



# REPORT ON SHAREHOLDER ENGAGEMENT POLICY IN 2020



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*Completed to be written on February 20, 2021*

In the framework of its responsible investor policy, ODDO BHF Asset Management SAS considers that the exercise of voting rights is an integral part of its responsibility as a shareholder. Its attendance of annual general meetings ensures that companies, through their strategy, risk management and governance, create long-term value, a source of performance for their shareholders.



## Reminder of the principles of the voting policy

To determine its votes, ODDO BHF Asset Management SAS uses the “Recommendations on Corporate Governance” drawn up by the AFG (French investment management association), of which it is a member, and the Afep-Medef code, and takes into consideration its commitments as a signatory to the PRI (United Nations Principles for Responsible Investment) regarding environmental, social and governance criteria.

As a general rule, ODDO BHF Asset Management SAS votes above a holding threshold of 0.25% of the equity capital of European companies held jointly by all its portfolios, and systematically for all companies in portfolios incorporating ESG criteria in the investment process.

On the basis of its voting principles, ODDO BHF Asset Management SAS uses the services of an external provider, ISS, to analyse resolutions and the outcome of votes. ISS’ recommendations are submitted to fund management teams, who take the final voting decision.

Lastly, a committee has been created to manage any conflicts of interest. It is chaired by the Compliance and Internal Control Officer of ODDO BHF Asset Management SAS and comprises the company’s co-CIO and the ODDO BHF Group’s Investment Services Compliance Officer.

## Exercise of voting rights in 2020

In accordance with the provisions of article 319-22 of the General Regulation of the French financial markets authority (AMF), ODDO BHF Asset Management SAS sets out in this report the conditions in which it exercised its voting rights in 2020 at the AGMs of companies held by portfolios it manages.

### 1. General voting statistics

#### *Votes at AGMs*

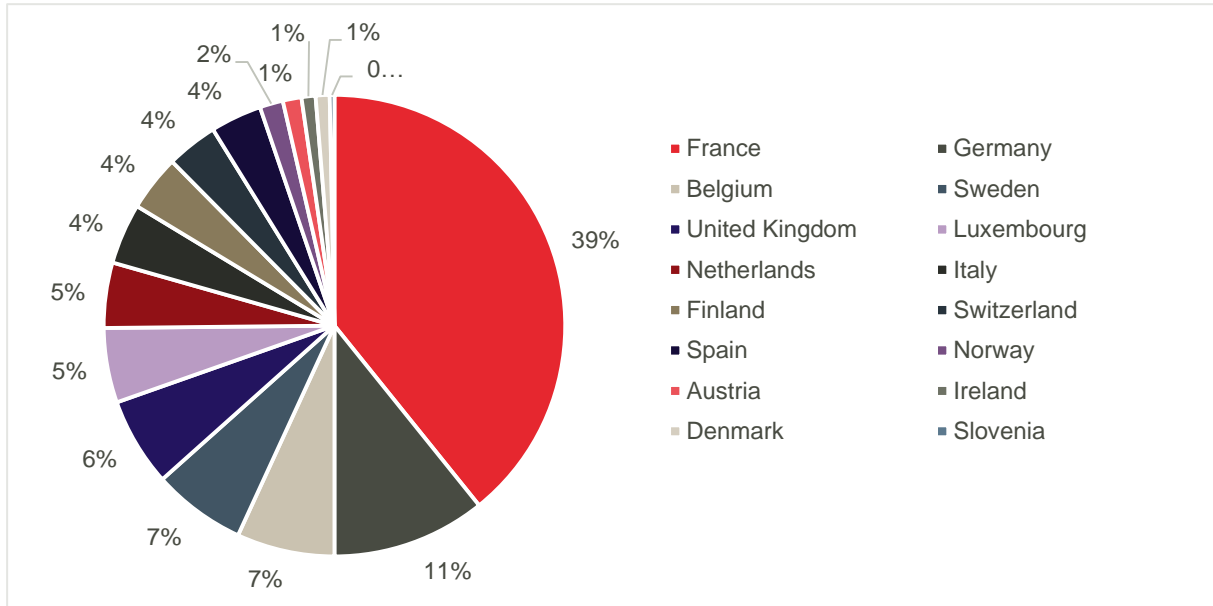
In 2020, ODDO BHF Asset Management SAS voted at the AGMs of **306 listed European companies**, representing 5171 resolutions. The number of companies in which ODDO BHF Asset Management SAS had voting rights and for which it could have exercised its rights over this period was 310. Consequently, its participation rate at the AGMs of portfolio companies was **98.7%**.

