February 2020

BASICS OF SUSTAINABLE INVESTING

SUSTAINABLE FINANCE

ODDO BHF
ASSET MANAGEMENT

Editorial

Our societies are facing two major challenges: integrating technological transformations that gain new momentum by artificial intelligence, and addressing the potential limitations brought on by the climate emergency and by the need to reduce inequalities – all the while aspiring to building a more sustainable and responsible model of development.

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 World Meteorological Organization wrote on December 3rd, 2019 that "the year 2019 concludes a decade of exceptional global heat, retreating ice and record sea levels driven by greenhouse gases from human activities."

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*). Our main strategies now integrate ESG criteria, and seven of our open-ended funds have even been awarded the SRI** label and two the FNG*** label. In early 2019, we laid out an ambitious roadmap leading up to 2021, organised around four vectors: ESG coverage, ESG integration, climate strategy and training.

I wish you a good reading,

NICOLAS CHAPUT
CEO
ODDO BHF Asset Management

* 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.

** SRI ("ISR") label: Created and supported by the French Finance Ministry, the SRI label aims to shed light on socially responsible investments (SRI) for investors in France and Europe. The SRI label, which is awarded after a rigorous process conducted by independent bodies, constitutes a unique benchmark for investors wishing to take part in a more sustainable economy.

*** FNG: The FNG label is issued by the German Sustainable Investment Forum (Forum Nachhaltige Geldanlagen). It guarantees the SRI quality of funds distributed in Germany. It was launched in 2015 following a three-year development process involving the main stakeholders. FNG certification is subject to renewal each year.

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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

UN 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 10,000 companies and other stakeholders in 162 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.


2

SUSTAINABLE INVESTING

Sustainable investment in figures

In Europe

$14,000bn

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

48%

of total assets under management.

Funds labelled “sustainable or responsible” amount to

$347bn.

There are 9 European labels.

WORLDWIDE

$31,000bn is invested in funds that integrate environmental, social or governance criteria, amounting to **34%** of total AuM

IN THE UNITED STATES

$12,000bn is invested in funds that integrate environmental, social or governance criteria, amounting to **34%** of total AuM.

Sustainable development in figures

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.

2005

- **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.

- **THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)**
  A roadmap for promoting sustainable development worldwide between now and 2030.

The Principles for Responsible Investment (PRI)

The Principles for Responsible Investment (PRI) were launched by the United Nations in 2005 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.

2,500
signatories

€90,000bn
in AuM

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).

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

Socially Responsible Investment (SRI) aims to reconcile economic performance with social and environmental impact by financing companies and public-sector entities that contribute to sustainable development, regardless of their activity sector. This approach takes various forms, including exclusions (the historical method), thematic approaches, ESG selection, and impact investment.

The investment universe is subject to some restrictions, and the investment team may exclude certain sectors or companies because of poor ESG practices.

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

Where ESG data come from

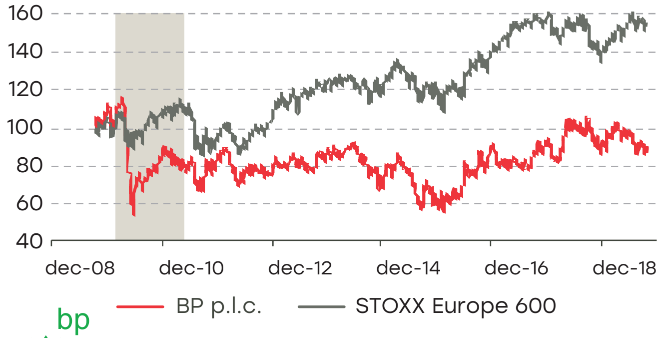
ESG data are released annually by companies themselves (in CSR and integrated reports) and/or may be supplied by companies specialising in extra-financial disclosures and research. Extra-financial agencies such as MSCI, Sustainalytics, and ISS ESG offer an ESG analysis on issuers worldwide. They can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

