

# Environmental and/or social characteristics

Product name: ODDO BHF Euro Credit Short Duration

Legal entity identifier: AZEBJ8BY4JQK6HQX1N65

DID THIS FINANCIAL PRODUCT HAVE A SUSTAINABLE INVESTMENT OBJECTIVE?

●● <input type="checkbox"/> Yes	●● <input checked="" type="checkbox"/> No
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It made <b>sustainable investments with a social objective</b>	<input checked="" type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of 19.5% of sustainable investments. <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>

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

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



## TO WHAT EXTENT WERE THE ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS PROMOTED BY THIS FINANCIAL PRODUCT MET?

The Fund met its environmental and social characteristics during the period covered by this report based on the following actions:

- An effective application of ODDO BHF Asset Management exclusion policy (coal, UNGC, unconventional oil and gas, controversial weapons, tobacco, biodiversity destruction and fossil fuel production in the Arctic), and the Fund's specific exclusions.
- The integration of ESG Ratings, as described in the fund's prospectus (investment strategy) and extern ESG data from data providers.
- The application of the Manager's policy should the Fund meet the requirements of the policy.
- The application of dialogue and engagement according to the Manager's dialogue and engagement policy.
- The consideration of principal adverse impacts according to the Manager's Article 4 SFDR policy.
- The application of the Managers' does not significant harm approach to the investments considered sustainable.

The consideration of the Principal Adverse Impacts for thus Fund is based on negative screening for three PAI (7,10, and 14) and on ESG ratings, dialogue, engagement, and voting (should the Fund vote) for the other PAI as described in the PAI policy available on the regulatory information webpage of ODDO BHF Asset Management.

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

## HOW DID THE SUSTAINABILITY INDICATORS PERFORM?

	31/10/2022	
	Fund	Coverage (%)
Internal ESG Rating*	3.1	93.4
ESG coverage	93.4	93.4
Average E rating	3.2	93.4
Average S rating	3.0	93.4
Average G rating	3.1	93.4
Weighted carbon intensity (tCO <sub>2</sub> e/ €m turnover)	141.1	73.7
Sustainable investments (%)	19.5	19.5
EU taxonomy aligned investments (%)	0.0	0.0
Fossil exposure (%)**	0.8	73.7
Green solutions exposure (%)***	28.7	73.7

\*CCC is the Rating with the highest risk and AAA is the best Rating

\*\*Percentage of revenue generated through the use of fossil fuels, based on MSCI coverage ratio at portfolio level.

\*\*\* Percentage of revenue generated through the deployment of zero-carbon solutions (renewable energy, sustainable mobility...), based on MSCI coverage ratio at portfolio level.

## ..AND COMPARED TO PREVIOUS PERIODS?

The information has been published this year for the first time.

## WHAT WERE THE OBJECTIVES OF THE SUSTAINABLE INVESTMENTS THAT THE FINANCIAL PRODUCT PARTIALLY MADE AND HOW DID THE SUSTAINABLE INVESTMENT CONTRIBUTE TO SUCH OBJECTIVES?

The objectives of the sustainable investments were the following as indicated in the Fund prospectus:

1. EU Taxonomy: the contribution to climate adaptation and mitigation, and to the four other environmental objectives of the EU Taxonomy. This contribution is demonstrated by the weight-based sum of EU Taxonomy aligned revenue of each investment in the portfolio and based on the data published by investee companies. In the absence of investee companies' data, MSCI research may be used.
2. Environmental: the contribution to environmental impact as defined by MSCI ESG Research through its field "sustainable impact" in relation to the environmental objectives. It implies impacts on the following categories: alternative energy, energy efficiency, green building, sustainable water, pollution prevention and control, sustainable agriculture.

The Fund had 19.5% of sustainable investments and 0.0% of EU Taxonomy investments at the end of the year (Taxonomy objective came into effect on 01/01/2023).

## HOW DID THE SUSTAINABLE INVESTMENTS THAT THE FINANCIAL PRODUCT PARTIALLY MADE NOT CAUSE SIGNIFICANT HARM TO ANY ENVIRONMENTAL OR SOCIAL SUSTAINABLE INVESTMENT OBJECTIVE?

The do not significant harm on the sustainable investment objective of the Fund have been controlled based on 3 steps approach:

1. All companies with a very severe environmental, social or governance controversies are not considered sustainable.
2. All companies falling into ODDO BHF Asset Management exclusion policy (coal, UNGC, unconventional oil and gas, controversial weapons, tobacco, biodiversity destruction and fossil fuel production in the Arctic) are not considered sustainable and not investible.
3. Companies with exposures in controversial weapons and/or violating the UN Global principles are not considered sustainable and not investible.

