



SHAREHOLDER ENGAGEMENT POLICY

WRITTEN IN MAY 2020



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Introduction

In accordance with article R 533-16-I of the French Monetary and Financial Code, ODDO BHF Asset Management SAS has prepared a shareholder engagement policy as referred to in article L 533-22 of said code. The policy applies to all the portfolios managed by the asset management company in the form of UCITS, AIF or investment management mandates. It is revised by the asset management company as and when needed.

Process for monitoring a company's strategy, financial and non-financial performances, risks, capital structure, social & environmental impact and governance

ODDO BHF Asset Management SAS's responsible investor policy is based on an investment philosophy that is long-term and driven by strong convictions. Alongside more traditional financial analysis, we ensure that the ESG criteria of most importance to investors are factored in when analysing and assessing issuers.

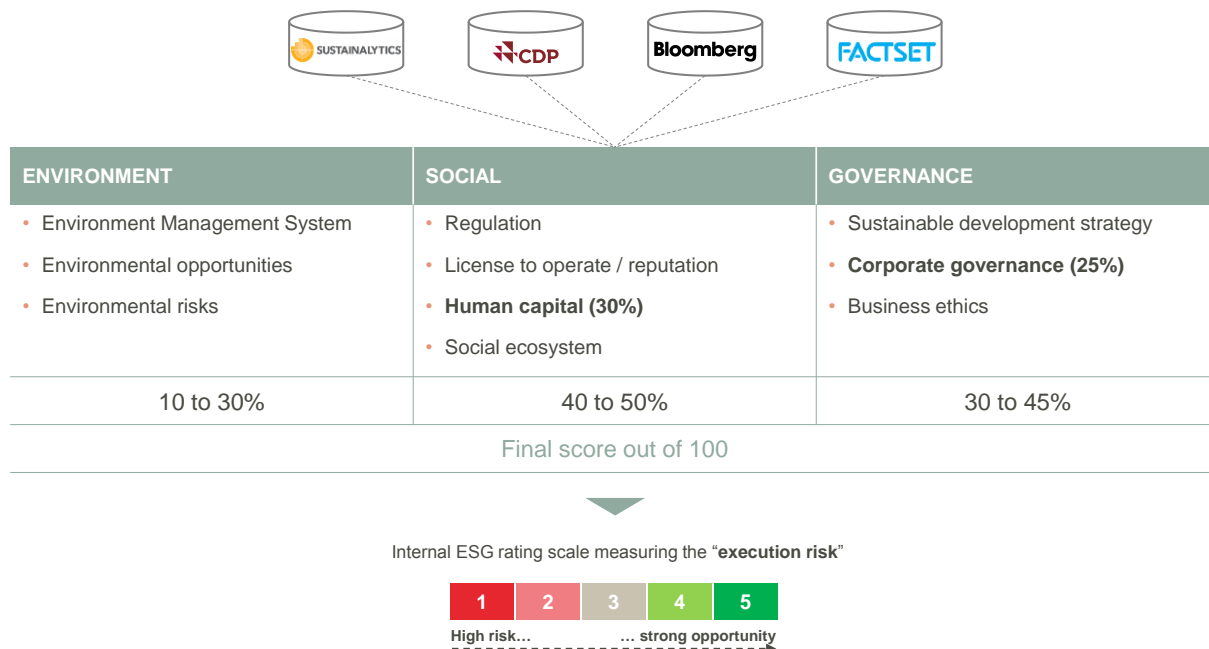
Process for monitoring issuers

Our internal ESG analysis platform is available to all our fund management teams; it enables us to apply our ESG integration policy first and foremost with a view to influencing portfolio construction. We thus achieve both aims of producing the most comprehensive and holistic analysis possible of long-term risks and opportunities, and delivering lasting financial performance for our clients.

