

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

### **I. Statement on principal adverse sustainability impacts of ODDO BHF SE as financial market participant (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 SE is explained in more detail below.

#### **1. Summary**

This statement issued by ODDO BHF SE (LEI: 529900XLAZ15LYK8XK27) in its function as financial market participant serves to fulfil the obligation to disclose the approach taken by ODDO BHF SE 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 SE within the scope of Portfolio Management (financial products as defined by the SFDR).

ODDO BHF SE 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 SE will also disclose these impacts in quantitative terms - in accordance with the respective applicable legal requirements.

As can be derived from the explanations below, ODDO BHF SE considers various types of adverse impacts when making investment decisions. 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 SE 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 SE 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 SE on a quarterly basis since 30 June 2021. Currently, ODDO BHF SE 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 or 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 environmental, social and corporate governance sustainability as part of Portfolio Management. An own ESG approach is used for individual financial instruments, which serves to take into account the most principal adverse impacts 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 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)

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.

In perspective, ODDO BHF SE will continue to develop its approach, whereby it is significantly dependent on corresponding data and its quality. Beyond that, ODDO BHF SE is currently in the process of closely reviewing the data situation and to tap into a more comprehensive supply of relevant data.

Against this backdrop ODDO BHF SE 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 in a greater extent.

Finally, it should be noted that ODDO BHF SE 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. References to international standards**

Die ODDO BHF SE 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 Nation's Global Compact.

## **II. Statement on principal adverse sustainability impacts in ODDO BHF SE's function as financial advisor (disclosure pursuant to Article 4 SFDR)**

ODDO BHF SE does currently not consider principal adverse sustainability impacts in its Investment Advice. ODDO BHF SE is monitoring current regulatory developments and clarification of open legal issues. In the future, ODDO BHF SE intends to take into account adverse sustainability impacts in course of Investment advice.