### Principal adverse impacts

are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Our controlling teams are responsible for controlling that the sustainable investments of the Fund respect our DNSH approach to be counted in the share of sustainable investments at the Fund's level. Our approach is based on controversies but also on exclusions (pre-trade).

## HOW WERE THE INDICATORS FOR ADVERSE IMPACTS ON SUSTAINABILITY FACTORS TAKEN INTO ACCOUNT?

We consider all PAI as long as we have sufficient data on it. The consideration of the Principal Adverse Impacts for thus Fund is based on negative screening for three PAI (7,10, and 14) and on ESG ratings, dialogue, engagement, and voting (should the Fund vote) for the other PAI as described in the PAI policy available on the regulatory information webpage of ODDO BHF Asset Management.

The consideration is based on both exclusion lists (coal, UNGC, unconventional oil and gas, controversial weapons, tobacco, biodiversity destruction and fossil fuel production in the Arctic), the use of ESG ratings, dialogue, vote, and engagement.

## WERE SUSTAINABLE INVESTMENTS ALIGNED WITH THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES AND THE UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS? DETAILS:

The Manager ensures that the sustainable investments of the Fund are aligned by applying its United Nations Global Compact (UNGC) exclusion list as detailed in the Manager's exclusion policy. The UN Guiding Principles on Business and Human Rights, as well as the OECD Guidelines for Multinational Enterprises, are reflected in the internal or external (MSCI ESG Research) ESG rating methodology that is used by the Fund as detailed in the pre-contractual information.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

**The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.**

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## HOW DID THIS FINANCIAL PRODUCT CONSIDER PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS?

The product considered PAI through exclusion with pre-trade and post-trade controls, dialogue, engagement and ESG analysis.

The consideration of the Principal Adverse Impacts for thus Fund is based on negative screening for three PAI (7,10, and 14) and on ESG ratings, dialogue, engagement, and voting (should the Fund vote) for the other PAI as described in the PAI policy available on the regulatory information webpage of ODDO BHF Asset Management.



## WHAT WERE THE TOP INVESTMENTS OF THIS FINANCIAL PRODUCT?

The list includes the investments constituting the greatest proportion of investments of the financial product ending at 31/10/2022

Largest investments	Sector	% Assets*	Country
Sprint Corp 7.88% 09/2023	Telecommunications	2.57%	USA
Ford Motor Credit Co. Llc 1,51% 02/2023	Automobile & Parts	2.46%	USA
Ball Corp. 4,38% 12/2023	Packaging	2.38%	USA
Ppf Arena 1 Bv 3.50% 05/2024	Telecommunications	2.12%	Netherlands
Techem Verwaltungsgesell 2.00% 07/2025	Industrial Goods & Services	1.84%	Germany
Teva Pharm Fnc NI li 1.25% 03/2023	Health Care	1.62%	Netherlands
Zf Na Capital 2.75% 04/2023	Automobile & Parts	1.60%	USA
Sealed Air Corp 4.50% 09/2023	Packaging	1.58%	USA
Parts Europe Sa 6,50% 07/2025	Automobile & Parts	1.53%	France
Lkq Italia Bondco Spa 3.88% 04/2024	Automobile & Parts	1.52%	Italy
Iho Verwaltungs Gmbh 3.63% 05/2025	Automobile & Parts	1.51%	Germany
Telecom Italia Spa 3.25% 01/2023	Telecommunications	1.49%	Italy
Iliad Holding Sas 5,13% 10/2026	Telecommunications	1.45%	France
Netflix Inc 3.00% 06/2025	Media	1.40%	USA
Playtech Ltd 3.75% 10/2023	Travel & Leisure	1.29%	Ilse of Man

