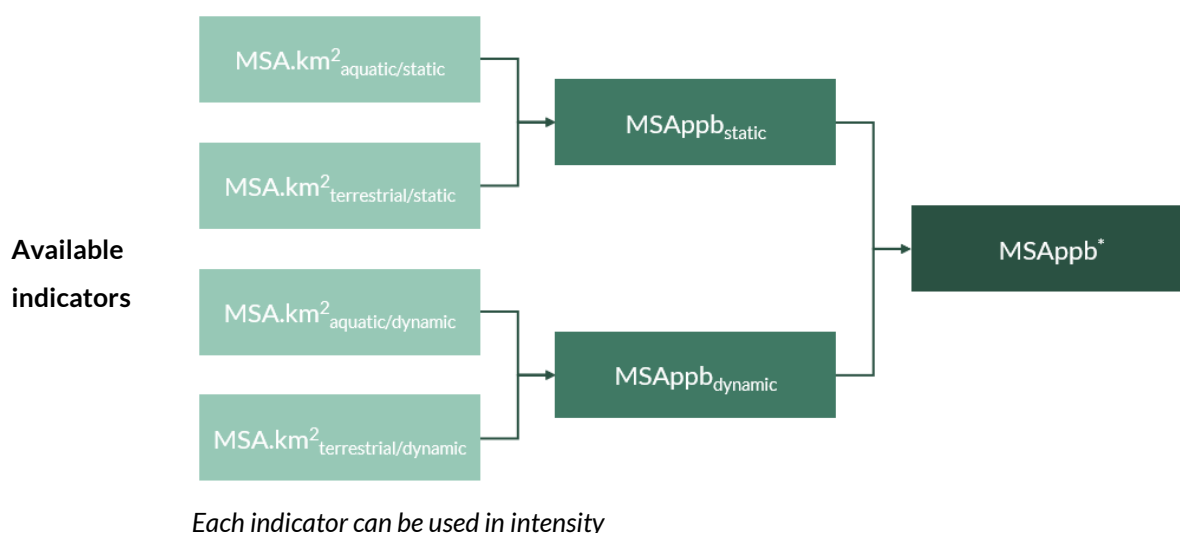
#### Listed assets

##### 3.1 Methodology

ODDO BHF Asset Management use the Biodiversity Impact Analytics database developed by CDC Biodiversité and Carbon4 Finance for our listed assets. The model is built on a regression using Exiobase and the GLOBIO3 model providing companies’ biodiversity footprint in one aggregated metric in MSA (Mean Species Abundance). The model has the following characteristics:

Pressures	›	5 terrestrial pressures
	›	6 aquatic pressures
	›	Marine is not covered yet (2024)
Time	›	Static
accountancy	›	Dynamic
Value chain	›	Scope 1
	›	Scope 2
	›	Scope 3 upstream (downstream in a case by case)
Metric	MSA (mean species abundance):	
	›	It represents the ratio of observed biodiversity to intact biodiversity (optimal baseline without human impact), a measure of the quality of observed biodiversity
Basic indicator	MSA.km2:	
	›	The loss of 1 MSA.km <sup>2</sup> = artificialization of 1 km <sup>2</sup> of intact biodiversity

<sup>55</sup> This section does not cover our private assets because we do not yet have exhaustive data to be able to develop a methodology equivalent to the one for listed assets



With these characteristics, BIA-GBS data is aligned with the CBD and other international objectives and can be used to identify the main pressures and impacts on biodiversity to reduce them. First, considering biodiversity realms and time accountancy allows to better capture the different dimensions of an ecosystem. Second, all IPBES pressures are covered except for invasive species, which is planned for the following years. Third, it covers most of the value chain. Finally, the metric is the one used by the IPBES, the CBD, and the IPCC. More information can be found on Carbon4 Finance's website<sup>56</sup>.

