

# EUROPEAN SRI TRANSPARENCY CODE

NOVEMBER 2019



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## Statement of commitment

ODDO BHF Asset Management's commitment to integrating ESG factors is part of a long tradition in our independent and family-owned group. Drawing on our long-standing expertise in corporate governance research, we have incorporated corporate social responsibility (CSR) standards into our DNA and investment capabilities since 2005.

We signed up to the Principles for Responsible Investment (PRI) back in 2010, and integrating ESG factors is perfectly in keeping with our investment philosophy based on strong convictions and a long-term view. Our approach factors in the material criteria of most importance to investors and aims above all to influence portfolio construction.

This is our first statement of commitment and covers the period from December 2018 to November 2019.

ODDO BHF Asset Management is a member of the asset management associations in France (AFG) and Germany (BVI) as well as the social investment forums in France (FIR) and Germany (FNG). It adheres to the European transparency code (Transparent) and is committed to offering the utmost transparency as regards the integration of ESG factors.

The funds to which this transparency code applies are:

- ODDO BHF Avenir
- ODDO BHF Avenir Euro
- ODDO BHF Avenir Europe
- ODDO BHF Génération
- ODDO BHF Euro Corporate Bond
- ODDO BHF Algo Ethical Leaders
- ODDO BHF European Convertibles Moderate

*Completed on 10/22/2019*

# 1. List of funds to which this transparency code applies

## 1.1 ODDO BHF AVENIR

Fund name : ODDO BHF AVENIR					
Dominant and complementary strategy	Main asst class	Exclusions applied by the fund	Fund's AuM at 31/12/2018	Labels	Links to documents concerning the fund
<input type="checkbox"/> Best in class <input checked="" type="checkbox"/> Best in universe <input type="checkbox"/> Best effort <input type="checkbox"/> Exclusion <input type="checkbox"/> SRI Themes <input checked="" type="checkbox"/> Engagement	<input checked="" type="checkbox"/> French equities <input type="checkbox"/> Eurozone country equities <input type="checkbox"/> European Union equities <input type="checkbox"/> International equities <input type="checkbox"/> Euro-denominated bonds and other debt securities <input type="checkbox"/> International bonds and other debt securities <input type="checkbox"/> Money markets <input type="checkbox"/> Money markets - short-term <input type="checkbox"/> Formula-based funds	<input checked="" type="checkbox"/> Alcohol <input type="checkbox"/> Weapons <input checked="" type="checkbox"/> Coal <input type="checkbox"/> Unconventional fossil fuels <input type="checkbox"/> Global Compact <input checked="" type="checkbox"/> Tobacco <input checked="" type="checkbox"/> Gambling <input checked="" type="checkbox"/> Nuclear	€788m	<input type="checkbox"/> SRI label <input type="checkbox"/> TEEC label <input type="checkbox"/> CIES label <input type="checkbox"/> LuxFLAG label <input type="checkbox"/> FNG label <input type="checkbox"/> Austrian label <input type="checkbox"/> Other (specify)	- KIID - Prospectus - Fund management report - Monthly reporting Please visit our website link indicated below.

To access the documents concerning the fund:

[https://am.oddo-bhf.com/france/en/non\\_professional\\_investor/fundspage](https://am.oddo-bhf.com/france/en/non_professional_investor/fundspage)

## 1.2 ODDO BHF AVENIR Euro

Fund name : ODDO BHF AVENIR Euro					
Dominant and complementary strategy	Main asst class	Exclusions applied by the fund	Fund's AuM at 31/12/2018	Labels	Links to documents concerning the fund
<input type="checkbox"/> Best in class <input checked="" type="checkbox"/> Best in universe <input type="checkbox"/> Best effort <input type="checkbox"/> Exclusion <input type="checkbox"/> SRI Themes <input checked="" type="checkbox"/> Engagement	<input type="checkbox"/> French equities <input checked="" type="checkbox"/> Eurozone country equities <input type="checkbox"/> European Union equities <input type="checkbox"/> International equities <input type="checkbox"/> Euro-denominated bonds and other debt securities <input type="checkbox"/> International bonds and other debt securities <input type="checkbox"/> Money markets <input type="checkbox"/> Money markets - short-term <input type="checkbox"/> Formula-based funds	<input checked="" type="checkbox"/> Alcohol <input type="checkbox"/> Weapons <input checked="" type="checkbox"/> Coal <input type="checkbox"/> Unconventional fossil fuels <input type="checkbox"/> Global Compact <input checked="" type="checkbox"/> Tobacco <input checked="" type="checkbox"/> Gambling <input checked="" type="checkbox"/> Nuclear	€495m	<input type="checkbox"/> SRI label <input type="checkbox"/> TEEC label <input type="checkbox"/> CIES label <input type="checkbox"/> LuxFLAG label <input type="checkbox"/> FNG label <input type="checkbox"/> Austrian label <input type="checkbox"/> Other (specify)	- KIID - Prospectus - Fund management report - Monthly reporting Please visit our website link indicated below.

To access the documents concerning the fund:

[https://am.oddo-bhf.com/france/en/non\\_professional\\_investor/fundspage](https://am.oddo-bhf.com/france/en/non_professional_investor/fundspage)



### 1.3 ODDO BHF Avenir Europe

Fund name : ODDO BHF AVENIR Europe					
Dominant and complementary strategy	Main asst class	Exclusions applied by the fund	Fund's AuM at 31/12/2018	Labels	Links to documents concerning the fund
<input type="checkbox"/> Best in class <input checked="" type="checkbox"/> Best in universe <input type="checkbox"/> Best effort <input type="checkbox"/> Exclusion <input type="checkbox"/> SRI Themes <input checked="" type="checkbox"/> Engagement	<input type="checkbox"/> French equities <input type="checkbox"/> Eurozone country equities <input checked="" type="checkbox"/> European Union equities <input type="checkbox"/> International equities <input type="checkbox"/> Euro-denominated bonds and other debt securities <input type="checkbox"/> International bonds and other debt securities <input type="checkbox"/> Money markets <input type="checkbox"/> Money markets - short-term <input type="checkbox"/> Formula-based funds	<input checked="" type="checkbox"/> Alcohol <input type="checkbox"/> Weapons <input checked="" type="checkbox"/> Coal <input type="checkbox"/> Unconventional fossil fuels <input type="checkbox"/> Global Compact <input checked="" type="checkbox"/> Tobacco <input checked="" type="checkbox"/> Gambling <input checked="" type="checkbox"/> Nuclear	€2 688m	<input type="checkbox"/> SRI label <input type="checkbox"/> TEEC label <input type="checkbox"/> CIES label <input type="checkbox"/> LuxFLAG label <input type="checkbox"/> FNG label <input type="checkbox"/> Austrian label <input type="checkbox"/> Other (specify)	- KIID - Prospectus - Fund management report - Monthly reporting Please visit our website link indicated below.

To access the documents concerning the fund:

[https://am.oddo-bhf.com/france/en/non\\_professional\\_investor/fundspage](https://am.oddo-bhf.com/france/en/non_professional_investor/fundspage)

### 1.4 ODDO BHF Génération

Fund name : ODDO BHF Génération					
Dominant and complementary strategy	Main asst class	Exclusions applied by the fund	Fund's AuM at 31/12/2018	Labels	Links to documents concerning the fund
<input type="checkbox"/> Best in class <input checked="" type="checkbox"/> Best in universe <input type="checkbox"/> Best effort <input type="checkbox"/> Exclusion <input type="checkbox"/> SRI Themes <input checked="" type="checkbox"/> Engagement	<input type="checkbox"/> French equities <input checked="" type="checkbox"/> Eurozone country equities <input type="checkbox"/> European Union equities <input type="checkbox"/> International equities <input type="checkbox"/> Euro-denominated bonds and other debt securities <input type="checkbox"/> International bonds and other debt securities <input type="checkbox"/> Money markets <input type="checkbox"/> Money markets - short-term <input type="checkbox"/> Formula-based funds	<input type="checkbox"/> Alcohol <input type="checkbox"/> Weapons <input checked="" type="checkbox"/> Coal <input type="checkbox"/> Unconventional fossil fuels <input type="checkbox"/> Global Compact <input checked="" type="checkbox"/> Tobacco <input checked="" type="checkbox"/> Gambling <input checked="" type="checkbox"/> Nuclear	€705m	<input type="checkbox"/> SRI label <input type="checkbox"/> TEEC label <input type="checkbox"/> CIES label <input type="checkbox"/> LuxFLAG label <input type="checkbox"/> FNG label <input type="checkbox"/> Austrian label <input type="checkbox"/> Other (specify)	- KIID - Prospectus - Fund management report - Monthly reporting Please visit our website link indicated below.