\*Calculation method: based on inventories as of fiscal year end

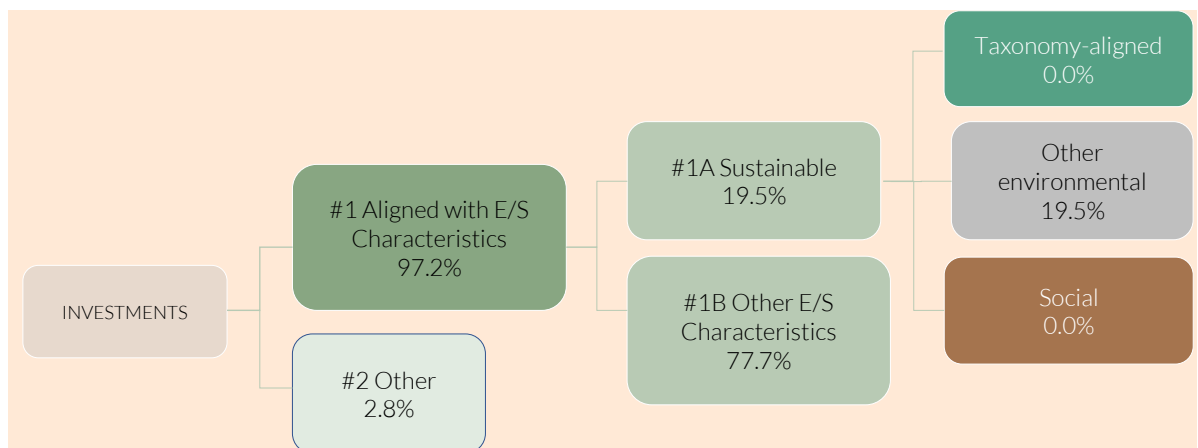


## WHAT WAS THE PROPORTION OF SUSTAINABILITY-RELATED INVESTMENTS?

Please see details below.

## WHAT WAS THE ASSET ALLOCATION?

Asset Allocation describes the share of investments in specific assets.



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

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

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

The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.

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

The Other investments included 2.7% as cash, 0.1% as derivatives.

This investment doesn't meet the minimum EU-taxonomy aligned percentage due to a lack of data and because this assessment, stated in the pre-contractual report, will come into force in 2023 only for this sub-fund.

## IN WHICH ECONOMIC SECTORS WERE THE INVESTMENTS MADE?

The sectors where the investments were made are the following:

Sectors	% Assets
Automobile & Parts	16.56%
Industrial Goods & Services	14.79%
Telecommunications	13.61%
Packaging	11.04%
Health Care	9.67%
Retail	6.34%
Travel & Leisure	5.74%
Telecom-Cable	3.89%
Chemicals	3.29%
Media	2.99%
Food & Beverage	2.68%
Utilities	1.87%
Technology	1.71%
Basic Resources	1.08%
Banks	0.92%
Construction & Materials	0.53%
Personal & Household Goods	0.37%
Oil & Gas	0.17%
ITRAXX	0.05%
Money market	2.70%



## TO WHAT EXTENT WERE THE SUSTAINABLE INVESTMENTS WITH AN ENVIRONMENTAL OBJECTIVE ALIGNED WITH THE EU TAXONOMY?

Given the data reported by investee companies and the Manager's data provider MSCI, the EU Taxonomy aligned investments reached at the end of the year Taxonomy-aligned 0.0% including sovereign, supranational and central banks bonds and Taxonomy-aligned 0.0% when they are excluded.

The compliance of those investments with the requirements laid down in Article 3 of Regulation (EU) 2020/852 was not subject to an assurance provided by one or more auditors or a review by one or more third parties.

## DID THE FINANCIAL PRODUCT INVEST IN FOSSIL GAS AND/OR NUCLEAR ENERGY RELATED ACTIVITIES COMPLYING WITH THE EU TAXONOMY<sup>1</sup>?

