

## **DISCLOSURE OF ODDO BHF TRUST GMBH PURSUANT TO THE EUROPEAN REGULATION ON SUSTAINABILITY-RELATED DISCLOSURE REQUIREMENTS IN THE FINANCIAL SERVICES SECTOR (SFDR)**

### **I. Statement of the principal adverse sustainability impacts (disclosure pursuant to Article 4 SFDR)**

In order to promote sustainable investments, Article 4 SFDR contains the obligation to disclose information on the consideration of the principal adverse sustainability impacts in the course of Portfolio Management. The approach applied by ODDO BHF Trust GmbH is explained in more detail below.

#### **1. Summary**

This statement issued by ODDO BHF Trust GmbH (LEI: 529900JTX500P0G5A152) in its function as financial market participant serves to fulfil the obligation to disclose the approach taken by ODDO BHF Trust GmbH in taking into account the principal adverse sustainability impacts of investment decisions as provided for in Article 4 SFDR. It applies to all portfolios managed by ODDO BHF Trust GmbH within the scope of Portfolio Management (financial products as defined by the SFDR).

ODDO BHF Trust GmbH takes into account the principal adverse impacts (hereinafter also: "PAI") of its investment decisions on sustainability factors since 30 June 2021 (for details, see the statements below). In the context of future declarations, ODDO BHF Trust GmbH will also disclose these impacts in quantitative terms - in accordance with the respective applicable legal requirements.

ODDO BHF Trust GmbH takes into account the principal adverse impacts (hereinafter also: "PAI") of its investment decisions on sustainability factors since 30 June 2021 (for details, see the statements below). In the context of future declarations, ODDO BHF Trust GmbH will also disclose these impacts in quantitative terms - in accordance with the respective applicable legal requirements. It should be noted in particular that PAIs are taken into account as additional criteria in the context of the selection of financial instruments, but without PAIs necessarily always having a higher weighting than other aspects of decisive relevance in the context of investment decisions.

#### **2. Description of principal adverse sustainability impacts**

The investment decisions taken by ODDO BHF Trust GmbH in the context of Portfolio Management may have adverse impacts on the environment (e.g. climate, water, biodiversity) as well as on social and employee concerns, and may also be detrimental to the fight against corruption and bribery. Therefore, ODDO BHF Trust GmbH has a fundamental interest in fulfilling its responsibility as a portfolio manager and in helping to avoid such impacts in the context of its investment decisions.

The principal adverse effects will be reviewed by ODDO BHF Trust GmbH on a quarterly basis since 30 June 2021. Currently, ODDO BHF Trust GmbH estimates the principal adverse effects to be taken into account in investment decisions in course of Portfolio Management as follows:

- **Greenhouse gas emissions**

The companies in which investments are made within in course of Portfolio Management (hereinafter: "Portfolio Companies") produce greenhouse gas

emissions (within the meaning of Article 3 (1) of Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018).

- **Revenues in the field of fossil fuels**

Portfolio Companies may generate parts of their revenues in the fossil fuel sector, for example through the extraction or sale of thermal coal.

- **Revenues in the fields of weapons, gambling, pornography tobacco**

Portfolio Companies may generate part of their revenues from weapons, gambling, pornography or tobacco.

- **Non-compliance with the principles of the United Nation's Global Compact**

Portfolio Companies are subject to the risk of non-compliance with the minimum standards relating to human rights, labour law, environmental protection and anti-corruption in accordance with the principles of the United Nation's Global Compact.

- **Biodiversity**

Portfolio companies may operate in or near biodiversity-sensitive areas and/or become involved in controversies with serious or very serious adverse impacts on the environment.

ODDO BHF SE has taken various measures to manage the PAIs identified. ODDO BHF SE has established corresponding guidelines for the investment process in its Portfolio Management. The relevant guidelines for the investment universe relevant to Portfolio Management and the investment decisions made therein are made available to all portfolio managers and are continuously developed with them. The relevant components of the investment process form a sound basis for sustainability-oriented decisions within the selection process.

The relevant specifications take particular account of data from service providers specialising in sustainability analyses (currently MSCI ESG Research). On this basis, all investments are analysed in terms of their sustainability in the environmental, social and corporate governance areas as part of the **basic solutions of the classic portfolio management** of ODDO BHF Trust GmbH. An ESG approach specially developed by ODDO BHF Trust GmbH is used for individual securities or the respective overall portfolio, which serves to take into account the principal adverse effects of investment decisions on sustainability factors (at the same time it serves to include sustainability risks in investment decisions). This approach is essentially based on the following pillars:

- Application of exclusion criteria at the individual instrument level:
  - Sector exclusions: Companies with significant sales in the areas of weapons, gambling, pornography, tobacco and coal are excluded from investment. The question of when a turnover is to be considered significant is resolved on a sector-specific basis: for most sectors, a turnover share of more than 5% is currently considered significant, but for some sectors or subsectors of these sectors, other thresholds are in part considered decisive (for example, an investment in companies that generate turnover in the area of certain weapons is completely excluded; for other sectors, turnover shares greater than 5% are also possible).
  - Non-compliance with principles of the United Nations Global Compact: Companies that violate the principles of the United Nations Global Compact are excluded from investment.