However, we identify two main limits that encourage us to adopt a cautious approach for the moment. Firstly, the marine realm is not covered yet. It is quite difficult to predict the impact on aggregate MSAppb\* scores once it will be available. However, considering that the terrestrial and aquatic impacts are strongly correlated to the size of their respective ecosystems, we could expect an important change in the aggregate score. Secondly, regarding the coverage, even if the database is progressively expanding, it may not be representative for some portfolios such as for the ones focused on small and medium capitalizations. That is why we defined an action plan described in the previous section to gradually tend to a trajectory on biodiversity.

<sup>56</sup> <https://www.carbon4finance.com/product/biodiversity-impacts>

3.2 Results

Listed assets

3.2.1 Entity-level

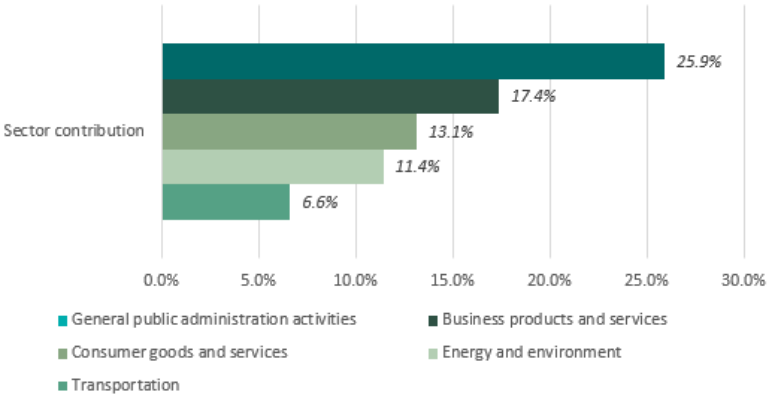
The first indicator we use is the MSAppb\*/€bn invested that provides a picture of our aggregated impact on biodiversity calculated on all our positions as of December 29<sup>th</sup>, 2023. We obtain a coverage of 77%. The MSAppb\* is the most comprehensive aggregate biodiversity metric and scaling it by amount invested allow us to avoid a size bias. MSAppb\* is derived from pressures in km<sup>2</sup>. While the latter are easy to interpret, as the MSAppb\* is an aggregated composite measure, it is best interpreted as a score that is useful for tracking our impact over time.

	MSAppb*/€bn invested		
	Entity	MSCI World	Stoxx600
ODDO BHF Asset Management SAS	58	46	66

Source: ODDO BHF Asset Management SAS, BIA-GBS Carbon4 Finance (data as of May 2024)

Based on this aggregated metric, it is essential to understand which sectors are the most impactful. We use the same sector classification as our data provider: NACE.

Top 5 sector contribution of ODDO BHF Asset Management SAS impact on biodiversity



Source: ODDO BHF Asset Management SAS, BIA-GBS Carbon4 Finance (data as of May 2024)

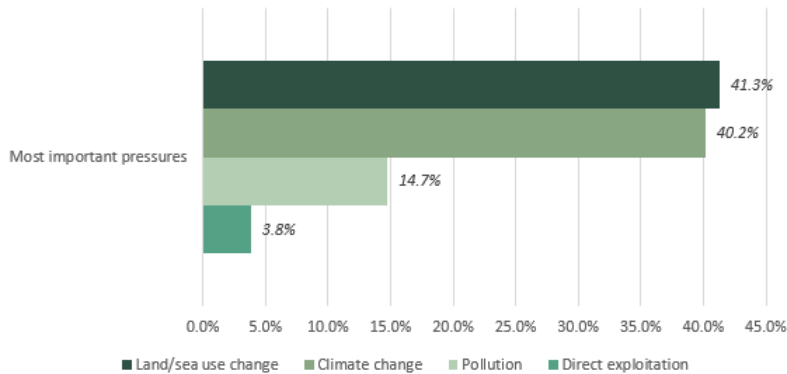
The “general public administration activities” stands for our sovereign investments that represent around 10% of all our positions as of December 29<sup>th</sup>, 2023, but that, in the end, are over-represented as it is responsible of a quarter of our biodiversity footprint. This outcome is consistent with our general



sustainability approach as biodiversity has been identified as material for several sectors, for which we launched an engagement process, including those in the graph above.

