ODDO BHF
ASSET MANAGEMENT

BASICS OF *sustainable* INVESTING

JUNE 2022

NICOLAS CHAPUT, Global CEO, ODDO BHF Asset Management and Private Assets

Editorial

Dear reader,

Our societies are facing two major challenges: integrating technological transformations that gain new momentum by artificial intelligence, and addressing solutions to tackle climate change, including social impacts, benefiting to our society as a whole.

The importance of climate change, some of whose well-known consequences are rising sea levels, weather disruptions and population displacement, is accepted by a consensus of scientists, politicians and ordinary citizens. The latest IPCC report published on April 4th, 2022 comes to a clear conclusion: policies implemented by the end of 2020 put the world on a path to 3.2C of warming and rising emissions must end by 2025 to keep the 1.5C objective realistic.

There is no doubt that the combined impacts of technological transformations and the climate emergency will transform our public and private organisational models, our modes of consumption, social lives, biodiversity, habitat, and our very identities.

The investment world must make an active contribution to this shift, as it is both a necessity and an opportunity. We are convinced that integrating environmental, social and governance criteria into our investment decisions will make a positive contribution to this change. Public authorities are right to join in. The European Commission, for example, is working on the definition of a system of classification or "taxonomy" of economic activities deemed "environmentally sustainable" for investors, to better steer financial flows.

While the "environment" dimension is currently drawing most attention, let's not overlook the "social" and "governance" components. From gender policy and diversity to human rights to the alignment of interests between shareholders/bondholders, managers and employees, sustainable investment strives to understand and assess all the extra-financial aspects of the issuers in which we invest.

We believe our role is also to provide the information to all our clients and employees that is necessary for properly understanding responsible investment.

Through our "Basics of sustainable investing" document, we aim mainly to guide those investors who are beginning to take greater interest in this issue and want to acquire some basic notions on sustainable investment.

ODDO BHF Asset Management has been a sustainable investment player since 2010, when it signed the Principles for Responsible Investment (PRI*). As an investor, it is responsible to its clients for the purpose of its investments and their impact on the economy and society, in order to contribute to society's transition towards a more sustainable economic model. In few years, ODDO BHF AM has developed an ambitious sustainability approach through different asset classes, relying on 3 pillars: exclusions, ESG integration, and active ownership. Today the quality and reliability of its ESG methodology is validated through the labelling of independent labels of several open-ended funds: FNG, ISR and Towards Sustainability.

I wish you a pleasant reading,

NICOLAS CHAPUT

Global CEO, ODDO BHF Asset Management and Private Assets

* PRI: The Principles for Responsible Investment (PRI) were launched by the United Nations in 2005 to encourage investors to take sustainable investment principles into account in their investment processes.

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01

WHAT IS *sustainability?*

WHAT IS *sustainable* DEVELOPMENT?

DEFINITION

> *Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*

Brundtland Report, 1987

The concept of “sustainable development” goes back a long way, but the first definition did not really emerge until 1987 in a report titled “Our Common Future”, written by the United Nations’ World Commission on Environment and Development.
Used as a framework for debate at the Rio Earth Summit in 1992, the Brundtland Report has since then inspired all of the initiatives to combat climate change and social inequalities.

THE UNITED NATIONS GLOBAL COMPACT

United Nations Global Compact

The United Nations Global Compact is an initiative that encourages companies all over the world to adopt sustainable and socially responsible policies around 10 principles in the area of human rights, the environment, and the fight against corruption.

The initiative brings together about 15 500 companies and other stakeholders in 165 countries, with two objectives: “to mainstream the ten principles in business activities around the world” and “to catalyse actions in support of broader UN goals, such as the Sustainable Development Goals (SDGs)”.

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

SUSTAINABLE DEVELOPMENT GOALS

Adopted in September 2015 by the 193 member-states of the United Nations, the Sustainable Development Goals (SDGs) are a roadmap to promoting sustainable development on a global scale from now till 2030.

The SDGs cover a broad range of development issues, including poverty, hunger, healthcare, education, climate change, gender equality, water, public health, energy, and environmental and social justice.

The 17 SDGs are so closely linked with one another that achieving one can help achieve others.

SUSTAINABLE INVESTMENT

Sustainable investment is the application of the concept of sustainable development to financial investments. It involves investing in companies that create value over the long term and that have a positive impact on all stakeholders (employees, customers, shareholders and suppliers) and on the environment.

WHAT IS *sustainable* INVESTMENT?

SUSTAINABLE INVESTMENT IN FIGURES

In Europe

$2 276bn

is invested in funds that integrate environmental, social or governance criteria.

Accounting for

17%

of total European fund assets.

Funds labelled “sustainable or responsible” amount to

$827bn.

There are *9* European labels.

In the United States

$343bn

is invested in funds that integrate environmental, social or governance criteria.

Worldwide

$2 778bn

Global sustainable fund assets reaching more than

6 450 funds.

Source: Morningstar, Q1 2022, Novethic, March 2021

SUSTAINABLE *development* OVER THE YEARS

1987

Brundtland Report

Defined the concept of sustainable development.

1992

2nd Earth Summit in Rio

Meeting of 173 heads of state, adoption of the Rio Convention and establishment of Agenda 21. Established the basis of the Kyoto Protocol.

1997

Kyoto Protocol

An international agreement to reduce greenhouse gas emissions.

2000

Global Compact

An initiative of the United Nations encouraging companies worldwide to adopt socially responsible practices.