Our ESG analysis model is based on 10 themes and 42 criteria and distinguishes between companies according to their sector (GICS classification Level 2 with 24 industry groups) and shareholder structure (non-controlled, controlled, family-owned). The weightings assigned to each of the Environmental, Social and Governance modules are established for each sector based on our materiality matrix depending on long-term risks and opportunities. Corporate governance (an analysis of supervisory bodies, part of the Governance module) and human capital (an analysis of operational implementation of the strategy, part of the Social module) are priority themes in our methodology and account for respectively 25% and 30% of our analysis model irrespective of the sector or size of the company. They enable us to take a long-term approach to assessing a company's ability to deliver on its strategy and official targets.



Structure of the ESG research model and internal rating scale



Source: ODDO BHF Asset Management SAS

ODDO BHF Asset Management SAS uses the following sources of data for its internal analysis model: direct company contacts and company reports, external providers of raw financial and non-financial data (Bloomberg, FactSet) and external providers of ESG research (Sustainalytics, CDP, ISS).

By 31 December 2019, about 600 issuers had been analysed and rated by our internal model and 51% of the assets managed by ODDO BHF Asset Management SAS had ESG criteria incorporated into their investment process.

Process for monitoring social and environmental impact

In accordance with international conventions and treaties, ODDO BHF Asset Management SAS systematically excludes from all its funds any company involved in developing, manufacturing and/or distributing weapons deemed controversial.

The scope that is excluded covers:

- chemical weapons as defined in the Chemical Weapons Convention ratified in Paris in 1993;
- anti-personnel mines as defined in the Ottawa Treaty in 1999;
- cluster munitions as defined in the Oslo Convention in 2008.

In 2019, ODDO BHF Asset Management SAS also established a formal sector exclusion policy applied to funds that incorporate ESG criteria into their investment process. These exclusions refer to some or all of the following sectors, depending on the fund management strategy applied: coal, tobacco, alcohol, nuclear, gambling, conventional weapons, pornography, GMOs and pesticides, shale gas and tar sands.

You can find our full exclusion policy on our website at:

https://www.am.oddo-bhf.com/france/en/investisseur_professionnel/ad/expertises_de_gestion/1008/investissement_durable_esg/1016

In addition, our controversy analysis process (industrial accidents, pollution, corruption charges, anti-competitive practices, product safety, supply chain management, etc.), based on information from our external ESG data provider Sustainalytics, is incorporated into our analysis model and has a direct impact on the final ESG score assigned to each company.

Last of all, for the purpose of monitoring and managing environmental impacts, ODDO BHF Asset Management SAS has built a three-pronged climate strategy for the funds that incorporate ESG criteria into their investment process:

- an analysis of the alignment of our portfolios (in terms of environmental risks and opportunities) with long-term climate scenarios;
- a policy of active dialogue and engagement on environmental matters;
- a policy that systematically excludes coal.

You can find our full climate strategy on our website at:

https://www.am.oddo-bhf.com/france/en/investisseur_professionnel/ad/expertises_de_gestion/1008/investissement_durable_esg/1016



Dialogue with companies held in our portfolios

ODDO BHF Asset Management SAS considers dialogue and engagement to be an important component of its responsibility as an investor towards its clients. Our approach aims above all at improving business practices and transparency on environmental, social and governance issues at the companies in which we invest. It is not a matter of shareholder activism but of engaging with companies when necessary and handling cases individually. We are convinced that efforts to make progress on non-financial issues can create long-term value for all stakeholders.

Our approach

The overall purpose of our policy of dialogue and engagement with companies is as follows:

- to use ESG analysis to gain a better understanding of the risks and opportunities inherent in the growth models of the sectors and companies in which portfolios managed by ODDO BHF Asset Management SAS are invested or might invest;
- to substantiate or disprove our analysis of the quality of a company's management based on its track record of handling ESG issues;
- to obtain information over and above that included in a company's financial statements by examining ESG issues;
- to suggest scope for improvement on any non-financial issues identified so that we can assist companies with their sustainable development strategies.

