ODDO BHF

Environmental and/ or social characteristics

Product name: Basic Solution of Classic Portfolio management
Legal Entity Identifier (LEI-CODE): 529900XLAZ15LYK8XK27

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Does this financial product have a sustainable investment objective?

●● ☐ Yes	●● ☒ No
☐ It will make a minimum of sustainable investments with an environmental objective: N/A % ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ It will make a minimum of **sustainable investments with a social objective:** N/A %	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 4% of sustainable investments ☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective ☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

WHAT ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS ARE PROMOTED BY THIS FINANCIAL PRODUCT?

This financial product integrates sustainability risks into the investment process by considering environmental, social and governance concerns as part of investment decisions; in addition, the principal adverse impacts on sustainability factors are taken into account. The implementation is carried out by the investment strategy described below, which is essentially based on the application of certain exclusion criteria at the individual security level as well as on ensuring the achievement of certain targets at the level of the respective overall portfolio.

Sustainability indicators measure how the environmental and social characteristics promoted by the financial product are attained.

WHAT SUSTAINABILITY INDICATORS ARE USED TO MEASURE THE ATTAINMENT OF EACH OF THE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS PROMOTED BY THIS FINANCIAL PRODUCT?

Currently, the extent to which the social or environmental characteristics promoted by the financial product are achieved is measured using the exclusion criteria and portfolio target values defined in the investment process (as described in more detail below). In particular, the following sustainability indicators (from Tables 1, 2 and 3 of Annex I of Delegated Regulation (EU) 2022/1288) are also taken into account:

- GHG intensity of investee companies [Indicator 3].
- Exposure to companies active in the fossil fuel sector [Indicator 4].
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons) [Indicator 14].
- Activities negatively impacting biodiversity-sensitive areas [Indicator 7].

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

WHAT ARE THE OBJECTIVES OF THE SUSTAINABLE INVESTMENTS THAT THE FINANCIAL PRODUCT PARTIALLY INTENDS TO MAKE AND HOW DOES THE SUSTAINBALE INVESTMENT CONTRIBUTE TO SUCH OBJECTIVES?

Within the framework of the financial product, a specific data point from MSCI ESG Research[1] is used to determine whether an investment is a sustainable investment (within the meaning of Article 2 No. 17 SFDR). The sustainable investments partially made in this respect pursue the objective of contributing to one or more of the environmental objectives set out in Article 9 SFDR (climate change mitigation, adaptation to climate change, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and reduction, protection and restoration of biodiversity and ecosystems).

HOW DO THE SUSTAINABLE INVESTMENTS THAT THE FINANCIAL PRODUCT PARTIALLY INTEDS TO MAKE, NOT CAUSE SIGNIFICANT HARM TO ANY ENVIRONEMNETAL OR SOCIAL SUSTAINABLE INVESTMENT OBJECTIVE?

The sustainable investments to be partially made with the financial product will respect the ESG exclusion criteria relevant to the financial product and take into account the principal adverse impacts on sustainability factors. The relevant exclusion criteria are designed to address a mix of different aspects, including compliance with the UNGC Principles, an overall ESG rating higher than B based on the MSCI ESG Rating and a restriction on turnover in critical sectors (weapons, pornography, gambling, tobacco, thermal coal (mining and power generation)).

HOW HAVE THE INDICATORS FOR ADVERSE IMPACTS ON SUSTAINABILITY FACTORS BEEN TAKEN INTO ACCOUNT?

In the context of the financial product, the following adverse impact indicators on sustainability factors from the Tables 1, 2 and 3 of Annex I of Delegated Regulation (EU) 2022/1288 are taken into account as indicated below:

- Biodiversity: exclusion of companies that claim to operate in or near biodiversity-sensitive areas and are involved in controversies with serious or very serious adverse environmental impacts.
- At the level of individual securities and the overall portfolio, a consideration of carbon dioxide emissions ($CO2$) is carried out. The objective of the portfolio will be to have lower $CO2$ emissions than the total market (based on turnover intensity).
- 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.
- Exclusion of companies involved in the production or sale of controversial weapons.