To access the documents concerning the fund:

[https://am.oddo-bhf.com/france/en/non\\_professional\\_investor/fundspage](https://am.oddo-bhf.com/france/en/non_professional_investor/fundspage)

## 1.5 ODDO BHF Euro Corporate Bond

Fund name : ODDO BHF Euro Corporate Bond					
Dominant and complementary strategy	Main asst class	Exclusions applied by the fund	Fund's AuM at 31/12/2018	Labels	Links to documents concerning the fund
<input type="checkbox"/> Best in class <input checked="" type="checkbox"/> Best in universe <input type="checkbox"/> Best effort <input type="checkbox"/> Exclusion <input type="checkbox"/> SRI Themes <input checked="" type="checkbox"/> Engagement	<input type="checkbox"/> French equities <input type="checkbox"/> Eurozone country equities <input type="checkbox"/> European Union equities <input type="checkbox"/> International equities <input checked="" type="checkbox"/> Euro-denominated bonds and other debt securities <input type="checkbox"/> International bonds and other debt securities <input type="checkbox"/> Money markets <input type="checkbox"/> Money markets - short-term <input type="checkbox"/> Formula-based funds	<input type="checkbox"/> Alcohol <input checked="" type="checkbox"/> Weapons <input checked="" type="checkbox"/> Coal <input checked="" type="checkbox"/> Unconventional fossil fuels <input checked="" type="checkbox"/> Global Compact <input type="checkbox"/> Tobacco <input type="checkbox"/> Gambling <input checked="" type="checkbox"/> Nuclear	€283m	<input type="checkbox"/> SRI label <input type="checkbox"/> TEEC label <input type="checkbox"/> CIES label <input type="checkbox"/> LuxFLAG label <input type="checkbox"/> FNG label <input type="checkbox"/> Austrian label <input type="checkbox"/> Other (specify)	- KIID - Prospectus - Fund management report - Monthly reporting  Please visit our website link indicated below.

To access the documents concerning the fund:

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## 1.6 ODDO BHF Algo Ethical Leaders

Fund name : ODDO BHF Algo Ethical Leaders					
Dominant and complementary strategy	Main asst class	Exclusions applied by the fund	Fund's AuM at 31/12/2018	Labels	Links to documents concerning the fund
<input type="checkbox"/> Best in class <input checked="" type="checkbox"/> Best in universe <input type="checkbox"/> Best effort <input checked="" type="checkbox"/> Exclusion <input type="checkbox"/> SRI Themes <input type="checkbox"/> Engagement	<input type="checkbox"/> French equities <input type="checkbox"/> Eurozone country equities <input checked="" type="checkbox"/> European Union equities <input type="checkbox"/> International equities <input type="checkbox"/> Euro-denominated bonds and other debt securities <input type="checkbox"/> International bonds and other debt securities <input type="checkbox"/> Money markets <input type="checkbox"/> Money markets - short-term <input type="checkbox"/> Formula-based funds	<input checked="" type="checkbox"/> Alcohol <input checked="" type="checkbox"/> Weapons <input checked="" type="checkbox"/> Coal <input checked="" type="checkbox"/> Unconventional fossil fuels <input checked="" type="checkbox"/> Global Compact <input checked="" type="checkbox"/> Tobacco <input checked="" type="checkbox"/> Gambling <input checked="" type="checkbox"/> Nuclear	€18m	<input type="checkbox"/> SRI label <input type="checkbox"/> TEEC label <input type="checkbox"/> CIES label <input type="checkbox"/> LuxFLAG label <input type="checkbox"/> FNG label <input type="checkbox"/> Austrian label <input type="checkbox"/> Other (specify)	- KIID - Prospectus - Fund management report - Monthly reporting  Please visit our website link indicated below.

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## 1.7 ODDO BHF European Convertibles Moderate

Fund name : ODDO BHF European Convertibles Moderate					
Dominant and complementary strategy	Main asst class	Exclusions applied by the fund	Fund's AuM at 31/12/2018	Labels	Links to documents concerning the fund
<input type="checkbox"/> Best in class <input checked="" type="checkbox"/> Best in universe <input type="checkbox"/> Best effort <input type="checkbox"/> Exclusion <input type="checkbox"/> SRI Themes <input checked="" type="checkbox"/> Engagement	<input type="checkbox"/> French equities <input type="checkbox"/> Eurozone country equities <input type="checkbox"/> European Union equities <input type="checkbox"/> International equities <input checked="" type="checkbox"/> Euro-denominated bonds and other debt securities <input type="checkbox"/> International bonds and other debt securities <input type="checkbox"/> Money markets <input type="checkbox"/> Money markets - short-term <input type="checkbox"/> Formula-based funds	<input type="checkbox"/> Alcohol <input type="checkbox"/> Weapons <input checked="" type="checkbox"/> Coal <input type="checkbox"/> Unconventional fossil fuels <input checked="" type="checkbox"/> Global Compact <input type="checkbox"/> Tobacco <input type="checkbox"/> Gambling <input type="checkbox"/> Nuclear	€110m	<input type="checkbox"/> SRI label <input type="checkbox"/> TEEC label <input type="checkbox"/> CIES label <input type="checkbox"/> LuxFLAG label <input type="checkbox"/> FNG label <input type="checkbox"/> Austrian label <input type="checkbox"/> Other (specify)	- KIID - Prospectus - Fund management report - Monthly reporting Please visit our website link indicated below.

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## 2. Basic details about the fund management company

### 2.1 Name of the fund management company managing the fund(s) to which this Code applies

ODDO BHF Asset Management SAS and ODDO BHF Asset Management GmbH, operating under the single brand name of ODDO BHF Asset Management and wholly owned subsidiaries of the independent Franco-German financial group ODDO BHF, are the asset management companies managing the funds to which the present transparency code applies.

#### **ODDO BHF Asset Management SAS**

12, boulevard de la Madeleine  
75009 Paris  
FRANCE

#### **ODDO BHF Asset Management GmbH**

Herzogstraße 15  
40217 Düsseldorf  
GERMANY

The other ODDO BHF AM brand management companies (ODDO BHF AM Private Equity, ODDO BHF AM Luxembourg) are not affected by this transparency code.

Contact person for issues with regard to sustainability:

Nicolas Jacob, Head of ESG Research

[nicolas.jacob@oddo-bhf.com](mailto:nicolas.jacob@oddo-bhf.com)

+33 (1) 44 51 87 13

[www.am.oddo-bhf.com](http://www.am.oddo-bhf.com)

### 2.2 What are the fund management company's background and principles with respect to its responsible investor policy?

ODDO BHF Asset Management SAS and GmbH's commitment to the integration of ESG criteria is rooted in the long-term focus of its business as the asset management subsidiaries of an independent financial group with origins dating back to 1849 and a stable and long-term shareholding structure: 60% for the Oddo family, 30% for employees and 10% for others as at 31 December 2018. So the requirements of Corporate Social Responsibility are an essential part of the group's DNA.