From a geographical perspective, France represented 39% of AGMs voted at in 2020, ahead of Germany (11%), the Belgium (7%) and Sweden (7%).

The participation rate was 100% in all countries where ODDO BHF Asset Management SAS voted at AGMs, with the exception of Denmark (75%), Spain (92%), and Switzerland (85%).

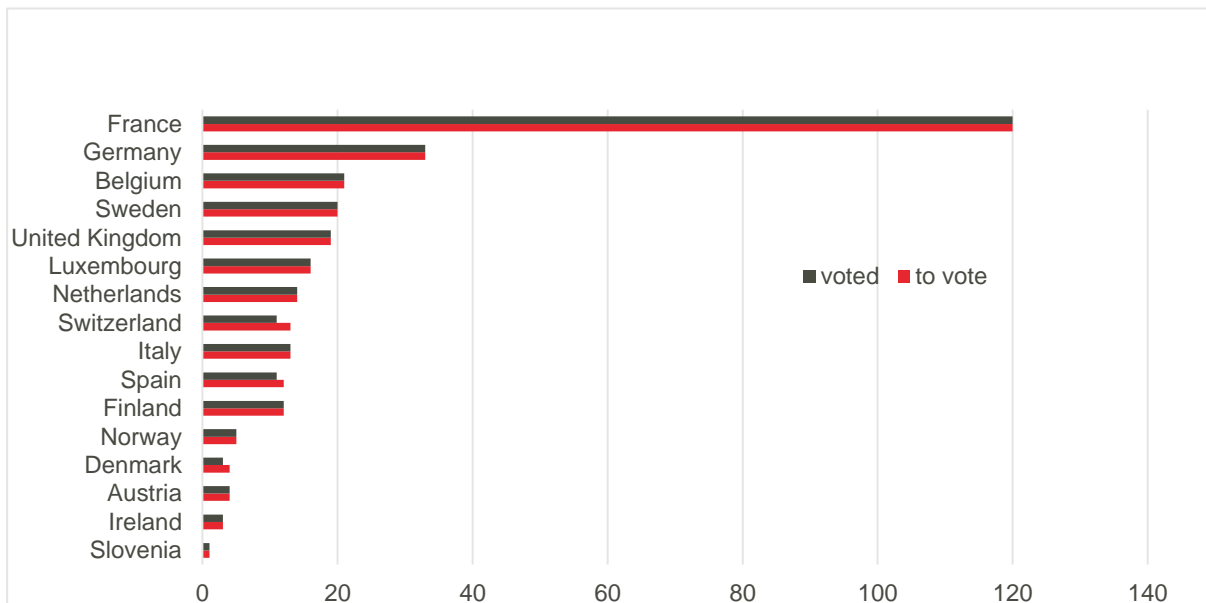


### Geographical breakdown of votes at AGMs in 2020



Sources: ISS, ODDO BHF Asset Management SAS, 31/12/2020

### Gap between potential and voted AGMs

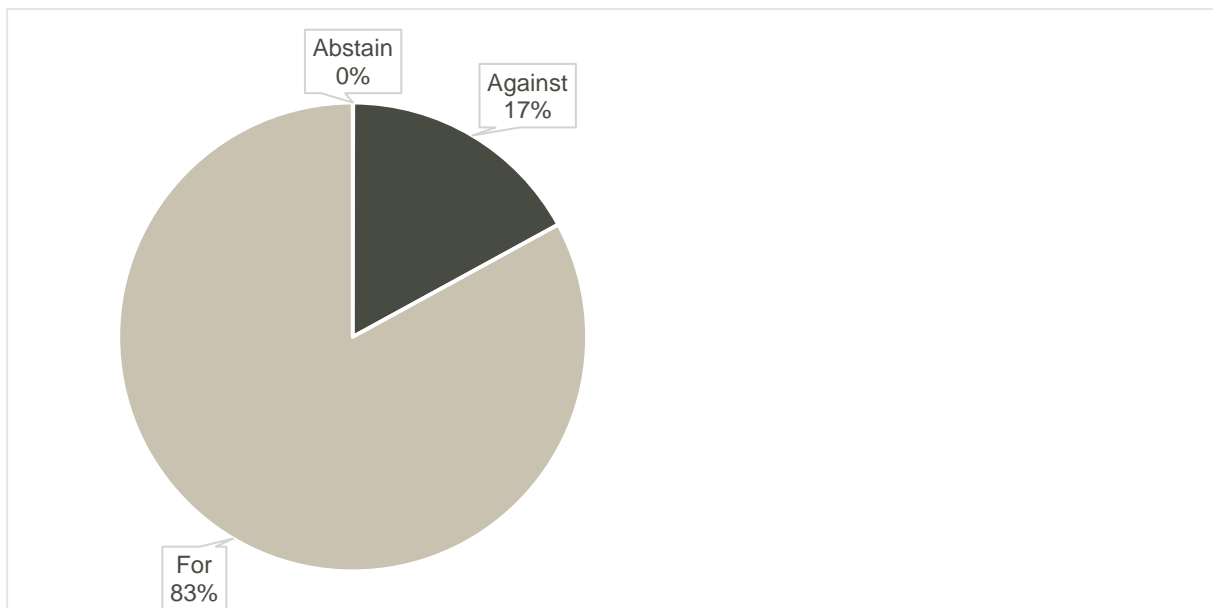


Sources: ISS, ODDO BHF Asset Management SAS, 31/12/2020