2006

Principles for Responsible Investment (PRI)

Launched by the United Nations to encourage investors to apply the six Principles for Responsible Investment.

2015

Paris Climate Conference: COP 21

An international climate agreement aiming to limit global warming to between 1.5°C and 2°C by 2100.

2015

The United Nations Sustainable Development Goals (SDGs)

A roadmap for promoting sustainable development worldwide between now and 2030.

2018

Climate Action 100+

An initiative launched in 2017 at the One Planet Summit. Its five-year mission is to engage with and weigh in on major greenhouse gas emitters worldwide.

2019

European Green Deal

Concept by the EU to reduce Europe's net emissions to zero by 2050 and to meet its ambitions to become the first climate neutral continent.

2021

EU SFDR regulation 2019/2088

This regulation is part of the ambitions of the EU Sustainable Finance Action Plan and designed to drive sustainability disclosures of financial products.

2022

EU Taxonomy for sustainable activities regulation

This regulation would provide companies, investors and policymakers with definitions for which economic activities can be considered environmentally sustainable.

THE PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)

The Principles for Responsible Investment (PRI) were launched by the United Nations in 2006 to encourage investors to take sustainable development principles into account in their investment process.

The signatories undertake to comply with the following six principles:

- → To incorporate ESG issues into investment analysis and decision-making processes.
- → To be active owners and incorporate ESG issues into their ownership policies and practices.
- → To seek appropriate disclosure on ESG issues by the entities in which they invest.
- → To promote acceptance and implementation of the Principles within the investment industry.
- → To work together to enhance their effectiveness in implementing the Principles.
- → To report on their activities and progress towards implementing the Principles.

3 826

signatories

€121 300bn

in assets under management

As of March 2021

ESG

Integrating Environmental, Social and Governance (ESG) criteria into an approach to asset management allows investors to take these factors into account in their investment decisions and in their shareholder and/or creditor roles. This approach helps identify the material risks and opportunities for medium-term growth without restricting the investment universe.

These ESG criteria apply to both companies (stocks and corporate bonds) and governments (sovereign bonds).

EXAMPLES

ENVIRONMENT

- → Pollution
- → Deforestation
- → Depletion of natural resources
- → Carbon emissions
- → Energy consumption

SOCIAL

- → Profile of the CEO
- → Composition of the executive committee
- → Employee retention
- → Working conditions
- → Human rights

GOVERNANCE

- → Rights of minority shareholders
- → Compensation policy
- → Composition of the board of directors
- → Exposure to corruption risk

SRI

A long-term oriented investment approach that integrates Environmental, Social & Governance (ESG) factors in the research, analysis and selection process of securities within an investment portfolio. It combines fundamental analysis and engagement with an evaluation of ESG factors in order to better capture long term returns for investors, and to benefit society by influencing the behaviour of companies.

Note that an SRI strategy includes ESG criteria, but a fund integrating ESG criteria is not necessarily SRI.

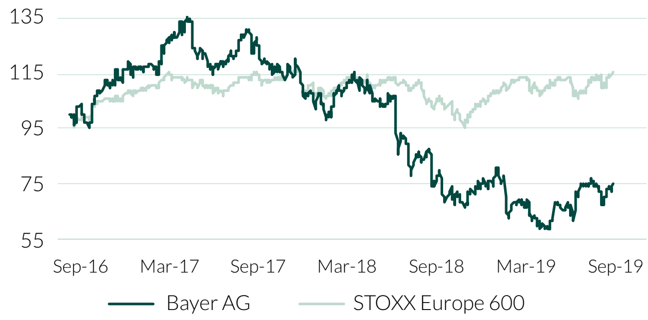
WHERE DOES ESG DATA COME FROM?

ESG data are released annually by companies themselves (in CSR and integrated reports) and/or may be supplied by companies specialising in extra-financial disclosures and research. Extra-financial agencies such as MSCI, Sustainalytics, and ISS ESG offer an ESG analysis on issuers worldwide. They can cover as many as 13 000 companies.

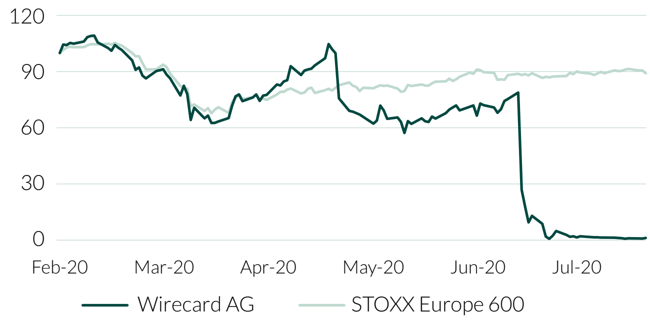
CONTROVERSIES

In the context of sustainable investing, a controversy is a scientific, legal or ethical issue that may cause some uncertainty on how well a company is managed. It is not necessarily a reason for exclusion from our SRI portfolios. Companies' international scope and the sheer volume of information available require an evaluation of each situation on a case-by-case basis, and separating isolated cases from major alerts. Even so, a series of controversial events may point to a drift on the scale of the entire company. That's why the number and degree of controversies must be factored into the ESG score.

SOME EXAMPLES OF CONTROVERSIES



Bayer finalized the acquisition of Monsanto in May 2018 while several lawsuits were pending. An initial guilty verdict was handed down in June 2018, followed by another one in March 2019, and fears increased of a class action lawsuit. In April 2019, 55% of shareholders voted against Bayer management's strategy.