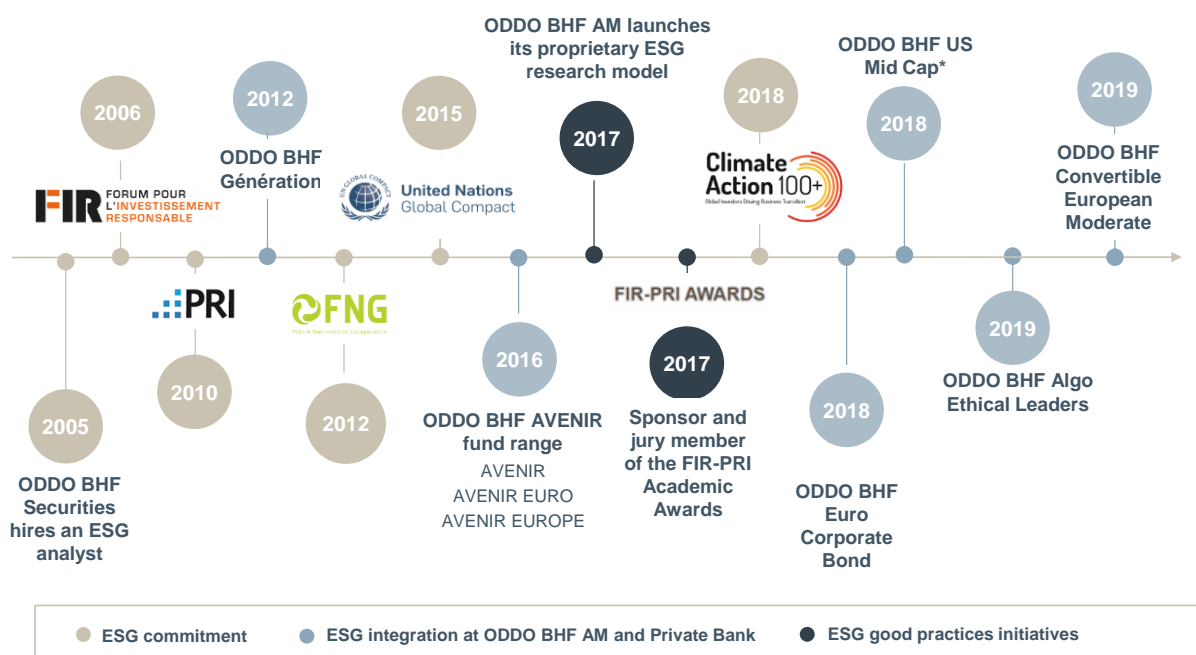
For more information about the ODDO BHF group's CSR approach and 2018 non-financial performance report:

[https://www.oddo-bhf.com/#!/Actualite/19373/Les\\_engagements\\_sociaux\\_et\\_environmentaux\\_du\\_Groupe\\_/en](https://www.oddo-bhf.com/#!/Actualite/19373/Les_engagements_sociaux_et_environmentaux_du_Groupe_/en)



The ESG integration approach is based on the Principles for Responsible Investment (PRI) signed by ODDO BHF Asset Management SAS and ODDO BHF Asset Management GmbH in 2010 and 2011. The Principles for Responsible Investment are in keeping with our approach to asset management, which is based on fundamental analysis and a long-term investment horizon in order to factor in risks and opportunities effectively.

### The background to our responsible investor policy within the ODDO BHF Group



Source : ODDO BHF Asset Management SAS

For more information about ODDO BHF Asset Management's responsible investor policy:

[https://www.am.oddo-bhf.com/france/fr/investisseur\\_professionnel/ad/expertises\\_de\\_gestion/1008/investissement\\_durable/1016](https://www.am.oddo-bhf.com/france/fr/investisseur_professionnel/ad/expertises_de_gestion/1008/investissement_durable/1016)

### 2.3 How is the responsible investment strategy formalised?

ODDO BHF Asset Management's responsible investor policy is based on our investment philosophy which is driven by a long-term view and strong convictions. We ensure that the ESG criteria of most importance to investors are factored in when analysing and assessing issuers, along with the usual financial criteria.

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.

ODDO BHF Asset Management took another step towards structuring its responsible investor policy in 2019 when it published its 2022 roadmap based on four pillars:

- ESG coverage
- ESG integration
- Climate strategy
- Training & promotion

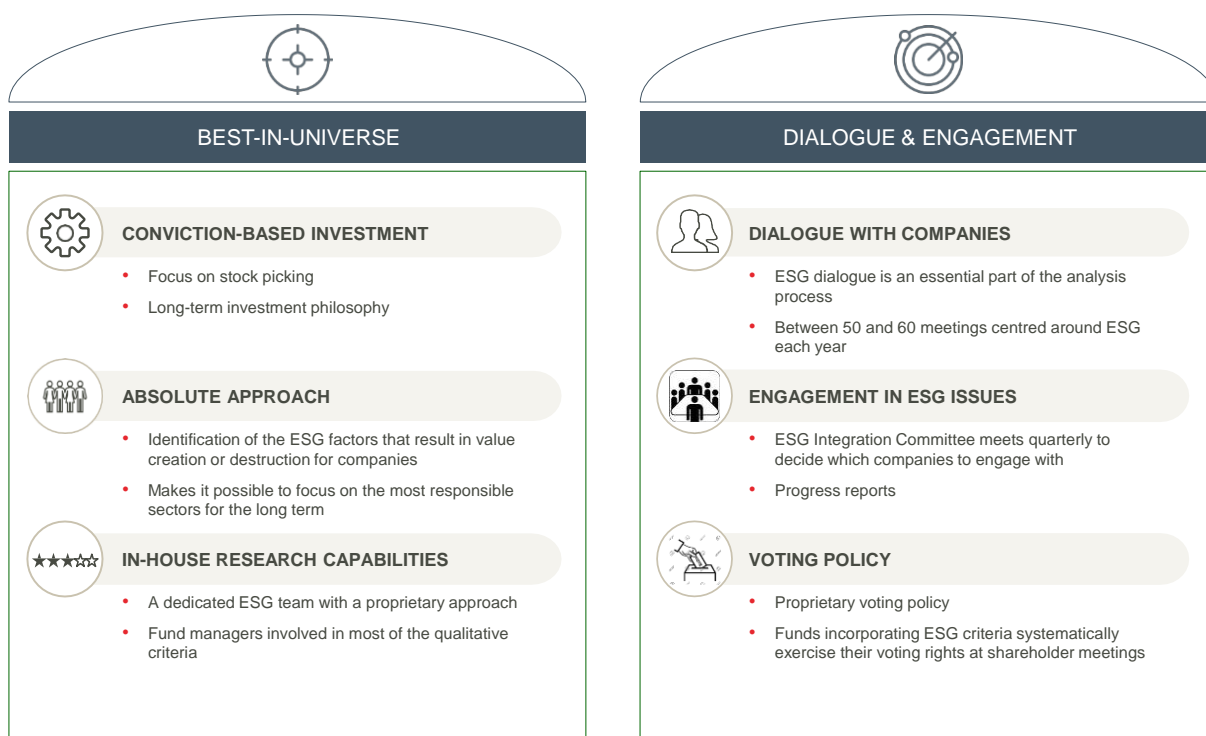
#### ESG integration policy

Our approach factors in the criteria most material to investors, and it aims first and foremost to influence portfolio construction. Meeting the long-term challenges of sustainable development while delivering financial performance for our clients requires a renewed practice of ESG integration, which is characterized for us, after first applying an exclusion filter, by two pillars:

- **by adopting an absolute approach ("best-in-universe")**
- **by fostering improvements through dialogue with companies ("best effort")**



## The two priorities of our ESG integration policy



Source : ODDO BHF Asset Management SAS

## Voting policy

ODDO BHF Asset Management considers that exercising voting rights is an integral part of its responsibility as a shareholder, and we are convinced that it is in the interests of our fund holders for us to participate in shareholder meetings.

For the funds managed by the French entity, ODDO BHF Asset Management SAS, we draw on the “Recommendations on Corporate Governance” published by the AFG (France’s asset management association), to which we belong, as well as the AFEP-MEDEF Code, and we take into consideration our commitments as a signatory to the PRI (United Nations Principles for Responsible Investment) with regard to environmental, social and governance criteria. ODDO BHF Asset Management SAS uses the services of an external service provider, ISS, to analyse resolutions and determine its voting behaviour, based on its own voting principles. ISS’s recommendations are submitted to the fund management team who then takes the final voting decision.

For the funds managed by the German entity, ODDO BHF Asset Management GmbH, we draw on the recommendations published by Germany’s asset management association (BVI – Bundesverband Investment und Asset Management) and shareholder protection association (DSW - Deutsche

Schutzvereinigung für Wertpapierbesitz). After analysing their recommendations, the fund management team takes the final voting decision.

### **Dialogue & engagement policy**

Both financial and non-financial dialogue provide our fund management teams with a deeper understanding of companies and are essential to our ESG integration approach irrespective of the asset class concerned.

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

- to carry out an ESG analysis of the risks and opportunities inherent in growth models in order to gain a deeper understanding of the sectors and companies in which ODDO BHF Asset Management has invested or might invest;
- to substantiate or disprove our analysis of the quality of the company's management based on its track record of handling ESG issues;
- to obtain information over and above that included in the financial statements by examining ESG issues.

Besides maintaining regular dialogue, we encourage 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 co-Chief Investment Officer (co-CIO), various fund managers and the Risk and Compliance Manager.

### **Climate strategy**

As a signatory to the Carbon Disclosure Project (CDP) since 2006 and the collaborative dialogue initiative "Climate Action 100+" since 2018, climate issues have been a top priority for the ODDO BHF group for many years. Besides measuring the carbon intensity of certain portfolios in accordance with Article 173 of the French Energy Transition Act, we base our climate strategy on three pillars: awareness, dialogue & engagement, and exclusion.