- Biodiversity: exclusion of companies that claim to operate in or near biodiversity-sensitive areas and have been involved in controversies with serious or very serious adverse environmental impacts.
- Poor sustainability ratings: Companies and sovereigns with poor sustainability ratings are excluded from investment (according to MSCI ESG Research methodology: "B" sustainability rating or worse).
- Ensure achievement of specific targets at the overall portfolio level:
  - A sustainability rating of at least "A" according to MSCI ESG Research at the level of the overall portfolio is targeted.
  - A sustainability rating shall be available for at least 90% of the portfolio positions (measured by market value).
  - The minimum share of sustainable investments shall be 4% and the minimum share of environmentally sustainable investments shall be 0.5%.
  - At the level of the individual instruments and the overall portfolio, carbon dioxide emissions (CO<sub>2</sub>) are considered. The goal is for the portfolio to have lower CO<sub>2</sub> emissions than the overall market (represented by the MSCI All Country World Index).

The sustainability criteria are, in principle (to the extent that corresponding data are available) also to be applied to indirect investments (e.g. funds, certificates). In this context, the above criteria - modified accordingly - apply to indirect investments consolidated at the level of the respective investment instrument.

Within the scope of the **Individual Portfolio Management Solutions** of ODDO BHF Trust GmbH, the same ESG approach as for the basic Solutions of classic Portfolio Management is applied in principle. In addition, the investment guidelines of Individual Portfolio Management Solutions may - depending on the client's wishes - provide for other ESG criteria.

In perspective, ODDO BHF Trust GmbH will continue to develop its approach, whereby it is significantly dependent on corresponding data and their quality. Beyond that, ODDO BHF Trust GmbH is currently in the process of closely reviewing the data situation. More specifically, it is evaluating the capabilities of the EU Sustainable Finance Module the newly established module by its data provider, MSCI ESG Research, which covers more than 10,000 companies. This module includes datasets aimed at enabling users to consider adverse impacts of investment decisions on sustainability factors in line with SFDR requirements (in particular, the MSCI SFDR Adverse Impact Metrics, which includes a set of issuer-level data points on negative sustainability indicators). ODDO BHF Trust GmbH's data provider (MSCI ESG Research) plans to continuously enhance the EU Sustainable Finance Module, and, in particular, envisages to provide additional content, information delivery mechanisms and reporting options, including: additional negative sustainability indicators (including for sovereigns) and expanded coverage for different asset classes, funds and indices.

Against this backdrop ODDO BHF Trust GmbH intends to further improve its internal policies and measures to address adverse impacts of investment decisions on sustainability factors based on the available data available to a greater extent.

Finally, it should be noted that ODDO BHF Trust GmbH always makes investment decisions in the best interests of its clients in course of Portfolio Management, which means that PAIs are taken into account as additional criteria alongside other factors relevant to the decision. This means in particular that PAIs are not necessarily given greater weight than other decision-relevant factors in every case.

### **3. Description of guidelines for identifying and prioritising the principal adverse sustainability impacts**

ODDO BHF Trust GmbH takes a holistic approach to sustainability issues, which is anchored in various guidelines and procedures. ODDO BHF Trust GmbH's sustainability strategy describes the relevant principles, sets out requirements and defines responsibilities to be observed in connection with sustainability issues (including reporting, the use of ESG ratings, dealing with reputational risks and other aspects relevant when considering ESG requirements). In particular, it sets out criteria for identifying and prioritising the principal adverse sustainability impacts.

### **4. Engagement policy**

In its function as portfolio manager, ODDO BHF Trust GmbH does not exercise any shareholder rights. It monitors the important affairs of the Portfolio Companies by taking note of the Portfolio Companies' statutory publication, disclosure and announcement obligations and exchanges views with the portfolio companies' executive bodies and stakeholders within the framework of telephone conferences, investment congresses and company meetings. In addition to this fundamental economic exchange of opinions, direct contact can also be established with Portfolio Companies to address questions on sustainability issues in order to fulfil its ecological, social and economic responsibility. There is no cooperation with other shareholders.

### **5. References to international standards**

ODDO BHF Trust GmbH bases its due diligence and reporting obligations on internationally recognised principles for sustainable business and banking activities. An example of this are the principles of the United Nations' Global Compact.