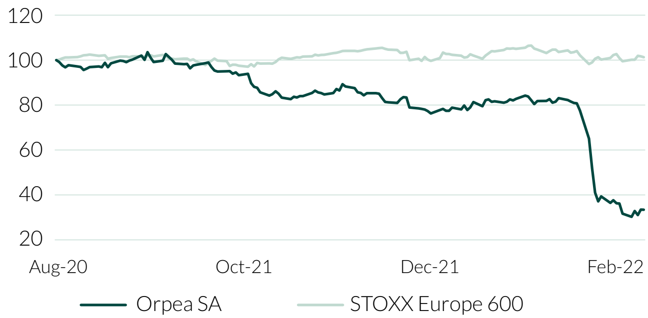


Wirecard is suspected of accounting irregularities by KPMG in April 2020 following an investigation by the Financial Times. On June 18th 2020, the auditor EY refused to sign off Wirecard's 2019 accounts as it did not haveenough evidence toconfirm the existence of€1.9 bn in cash balances on trust accounts. It led to the filing for insolvency onJune 25th.

This information should not be construed as investment advice.

AND THEIR FINANCIAL MATERIALITY

In March 2018, based on information from a whistleblower-employee of Cambridge Analytica, the scandal of the use of the personal data of 87 million Facebook users broke out. In July 2018, the UK was the first country to fine Facebook, followed by the US in 2019.



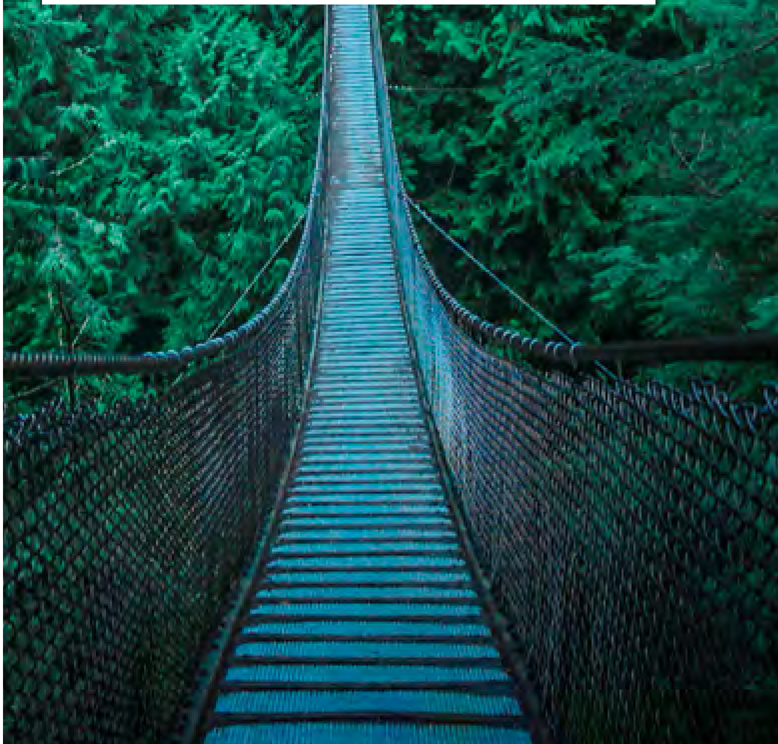
On January 24th 2022, an article published in "Le Monde" gave some extracts of the book "Les fossoyeurs" written by Victor Cartanet after a 3-year investigation. He claims systematic neglicence of the French care home operator. Orpea shares fell by 60% in about two weeks causing it to lose €1.5bn of its market value. The CEO was dismissed and an investigation by the French government is ongoing.

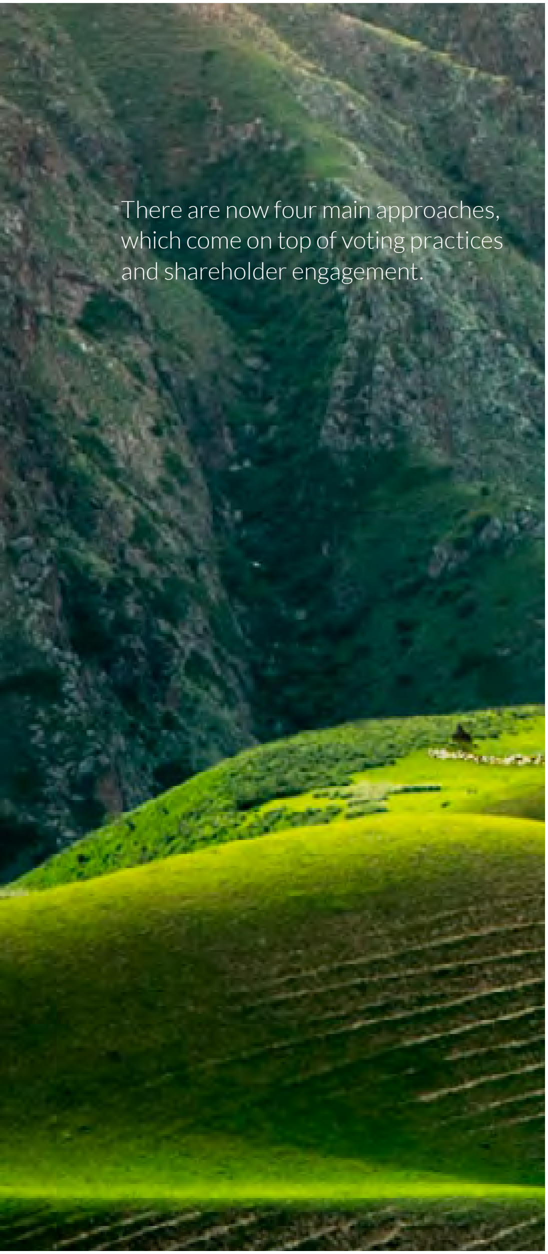
SOLIDARITY FUNDS

Solidarity funds are mainly "90/10" funds, meaning that they allocate as much as 10% of their assets to funding entities in the social and solidarity economy. These are companies, cooperatives and associations that pursue a dual objective of social and environmental performance on the one hand, and financial performance on the other.