### **Exclusion policy**

ODDO BHF Asset Management applies a filter to all its funds in order to exclude companies involved in manufacturing chemical weapons (Convention on the prohibition of chemical weapons of Paris, 1993), anti-personnel mines (Ottawa Treaty, 1997) and cluster munitions (Oslo Convention, 2008).

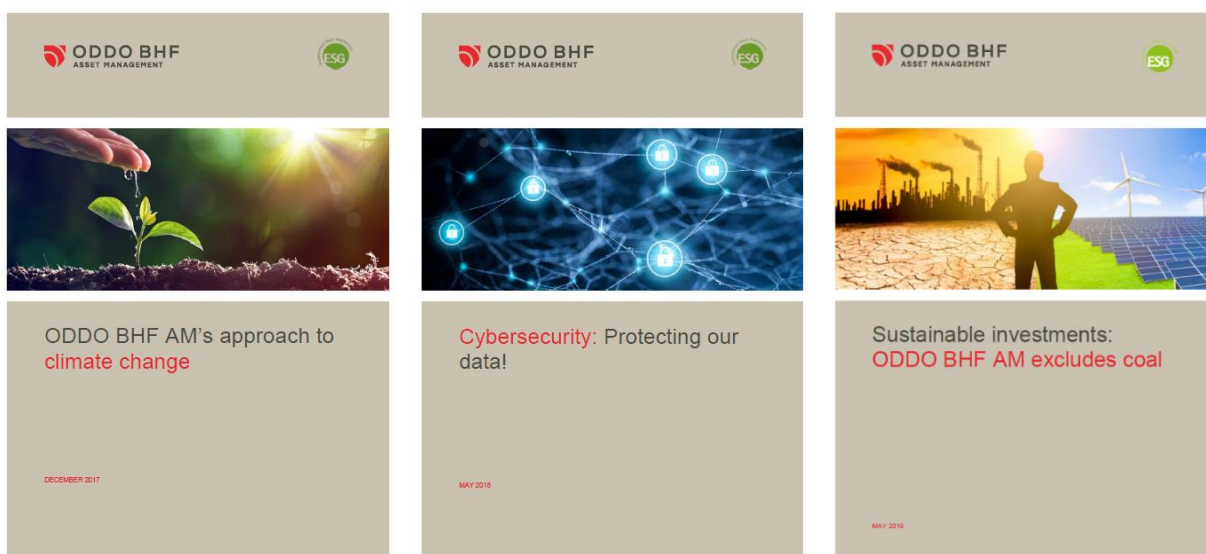


ODDO BHF Asset Management has, since 2019, excluded companies exposed to coal (where coal accounts for more than 5% of revenue in the case of coal mining or 30% in the case of power generation) from its funds that incorporate ESG criteria into their investment processes.

The funds referred to in this code also apply some sector exclusions (controversial activities) on a case by case basis taking into account a maximum exposure threshold of 5% of revenues.

Last of all, ODDO BHF Asset Management 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 responsible investment.

We also publish theme-based white papers and therefore contribute to the steady progress being made in spreading and sharing ESG expertise.



For more information on our responsible investment strategy:

[https://www.am.oddo-bhf.com/france/en/professional\\_investor/ad/expertises\\_de\\_gestion/1008/investissement\\_durable/1016](https://www.am.oddo-bhf.com/france/en/professional_investor/ad/expertises_de_gestion/1008/investissement_durable/1016)

## **2.4 How does the fund management company factor in the question of ESG risks/opportunities, including those relating to climate change? (Article 173-VI & TCFD)**

Despite the many initiatives and regulations on non-financial reporting, ESG analysis still lacks a set of standards that are recognised and shared by all. ODDO BHF Asset Management strives to avoid information bias by investing in companies of different market capitalisations and in different asset classes, and has therefore opted to develop its own internal ESG analysis model. Besides incorporating quantitative criteria, we are convinced that we also need to carry out in-depth research into a company's

intangible assets (human capital, brand name, reputation, innovative capacity, etc.) if we are to create value for our clients over the long term.

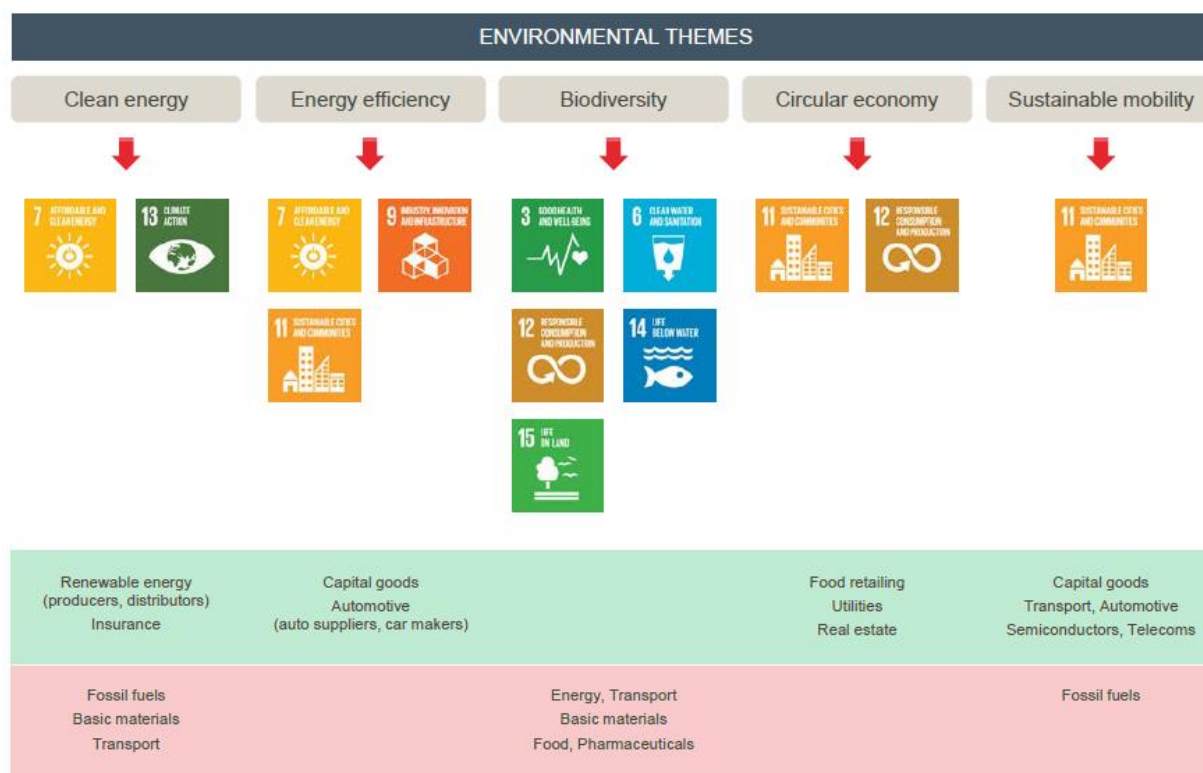
Our ESG integration approach places great emphasis on the criteria of governance and human capital (human resources/quality of management) and thus significantly deepens our understanding of the companies included in our portfolios. Our analysis is conducted by our fund management teams and ESG analysts in a collegial style, and thus enables us to identify the non-financial risks that each issuer might potentially face (corruption, reputation, regulatory, talent retention, product quality and safety, etc.) and to determine whether or not they pose a significant threat to the company's ability to deliver on its strategy and official targets. The results of our ESG analysis therefore reflect the execution risk surrounding an issuer's medium/long-term strategy.

The ESG analysis capabilities developed by ODDO BHF Asset Management internally are based on the principles set out in the United Nations Global Compact. This is a pact based on 10 principles relating to human rights, labour, the environment and anti-corruption taken from the international gold standards in these areas (the Universal Declaration of Human Rights, ILO conventions, the Rio Declaration on the Environment and Development, and the United Nations Convention against Corruption).

In 2017, we opted to take a dynamic and forward-looking approach to ESG analysis by adopting the United Nations Sustainable Development Goals (SDG) signed in September 2015 by 193 states as a blueprint for 2030. In practical terms, this framework enables us to assess each sector's exposure to sustainable development issues (of which there are 12 in our methodology) with respect to long-term risks and opportunities alike.