In addition, we measure the most important underlying pressures on all our assets under management. This allows us to better target the risks linked to companies' practices and to better support them through our engagements.

**Most important pressures of ODDO BHF Asset Management SAS impact on biodiversity**



Source: ODDO BHF Asset Management SAS, BIA-GBS Carbon4 Finance (data as of May 2024)

The main pressure comes from land/sea use change which encompasses among others deforestation. As explained above, we participated in an engagement with an automotive company to better understand its practices regarding leather sourcing. In our biodiversity engagement action plan, we included this topic, especially for the F&B sector. Moreover, those results are consistent with the fact that climate change has a major impact on biodiversity loss acting as an amplifying feedback loop. It reinforces our convictions that both topics must be tackled simultaneously.

## Definition of GBS pressures and associated IPBES pressures

IPBES Pressures	GBS Pressures	Definitions
Terrestrial Pressures		
Land/sea use change	Encroachment (E)	Human encroachment comprises anthropogenic activities in otherwise natural areas. Direct (noise, light, etc.) and indirect (right of way for hunting, tourism, etc.) disturbance caused by human activities are accounted for.
	Fragmentation (F)	Fragmentation is the pressure caused by the reduction and subdivision of natural habitats and the disappearance of ecological corridors preventing species movement and limiting their living spaces (a species' population size is positively correlated to its habitat area size).
	Land use (LU)	The intensity of land management impacts natural habitat quality and quantity. High-intensity land uses such as intensive cropland maintain a high level of pressures which prevents ecosystem from reverting towards more natural states. The conversion of natural ecosystems into urban areas, croplands, managed forests, etc. also directly deteriorates ecological integrity.
Climate change	Climate change (CC)	Excess of emitted greenhouse gas leads to disturbance of the global climate. The global mean temperature increase (GMTI) and the induced climate change modify the repartition areas of different biomes, which threatens the survival of numerous species who cannot adapt fast enough to this phenomenon.
Pollution	Atmospheric nitrogen deposition (N)	Agricultural and industrial activities cause nitrogen emissions into the atmosphere. Transported by the wind or water (acid rains), the nitrogen deposits on terrestrial ecosystems. When the critical load of the ecosystem is exceeded, the imbalance caused by additional nitrogen deposition harms ecological integrity via, for instance, eutrophication and shifts in plant competition.
	Terrestrial ecotoxicity (X)	Terrestrial ecotoxicity is the pressure caused by chemical substances (organic substances and metal ions) on terrestrial ecosystems. This includes for instance the damage caused by some pesticides on ecosystems.
Aquatic (freshwater) pressures		
Land/sea use change	Wetland conversion (WC)	The conversion and draining of wetlands for human purposes lead to the loss of aquatic ecosystems (converted into degraded terrestrial ecosystems).