IMPACT FUNDS

Funds that go further than ESG integration by building the investment strategy around three key pillars: intentionality, additionality and materiality as well as aligning the financial and non-financial performance at the same level.





There are now four main approaches, which come on top of voting practices and shareholder engagement.

WHAT ARE THE DIFFERENT *approa*

1 EXCLUSIONS

NORMATIVE EXCLUSIONS

Exclusion of companies that fail to meet certain international standards in the areas of chemical weapons, anti-personnel mines, the principles of the Global Compact, and other areas.

2 POSITIVE SELECTION

BEST-IN-CLASS

A relative, highly benchmarked approach focusing on the most highly rated companies in each sector. A bias tilted towards large caps.

3 THEMES

Investments in companies heavily exposed to long-term ESG issues, such as the climate, carbon emissions, water, and diversity.

+ ACTIVE OWNERSHIP

VOTING

Exercising one's shareholder responsibility through active voting at general meetings of portfolio companies.

...ches to sustainable INVESTMENT?

SECTOR-BASED EXCLUSIONS

Total or partial exclusion of sectors or businesses based on their negative impacts that they may have on the society, such as tobacco, alcohol, gambling, weapons, etc.

BEST-IN-UNIVERSE

An absolute and bottom-up approach focusing on the most highly rated companies within the entire investment universe.

BEST EFFORT

An approach that favors issuers demonstrating improvement or good prospects in their ESG practices and performance over time.

4 IMPACT

Impact Finance is an investment or financing strategy that aims to accelerate the just and sustainable transformation of the real economy, by providing evidence of its beneficial effects. It is based on the pillars of intentionality, additionality and impact measurement

DIALOGUE & ENGAGEMENT

Encouraging companies to improve their ESG practices through direct dialogue with management, on either a one-to-one basis or through an initiative involving several investors.

02

Climate EMERGENCY

The Paris Agreement, which was signed after the COP 21 meeting in 2015, calls for rallying all of society's stakeholders around an in-depth transformation of the economy in order to limit climate warming to about 1.5°C by 2100.

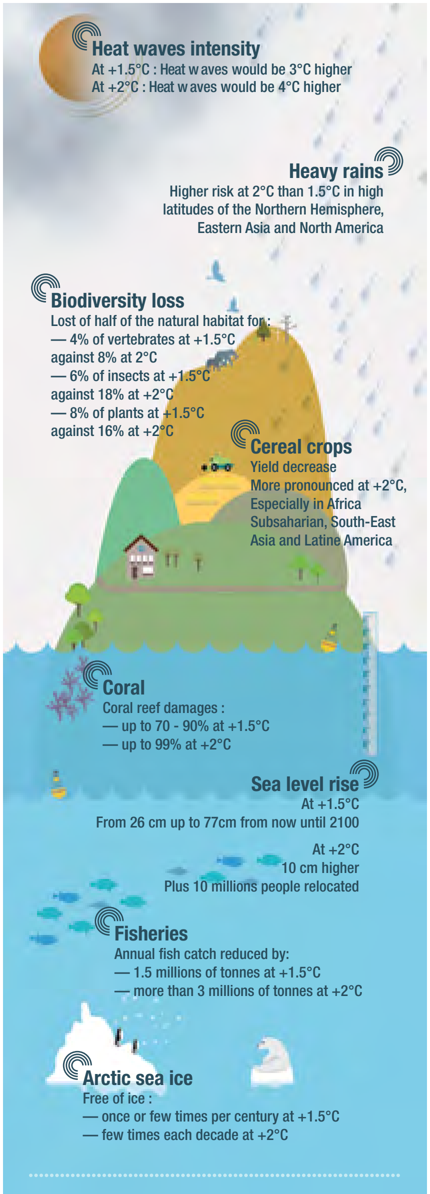
With major changes in ecosystems, such as rising sea levels, the extinction of animal and plant species, sanitation risks and food security, companies and investors are now becoming aware of the seriousness of the situation and of their obligation to act towards an important energy transition. The adoption of strategies that factor climate risk into portfolios is becoming a key way to do so.

Investors and savers have become essential players in this energy transition, alongside companies and governments. Investors have been committed increasingly in the past 20 years through their involvement in various collaborative initiatives.

The shift towards a low-carbon economy will require both the gradual replacement of fossil fuels by renewables (adaptation) and technological development paving the way to greater energy efficiency (attenuation).

In response to the climate challenge, the financial industry offers more and more investment solutions allowing investors to factor climate risk into their portfolios, including exclusions, ESG integration, and impact investment.

It is essential for both companies and investors to be able to measure progress and to have a common language. To help them to do so, in 2015 the G20 launched an international working group, the Task Force on Climate-related Financial Disclosures (TCFD) to set recommen-dations on reporting climate risks.
The report issued in 2017, updated in 2021, defines climate reporting items expected in companies' reference documents around the four pillars of governance, strategy, risk management and the indicators used.