Controversies

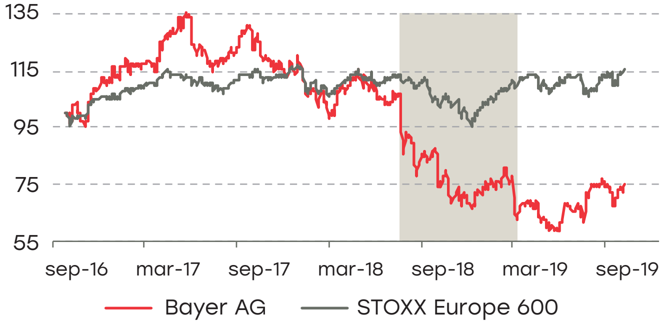
Definition from Merriam-Webster dictionary:
A discussion marked especially by the expression of opposing views.

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.

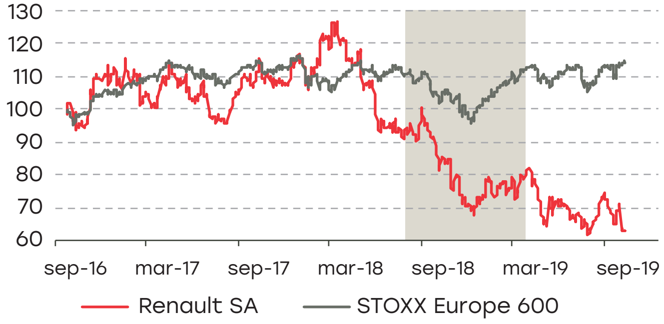
Some examples of controversies and their financial materiality



On 20 April 2010, an offshore oil platform, the Deepwater Horizon exploded, and BP's safety measures were quickly blamed. For the first time, a company's environmental liability was recognised. BP would ultimately pay more than $50bn in fines and damages between 2010 and 2015.



Bayer finalised 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.



GROUPE RENAULT In November 2018, the chairman and CEO of the Renault-Nissan Alliance, Carlos Ghosn, was arrested at the Tokyo airport after an investigation into possible tax evasion. This led to his resignation in January 2019. In June 2019, an internal audit uncovered suspicious spending within the Dutch subsidiary.

facebook 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.

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.

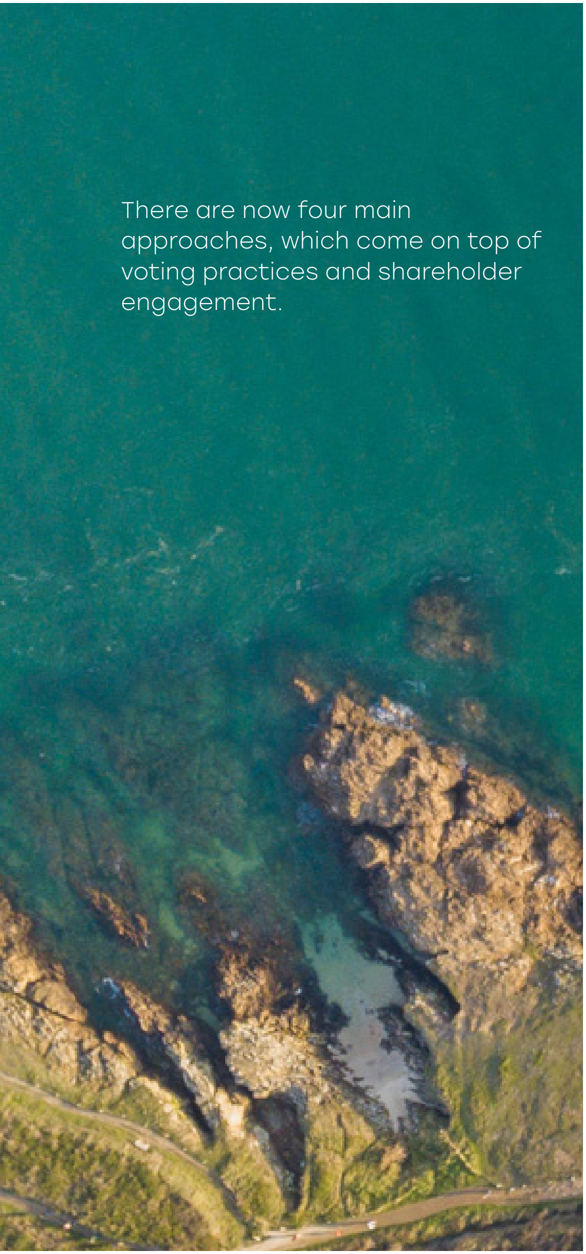
Thematic funds

Thematic investment management consists in investing in companies that are active in themes or sectors that contribute to the economic transition and sustainable development, such as renewable energies, water, healthcare, the demographic transition, and others.