In addition to the regular meetings organised between our fund management teams and companies, ODDO BHF Asset Management SAS has held interviews dedicated specifically to ESG matters. Besides maintaining regular dialogue, we also promote individual and collaborative engagement with companies when we believe they face significant ESG risks and issues.

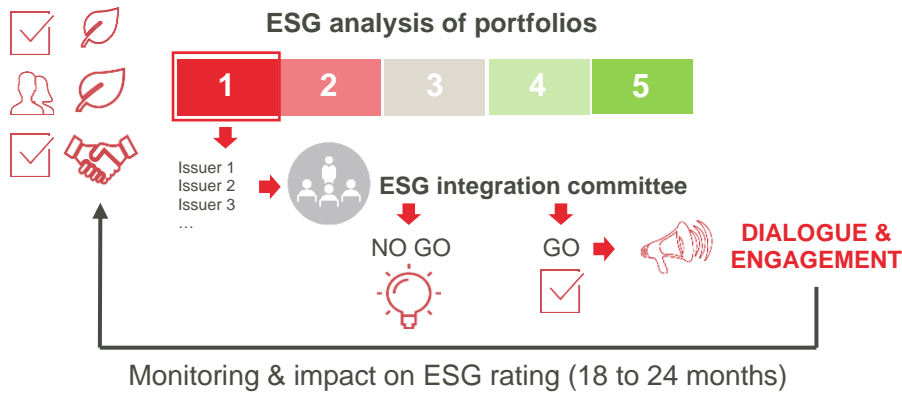
This engagement policy is applied by our ESG integration committee which meets quarterly and includes the Head of ESG Research, the Chief Investment Officer (CIO), fund managers from various teams and the Risk and Compliance Manager.

Individual engagement

The companies in question are those in which we have invested, whose ESG ratings include a high risk level (1 on a scale of 5) in our internal methodology, and/or which are involved in a serious controversy.

Our engagement process involves identifying and systematically establishing explicit areas in which we expect progress to be made, which enables us to monitor and assess any results achieved. Our approach is deemed successful if dialogue with an issuer leads to greater ESG transparency and/or an improvement in ESG practices within 18 to 24 months. If engagement is unsuccessful (with dialogue proving non-existent or unsatisfactory), our fund management teams may decide to exclude the issuer from the investment universe or, if an active position is already held, to divest it.

Engagement process



Source: ODDO BHF Asset Management SAS

Collaborative engagement

When it comes to transformative and cross-disciplinary matters of sustainable development, ODDO BHF Asset Management SAS considers collaborative engagement to be an effective means of obtaining concrete and measurable results within a reasonable timeframe. We are therefore involved in two international collaborative initiatives, one focusing on the energy transition and the other on gender equality within companies.



Exercising voting rights and other rights attached to shares

ODDO BHF Asset Management SAS believes that exercising voting rights is an integral part of its responsibility as a shareholder. Participating in AGMs helps us ensure that entrepreneurs' strategies, risk management and governance are creating value over the long term, which is a source of returns for their shareholders.

Exercise of voting rights: organisation

In deciding how to vote, ODDO BHF Asset Management SAS bases itself on a document entitled "Recommendations on Corporate Governance" (*Recommandations sur le Gouvernement de l'Entreprise*), published by the French Investment Management Association (AFG), of which it is a member, on the AFEP-MEDEF code, and on its commitments as a signatory of the United Nations Principles for Responsible Investment (UN PRI) with regard to environmental, social and governance issues.

Voting Scope

ODDO BHF Asset Management SAS votes at shareholder meetings of Euro-pean companies that are listed in the CAC All Tradable index of French stocks and the FTSE Eurofirst 300 index of European stocks, of which its stock-picking funds collectively hold a stake of more than 0.25%. It is true that in very rare cases the investment management company cannot vote for rea-sons of efficiency, costs and timeliness.

Moreover, ODDO BHF Asset Management SAS strives to vote at the meetings of all companies held in its portfolios that integrate ESG (environmental, so-cial and governance) criteria into their investment process.