Impact of a global warming at +1.5°C or +2°C
Adapted from an infographics by Le Monde

Source: CarbonBrief, IPCC Fifth Assessment Report, ODDO BHF AM, 2022

FACTS AND *Figures*

~$5 000bn / year

are needed to achieve the transition to a net zero economy by 2050

Capital investment in energy rises

from *2.5%* of GDP

to *4.5%* by 2030

Source: BofA Net Zero Primer Oct. 2021, BofA Global Research 2020, ODDO BHF AM, 2022

IIGCC (2012)

370+ MEMBERS, *22* COUNTRIES, *€50 000bn* AUM

CDP (2002)

OVER *680* INVESTORS WITH OVER *$130 000bn* AUM

TCFD (2015)

1 069 FINANCIAL INSTITUTIONS, RESPONSIBLE FOR ASSETS OF *$194 000bn* AUM

Climate Action 100+ (2018)

615 INVESTORS, *$65 000bn* AUM

Investor Agenda (2018)

2021 GLOBAL INVESTOR STATEMENT TO GOVERNMENTS ON THE CLIMATE CRISIS: *733* INSTITUTIONAL INVESTORS, *$52 000bn* AUM

03

Sustainable investment as a FINANCIAL PERFORMANCE FACTOR

Adopting an ESG approach paves the way toward optimising a portfolio's risk-adjusted returns. For several years, many investors were reluctant to invest in funds that took ESG criteria into account, believing that this could hinder financial performances. However, many academic researchers and professionals have demonstrated the close correlation between integrating ESG factors and portfolios' financial performance as it provides downside protection by better managing the risks that may affect a company.

ESG – A FACTOR OF *sustainability and performance*

When closely integrated into the investment management process, an analysis of extra-financial data (including ESG criteria, carbon intensity, etc.) provides greater insight into companies and a finer analysis of certain risks that are not covered by a traditional approach, including climate, reputational, supplier, and compensation policy risks, among others.

An MSCI[1] study finds that companies having higher ESG scores are also those that have:
→ greater profitability,
→ lower tail risks,
→ lower systematic risk.

Research by Oxford University[2] confirms that good practices in sustainability and ESG are in correlation with:
→ lower operating costs,
→ better profitability,
→ superior performances.

According to a study by University of Lausanne[3], the exclusion of 50% of companies with the lowest ESG scores in a European equity portfolio added 2.3% annually to performance over 10 years, while reducing volatility by 1.6%.

Accordingly, taking ESG criteria into account in investment processes enables investors to deliver strong sustainable investment returns.

1 MSCI “what is ESG?”
2 Oxford University “Is sustainabillity profitable?”
3 University of Lausanne “Why using ESG helps you build better portfolios”

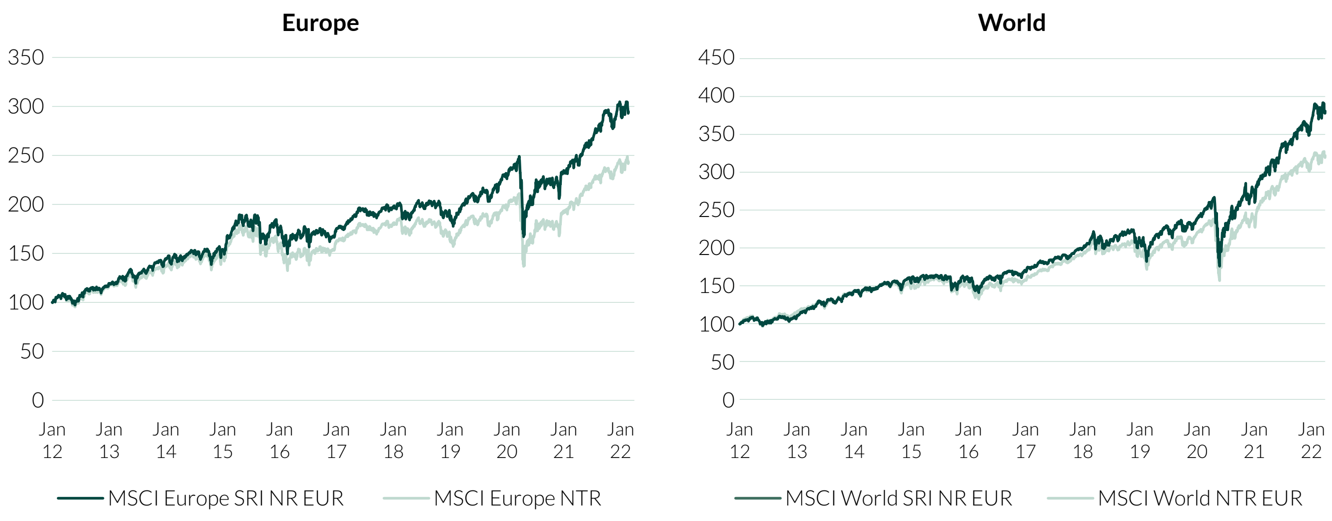
ESG INDICES

As more data from companies and external sources have become more available, ESG indices are becoming increasingly used instead of traditional indices. The ESG index used is built from the benchmark index on which an ESG filter is applied, leading to the exclusion of some companies.

HOW HAVE ESG INDICES ACTUALLY PERFORMED?