3

MAIN APPROACHES TO SUSTAINABLE INVESTMENT

The first "responsible" funds date back to the late 19th century, with the practice of ethical exclusions by religious congregations. But only in the past decade has the sustainable investment market expanded rapidly, through an increasing number of approaches.



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

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.

+ VOTING & ENGAGEMENT

Voting

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

Ethical Exclusions

Total or partial exclusion of sectors or businesses based on ethical considerations, such as tobacco, alcohol, gambling, weapons, etc.

Best-in-Universe

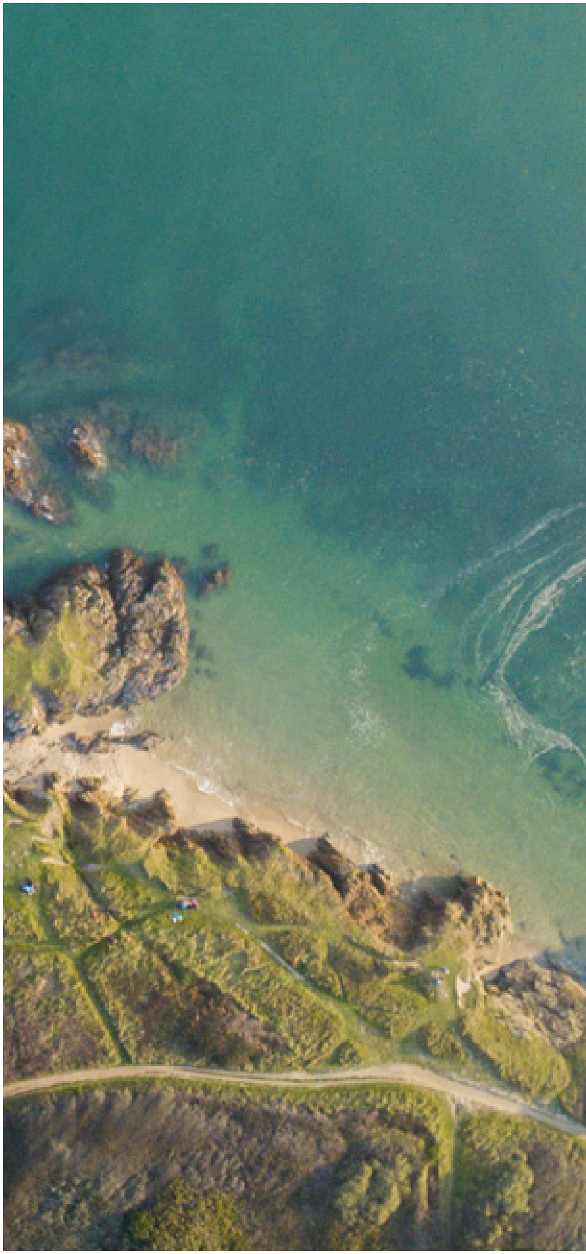
An absolute and bottom-up approach focusing on the most highly rated companies within the entire investment universe.

4 IMPACT

Investments in companies with positive environmental and/or social impacts that are deliberate and measurable.

Dialogue and 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.




4


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 change to about 1.5°C by 2100.