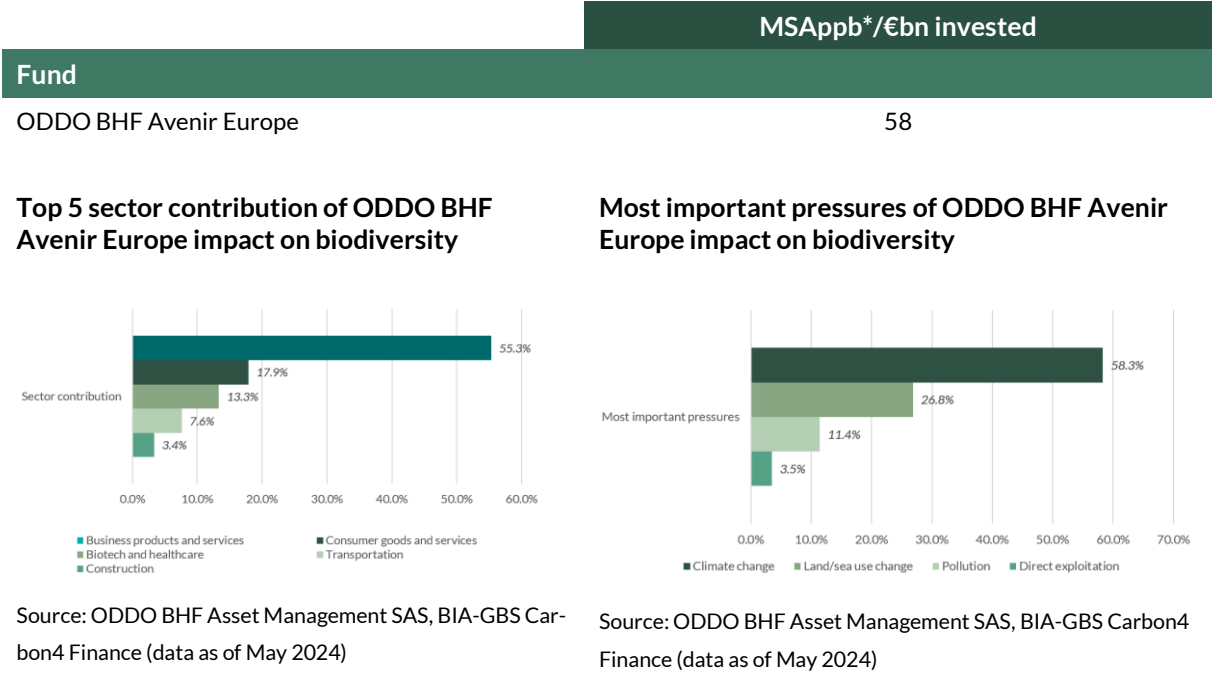
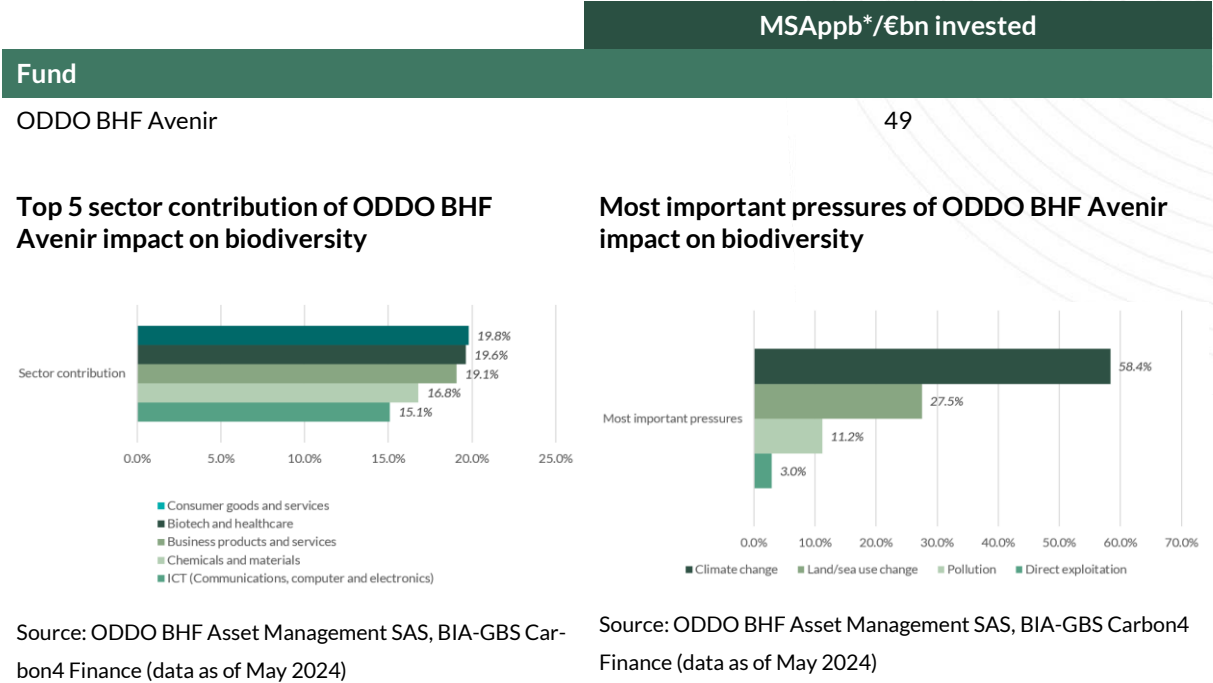
Direct exploitation	Hydrological disturbance due to direct water use (HD <sub>water</sub> )	Hydrological disturbance is caused by the deviation of current river flows from the natural ones. Causes of flow deviation are multiple. In the GBS, the hydrological disturbance pressure is further split into a direct water use and a climate change component, based on the source of flow deviation (other causes of flow deviation include river dams used for hydropower, water storage and/or other purposes). The flow deviation associated to hydrological disturbance due to direct water use is caused by anthropic water abstraction.
	Hydrological disturbance due to climate change (HD <sub>cc</sub> )	Hydrological disturbance is caused by the deviation of current river flows from the natural ones. The second component of this pressure assessed in the GBS is the flow deviation caused by climate change (through changes in rainfall or evaporation).
Pollution	Freshwater ecotoxicity (X)	Freshwater ecotoxicity is the mirror of terrestrial ecotoxicity affecting freshwater ecosystems: it is the pressure caused by chemical substances on aquatic ecosystems.
	Freshwater eutrophication (FE)	Human activities can lead to excess of nutrients leaching into water bodies. The imbalances overstimulate algal and aquatic plant growth, which may result in oxygen depletion, harming other organisms.
	Land use in catchment of rivers (LUR) / wetlands (LUW)	Upstream land use changes, and in particular the intensification of a watershed's upstream land uses through urbanisation or agricultural intensification, has an indirect negative impact on downstream water bodies. Land use type (and intensity) is indeed a good proxy for the nutrient emissions leaching from human activities to ecosystems. In the GBS, this pressure is split in two, depending on the type of ecosystems affected: rivers or wetlands.