### Breakdown of votes by resolutions

Of the 5215 possible resolutions in 2020, ODDO BHF Asset Management SAS voted on 5171, representing a participation rate of 99.2%. Opposing votes represented 17%.

### Breakdown of votes by nature



Sources: ISS, ODDO BHF Asset Management SAS, 31/12/2020

### History of “for” and “against” votes

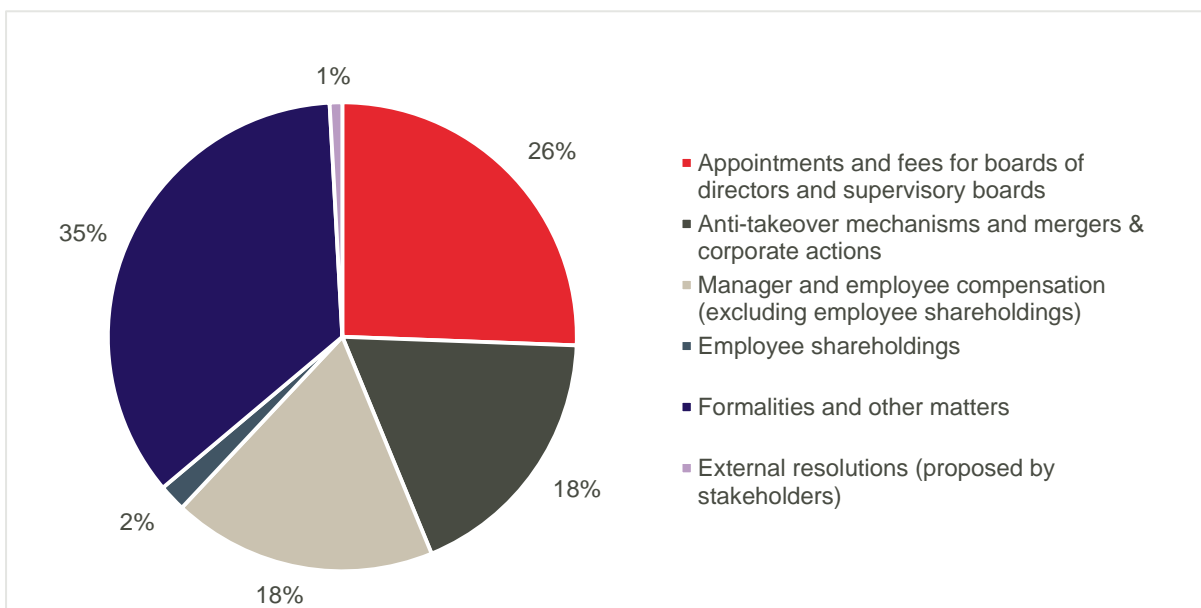
Year	Number of resolutions	% of "FOR" vote	% of "AGAINST" vote
2012	3143	90,10%	9,90%
2013	2963	89,35%	10,18%
2014	6037	86,90%	13,07%
2015	6244	85,14%	14,78%
2016	6499	85,13%	14,61%
2017	6582	82,98%	16,96%
2018	6679	84,00%	16,00%
2019	4413	79,15%	20,78%
2020	5171	82,96%	16,99%