HOW ARE THE SUSTAINABLE INVESTMENTS ALIGNED WITH THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES AND THE UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS? DETAILS:

Within the framework of the financial product, sustainable investments will be made in accordance with the principles of the UN Global Compact. Due to poor data quality, the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights are currently not directly taken into account. However, individual aspects from the mentioned guidelines and guiding principles are taken into account indirectly (via the ESG ratings of MSCI ESG Research).

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.
The „do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.
Any other sustainable investments must also not significantly harm any environmental or social objectives.

[1] MSCI ESG Research LLC (hereinafter: "MSCI ESG Research") is the main provider of ESG related data used by ODDO BHF Trust GmbH.

DOES THIS FINANCIAL PRODUCT CONSIDER PRINCIPAL ANDVERSE IMPACTS ON SUSTAINABILITY FACTORS?

☒ Yes, for this financial product, the principal adverse impacts on sustainability factors are taken into account. However, not all sustainability indicators (from Tables 1, 2 and 3 of Annex I of the Delegated Regulation (EU) 2022/1288) are considered, only the following:

- GHG intensity of investee companies [Indicator 3].
- Exposure to companies active in the fossil fuel sector [Indicator 4].
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons) [Indicator 14].
- Activities negatively impacting biodiversity-sensitive areas [Indicator 7].

The manner in which these indicators are taken into account has already been described in more detail above.

☐ No

WHAT INVESTMENT STRATEGY DOES THIS FINANCIAL PRODUCT FOLLOW?

This financial product pursues an investment strategy that aims to implement a specific risk/reward profile. The aim is to achieve a performance that is oriented towards the development of the capital markets within the framework of the investment guidelines agreed with the respective client, in which the investment objectives, investment strategy and investment quotas as well as admissible investment instruments/classes are described that match the respective client profile. ODDO BHF Trust GmbH currently offers the following basic solutions of classic portfolio management, whereby it depends on the client-specific opportunity/risk profile and other characteristics of the respective client which basic solution of classic portfolio management is agreed with him:

- International Return Depot
- Total Return Depot
- International Return-Oriented Portfolio
- Foundation Portfolio
- Dynamic Total Return Portfolio
- International Equity / Bond Portfolio
- Dividend-Oriented Equity / Bond Portfolio
- Balanced Portfolio
- International Equity-Oriented Portfolio
- International Equity Portfolio
- Dividend oriented share deposit
- Multi-fund Portfolio – Defensive
- Multi-fund Portfolio – Balanced
- Multi-fund Portfolio – Dynamic

Depending on the relevant basic solution of classic portfolio management, the investment guidelines agreed with the respective client have different investment objectives, investment strategies and investment quotas as well as admissible investment instruments/classes.

An ESG-related investment strategy (as an integral part of the investment process) developed by ODDO BHF Trust GmbH is used specifically to fulfil the environmental or social characteristics promoted by this financial product. This strategy is essentially based on the application of certain exclusion criteria at the level of individual securities and on ensuring the achievement of certain targets at the level of the respective overall portfolio. This ESG-related investment strategy is applied to all basic solutions of classic portfolio management.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

WHAT ARE THE BINDING ELEMENTS OF THE INVESTMENT STRATEGY USED TO SELECT THE INVESTMENTS TO ATTAIN EACH OF THE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS PROMOTED BY THIS FINANCIAL PRODUCT?