Source: BIA-GBS Carbon4 Finance

### 3.2.2 Funds-level

When it comes to funds with AuM of more than €500m, the following figures are obtained:

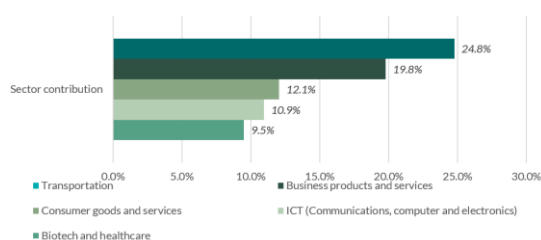






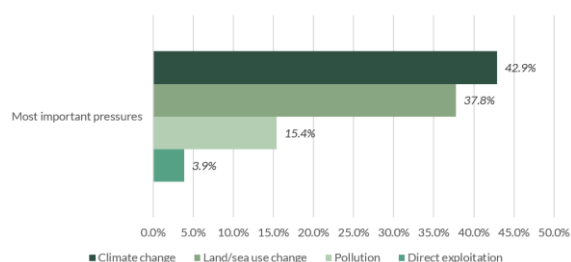
MSAppb*/€bn invested	
Fund	
ODDO BHF Euro Credit Short Duration	43

#### Top 5 sector contribution of ODDO BHF Euro Credit Short Duration impact on biodiversity



Source: ODDO BHF Asset Management SAS, BIA-GBS Carbon4 Finance (data as of May 2024)

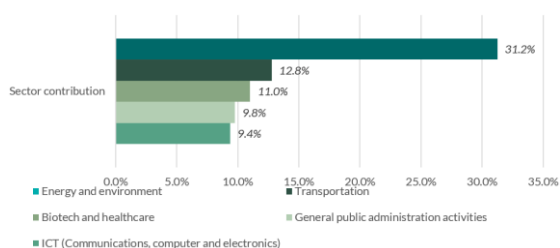
#### Most important pressures of ODDO BHF Euro Credit Short Duration impact on biodiversity



Source: ODDO BHF Asset Management SAS, BIA-GBS Carbon4 Finance (data as of May 2024)