As shown in the performance charts of sustainable indices versus traditional indices, both in Europe and worldwide, indices factoring ESG criteria have outperformed traditional indices over the last 10 years.

10-YEAR PERFORMANCE



Past performance is not a reliable indication of future returns and is not constant over time.

04

LABELS

In 10 years sustainable finance has produced about 10 specialised labels. There are now two categories of labels: those based on SRI and those based on green finance (mainly on climate issues, with climate exclusions).

These labels were created in order to clarify the concept of socially responsible investment (SRI) for investors. It is nonetheless difficult for investors to navigate around all these labels, given the wide range of methods and terminologies used. Most labels are based on an independent certification guaranteeing the quality and transparency of the processes in place.

The European Commission is therefore thinking about establishing a European Ecolabel for financial products as part of the applicability of the EU sustainable finance taxonomy.

	European labels		Governance	Product design criteria[1]	Screen: Norm-based	Screen: Controversial weapons
SRI		**Label ISR** (France)	Independent committee supported by the Ministry of Finances incl. a team from the initiative "Finance for Tomorrow"	Minimum performance only	NA	NA
SRI		**FNG-Siegel** (Germany, Austria & Switzerland)	Expert committee under the stewardship of FNG (sustainable investment forum)	Exclusions and minimum performance	Yes	Yes
SRI		**Towards Sustainability** (Febelfin) (Belgium)	Central Labelling Agency (CLA, non-profit association)	Exclusions and minimum performance	Yes	Yes
SRI		**LuxFLAG ESG** (Luxembourg)	The Luxembourg Finance Labelling Agency (LuxFLAG), an independent agency	Exclusions and minimum performance	Yes	Yes
SRI		**Umweltzeichen** (Austria)	Austrian Federal Ministry for the Environment	Exclusions and minimum performance	Yes	Yes
Green Finance		**Nordic Swan Ecolabel** (Nordic Countries)	Committee mandated by the governments of Nordic countries	Exclusions and minimum performance	Yes	Yes
Green Finance		**LuxFLAG Environment** (Luxembourg)	The Luxembourg Finance Labelling Agency (LuxFLAG), an independent agency	Minimum performance only	NA	NA
Green Finance		**LuxFLAG Climate Finance** (Luxembourg)	The Luxembourg Finance Labelling Agency (LuxFLAG), an independent agency	Exclusions and minimum performance	NA	NA
Green Finance		**Greenfin Label** (France)	Standalone stakeholder committee, chaired by the Ministry for the Ecological and Fair Transition	Exclusions and minimum performance	NA	Yes

Source: Novethic, data as of 09/30/2021 and Georgieva, A. Mehrotra, S. (2022). Sustainable investment fund labeling frameworks: An applesto-apples comparison | LuxFLAG | Umweltzeichen

[1] Exclusions only: For labels that only mandate exclusions | Minimum performance only: For labels that do not specify mandatory exclusions but have criteria governing portfolios' minimum sustainability performance | Exclusions and minimum performance: For labels combining both the approaches above.

Screen: Conventional weapons	Screen: Military equipment	Screen: Tobacco	Screen: Nuclear power	Screen: Thermal coal	Screen: Unconventional oil & gas	Screen: Oil & gas	Screen: Fossil fuel power	Screen: Other	Portfolio construction: ESG integration	Portfolio construction: Best-in-class	Portfolio construction: Thematic	Portfolio construction: impact	# of funds	AuM (€ bn)
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	NA	NA	833	635
Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	NA	NA	Yes	Yes	NA	169	81
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	621	520
NA	NA	Yes	Yes	NA	NA	NA	NA	NA	Yes	Yes	Yes	Yes	267	154
Yes	NA	NA	Yes	Yes	Yes	Yes	NA	Yes	Yes	NA	NA	NA	201	52
Yes	NA	Yes	Yes	Yes	Yes	Yes	Yes	NA	NA			NA	75	35
NA	NA	NA	NA	NA	NA	NA	NA	NA	Yes	NA	Yes	NA	6	<1
NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	NA	5	<1
NA	NA	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	NA	64	20

ESG REPORTING

ESG reporting currently varies widely from case to case. To encourage its development and sustained use on a large scale, three conditions are essential: standardisation, comparability and materiality.

Corporate Social Responsibility (CSR) reporting is now in widespread use by companies.

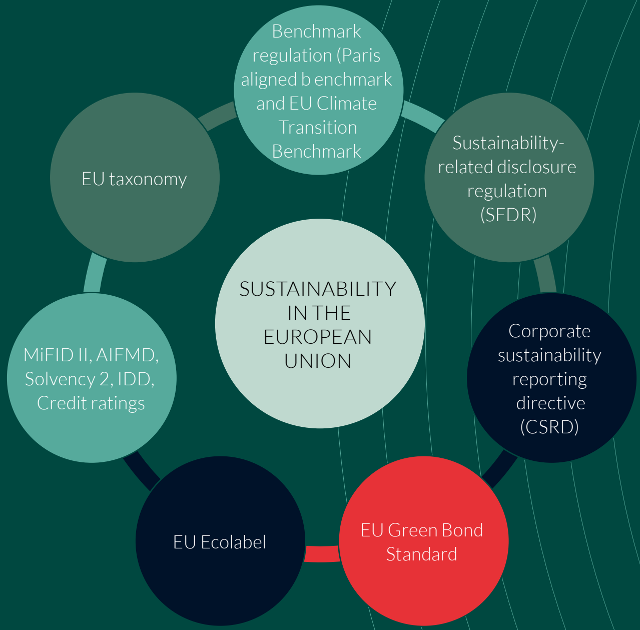
From investors' point of view, Europe and France in particular are considered pioneers in ESG reporting. In 2015, France passed its law on the energy transition for green growth and became the first country to require that investors communicate on their ESG practices and how they integrate climate risks into their investments.