Review of resolutions and voting instructions

In accordance with its voting principles, ODDO BHF Asset Management SAS calls on an external service provider, ISS, to review resolutions and help it de-cide how to vote.

The middle office is responsible for the operational implementation of the ex-ercising of voting rights.

Responsibility for votes

ISS's recommendations are submitted to the investment management teams, which make the final decision on how to vote.

How voting rights are exercised

In the vast majority of cases, voting is done by mail, i.e., on paper for French equities, by fax and Internet for European equities, and for the fund's depository and sub-custodians.

Online voting is being developed as secured voting progresses, depending on the country.

In some rare cases, the manager may wish to attend the AGM in person.

Voting policy principles

ODDO BHF Asset Management SAS draws a distinction in voting between non-controlled and/or family-held companies and controlled companies regarding the minimum number of independent directors, the number of times a director may be re-elected, and the length of their terms of office.

For controlled companies, special attention is paid to governance within the boards of directors. This helps forestall risks of conflicts of interest and protect minority shareholders.

When it intends to vote against a resolution, ODDO BHF Asset Management SAS strives to notify the company of its intentions prior to the AGM, especially in the case of controlled companies.

Approval of accounts and management

- Approval of parent company and consolidated accounts:

ODDO BHF Asset Management SAS generally votes in favour of resolutions with the exception of the following situations:

- if there are issues with the accounts, resulting in the refusal to certify them or if the external auditors express reservations; and;
- if the company does not answer shareholders' questions regarding specific information that must be disclosed publicly.

- Appointment of external auditors

We vote against the appointment of external auditors in the following cases:

- failure to comply with turnover at least once every 10 years (or 24 years if co-external auditors are involved), in accordance with European Directive 2014/56/EU on legally required audits of annual accounts and consolidated accounts;
- if there are serious doubts with regard to the accounts presented or the auditing procedures used;
- if the external auditors have been replaced without explanation;
- if their consulting fees are higher than auditing fees;
- if they may be considered to be affiliates of the company;
- substitute external auditors must not be affiliated with the main external auditor.



- Earnings distribution policy

ODDO BHF Asset Management SAS pays special attention to ensuring that the shareholder return policy is consistent with the company's strategy and long-term interests. We vote against paying out dividends that seem excessive with regard to the company's financial situation.

Likewise, we vote against dividend resolutions that do not include a cash payment option, unless company management can prove that such an option would undermine shareholder value.

- Approval of related-party agreements (France)

ODDO BHF Asset Management SAS votes against the approval of related-party agreements in the following cases:

- if the special report of the external auditors is not accessible at least 21 calendar days prior to the first announcement of the meeting date for all main companies;
- if the special report of the external auditors mentions an agreement between a non-executive director and the company for the provision of consulting services (including all professional services).

Board membership and operation

So that shareholders may exercise their voting rights in an informed manner, companies are asked to send them detailed and transparent disclosures sufficiently in advance of the AGM.

The principle of separating management and supervision is recommended, but combining the two roles may be a satisfactory option if the board has the resources to play its supervision and guidance roles.

Managers' and directors' compensation and fringe benefits should be of a level that aligns their interests with the company's long-term performance and the interests of long-term shareholders.

Lastly, ODDO BHF Asset Management SAS, depending on the company's size and geographical exposure, pays special attention to voting in the direction of a diversity of profiles on the board in terms of gender, nationality, age and expertise.

- Election of directors (background)

ODDO BHF Asset Management SAS votes against the election of a director in the following cases:

- if the director is not a shareholder of the company in an amount at least in line with his/her annual director's fees;
- if there have been suspicious transactions combined with conflicts of interests;
- if abuses have been discovered that run contrary to the interests of minority shareholders;
- if there are specific concerns regarding the person, such as criminal offenses or a violation of fiduciary responsibilities;
- if repeated absences from board meetings have not been explained.