## Sector matrix of environmental themes



Source : ODDO BHF Asset Management SAS

Climate change is a major issue embedded in our internal analysis model. One of the tools we have developed for our fund management teams is a specific indicator that measures the energy transition contribution made on an individual basis by each company analysed and then on an aggregate basis by each portfolio so as to assess its alignment with long-term climate scenarios. As is the case in our analysis methodology, climate change can be considered a source of opportunities as well as risks for the companies analysed. This is why the Environment module of our internal model places a lot of emphasis on analysing each company's products and services, drawing on the approach suggested by the TCFD in 2017. We thus identify 5 long-term environmental themes that offer opportunities: clean energy, energy efficiency, biodiversity, circular economy and sustainable mobility. Meanwhile, we consider each company's alignment with the TCFD's<sup>1</sup> recommendations by reviewing its governance of climate issues and assessing its climate strategies, its risk management (transition risks, physical risks) and the targets it sets.

<sup>1</sup> Task Force on Climate-related Financial Disclosures

**2.5 Which teams are involved in implementing the fund management company's responsible investment policy?**

Among the four pillars of our ESG roadmap presented in early 2019, ODDO BHF Asset Management has set itself the goal of extending ESG integration to seven different investment themes and training at least 120 employees each year in the various fields of responsible investment. So all our teams – fund management, research, sales, middle office, internal control, marketing & communication, IT development, reporting – are involved daily in working towards these goals.

Efforts to develop our responsible investment strategy are steered by our ESG Integration Committee which meets quarterly and includes the co-Chief Investment Officer (co-CIO), the Head of ESG Research, various fund managers and the Compliance Manager.

**2.6 How many SRI analysts and SRI fund managers work in your fund management company?**

Across its French and German entities, ODDO BHF Asset Management employs 26 investment specialists who are directly involved in managing funds that incorporate ESG criteria. The ESG research team is made up of three people and works with 23 fund managers/analysts operating out of Paris and Düsseldorf (8 in fundamental equity fund management, 6 in credit fund management, 4 in convertible bond fund management and 5 in quantitative equity fund management).



## 2.7 In which SRI initiatives are the fund management companies involved?

General initiatives	Environment/ climate initiatives	Social initiatives	Governance initiatives
<input checked="" type="checkbox"/> SIFs - Social Investment Forums  - FIR (France: Dialogue & Engagement Committee, Impact Task Force)  - FNG (Germany)	<input type="checkbox"/> IIGGC - Institutional Investors Group on Climate Change	<input type="checkbox"/> Accord on Fire and Building Safety in Bangladesh	<input type="checkbox"/> ICGN - International Corporate Governance Network
<input checked="" type="checkbox"/> PRI - Principles for Responsible Investment	<input checked="" type="checkbox"/> CDP - Carbon Disclosure Project  - Carbon - Forests - Water	<input type="checkbox"/> Access to Medicine Foundation	<input type="checkbox"/> Other
<input type="checkbox"/> ICCR - Interfaith Center on Corporate Responsibility	<input type="checkbox"/> Montreal Carbon Pledge	<input type="checkbox"/> Access to Nutrition Foundation	
<input type="checkbox"/> ECCR - Ecumenical Council for Corporate Responsibility	<input type="checkbox"/> Portfolio Decarbonization Coalition	<input type="checkbox"/> Other	
<input checked="" type="checkbox"/> AFG commissions  - Member of the Article 173 working group	<input type="checkbox"/> Green Bonds Principles		
<input type="checkbox"/> EFAMA RI W6	<input type="checkbox"/> Climate Bond Initiative		
<input type="checkbox"/> European Commission's High Level Expert Group on Sustainable Finance	<input type="checkbox"/> Appel de Paris on cybersecurity		
<input checked="" type="checkbox"/> Other  - SFAF - Société Française des Analystes Financiers: a member of the Commission Analyse Extra-Financière  - FIR-PRI awards: a sponsor and member of the jury	<input checked="" type="checkbox"/> Other  - Signatory to the collaborative initiative Climate Action 100+		

## **2.8 What is the fund management company's total amount of SRI assets under management?**

As at 31/12/2018, the ODDO BHF AM SAS and ODDO BHF AM GmbH do not have any labeled funds, so the total amount of SRI assets is nil.

## **2.9 What share of the fund management company's total assets under management consists of SRI assets? (Article 173-VI)**

The SRI assets of ODDO BHF Asset Management SAS and ODDO BHF Asset Management GmbH accounted for 0% of its total assets under management at 31/12/2018.

## **2.10 Which SRI funds managed by the fund management company are distributed publicly?**

The SRI funds distributed publicly and managed by ODDO BHF Asset Management SAS and ODDO BHF Asset Management GmbH are:

### **Equities:**

- ODDO BHF Avenir
- ODDO BHF Avenir Euro
- ODDO BHF Avenir Europe
- ODDO BHF Génération
- ODDO BHF Algo Ethical Leaders

### **Fixed income:**

- ODDO BHF Euro Corporate Bonds

### **Convertible bonds:**

- ODDO BHF European Convertibles Moderate

A list of the SRI funds managed by ODDO BHF Asset Management's different entities and distributed publicly can be found at the following address:

[https://am.oddobhf.com/france/en/non\\_professional\\_investor/fundspage](https://am.oddobhf.com/france/en/non_professional_investor/fundspage)



### 3. Basic details about the SRI fund(s) featuring in this transparency code

#### 3.1 What is (are) this (these) fund(s) trying to achieve by taking account of ESG criteria?

ESG integration needs to be an ongoing practice if we are to face up to the long-term challenges of sustainable development while delivering financial performance for our clients. We believe this can be achieved in two ways: by adopting an absolute approach (“best-in-universe”) and by fostering improvements through dialogue with companies.

ODDO BHF Asset Management places particular emphasis on analysing human capital and governance, both of which help to determine a company’s ability to deliver on its strategy and official targets.

And by reflecting the execution risk surrounding a company’s long-term strategy, the results of our ESG analysis can then be used to influence how we construct our portfolios (stock valuations, weightings allocated to each line, buy and sell discipline).

#### 3.2 What internal and external resources are used to carry out ESG research into the issuers in your fund’s investment universe?

ODDO BHF Asset Management’s investment department includes a team of three analysts specialising in ESG research.

The ESG team uses the following sources of data for its internal analysis model:

- Company publications (reports, presentations)
- External providers of ESG research (Sustainalytics<sup>2</sup>, ISS<sup>3</sup>, CDP<sup>4</sup>)
- External providers of raw financial and non-financial data (Bloomberg, FactSet)
- Specialist reports by brokers (theme-based research)

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<sup>2</sup> [www.sustainalytics.com](http://www.sustainalytics.com)

<sup>3</sup> Institutional Shareholder Service ; [www.issgovernance.com](http://www.issgovernance.com)

<sup>4</sup> Carbon Disclosure Project ; [www.cdp.net](http://www.cdp.net)

The Sustainalytics data incorporated into our internal model mainly concerns four fields of analysis:

- The environmental management systems of issuers (with respect to carbon intensity, water use intensity, energy consumption, waste management, certification policy)
- ESG-related controversies (environmental and/or social impact of products, supply chain incidents, compliance with international charters on labour laws and human rights, incidents involving other stakeholders)
- Supply chain management (organisation and monitoring, code of conduct, certifications)
- Business ethics (track record of incidents, anti-corruption policy, tax transparency)

When conducting ESG analyses of small and medium caps, it is more important to collect data internally as external data providers do not offer exhaustive coverage of this investment universe.

The fund management team is therefore actively involved in analysing a company's intangible assets (human capital, innovation, reputation, etc.) by systematically filling in a questionnaire of 10 qualitative questions prepared by the ESG research team. This approach makes it possible to capitalise on the regular meetings that are held between fund managers and issuers.

It is a bottom-up approach involving the ESG experts, the fund management team and the external providers that supply the quantitative data, giving us a holistic overview of each company and enabling us to assign an ESG rating to it irrespective of its capitalisation.


### 3.3 Which ESG criteria do the funds use?

ODDO BHF Asset Management has based its internal ESG analysis model for companies on 10 themes: three for the Environment module, four for the Social module and three for the Governance module. Intangible assets (human resources, innovative capacity, relations with various stakeholders) are central to our analysis model, so we apply quantitative as well as qualitative criteria. Our aim is to avoid any bias relating to a company's size or country of origin, and to focus on the most material ESG criteria.