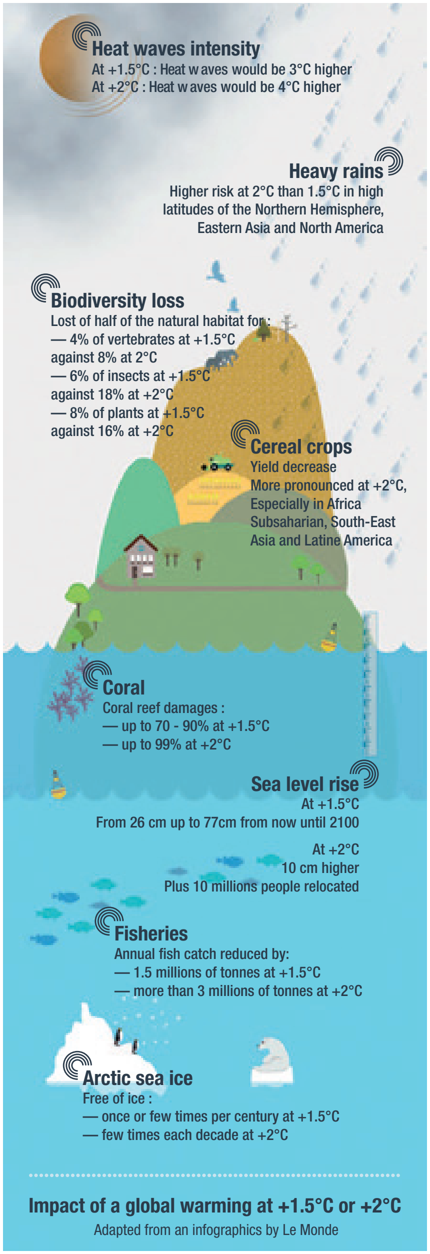
With major changes in ecosystems, such as rising sea levels, the extinction of animal and plant species, sanitation risks and food security, companies and investors are now becoming aware of the seriousness of the situation and of their obligation to act in an attempt to sustain economic growth. The 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 rallying 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 do so, in 2015 the G20 launched an international working group, the Task Force on Climate-related Financial Disclosures (TCFD) to set recommendations on reporting climate risks. The report issued in 2017 defines climate reporting items expected in companies' reference documents around the four pillars of governance, strategy, risk management and the indicators used.



Source: ODDO BHF AM, Office for Climate Education

FACTS AND FIGURES

WORDWIDE

€1,500bn

will be necessary annually to keep the rise in temperatures below 1.5°C.

IN EUROPE

€270bn

will be needed annually to meet the targets set for 2030.

IIGCC (2001)
190 INVESTORS
14 EUROPEAN COUNTRIES
€14,000BN AUM*

CDP (2002)
800 INSTITUTIONAL INVESTORS
$100,000bn AUM*

MONTREAL CARBON PLEDGE (2014)
120 INVESTORS
$10,000bn AUM*

CLIMATE ACTION 100+ (2017)
370 INVESTORS
$35,000bn AUM*

INVESTOR AGENDA (2018)
1,200 INVESTORS
$35,000bn AUM*

* Asset under Management


5


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 as part of the implementation of its green classification system.

	European labels	Governance	Awarding
SRI	**SRI Label** France	An independent committee supported by the Ministry of Finances	Certified auditors
SRI	**FNG-Siegel** Germany, Austria & Switzerland	A committee of experts supervised by the FNG	GNG (the FNG's labelling organisation) and the University of Hamburg
SRI	**LuxFLAG ESG** Luxembourg	LuxFLAG, an independent agency, Luxembourg financial services	LuxFLAG
SRI	**Towards Sustainability** Belgium	Febelfin QS	External auditors
SRI	**Umwelt-zeichen** Austria	Ministry of the Environment	Ministry
Green Finance	**Nordic Swan Ecolabel** Nordic countries	Committee mandated by the governments of Nordic countries	Nordic Swan
Green Finance	**LuxFLAG Environment** Luxembourg	LuxFLAG	LuxFLAG
Green Finance	**LuxFLAG Climate Finance** Luxembourg	LuxFLAG	LuxFLAG
Green Finance	**Greenfin Label** France	Ministry of the environment and the energy transition	Certified auditors

LuxFLAG:
Luxembourg Finance Labelling Agency
FNG:
Forum Nachhaltige Geldanlagen, the rating agency for Germany and Austria
Nordic Swan:
Ecolabel for Nordic countries

