



Exclusion policy

JUNE 2019



As a signatory of the Principles for Responsible Investment (PRI) since 2010, our sustainable investment approach is based on a long-term investment philosophy underlain by our convictions. In this way we ensure that environmental, social and governance (ESG) criteria that are meaningful for investors and for all stakeholders are reflected in our issuer research and valuation, alongside traditional financial criteria.

Against this backdrop, ODDO BHF Asset Management SAS (France) and ODDO BHF Asset Management GmbH (Germany), operating under the single brand of ODDO BHF Asset Management, have established an exclusion policy regarding certain controversial activities and sectors and/or practices that are contrary to major international agreements.

Depending on their nature, such exclusions may apply to all funds managed by ODDO BHF Asset Management SAS and ODDO BHF Asset Management GmbH or to funds integrating ESG criteria in their investment processes, or may be decided on a case-by-case basis at the management team's discretion.

Agenda

1. Norm-based exclusions	3
1.1 Controversial weapons	3
1.2 Non-compliance with international agreements	4
2. Sector exclusions	5
3. Monitoring procedure	6



1. Norm-based exclusions

1.1 Controversial weapons

In accordance with international agreements and treaties signed by France and Germany, ODDO BHF Asset Management unconditionally excludes any company implicated in the development, production or distribution of controversial weapons.

This exclusion covers the following:

- a. Chemical weapons, as defined in the Paris Chemical Weapons Convention of 1993;
- b. Anti-personnel mines, as defined by the Ottawa Treaty of 1999;
- c. Cluster bombs, as defined by the Oslo Convention on Cluster Munitions of 2008.

Unless an official list already exists, the ESG research department of ODDO BHF Asset Management SAS, which advises ODDO BHF Asset Management SAS and ODDO BHF Asset Management GmbH, compiles an exclusion list and updates it at least once per year. It is drawn up with the support of the following benchmark organisations: Fonds de Réserve des Retraites (FRR, a French public-sector pension fund), Norges (the Norwegian sovereign-wealth fund), ABP (a Dutch public-sector pension fund), and NZ SuperFund (a New Zealand pension fund).

The ban on investing in companies implicated in controversial weapons applies to all funds managed by ODDO BHF Asset Management SAS and ODDO BHF Asset Management GmbH, regardless of asset class.

1.2 Non-compliance with international agreements

ODDO BHF Asset Management's in-house ESG research is based on the 10 principles of the United Nations Global Compact, which deal with human rights, labour rights, the environment, anti-corruption laid down in major international documents, including the Universal Declaration of Human Rights, WLO agreements, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

As part of the development of our responsible investing policy, some funds that integrate ESG criteria in their investment processes have chosen to exclude companies that are in violation of the aforementioned international agreements.

ODDO BHF Asset Management calls on its external supplier of extra-financial data, Sustainalytics, in compiling this exclusion list and updating it on a monthly basis. Eligible companies are determined on the basis of the following criteria:

- a. A "severe" level of controversy (the highest level), whether or not the company is a signatory to the UN Global Compact;
- b. A "high" level of controversy involving a company that is not a signatory to the UN Global Compact.

A controversy may arise in one or more of the following 10 areas: an operating incident, an environmental incident in the supply chain, an incident involving products or services, an incident involving employees, a labour-related incident in the supply chain, an incident involving customers, an incident involving a third party, business ethics, governance or public policy.



2. Sector exclusions

With the exception of coal, which is excluded from all funds integrating ESG criteria in their investment process, the sector exclusions mentioned below apply, at the management team's discretion, on a case-by-case basis in part or in whole.

These exclusions target companies with manufacturing activities in the following controversial sectors:

- a. Coal
- b. Tobacco
- c. Alcohol
- d. Nuclear power
- e. Gambling
- f. Weapons
- g. Pornography
- h. GMOs and pesticides
- i. Shale gas and oil sands

Exclusion thresholds for coal are 5% of revenues for mining companies and 30% for power producing companies.

To find out more, go to:

<https://library.oddo-bhf.com/api/Library/ViewFile?guid=b0513aca-a682-4af5-8b7c-e072b93c595c>

For all other aforementioned sectors, the exclusion threshold is 5% of revenues.

These sector exclusion lists are compiled and updated at least once each year by the ESG research team of ODDO BHF Asset Management SAS, with the backing of Sustainalytics, its external supplier of extra-financial data, and the research findings of selected brokers.

3. Monitoring procedure

The ESG research team of ODDO BHF Asset Management SAS, which advises ODDO BHF Asset Management SAS and ODDO BHF Asset Management GmbH, disseminates the various exclusion lists to the managers of the funds concerned, in order to keep them from inadvertently investing in a company on the list.

Exclusion lists are also disseminated to monitoring teams so that they can be entered into tools that monitor portfolios constraints:

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

ODDO BHF Asset Management SAS

12 boulevard de la Madeleine
75440 Paris Cedex 09 France
am.oddo-bhf.com