Substantially, the elements of the investment strategy used to select investments to meet the advertised environmental or social objectives are as follows:

- Application of exclusion criteria at individual securities level:
    - Sector exclusions: Companies with significant turnover in weapons, gambling, pornography, tobacco and coal are excluded from investment. The question of when a turnover is to be considered significant is solved on a sector-specific basis: for most sectors, a turnover share of more than 5% is currently considered significant, but for some sectors or sub-sectors of these sectors, other thresholds are sometimes 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 the 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 countries with poor sustainability ratings are excluded from investment (according to MSCI ESG Research Methodology: "B" sustainability rating or worse).
- Ensuring the achievement of certain targets at the level of the overall portfolio:
    - 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 on the basis of the market value).
    - The minimum proportion of sustainable investments shall be 4% and the minimum proportion of environmentally sustainable investments 0.5%.
    - At the level of the individual securities and the overall portfolio, a consideration of carbon dioxide emissions (CO_2) is carried out. The aim is for the portfolio to have lower CO_2 emissions than the overall market (represented by the MSCI All Country World Index).

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

ODDO BHF Trust GmbH reserves the right to change the ESG-related investment strategy described above. This is an integral part of the investment process of ODDO BHF Trust GmbH, which is not the subject of a contractual agreement with the client.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance

WHAT IS THE COMMITED MINIMUM RATE TO REDUCE THE SCOPE OF THE INVESTMENTS CONSIDERED PRIOR TO THE APPLICATION OF THAT INVESTMENT STRATEGY?

ODDO BHF Trust GmbH takes non-financial criteria into account as part of its investment process through a selectivity approach that results in at least 20% of the MSCI All Country World Index universe being excluded. The approach described above reduces the scope of investments based on the applicable exclusion criteria and on the MSCI ESG rating carried out, which are allocated to the eligible issuers.

WHAT IS THE POLICY TO ASSESS GOOD GOVERNANCE PRACTICES OF THE INVESTEE COMPANIES?

The assessment of the good governance practices of the companies invested in, including sound management structures, employee relations, employee remuneration and tax compliance, is mainly carried out through the exclusion criteria "Non-compliance with principles of the United Nations Global Compact" and "Poor sustainability ratings" in the context of this financial product.

ODDO BHF

WHAT IS THE ASSET ALLOCATION PLANNED FOR THIS FINANCIAL PRODUCT?

The planned asset allocation depends on the relevant basic solution of classic portfolio management. In this respect, the following investment quotas are currently intended:

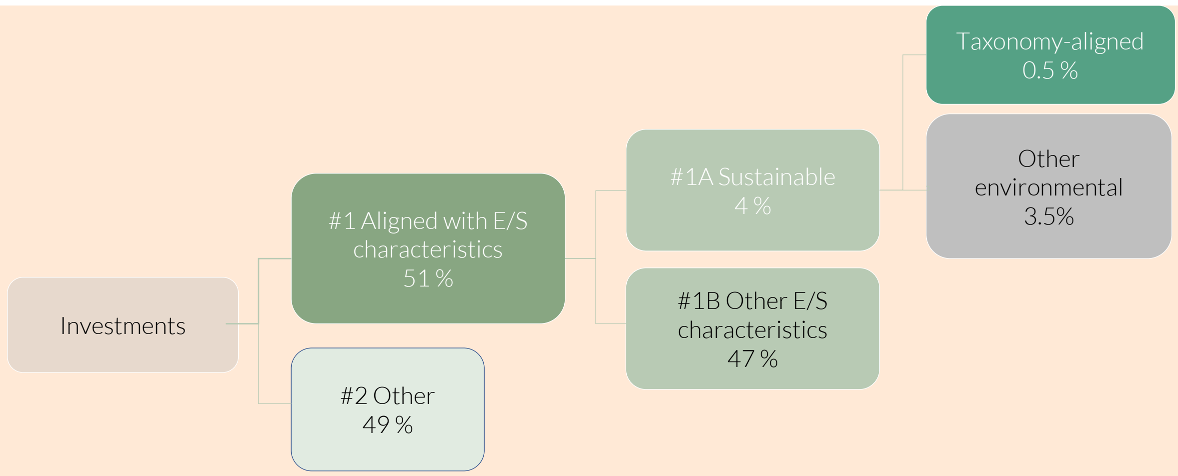
Basic solution	Liquidity	Bonds	Shares	Alternative investments
International Return Depot	0-50%	50-100%	0-25%	0%
Total Return Depot	0-100%	0-100%	0-40%	0-10%
International Return-Oriented Portfolio	0-35%	50-85%	15-45%	0%
Foundation Portfolio	0-100%	0-100%	0-45%	0%
Dynamic Total Return Portfolio	0-80%	0-80%	20-100%	0%
International Equity / Bond Portfolio	0-35%	30-65%	35-60%	0%
Dividend-Oriented Equity / Bond Portfolio	0-35%	30-65%	35-60%	0%
Balanced Portfolio	0-60%	0-60%	40-70%	0-10%
International Equity-Oriented Portfolio	0-50%	0-50%	50-100%	0%
International Equity Portfolio	0-30%	0%	70-100%	0%
Dividend oriented share deposit	0-30%	0-30%	70-100%	0%
Multi-fund Portfolio – Defensive	0-35%	50-85%	15-45%	0%
Multi-fund Portfolio – Balanced	0-35%	30-65%	35-60%	0%
Multi-fund Portfolio – Dynamic	0-50%	0-50%	50-100%	0%