Source: Novethic, data as of 02/12/2019

Type of label	# of funds	AuM (€ bn)
ESG / SRI investment processes: ESG assessment of at least 90% of the portfolio. 20% reduction in the investment universe. Average ESG rating significantly higher than that of the starting universe.	321	121
ESG / SRI investment processes with ethical and sectorial exclusions (points system) ESG assessment of 100% of the portfolio.	104	30
ESG / SRI investment processes based on a pre-set ESG strategy (e.g. best-in-universe, best-in-class, etc.). ESG assessment of 100% of the portfolio.	82	34
Application of quality standards to the portfolio: standards regarding the investment process (sustainability, transparency, disclosures, supervision and ethical and sector exclusions). ESG assessment of 100% of the portfolio.	271	125
ESG / SRI investment processes: integration of mandatory ESG criteria, meaning that less than 50% of the investment universe can be invested in. Ethical and sector exclusions.	123	15
ESG / SRI investment processes with climate exclusions and green reporting (point-based system). ESG assessment of at least 90% of the portfolio. More than 50% of the fund is invested in securities with “strong ESG practices”. Ethical and sector exclusions.	32	10
Thematic investments and ESG criteria. Minimum thresholds at the company level (at least 20% of revenues generated in environmentally responsible businesses) and at the portfolio level (75% green companies).	9	7
ESG monitoring, environmental themes & climate exclusions	3	1
Thematic investments and ESG criteria. Climate exclusions. Distinction between three types of companies: type 1 (> 50% of revenues in environmentally responsible companies) / type 2 (between 10% and 50% of revenues in environmentally responsible companies) / type 3 (less than 10%). At least 20% of the portfolio must be made up of type-1 companies; no more than 25% may consist of type-3 companies.	36	5


6

SUSTAINABLE DEVELOPMENT AND FINANCIAL PERFORMANCE

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. In more than 100 studies on sustainable investment academic researchers and professionals have demonstrated the close correlation between integrating ESG factors and portfolios' financial performance.

ESG – a factor of sustainability and performance

When closely integrated into the investment management process, an analysis of extra-financial data (including ESG criteria, CSR reports, 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 makes it possible to select companies that are more oriented towards a strategy that is sustainable over the long term, generating a greater financial performance.

ESG indices

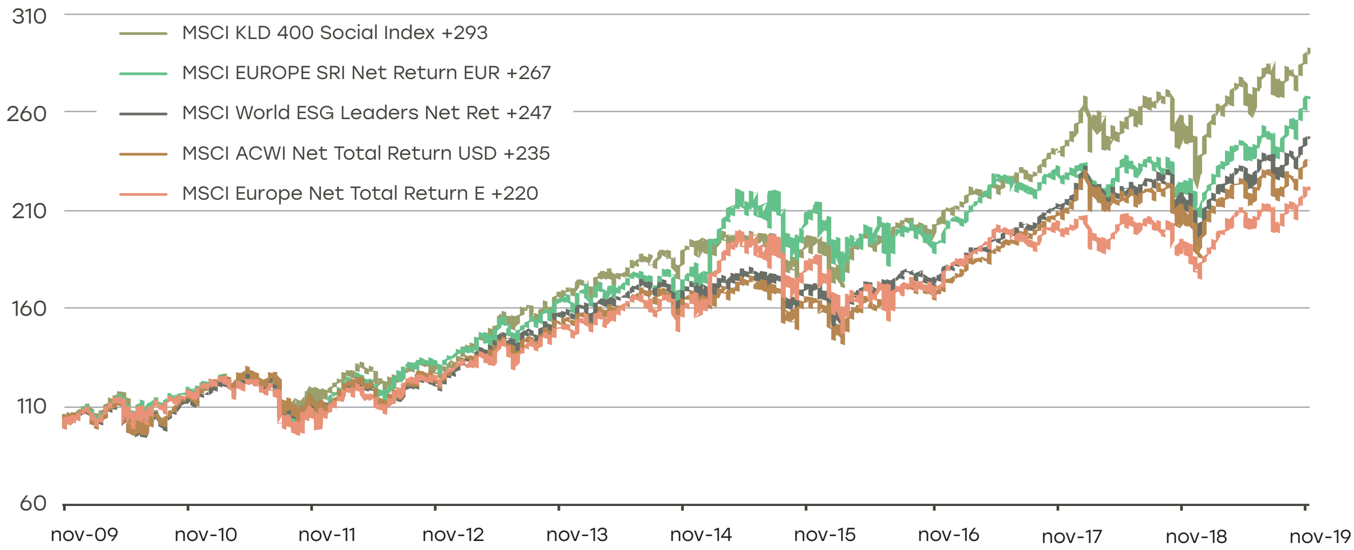
As more data from companies and external sources has become more available, ESG indices are becoming increasingly used instead of traditional indices. The ESG index used is built from the benchmark index on which an ESG filter is applied, leading to the exclusion of some companies.