An analysis of the Environment module first requires a review of the company's environmental management system (EMS) to assess its maturity and the progress it has achieved over a number of years. We then analyse environmental opportunities and/or risks based on the approach suggested by the international Task Force on Climate-related Financial Disclosures (TCFD). The opportunity analysis focuses on the company's products and/or services with an emphasis on their environmental value added. The risk analysis consists in examining each company's alignment with the TCFD's recommendations by looking into its governance of climate issues and assessing its climate strategy, its risk management (transition risks, physical risks) and its official targets.



### Criteria applied in the Environment module


	ENVIRONNEMENT
Environmental Management System (EMS)	<ul style="list-style-type: none"><li>• Carbon intensity</li><li>• Water use intensity</li><li>• Energy mix</li><li>• Waste management</li><li>• Certification policy</li></ul>
Environmental opportunities	<ul style="list-style-type: none"><li>• Products and/or services with environmental value added (description, % of revenue)</li></ul>
Environmental risks	<ul style="list-style-type: none"><li>• Governance of climate issues</li><li>• Evaluation of the climate strategy</li><li>• Risk management (transition, physical)</li><li>• Target analysis</li></ul>

Source : ODDO BHF Asset Management SAS

Within the Social module, human capital (quality of management / human resources) is essential to the successful execution of a company's strategy over the long term and therefore central to our analysis model. The leadership provided by management, the cognitive diversity of the executive committee, the issuer's innovative capacity and career management are all crucial issues to which we pay particularly close attention when we hold meetings with companies.

Similarly, we take an interest in the company's social ecosystem (brand value, client capital, technological capital, supply chain), which gives us a more precise idea of the value hidden in its intangible assets for the long term.

### Criteria applied in the Social module

	SOCIAL
Regulation	<ul style="list-style-type: none"><li>• Regulatory opportunities</li><li>• Regulatory risks</li></ul>
Licence to operate / Reputation	<ul style="list-style-type: none"><li>• Track record of incidents (products/services, clients, suppliers)</li></ul>
Quality of management / HR	<ul style="list-style-type: none"><li>• Profile of the CEO</li><li>• Composition of the management team</li><li>• Middle management</li><li>• Human resources management</li></ul>
Social ecosystem	<ul style="list-style-type: none"><li>• Client capital</li><li>• Technological capital</li><li>• Supply chain management</li></ul>

Source : ODDO BHF Asset Management SAS

The Governance module particularly emphasises corporate governance, a very useful indicator of risk on a medium/long-term investment horizon. To avoid analysis bias as far as possible, we distinguish between companies according to their shareholder structure (non-controlled, controlled, family-owned) and size (small, medium or large cap).

Business ethics are assessed for each company based on its track record of incidents, tax transparency and exposure to the risk of corruption (with respect to its sector and country).

### Criteria applied in the Governance module

	GOUVERNANCE
Sustainable Development Strategy	<ul style="list-style-type: none"> <li>• Signatory to the Global Compact</li> <li>• Sustainable development leadership, targets, reporting</li> <li>• External certification of ESG data</li> </ul>
Corporate Governance	<ul style="list-style-type: none"> <li>• Minority shareholder rights</li> <li>• Separation of CEO/chairman roles</li> <li>• Organisation of the CEO's succession</li> <li>• Compensation policy</li> <li>• Board composition</li> <li>• Internal control</li> <li>• Financial reporting</li> </ul>
Business ethics	<ul style="list-style-type: none"> <li>• Track record of incidents</li> <li>• Exposure to corruption risk</li> </ul>

Source : ODDO BHF Asset Management SAS

### 3.4 What principles and criteria do the funds take into account as regards climate change? (Article 173-VI)

Climate reporting is becoming an essential part of any investment strategy integrating ESG factors. Besides being a regulatory requirement (Article 173 in France), it helps fund management teams become more aware of the financial risks of climate change. It also encourages them to allocate more investment flows to sectors and companies that contribute positively to the transition to a low-carbon economy.

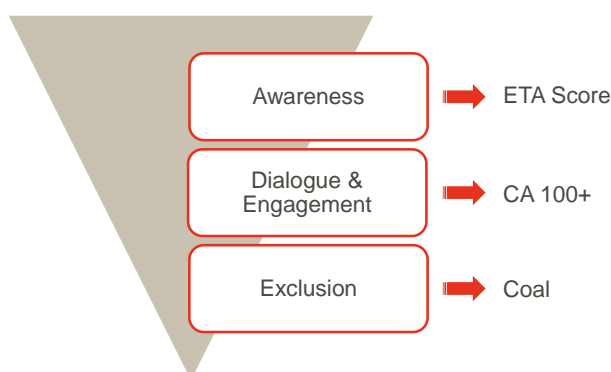
As a signatory to the CDP (Carbon since 2006, Water and Forests since 2017), climate issues have been a top priority for the ODDO BHF group for several years now.



Besides measuring the carbon intensity of portfolios in accordance with Article 173 of the French Energy Transition Act, there are now three building blocks to our climate policy:

- We analyse the alignment of our portfolios integrating ESG criteria (i.e. environmental risks and opportunities) with long-term climate scenarios. In 2017, we developed our own indicator **Energy Transition Analysis** (ETA) to measure each company's energy transition contribution to a low-carbon economy.
- We have an active dialogue and engagement policy (see point 2.3 of the present document), particularly as regards environmental issues. In March 2018, ODDO BHF Asset Management joined the **Climate Action 100+** initiative to take part in the joint effort by investors to promote dialogue with the 100 companies that emit the most greenhouse gases in the world.
- We have an **exclusion policy focused on coal** (see point 2.3 of the present document) because of the industry's large share of the world's CO<sub>2</sub> emissions, its many negative environmental and social impacts, and the lack of viable technological alternatives for it to continue operating in the long run (we do not consider carbon sequestration to be a viable solution on a large scale).

#### The three pillars of our climate policy applied to funds integrating ESG criteria



Source : ODDO BHF Asset Management SAS

## Energy transition analysis

ODDO BHF Asset Management has developed a specific indicator for its internal platform that measures each company's energy transition contribution to a low-carbon economy.

This indicator, ETA (Energy Transition Analysis), is made up of two elements:

- The ranking of the sector in which the company operates, accounting for 30% (see point 2.4 of the present document);
- The company-specific environment score assigned by our ESG model, accounting for 70% (see points 3.3 and 4.2 of the present document).

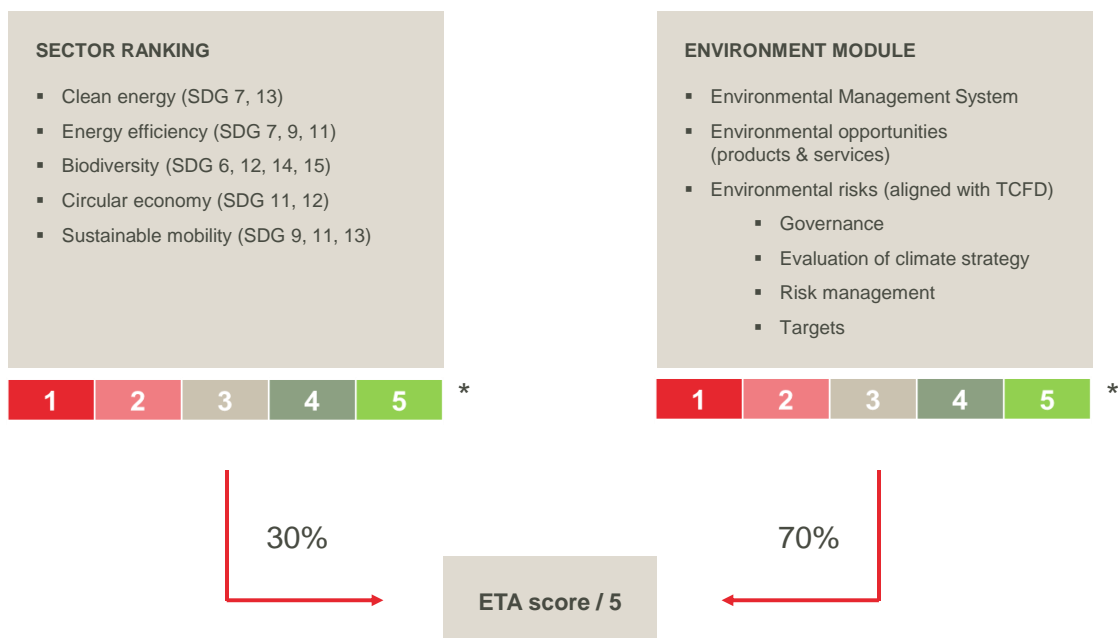
A sector's ranking is determined with respect to the environmental risks and opportunities featuring in our SDG matrix (referring to the United Nations Sustainable Development Goals out to 2030). We can identify five environmental themes within this matrix: clean energy (SDG 7, 13), energy efficiency (SDG 7, 9, 11), biodiversity (SDG 6, 12, 14, 15), circular economy (SDG 11, 12) and sustainable mobility (SDG 9, 11, 13).