The relevant minimum proportions of sustainable investments, environmentally sustainable investments and investments intended to be used to achieve the environmental or social characteristics promoted by the financial product can be found in the chart below.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.
The category **#1 Aligned with E/S characteristics** covers:
The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives
The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Note: The share of investments made to achieve the promoted environmental or social characteristics is shown as 51% in the chart above. It should be noted that the 51% share is a structural target value that will be sought to be achieved and maintained throughout the life cycle of the financial product. Under certain circumstances, however, it may be necessary to fall below the target value of 51% in order to safeguard the client's interest (accordingly, the share of other investments would then be above 49%). Such circumstances are, for example, special market situations such as market disruptions (e.g. extraordinary market movements or special situations on the home market), serious disruptions of the economic and political situation (e.g. wars, terrorist attacks or a sharp drop in stock market prices within a short period of time, so-called crash situation) or client portfolios in special phases of the life cycle (such as new client portfolios in the investment phase).

HOW DOES THE USE OF DERIVATIVES ATTAIN THE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS PROMOTED BY THE FINANCIAL PRODUCT?

The use of derivatives is only permitted in the basic solution "Dynamic Total Return Portfolio" of classic portfolio management: Derivatives are not actively used to improve the ESG orientation or to reduce the ESG risk, as no suitable data is available on derivatives.

TO WHAT MINIMUM EXTENT ARE SUSTAINABLE INVESTMENTS WITH AN ENVIRONMENTAL OBJECTIVE ALIGNED WITH THE EU TAXONOMY?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

DID THE FINANCIAL PRODUCT INVEST IN FOSSIL GAS AND/OR NUCLEAR ENERGY RELATED ACTIVITIES COMPLYING WITH THE EU TAXONOMY[2]?