At the European level, a complex action plan was established with 3 main objectives:

- → Reorient capital flows towards sustainable investments and inclusive growth
- → Manage financial risks stemming from climate change
- → Foster transparency and long-termism

Different regulations are progressively coming into force:

- → SFDR European Regulation on disclosure and reporting's main objective is to provide more transparency and comparability regarding sustainability in the financial services sector
- → The EU Taxonomy allows financial players to identify economic activities that make a substantial contribution to the EU's environmental goals
- → MiFID II (EU2017/565) adjustments are set out to mandate advisors to respect their client's sustainability preferences



SOME SUSTAINABILITY INDICATORS THAT ARE COMMONLY USED

Environment

Carbon intensity

Exposure to renewable energies

Social

Job creation trends

% of women member of executive committee

% of companies covered by a collective agreement

Governance

Independence of board members

Signatory to the UN Global Compact

Human rights

Human rights policy

GREENWASHING

Greenwashing consists of a company steering its marketing strategy and communication practices towards fostering an environmental image. Historically, about-faces have been seen at multinationals producing high levels of pollution that seek to brighten their image through public relations campaigns that are heavily focused on the environment.

The SRI commitment differs from one asset manager to another. Many efforts are pursued at the European level to have a better understanding of sustainability practices. Through mandatory reporting processes that are as exhaustive as possible, certifying bodies and European institutions are trying to guarantee that actions by various players are indeed for environmental or sustainable development purposes, in order to guarantee investors the quality of ESG integration into their investments.

05

ODDO BHF‘S *sustainable* (CSR) APPROACH

*Corporate Social Responsibility

ODDO BHF'S *CSR approach*

Our long-term commitment is one of our key values. We wish to act as a responsible player by integrating sustainable development issues into our daily work as well as our strategy.

In line with our ESG expertise and products, we are committed to sustainable initiatives based on three main pillars.

Our organization allows us to be consistent in our approach, to represent CSR issues at the level of top management, to take decisions and to work with the relevant experts, while involving as many employees as possible.

01

CHAMPION OUR EMPLOYEES

Employees are at the heart of our strategy. A range of measures have been taken to help retain talented people and create professional opportunities by integrating diversity within teams, a major performance driver.

41%

of new joiners among juniors were women in 2021.

82

women have been trained and supported in the framework of the Gender Balance Program in France and the Empowerment Program in Germany, since 2019.

100%

of requests to adapt workstations and support disabled employees are fulfilled every year.

02

LIMIT OUR ENVIRONMENTAL IMPACT

We want to limit our environmental impact and guarantee the control of our carbon footprint, by implementing a low-carbon approach and an ambitious action plan to reduce our emissions.

We have implemented a Low-Carbon Approach after analyzing the results of the carbon footprint of our operations. Our approach aims to reach quantitative and qualitative objectives and a concrete action plan based on:

→ An ever-more responsible and low-carbon procurement policy
→ Low-carbon mobility (business travels and commuting)
→ Enhancing our responsible digital technology approach
→ Optimized use of buildings
→ A communication and awareness-raising system on the climate issue
→ Progressively decarbonizing our investments

-23%

of energy consumption between 2020 and 2021 at Group level.

03

WORK TOWARDS A COHESIVE SOCIETY

Through our dedicated entities, the ODDO BHF Agir pour demain (Acting for Tomorrow) endowment fund and the independent foundation BHF BANK Stiftung, we promote the development of the regions where we operate by supporting educational, social and artistic projects in which our clients and employees are regularly involved.

The ODDO BHF Acting for Tomorrow endowment fund and BHF BANK Stiftung share their experiences and develop joint initiatives on both sides of the Rhine river (mutual support for our historic partners, call for donations and joint contributions, cross-border projects, etc.).

ODDO BHF‘s CSR Report 2021

visit our website: **oddo-bhf.com**

06

OUR *sustainable investment* SOLUTIONS

OUR *sustainable investment* SOLUTIONS

Equity

Fund Information	Label	SFDR[1]	SRRI[2]
ODDO BHF Avenir Europe European mid caps	Label ISR	6 **8** 9	6/7
ODDO BHF Avenir Euro Euro zone mid caps	Label ISR	6 **8** 9	6/7
ODDO BHF Avenir French mid caps	Label ISR	6 **8** 9	6/7
ODDO BHF Génération European family-owned companies	Label ISR	6 **8** 9	6/7
ODDO BHF Algo Sustainable Leaders European companies that are leaders in their responsible practices	Label ISR, FNG Label 2022	6 8 **9**	6/7
ODDO BHF Immobilier Real estate and property (related) stocks in the Euro Zone		6 **8** 9	6/7
ODDO BHF Green Planet International companies supporting the ecological transition	Label ISR, FNG Label 2022	6 8 **9**	6/7
ODDO BHF Active Small Cap European small cap companies		6 **8** 9	6/7
ODDO BHF Artificial Intelligence International companies exposed to artificial intelligence		6 **8** 9	6/7
METROPOLE Sélection European Value companies	Label ISR	6 **8** 9	6/7
METROPOLE Euro SRI Euro zone Value companies	Label ISR	6 **8** 9	6/7