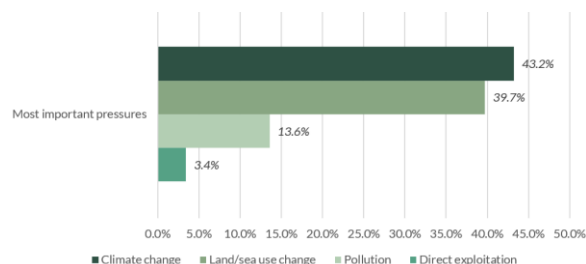
MSAppb*/€bn invested	
Fund	
ODDO BHF Euro High Yield Bond	62

#### Top 5 sector contribution of ODDO BHF Euro High Yield Bond impact on biodiversity



Source: ODDO BHF Asset Management SAS, BIA-GBS Carbon4 Finance (data as of May 2024)

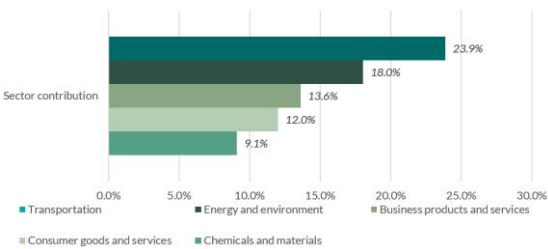
#### Most important pressures of ODDO BHF Euro High Yield Bond impact on biodiversity



Source: ODDO BHF Asset Management SAS, BIA-GBS Carbon4 Finance (data as of May 2024)

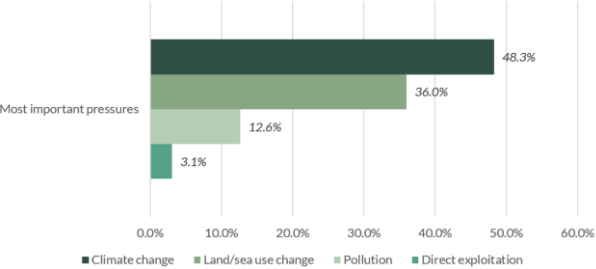
MSAppb*/€/bn invested	
Fund	
ODDO BHF Global Target 2026	56

Top 5 sector contribution of ODDO BHF Global Target 2026 impact on biodiversity



Source: ODDO BHF Asset Management SAS, BIA-GBS Carbon4 Finance (data as of May 2024)

Most important pressures of ODDO BHF Global Target 2026 impact on biodiversity



Source: ODDO BHF Asset Management SAS, BIA-GBS Carbon4 Finance (data as of May 2024)



## 8° Consideration of ESG criteria in risk management

### *1. Description of the risk management process*

#### Listed assets

The ESG Research team is responsible of rating companies, which reflect sustainability risks. Sustainability risks are then managed by the Risks & Compliance team, which is independent of the management teams and reports directly to the CEO of ODDO BHF Asset Management SAS. The Risks & Compliance team is in charge of analyzing and monitoring the market, liquidity and counterparty risks of the funds managed by ODDO BHF Asset Management SAS, as well as sounding the alert on high ESG risks while handling internal compliance and controls.

The first step in identifying and managing sustainability risks is our exclusion policy. As mentioned above in section 1° *General approach of the entity*, exclusion rules may vary from one fund or mandate to another. The exclusion lists are drawn up monthly by the ESG Research team and sent to the fund management teams, as well as to the Risks & Compliance team to be implemented in the control system.

The second step in identifying and managing sustainability risks involves our own rules for our Article 8-9 funds and mandates. Examples of these are internal exclusion filters in the areas of a company's human capital and governance, the exclusion of some ratings based on our internal model, an improvement in the portfolio's climate profile or external exclusion filters, based on data from our external provider.

The exclusion lists and ESG selection rules are configured into the Bloomberg AIM pre-trade compliance system. This option is used to apply an exclusion list to funds or mandates and to generate blocking messages before transactions are executed or orders sent to the desk:

- › On a pre-trade basis in Bloomberg AIM (buy-side blocking), based on portfolios in real time;
- › On a post-trade basis via the in-house Sentinel tool (which sends out a reminder in the event of non-compliance), based on accounting inventories.