Source: ODDO BHF Asset Management SAS, 31/12/2020



Broken down by category, 35% of our votes in the 2020 financial year involved formalities and similar matters (approval of accounts, amendments to articles of incorporation, and external auditor appointment and compensation); 26% involved appointments and fees for boards of directors or supervisory boards; 18%, anti-takeover mechanisms, and mergers & corporate actions; and 18%, manager and employee compensation.

### Breakdown of resolutions voted on by category



Sources: ISS, ODDO BHF Asset Management SAS, 31/12/2020



The approval rate of resolutions varied from 60% to 97% depending on the geographical origin of companies whose AGMs were attended by ODDO BHF Asset Management SAS.

#### Geographical breakdown of votes “for”

Country	Number of companies	% of "for" votes
Austria	4	70%
Belgium	13	83%
Denmark	3	91%
Finland	12	93%
France	108	78%
Germany	32	87%
Ireland	3	97%
Italy	11	68%
Luxembourg	9	91%
Netherlands	13	94%
Norway	5	74%
Slovenia	1	60%
Spain	10	93%
Sweden	17	90%
Switzerland	6	95%
United Kingdom	15	95%

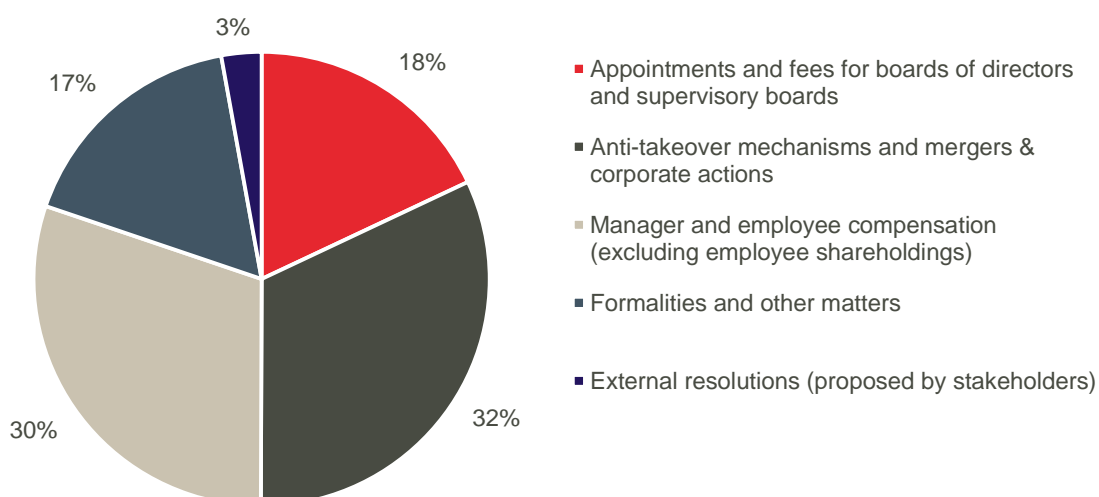
Sources: ISS, ODDO BHF Asset Management SAS, 31/12/2020



## 2. Analysis of opposing votes

In 2020, ODDO BHF Asset Management SAS opposed 879 resolutions. The majority of opposing votes in 2020 were concentrated on financial operations and mergers (32%), management remuneration (30%), and the appointment and attendance fees of directors (18%).