Fixed Income

Fund Information	Label	SFDR[1]	SRRI[2]
ODDO BHF Sustainable Euro Corporate Bond Euro zone investment grade bonds		6 **8** 9	3/7
ODDO BHF Green Bond Euro zone bonds that fund sustainable projects		6 8 **9**	3/7
ODDO BHF Sustainable Credit Opportunities Flexible solution for different fixed income market environments		6 **8** 9	3/7
ODDO BHF Euro High Yield Bond Euro-Denominated Corporate High Yield Bonds		6 **8** 9	4/7
ODDO BHF Euro Credit Short Duration Euro-Denominated Corporate Bonds with a rating of at least B3 or B-		6 **8** 9	3/7

Multi-Asset

Fund Information	Label	SFDR[1]	SRRI[2]
ODDO BHF Polaris Moderate[3] International multi-asset solution with a high fixed-income allocation		6 **8** 9	3/7
ODDO BHF Polaris Dynamic[3, 4] International multi-asset solution with a high equity allocation		6 **8** 9	5/7
ODDO BHF Polaris Balanced[3, 4] International multi-asset solution with a balanced allocation between equity and fixed income		6 **8** 9	4/7
ODDO BHF Polaris Flexible[3] International multi-asset solution with flexible equity allocation		6 **8** 9	5/7

Source: ODDO BHF AM, data as of 03/05/2022

Disclaimer: All these funds pose the risk of a loss of the initial investment. Past performances are not a reliable indicator of future performances and are not constant over time.

1 The EU Sustainable Finance Disclosure Regulation (SFDR) is a set of EU rules which aim to make the sustainability profile of funds transparent, more comparable and better understood by end investors. Article 6: The management team does not consider sustainability risks or adverse effects of investment decisions on sustainability factors in the investment decision making process. Article 8: The management team addresses sustainability risks by integrating ESG criteria (Environment and/or Social and/or Governance) into its investment decision making process. Article 9: The management team follows a strict sustainable investment objective that significantly contributes to the challenges of the ecological transition, and addresses Sustainability Risks through ratings provided by the Management Company's external ESG data provider.

2 Synthetic risk and return indicator: with lower risk, potentially lower return and higher risk, potentially higher return. The risk profile is not constant and may change over time

3 The Polaris funds follow the ESG approach from ODDO BHF Trust.

4 They are sub-funds of the FCP "ODDO BHF Exklusiv".

GLOSSARY

AGENDA 21
An action plan for the 21st century adopted by 120 heads of state at the Earth Summit in Rio de Janeiro in June 1992.

ART 29
Of the French decree of the Climate Energy Law, creating a reporting obligation on climate risks. Investors must measure their alignment with the objectives of the Convention on Biological Diversity and analyze the "biodiversity footprint" of their portfolios.

CDP
The Carbon Disclosure Project is an international organization that has the world's largest data base of cities and companies' environmental performance. CDP encourages investors, companies and cities to take measures to construct a truly sustainable economy by measuring their environmental impact.

CLIMATE ACTION 100+
An initiative launched in 2017 at the One Planet Summit. Its five-year mission is to engage with and weigh in on major greenhouse gas emitters worldwide.

COP
At the Earth Summit in Rio de Janiero in 1992, the United Nations adopted a framework for action in combatting climate change, called the United Nations Framework Convention on Climate Change (UNFCCC). The agreement was signed by almost all countries, who were called "Parties". Their representatives have met once a year since 1995 at the Conferences of the Parties (COP).

ESG CRITERIA
Environmental, social and governance criteria are used to assess an issuer's strengths or weaknesses. ESG terminology was developed and promulgated in the United Nations Principles for Responsible Investing (UN PRI).

EU GREEN DEAL
Plan voted by the EU Parliament in January 2020 and aiming at making the EU "climate neutral" by 2050 by reducing its GHG emissions by 55% (baseline: 1990)

EU TAXONOMY
A classification system to create a harmonized understanding of what constitutes a "green" investment and thus prevent greenwashing (active in 2022).

IIGCC
The Institutional Investors Group on Climate Change is a coalition that encourages cooperation among investors on the climate change issue and raises capital for a low-carbon future. Launched in 2001, the IIGCC now has more than 170 members, mainly pension funds and asset managers in 13 countries, with more than 23 trillion in assets under management.

INVESTOR AGENDA
A programme developed to allow the global investor community to accelerate and intensify measures that are essential in combating climate change and meeting the Paris Agreement objectives of keeping the average rise in global temperatures under 1.5 degrees Celsius.

KYOTO PROTOCOL
Signed on 11 December 1997, the Kyoto Protocol is an international agreement committing signatory countries to reduce their greenhouse gas emissions by at least 5% from 2008 to 2012 compared to their 1990 level. (Greenhouse gases include carbon dioxide, methane, nitrous oxide and three chlorofluorocarbon substitutes.)

MONTREAL CARBON PLEDGE
An initiative to encourage investors and asset managers to formalise their commitment to meeting Portfolio Decarbonisation Coalition goals and measuring, disclosing and reducing their portfolios' carbon footprint.

TCFD (TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES)
Launched by the Financial Stability Board in 2015 for the purpose of establishing recommendations for companies in climate reporting. These recommendations focus on the financial impact of climate risks and opportunities, while distinguishing between transition risks (regulatory and technological) and physical risks (both chronic and exceptional).

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