The second element, i.e. the environment component of our ESG analysis model, is itself divided into two parts:

- The environmental management system (carbon intensity, water use intensity, energy mix, waste management, certifications);
- An analysis of the environmental opportunities (products and services) and risks (organisation, risk management, targets) associated with the company's activities.



## Establishing our ETA score



\* Internal rating scale from 1 (high risk) to 5 (strong opportunity)

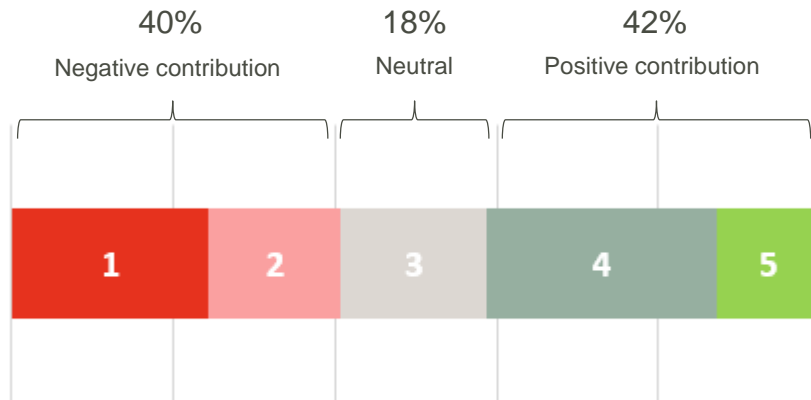
Source : ODDO BHF Asset Management SAS

Besides assessing a company's environmental impact, the aim is also to highlight its potential medium to long-term drivers of value creation or destruction.

By aggregating the ETA scores of companies held in a portfolio (weighted by the weighting of each line), we come up with an indicator measuring the portfolio's energy transition contribution to a low-carbon economy. This methodology allows us to take a qualitative approach towards assessing alignment with climate scenarios<sup>5</sup>.

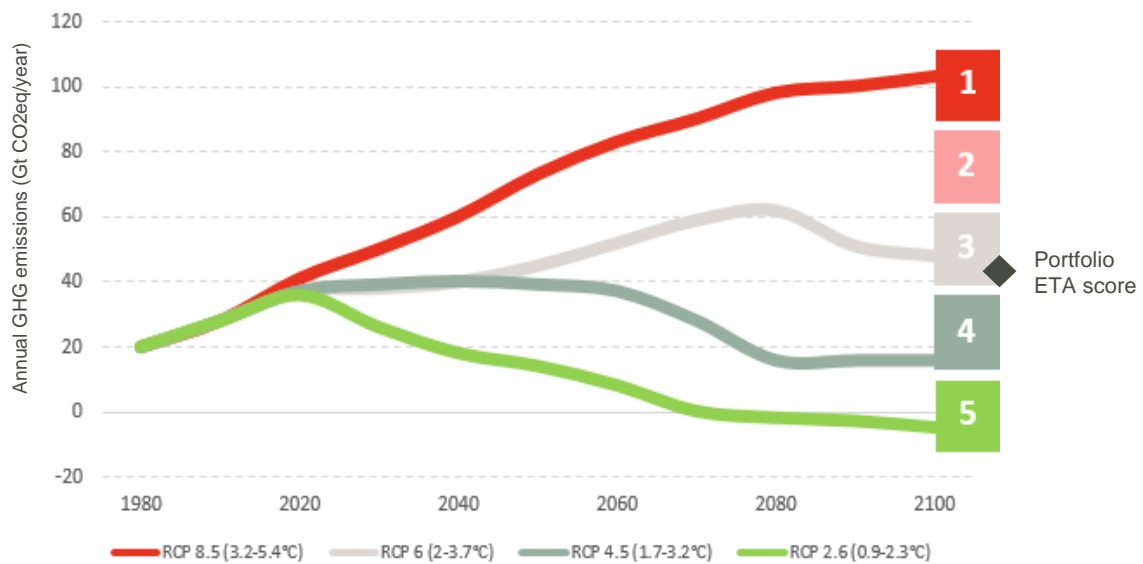
<sup>5</sup> Reference scenarios ("Representative Concentration Pathways") issued by the fifth assessment report of the IPCC (Intergovernmental Panel on Climate Change)

### Breakdown of a portfolio's energy transition contribution



Source : ODDO BHF Asset Management SAS

### A portfolio's alignment with long-term climate trajectories



Source : ODDO BHF Asset Management SAS

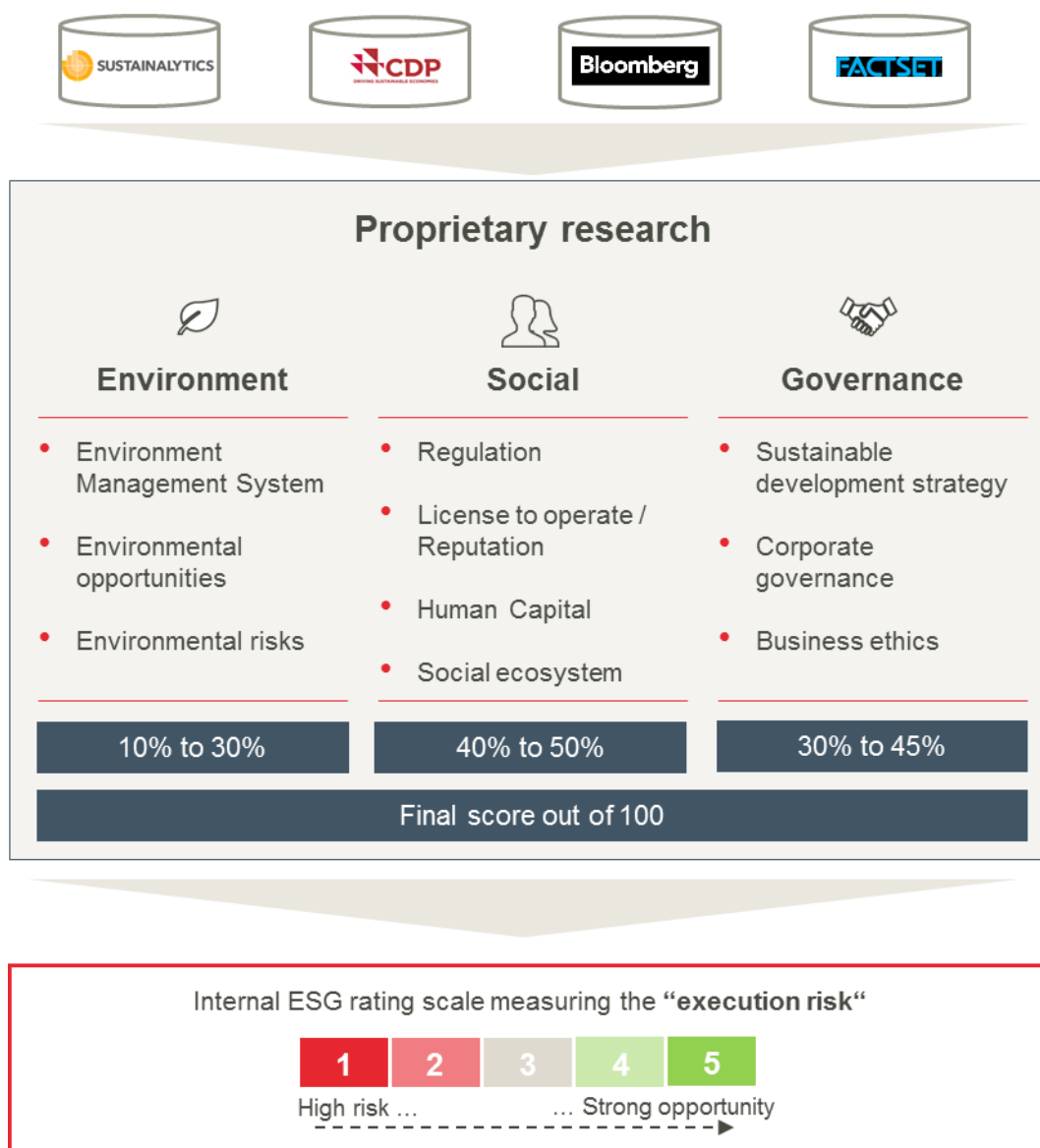
The aim for our funds incorporating ESG criteria is to make a net positive contribution to the energy transition, i.e. an ETA score of over 3.