- Independence

ODDO BHF Asset Management SAS reviews this criteria on a case-by-case basis in drawing a distinction between controlled companies and other companies. By “controlled” we mean a company having one shareholder or a group of core shareholders holding at least 30% of the voting rights and without whose approval no strategic deal is possible.

We nonetheless advocate a level of independence of at least 33% for controlled companies and 50% for non-controlled companies.

In accordance with AFG recommendations, to be considered independent, a director must not:

- be an employee or an executive director of the company or of a company belonging to its parent group, or have been one in the past five years;
- be an employee or executive director of a significant shareholder of the company or of a company belonging to its parent group;
- be an employee or executive director of a significant and usual commercial, banking or financial partner of the company or of companies belonging to its parent group;
- have been a company auditor within the five most recent years;
- have been a member of the company’s board of directors or the supervisory board for a period of more than the past 12 years.

- Term lengths

ODDO BHF Asset Management SAS reviews this criteria on a case-by-case basis in drawing a distinction between controlled companies and non-controlled ones. Even so, terms should preferably be no longer than four years.

- Board structure

We are not in favour of resolutions:

- on mandatory retirement age for directors, although no more than one third of the directors should be older than 75;
- that modify the board’s organisational set-up or size amidst a fight for control of the company or the board.

- Non-voting members

ODDO BHF Asset Management SAS believes that non-voting members should only be used in exceptional cases and that such use should be explained precisely (to manage a succession, for example) to shareholders prior to the AGM.

- Directors’ fees

ODDO BHF Asset Management SAS votes against the compensation of non-executive directors when:



- the size of the directors' fees is excessive compared to other companies in the same country or sector;
 - there are proposals for introducing pensions.
- Committees reporting to the board
ODDO BHF Asset Management SAS believes that one key factor in good corporate governance is the existence of an audit committee with a majority of non-executive directors and at least one third of whose members are independent.
We vote against the election or re-election of any director (including the chairman and CEO) who sits on the remuneration and/or audit committee.

Corporate actions

- Request to issue new shares
We are in favour of requests to issue new shares with pre-emptive rights in an amount of up to 100% of currently outstanding shares.
For issues of new shares without pre-emptive rights amounting to more than 5% of outstanding shares, ODDO BHF Asset Management SAS reviews each situation on a case-by-case basis.
- Authorised capital increases
ODDO BHF Asset Management SAS votes against a capital increase if:
 - it would leave the company with less than 30% of its new authorised capital in circulation after adjusting for all the proposed issues;
 - the proposals aim to approve unlimited authorisations of capital increases.

- Capital reductions

ODDO BHF Asset Management SAS votes against resolutions to reduce share capital if the conditions are unfavourable for minority shareholders.

- Share buyback plans

We vote against share buybacks if:

- they include no fail-safe measures against arbitrary or discretionary buybacks;
- they occur during a public offer, in which case this is considered an anti-takeover pill.

- Redistribution of shares held in treasury

ODDO BHF Asset Management SAS votes against this if there is obvious evidence of abuse of authority in the past.

- Fusions and acquisitions

ODDO BHF Asset Management SAS does not support resolutions authorising a merger or acquisition if:

- financing is not favourable;
- the company's structure after the deal would not reflect good corporate governance;
- the companies fail to provide sufficient information after a request that would allow shareholders to make an informed voting decision;
- there are concerns regarding the negotiation process that may have had a negative impact on evaluating the terms of the offer.

- Anti-takeover mechanisms

We oppose all anti-takeover proposals unless they are structured in such a way as to allow shareholders the final decision on any proposal or bid.

Executive compensation

- Approval on say-on-pay

ODDO BHF Asset Management SAS is in favour of the principle of say-on-pay for manager compensation.