☐ Yes

☐ In fossil Gas ☐ In nuclear energy

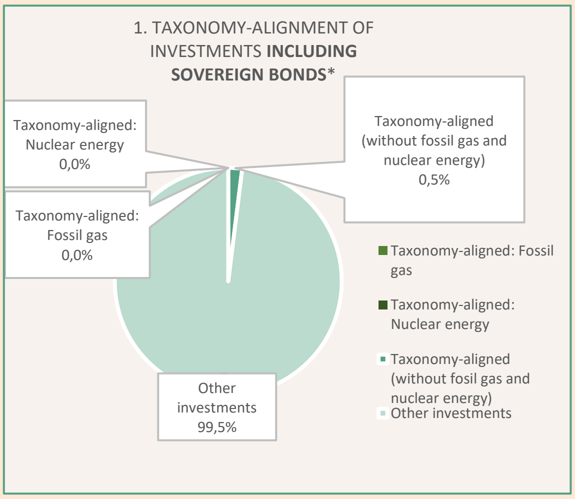
☒ No

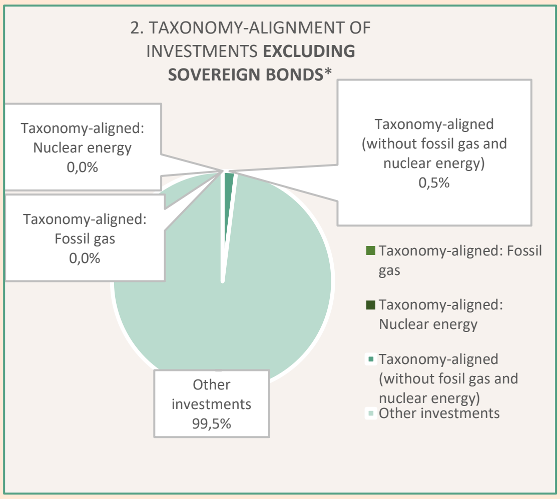
A minimum quota of activities related to fossil gases or nuclear energy that comply with the taxonomy is not provided for this financial product.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bons, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.





*For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures

[2] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

WHAT IS THE MINIMUM SHARE OF INVESTMENTS IN TRANSITIONAL AND ENABLING ACTIVITIES?

Due to unavailability of data at this stage, the share of investments that went into transitional and enabling activities cannot be reported.

WHAT IS THE MINIMUM SHARE OF SUSTAINABLE INVESTMENTS WITH AN ENVIRONMENTAL OBJECTIVE THAT ARE NOT ALIGNED WITH THE EU TAXONOMY?

The share of sustainable investments with an environmental objective is to be at least 3.5 %.

WHAT IS THE MINIMUM SHARE OF SOCIALLY SUSTAINABLE INVESTMENTS?

A minimum share of sustainable investments with social objectives does not exist, but investments with social objectives can be included in the financial product.

WHAT INVESTMENTS ARE INCLUDED UNDER „#2 OTHER", WHAT IS THEIR PURPOSE AND ARE THERE ANY MINIMUM ENVIRONMENTAL OR SOCIAL SAFEGUARDS?

The investments included under "#2 Other" may include - depending on the agreed investment guidelines - liquidity, derivatives, commodities and securities without an ESG rating:

- Liquidity: Liquidity is generally held in the form of bank deposits (in EUR); in addition, investments may also be made directly or indirectly in other short-term investment opportunities to manage the liquidity ratio. Liquidity is used, among others, to actively manage the investment ratios within the permissible ranges. No minimum social or environmental safeguards were taken into account.
- Derivatives/financial futures: The use of derivative instruments – to the extent permitted under the agreed investment guidelines – to hedge assets (so-called "hedging") can effectively reduce the risk of the investments made under the mandate. However, a further consequence of hedging is that the assets cannot participate, or can only to a limited extent, in any potentially positive performance. No minimum social or environmental safeguards were taken into account.
- Commodities: To the extent permitted by the agreed investment guidelines, the portfolio may include commodities. Commodities include in particular precious metals (e.g. gold), non-precious metals (e.g. copper), energy (e.g. oil) and agricultural commodities (e.g. wheat). The ODDO BHF Trust GmbH generally invests in gold in the form of gold certificates (ETCs). Gold is held as a hedge against inflation and to increase diversification in the portfolios. Xetra-Gold is a security that can be traded like a share. Xetra-Gold economically replicates the value of the commodity gold and in this way allows the investor to participate in the development of the gold price. No minimum social or environmental safeguards were taken into account.
- Securities without ESG rating: some instruments may – to the extent permitted under the agreed investment guidelines – not be covered by our current provider of sustainability data. No minimum social or environmental safeguards were taken into account.

WHERE CAN I FIND MORE PRODUCT SPECIFIC INFORMATION ONLINE?

MORE PRODUCT SPECIFIC INFORMATION CAN BE FOUND ON THE WEBSITE:

Further product-specific information can be found on the website at this link.