When there are certain investment limits to be complied with, the managers are informed immediately by the Risks department of any incident or breach of such limits. Corrections are then made in the portfolios as soon as the fund management team is informed of them. For all breaches that have already been processed but not yet resolved, the internal controls team first sends reminders by email. There is also an escalation procedure in place. All proven breaches are reported by email to the managers concerned and to the desk head and are filed in an audit trail. In the event of a persistent breach, the Compliance

Committee or, failing that, the Executive Committee, is asked to rule on the matter. To ensure regular monitoring of the situation, material breaches are reported weekly by email to the Compliance and Internal Controls Department and to the Group Co-Chief Investment Officer.

To ensure compliance with these rules and a better understanding of sustainability challenges, there are regular contacts between Risk & Compliance, the fund management teams and the ESG Research team. In the case of Article 8-9 funds, prior to investing in a new company not covered by an ESG rating, the management team in charge of the funds or mandates contacts the ESG analysts to ensure that the issuer in question does not present any material extra-financial risks.

To find out more about our policy on integrating sustainability risks into the decision-making process under Article 3 of the SFDR, please refer to webpage dedicated to regulatory information<sup>57</sup>.

## Private assets

In terms of organization, the Risk & Compliance department is independent of the managers and reports directly to the CEO of ODDO BHF Asset Management.

Controls are organized at two independent levels:

- First level controls are carried out by operations teams (including portfolio managers and analysts) and the middle office.
- Second-level controls are carried out by the Compliance & Risk team, independently of operational activities, in accordance with the Annual Control Plan.

The Compliance function checks and controls compliance with this Responsible Investment policy as part of the Annual Control Plan.

The results of the second level controls are communicated in the Compliance and Risk Committee. In case of breach, the Compliance and Risk function informs the management of the ODDO BHF Asset Management, and implements an action plan. This action plan is monitored until any breach is resolved.

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<sup>57</sup> [https://am.oddo-bhf.com/france/en/professional\\_investor/infos\\_reglementaire](https://am.oddo-bhf.com/france/en/professional_investor/infos_reglementaire)



## Listed and private assets

To strengthen our identification, assessment, and risk management processes around sustainability, we set the following targets:

### Targets 2024

Create a Sustainability Risk Committee assets composed of the ESG, Risk & Compliance, and Legal teams to optimize monitoring and managing of sustainability-related risks and regulatory issues for our listed and private assets.

Integrate Climate VaR from our external data provider MSCI ESG Research into sustainability risk management to better capture transition and physical risks for our listed assets.

## 2. Sustainability risks

- › **Regulatory risk:** Our model for listed and non-listed assets captures the regulatory risks of the companies under a double materiality approach, i.e., how the company's practices fit into the regulatory framework, how the company is positioned to anticipate regulatory changes and how stringent the regulation is expected.
- › **Operational risks:** We assess the operational risks and the way the companies manage it.
- › **Strategic risks:** These are mostly appraised through the quality of the governance, the executive committee in place but they also include for example the current situation of the labor market (saturation, disfunctions, etc.).
- › **Risks linked to controversies:** Controversy tracking helps us to assess companies' exposure to risks. In our listed assets model, controversies are reviewed on the three pillars, E, S, and G and a penalty is applied to each sub-score according to the severity and frequency of the controversies.
- › **Transition risks:** Transition risks are potential financial impacts, whether positive or negative, resulting from the impact of transforming business models towards a low carbon economy.
- › **Physical risks:** Physical risks are directly linked to the consequences of climate change. Physical risks can directly impact companies through the geographical locations of their operations, as well as indirectly through their supply chains. They can increase operating costs, impact employee productivity, or trigger temporary business disruptions.

The ESG Research Team maintains a sector materiality roadmap to take into account the most recent research on sustainability risks and challenges. The weighting of the internal ESG model for corporates is adjusted by sectors. The perimeter of the products covered is described in section 1. *Entity’s general approach to the consideration of en-vironmental social and governance (ESG) criteria.*

Below are details of the risk assessment, the associated criteria from our internal ESG model for listed assets, and some of the sources and/or tools used.