We evaluate executive compensation packages in ensuring in particular:

- the transparency and clarity of information presented (amounts awarded, nature of quantitative and qualitative criteria, and to what degree targets have been reached);
- alignment with the company's medium- and long-term performance;



- moderation (when compared to peer companies and in accordance with shareholder return and the company's economic results);
- the independence of the compensation committee

Moreover, ODDO BHF Asset Management SAS is in favour of integrating extra-financial criteria into executive remuneration packages while ensuring that these are commensurate, transparent and easily quantifiable.

- Redundancy payments

We are not in favour of redundancy payments to executive directors in the following cases:

- dismissal for misconduct;
- a departure on the manager's own initiative;
- poor economic performances preceding the departure.

Likewise, ODDO BHF Asset Management SAS shall vote against the resolution if there is no mention of performance terms and minimum seniority.

- Awarding free or performance-based shares to managers

ODDO BHF Asset Management SAS believes that managers should also be shareholders, in order to align their interests with those of shareholders. We are therefore in favour of such mechanisms under the following conditions:

- the total amount of current plans does not exceed 10% of total outstanding shares, in order to limit dilution;
- the awards are based on the achievement of long-term performance targets (at least three years);
- Performance terms must be detailed in resolutions authorising such plans.

Other types of resolutions

- Changes in the articles of incorporation

Resolutions resulting in a change in articles of incorporation are reviewed on a case-by-case basis.

- Shareholder proposals

External resolutions are analysed case-by-case. Generally speaking, ODDO BHF Asset Management SAS opposes all proposals that would incur heavy costs with little or no benefits, to the detriment of minority shareholders.

- Environmental and social resolutions

Resolutions involving environmental and social issues are reviewed on a case-by-case basis with the goal of furthering the shareholders' long-term interests, and in accordance with our ESG commitments as signatories of the United Nations' Principles of Responsible Investment (PRI).

It should be noted that ODDO Asset Management SAS shall not be held liable for not exercising or only partially exercising voting rights because of delays, oversights or mistakes made in the provision or transmission of the necessary information or documents for these rights to be exercised.

Cooperation with other shareholders

ODDO BHF Asset Management SAS has participated in the Dialogue & Engagement Committee of the FIR (French Sustainable Investment Forum) for several years now. The purpose of this Committee is to back common positions on listed companies, either throughout the year or during general meetings, on various issues pertaining to their social and environmental responsibility.

In addition, we have been involved in the international collaborative initiative on climate "Climate Action 100+" since 2018; its purpose is to promote dialogue with the world's biggest emitters of greenhouse gases.

Communication with stakeholders

ODDO BHF Asset Management SAS regularly conducts market-wide discussions and is actively involved in certain working groups aimed at taking on board what the various stakeholders (investors, companies, regulators) expect from sustainable investment.

This approach helps to make our fund management teams aware of long-term issues and improves their grasp of all the financial and non-financial risks that companies face.

For instance, we maintain close ties with academia in the field of sustainable finance research as a sponsor and member of the jury for the "FIR-PRI Awards Finance & Sustainability European Academic Research"; we also support and participate in a number of climate initiatives (CDP, Climate Action 100+, TCFD).

Preventing and managing actual or potential conflicts of interest

ODDO BHF Asset Management SAS, a wholly owned subsidiary of ODDO BHF SCA, implements its own voting policy in accordance with current regulations.



A committee has been set up to manage any potential conflicts of interest. It is chaired by the asset management company's Risk and Compliance Manager and includes the company's Co-Chief Investment Officer, Head of ESG Research and the ODDO BHF Group's RCSI (investment services compliance officer).

However, conflict-of-interest situations may occur if:

- a ODDO BHF Asset Management SAS fund manager or a member of the Management Committee of ODDO BHF Asset Management SAS is a director of a listed company held by the funds;
- the investment management company's independence is not guaranteed with regard to the ODDO BHF group's other activities.

These potential conflicts of interest must be reported to ODDO BHF Asset Management SAS Compliance and submitted to the Committee. Conflict-of-interest situations are then reviewed by the committee chaired by the chief compliance officer of ODDO BHF Asset Management SAS, which reports them to the investment management firm's senior management.



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