How have ESG indices actually performed? To cite one example, the oldest sustainable investment index, the MSCI KLD 400 Social Index (May 1994) has generated an annual return equivalent to that of its benchmark universe, the MSCI USA IMI.

On the whole, indices factoring in ESG criteria have outperformed traditional indices over the past 10 years.

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

10-year performance



ETFs and active investment management

The development and rise of ESG indices have led to the parallel roll-out of ESG-themed ETFs.

Active investment management nonetheless retains the advantage of offering funds run by experienced analysts and managers with in-depth knowledge of companies and who are able to engage in dialogue with them on a regular basis in a constructive effort to improve. By investing in actively managed funds, investors can exercise their shareholder responsibility by voting actively at general meetings of portfolio companies. This gives investors a sweeping view of portfolio stocks and can further the momentum towards more sustainable finance by choosing the investment universe in which they want to invest.

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, in 2018 the Commission presented its action plan for sustainable finance. This plan is scheduled to come into force by 2022, with the implementation of the following actions:

- a single classification system defining sustainable activities;
- the creation of European green labels based on the classification system;
- the obligation for asset managers and institutional investors to factor sustainability aspects into their investment process and to disclose information in full transparency;
- the integration of sustainability in prudential requirements for banks and insurance companies (the green factor).

This context has led to significant progress in standardisation of extra-financial disclosures.

Here are some of the indicators used:

Environment

Carbon intensity

Exposure to renewable energies

Governance

Independence of board members

Signatory to the UN Global Compact

Social

Job creation trends

% of women member of executive committee

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. A clear framework still must be worked out on the European level, but various studies and reports have found that firms, European ones in particular, are determined to take ESG criteria into account and have increasingly integrated them into their investment processes.

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.


7

ODDO BHF'S CSR* APPROACH AND OUR INVESTMENT SOLUTIONS

*Corporate Social Responsibility

ODDO BHF's CSR approach and our investment solutions

The ODDO BHF group has committed itself to a sustainable and solidarity-based future, to reducing its environmental footprint, and to combating financial crime. It has laid out a CSR roadmap based on the following five vectors.

Promoting a sustainable future within its business activities

The Group's businesses are closely involved in ESG investment. Its asset management business, for example, has set up a broad approach to factoring in ESG criteria, with a direct influence on portfolio construction. Its equity research office has had an ESG desk in place since 2005, and its metals trading business is certified ISO 9001 – ISO 14001.

12%

of assets integrate ESG criteria.

Annual employee training.

Acting in favour of a solidarity-based society

Within the framework of its dedicated bodies – the ODDO BHF Agir Pour Demain endowment and the independent foundation BHF Bank Stiftung – the Group takes action to promote the development of territories in which it is located by supporting educational, social and artistic projects.

140

employees took part in a call for donation by Doctors Without Borders for Chad.

1 GALA

held in cooperation with the Foundation for research on Alzheimer's disease.

Making a commitment to its employees

Employees, who own 30% of the Group's shares, are at the core of its strategy. A set of mechanisms has been established to help retain talent and facilitate and promote career advancement that is consistent with the Group's current needs and employee's goals.

95%

of employees under permanent contracts were retained after their trial periods in 2018.

Combatting corruption and tax evasion

The ODDO BHF group and its subsidiaries are bound by many obligations in preventing corruption, market abuse, money laundering and the financing of terrorism. In order to comply with all these rules, dedicated teams have established internal procedures and monitoring tools and train other employees on these issues on a regular basis.

62%

of employees exposed to risks have undergone training.