- Yes
  In fossil gas
  In nuclear energy
- No

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

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

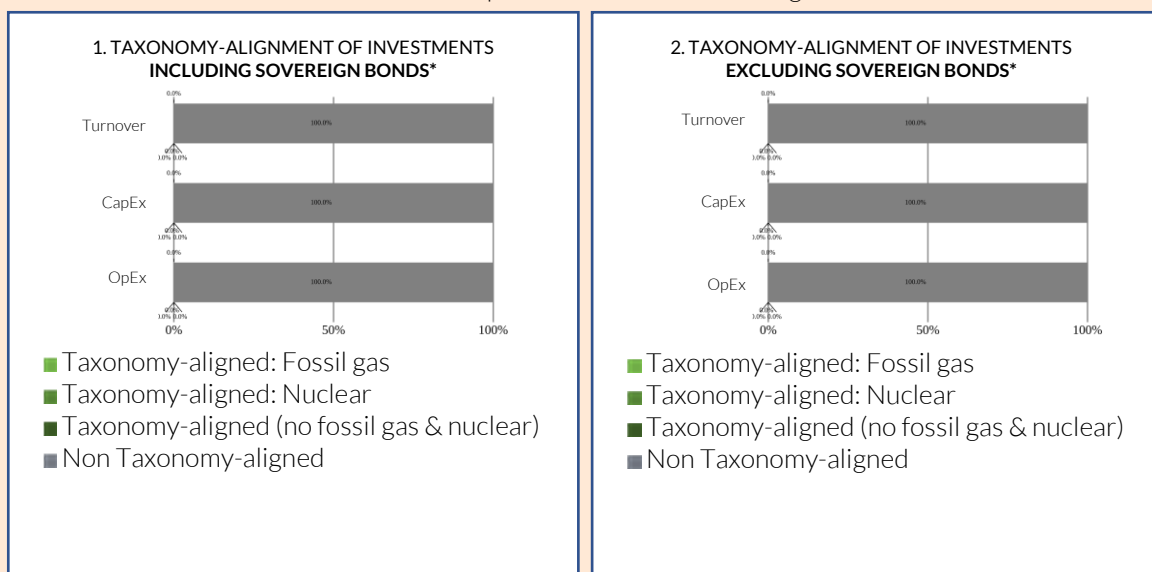
Taxonomy-aligned activities are expressed as a share of:

- **turnover**, reflecting the share of revenue from green activities of investee companies

- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

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



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

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

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

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



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

## WHAT WAS THE SHARE OF INVESTMENTS MADE IN TRANSITIONAL AND ENABLING ACTIVITIES?

The proportion of investments made in transitional and enabling activities is 0%.

## HOW DID THE PERCENTAGE OF INVESTMENTS THAT WERE ALIGNED WITH THE EU TAXONOMY COMPARE WITH PREVIOUS REFERENCE PERIODS?

Not applicable



## WHAT WAS THE SHARE OF SUSTAINABLE INVESTMENTS WITH AN ENVIRONMENTAL OBJECTIVE NOT ALIGNED WITH THE EU TAXONOMY?

This investment didn't report in 2022 any EU-taxonomy aligned data due to a lack of data and because this assessment will come into force in 2023 only for this sub-fund.

The share of sustainable investments with an environmental objective not aligned with the EU Taxonomy was 19.5%



## WHAT WAS THE SHARE OF SOCIALLY SUSTAINABLE INVESTMENTS?

There were no socially sustainable investments.



## WHAT INVESTMENTS WERE INCLUDED UNDER "OTHER", WHAT WAS THEIR PURPOSE AND WERE THERE ANY MINIMUM ENVIRONMENTAL OR SOCIAL SAFEGUARDS?

The investments included under "#2 Other" are cash and derivatives and other ancillary assets.

There were not any environmental and social safeguards because these investments cannot be assessed against environmental or social criteria.

The Fund has used derivatives whose goal was to lower the impact of rising interest rates and to ease large market movements; Given the role of these derivatives, we consider that they did not influence negatively the Fund's capacity to meet its environmental and social characteristics.



## WHAT ACTIONS HAVE BEEN TAKEN TO MEET THE ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS DURING THE REFERENCE PERIOD?

The Manager has applied its active ownership strategy based on:

1. Voting at annual general assembly if the Fund meet the requirements of the Manager's voting policy
2. Dialogue with companies
3. Engagement with companies according to the Manager's engagement policy
4. Applying the ODDO BHF Asset management exclusion policy and the Fund's specific exclusions
5. Considering the PAI according to the Manager's PAI policy



## HOW DID THIS FINANCIAL PRODUCT PERFORM COMPARED TO THE REFERENCE BENCHMARK?

Not applicable.

## HOW DOES THE REFERENCE BENCHMARK DIFFER FROM A BROAD MARKET INDEX?

Non applicable. This fund doesn't have a reference benchmark.

## HOW DID THIS FINANCIAL PRODUCT PERFORM WITH REGARD TO THE SUSTAINABILITY INDICATORS TO DETERMINE THE ALIGNMENT OF THE REFERENCE BENCHMARK WITH THE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS PROMOTED?

The reference benchmarks are not aligned with the environmental or social characteristics promoted by the Fund as they may contain companies that the Manager excludes. Furthermore, these benchmarks are not defined based on environmental or social factors.

## HOW DID THIS FINANCIAL PRODUCT PERFORM COMPARED WITH THE REFERENCE BENCHMARK?

Not applicable

## HOW DID THIS FINANCIAL PRODUCT PERFORM COMPARED WITH THE BROAD MARKET INDEX?

Not applicable

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