



Exclusion policy

JANUARY 2021



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), ODDO BHF Asset Management GmbH (Germany) and ODDO BHF Asset Management Lux (Luxembourg), 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, ODDO BHF Asset Management GmbH and ODDO BHF Asset Management Lux 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.

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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, ODDO BHF Asset Management GmbH and ODDO BHF Asset Management Lux, 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, ODDO BHF Asset Management GmbH and ODDO BHF Asset Management Lux, 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 sustainable investor policy, the exclusion of companies in violation of international conventions covers all open-ended funds of the various legal entities operating under the single brand name ODDO BHF Asset Management (ODDO BHF Asset Management SAS, ODDO BHF Asset Management GmbH and ODDO BHF Asset Management Lux), in all asset classes.

In drawing up this exclusion list and updating it monthly, we are backed by MSCI, our external provider of extra-financial data,. Eligible companies are determined on the basis of the Global Norms Screening filter within the MSCI ESG Controversies module.

To give investors a clear signal regarding a company's presumed violation of the principles of the United Nations Global Compact, MSCI's researchers analyse various sources of information, such as media reports, NGOs, and the companies themselves to determine the extent of the controversy. Companies with a maximum level of controversy in the areas of corruption, human rights, labour rights or environmental issues are considered to be in violation of the principles of the United Nations Global Compact.



2. Sector exclusions

2.1 Coal

In January 2021, ODDO BHF Asset Management released an update of its coal-exclusion policy in order to help meet the Paris Agreement goal of limiting global warming to 1.5°C, particularly via carbon neutrality in 2050.

In accordance with the latest research of entities that serve as benchmarks on climate issues (IPCC¹, IEA², and UNEP³), ODDO BHF Asset Management is adhering to the coal-exit timetable by 2030 for European Union and OECD countries and 2040 for the rest of the world.

This trajectory applies to all open-ended funds in various legal entities operating under the single brand name ODDO BHF Asset Management (ODDO BHF Asset Management SAS, ODDO BHF Asset Management GmbH and ODDO BHF Asset Management Lux), and to all asset classes.

Details on our coal exclusion policy (activities concerned, exclusion criteria, thresholds) are available at the following address:

https://www.am.oddo-bhf.com/france/en/professional_investor/ad/investment_capabilities/1008/sustainable_investments_esg/1016

¹ Groupe d'experts Intergouvernemental sur l'Evolution du Climat

² Agence International de l'Energie

³ United Nations Environment Program (Programme des Nations Unies pour l'Environnement)

2.2 Other sectors

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

For the 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 MSCI, 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, ODDO BHF Asset Management GmbH and ODDO BHF Asset Management Lux, 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.



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