Risk	Criteria	Source
<b>Transition risk</b>	› Decarbonization strategy	› Companies’ annual/sustainability report
	› Carbon price	› Dialogue with companies
	› Energy transition strategy	› CDP
	› Green CapEx	› Bloomberg
	› Product offer	› MSCI ESG Research
	› Stranded assets	› News flow
<b>Physical risk</b>	› Locations of production sites	› MSCI Climate VaR
	› Locations of suppliers	› Bloomberg
	› Type of weather events	
<b>Biodiversity loss</b>	› Type of business activities	
	› Location of business activities and associated risk such as deforestation, water-stressed areas, etc.	› BIA-GBS developed by Carbon4 Finance and CDC Biodiversité
	› Companies’ biodiversity policies and preventive measures	› CDP
<b>Risk of controversies</b>	› Policies and risk exposure	› MSCI ESG Research
	› Risk management (governance structure)	› SESAMm
		› News flow
		› Dialogue with companies

### 3. Frequency of review of the risk management framework

The risk management framework is reviewed on a continuous basis including the review of the Responsible Investment Policy both for listed and private assets, following their annual review.



## 4. Action plan to reduce sustainability risks

Our ESG strategy at entity level described in section 1 of this document has been structured to reduce sustainability risks during the entire investment cycle.

Pillar	How it reduces sustainability risks
<b>Exclusions</b>	Our Exclusions Policy is structured in two parts and is used to exclude assets exposed to the most significant sustainability risks. First, a common base of exclusion applies to the perimeter described in section 1 <sup>58</sup> . Second, more specific exclusions may be applied on some products, which align on the investment strategy and philosophy of the product concerned. Reviewed on a monthly frequency, they are directly integrated into the risk and control management tools by the Risk & Compliance team. These rules are controlled on a pre- and post-trade basis.
<b>ESG &amp; Climate Integration</b>	Based on internal ESG scores or external scores from MSCI ESG Research depending on the product's strategy, restrictive investment rules can be implemented for companies with a risky ESG profile. These ratings are used to determine the current and expected ESG performance of the companies invested in. Once again, these rules are controlled by the Risk & Compliance team on a pre- and post-trade basis.
<b>Active Ownership</b>	Our Active Ownership approach represents a key step for reducing sustainability risks. We dialogue with companies to gain a better understanding of the risks and opportunities of our invested companies. We also initiate individual and collaborative engagement with companies when we believe they face significant ESG risks and issues, or they could improve their ESG practices.

All investment rules can be found in the respective product prospectus and transparency codes available on our funds page<sup>59</sup>.

## 5. Financial impact of the main sustainability risks

As a precautionary measure, we do not yet wish to provide a quantitative estimate of the financial impact of the main sustainability risks for our listed and private assets. We have access to MSCI ESG Research's Climate VaR module for our listed assets, but due to our cross-asset exposure, we are not yet in a position to provide satisfactory quality and coverage. As far as our private assets are concerned, we do not currently have the tools to collect sufficient data to be able to quantify the financial impact. On the other

<sup>58</sup> As described in the policy available on: [https://am.oddobhf.com/france/en/professional\\_investor/GetRequestDocument?Cod-eDoc=PEX&CodPageWeb=FICHE\\_FONDS](https://am.oddobhf.com/france/en/professional_investor/GetRequestDocument?Cod-eDoc=PEX&CodPageWeb=FICHE_FONDS)

<sup>59</sup> [https://am.oddobhf.com/france/en/professional\\_investor/fundspage](https://am.oddobhf.com/france/en/professional_investor/fundspage)



hand, the action plan to reduce sustainability risks described above enables us to limit our exposure to these risks and better anticipate negative impacts on our investments.

**ODDO BHF Asset Management SAS (France)**

Portfolio management company approved by the Autorité des Markets Financiers under GP 99011.

*Société par actions simplifiée* with capital of €21,500,000. Trade Register (RCS) 340 902 857

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