### Breakdown of opposing votes by category



Sources: ISS, ODDO BHF Asset Management SAS, 31/12/2020

As a reminder, our voting policy pays particular attention to these three subjects.

- Management remuneration: we assess the structure of remuneration, with a particular focus on the transparency and readability of information presented, and its alignment with the company's medium- and long-term performance.
- Financial operations and mergers: ODDO BHF Asset Management SAS does not back resolutions authorising a merger or acquisition if the financing is not favourable, if the company's structure following the operation does not reflect good governance and if there are concerns that the negotiation process could have had a negative impact on the assessment of the offer terms.
- Nomination and attendance fees of directors: we are watchful that boards of directors or supervisory boards respect a minimum independence rate (50% for non-controlled companies and 33% for controlled companies) and demonstrate efforts to improve diversity and that directors do not accumulate too many mandates.

Below are some examples of general meetings held during the course of 2020 at which we did not follow the recommendations issued by management.

### **Talenom Oyj (Finland) - Consulting services**

#### **Directors Remuneration**

We generally recommend a vote for proposals to award cash fees to non-executive directors, but we could recommend a vote against if the amount is excessive relative to other companies in the country or industry. During the general meeting held on 25 February 2020, we voted against the resolution relating to the remuneration of the board of directors. Indeed, the company's remuneration for the chairman of the board has already been higher compared to the industry peers in the past several years. As consequence, we considered excessive the proposal to increase the fees by 20%, since no clear rationale in support of the proposal was provided.

### **Unibail-Rodamco-Westfield (France) – Real Estate**

#### **Corporate actions and External resolutions**

In September 2020, the company proposed its RESET plan to strengthen the company's financing situation. The plan included the capital rise of EUR 3.5 billion, proposed to shareholders' approval during the general meeting held on 10 November 2020. We aligned with the consortium of leading European investors formed to prevent the rights issue and refocus the business on its prime European portfolio. On 10th November 2020, we voted to reject the capital increase and to approve the shareholder resolution aiming to appoint all three consortium nominees to the Supervisory Board. We didn't agree with the substantial capital raising, not considered as an urgent need for the company and we looked for more transparency on the board's role in overseeing management. Our votes reflected the need for a corporate governance in accordance with the very best international standards, pursuing a clear strategy with an entrepreneurial mindset, while also ensuring a strong financial position and balance sheet.



## TOTAL (France) – Oil, Gas and Consumable fuels

### Environmental resolution

ODDO BHF Asset Management reviews all resolutions involving environmental and social issues on a case-by-case, 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). Total SA made new announcements on 5 May 2020 on its strategy to reduce its carbon emissions. However, given the lack of intermediate targets for absolute reduction of GHG emissions, and the lack of indications on future capex plans to align the production mix with the 2°C objective, those commitments did not ensure the proper implementation of its objectives. In the General Meeting held on 29 May 2020, we voted for the shareholder resolution aiming to introduce information related to an effective reduction on GHG emissions in the company's strategy, in order to align its activities with the goal of the Paris Climate Agreement. Voting in favor of the shareholder resolution and against the management, meant maintain pressure on the group to obtain more transparency and coherence on its environmental strategy.

## 3. Resolutions submitted by shareholders (not approved by the Board)

In 2020, ODDO BHF Asset Management SAS voted on 45 external resolutions submitted by shareholders, with 20 votes "For" and 25 votes "Against".

Most "against" votes were in relation to nominations of corporate officers.

## 4. Management of conflicts of interest

ODDO BHF Asset Management SAS did not encounter any conflicts of interest in relation to votes exercised in 2020.



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