Reducing its environmental impact

As its activities are in intermediation and investment, its main environmental risks are linked to its sourcing and energy management activities. With the goal of reducing its carbon footprint, the Group has decided to set up a campaign to evaluate its suppliers, a responsible printing policy and digital tools for limiting the amount of travel.

ODDO BHF's 2018 CSR Report

Our sustainable investment solutions

EQUITIES			
Funds		**Characteristics**	**Why this fund is sustainable**
ODDO BHF Avenir Europe European small and mid caps		1 2 3 4 **5** 6 7* AuM: €3,100m ★★★★ Launched in 1999	Integrating ESG criteria has a direct impact on portfolio construction. The fund excludes coal, nuclear power, tobacco, gambling and alcohol. An active dialogue and engagement policy with companies.
ODDO BHF Avenir Euro Euro zone small and mid caps		1 2 3 4 **5** 6 7* AuM: €529m ★★★★ Launched in 1985	Integrating ESG criteria has a direct impact on portfolio construction. The fund excludes coal, nuclear power, tobacco, gambling and alcohol. An active dialogue and engagement policy with companies.
ODDO BHF Avenir French small and mid caps		1 2 3 4 **5** 6 7* AuM: €832m ★★★★★ Launched in 1992	Integrating ESG criteria has a direct impact on portfolio construction. The fund excludes coal, nuclear power, tobacco, gambling and alcohol. An active dialogue and engagement policy with companies.
ODDO BHF Génération European family-owned companies		1 2 3 4 5 **6** 7* AuM: €651m ★★★ Launched in 1996	Integrating ESG criteria has a direct impact on valuation and portfolio construction. The fund excludes coal, nuclear power, tobacco, and gambling. An active dialogue and engagement policy with companies.
ODDO BHF Algo Sustainable Leaders European companies that are leaders in their responsible practices		1 2 3 4 **5** 6 7* AuM: €26m ★★★★★ Launched in 2002	Integrating ESG criteria has a direct impact on portfolio construction. The fund excludes coal, nuclear power, tobacco, gambling and alcohol, weapons, pornography, shale gas, GMOs, pesticides, and the greatest UN Global Compact controversies. An active dialogue and engagement policy with companies.

FIXED INCOME			
Funds		**Characteristics**	**Why this fund is sustainable**
ODDO BHF Euro Corporate Bond Euro zone investment grade bonds	FNG-SIEGEL 2020 Label ISR – INVESTISSEMENT SOCIALEMENT RESPONSABLE	①②❸④⑤⑥⑦* AuM: €496m ★★★ Launched in 2002	Integrating ESG criteria has an impact on how issuers are weighted in the portfolio. The fund excludes coal, nuclear power, weapons, shale gas, and the greatest UN Global Compact controversies. An active dialogue and engagement policy with issuers.
ODDO BHF Green Bond Euro zone bonds that fund sustainable projects		①②③❹⑤⑥⑦* AuM: €121m ★★★ Launched in 1984	Minimum allocation to green bonds: 70% Maximum diversification (30%) with issuer having a high ESG score and minimum environmental score restrictions. An active dialogue and engagement policy with issuers.
ODDO BHF European Convertible Moderate Fund invested in European convertible bonds	Label ISR – INVESTISSEMENT SOCIALEMENT RESPONSABLE	①②❸④⑤⑥⑦* AuM: €87m ★★★ Launched in 2000	Integrating ESG criteria has an impact on how issuers are weighted in the portfolio. The fund excludes coal and the greatest UN Global Compact controversies. An active dialogue and engagement policy with issuers.

Source: ODDO BHF AM, data as of 31/12/2019

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.

* 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

Morningstar stars: Morningstar™ historical data – CR-EUR units' ratings as of 31/12/2019: Respectively, the following categories: Europe flex-cap equities / Euro zone mid cap equities / French small and mid cap equities / Euro zone flex-cap equities / Europe large cap mixed / EUR corporate bonds / Global bonds / Europe convertibles

Source: ODDO BHF AM SAS.

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.

Article 173 of the French Energy Transition Law aims to rally institutional investors and investment firms around adopting greater transparency in how they factor in environmental, social and governance (ESG) and climate criteria into their investment policy.

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).

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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