### 3.5 What ESG analysis and evaluation methodology is applied to issuers (portfolio construction, rating scale, etc.)?

Our internal ESG analysis model is based on 42 criteria, split evenly between quantitative and qualitative data. It measures risks and opportunities for all stakeholders (shareholders, employees, clients, suppliers and civil society) in order to assess the “execution risk” surrounding a company’s long-term strategy.

#### Structure of our internal ESG analysis model



Source : ODDO BHF Asset Management SAS

The weighting assigned to each of the Environmental, Social and Governance modules is established for each sector based on our SDG materiality matrix depending on long-term risks and opportunities (based on 12 themes taken from the United National Sustainable Development Goals). For instance, the media sector will have a 10% weighting for the Environment module and 50% weighting for the Social module, compared with 30% and 40% respectively for the energy sector.

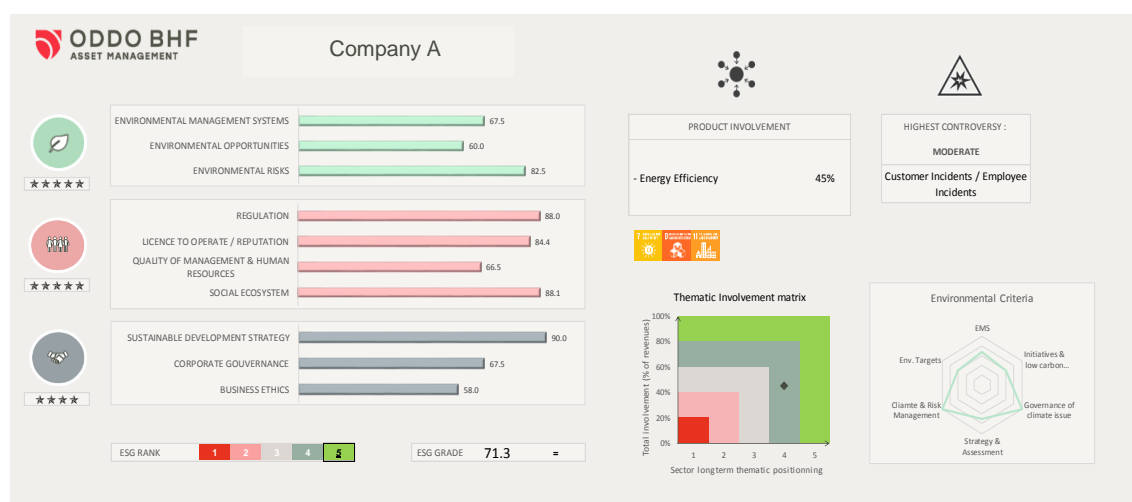
Corporate governance (the Governance module) and human capital (the Social module) are priority themes in our methodology and account for respectively 25% and 30% of our analysis model irrespective of the sector or size of the company. On the other hand, the weightings assigned to other themes such as regulation, social ecosystem and business ethics vary depending on their materiality by sector.

Our analysis model includes an assessment of ESG controversies (industrial accidents, pollution, corruption charges, anti-competitive practices, product safety, supply chain management, etc.) based on information provided by Sustainalytics, which therefore has a direct impact on the final ESG score assigned to each company.

Each company analysed therefore obtains an absolute score out of 100 points for each of the three modules - E, S and G, and an aggregate ESG score after each module has been weighted. The final score obtained by each company is compared with the whole universe analysed.

In order to reflect the “best-in-universe” and “best effort” approach taken by our funds (see point 2.3 of present document), the universe analysed is split into five ESG levels: Strong Opportunity (5), Opportunity (4), Neutral (3), Moderate Risk (2) and High Risk (1).

### ESG dashboard taken from our internal model

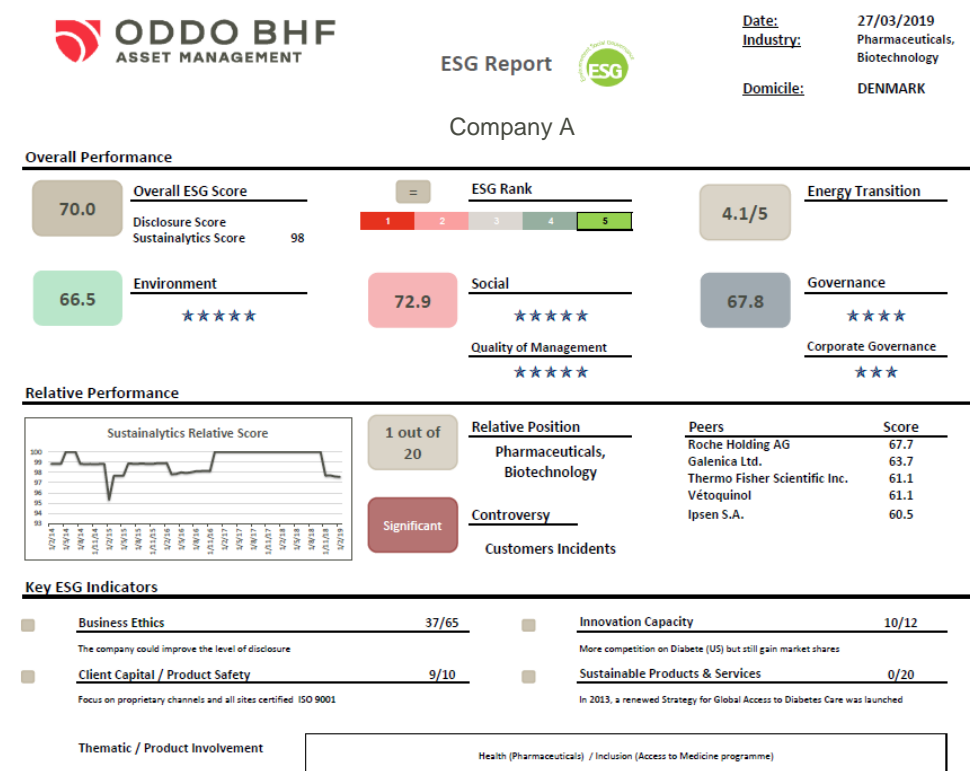


Source : ODDO BHF Asset Management SAS



The fund management teams can access the ESG factsheets for any of the stocks in their investment universe on a day-to-day basis, enabling them to obtain rapid and up-to-date information on the stocks in their portfolios. The factsheet will include not only the company's overall ESG score but also its score for each module (E, S and G), the main recent items of newsflow and the top 4 most relevant points to take into consideration depending on the sector in which the company operates.

## ESG factsheet



Source : ODDO BHF Asset Management SAS

### 3.6 How frequently are ESG evaluations reviewed? How are controversies handled?

Updates are carried out whenever the fund managers and ESG analysts meet the company in question, otherwise every 18 to 24 months on average. A positive or negative development as regards an ESG controversy may also change a company's score at any time.

Controversies are central to our ESG analysis model and are included in the "Social module - Licence to operate criterion" (industrial accidents, supply chain incidents, client incidents, employee incidents, relations with local communities) and the "Governance module - Business ethics criterion" (fundamental rights, corruption, tax transparency).

The occurrence of a "High" or "Serious" controversy regarding a portfolio company will not systematically result in it being excluded, but it will trigger active dialogue between the fund management team, the ESG research team and the company in question. Controversies are reviewed during our quarterly ESG Committee meetings which are responsible for organising dialogue and engagement with companies on ESG matters.

A company's ESG score can be affected by a controversy but also by developments resulting from dialogue, so the fund management team decides whether or not the company remains in the portfolio on a case-by-case basis. In the meantime, it will estimate the direct and indirect financial consequences and factor them into its valuation models. If dialogue does not result in improved ESG practices within 18 to 24 months, the fund management team must disinvest the stock.



## 4. Fund management process

### 4.1 How do you factor in the results of ESG research when building your portfolio?

The fund management process described below systematically applies a dual ESG filter:

- **A quantitative filter based on our internal analysis**, including exclusions (sector(s) and/or controversies) and an ESG selection centered on the analysis of human capital and corporate governance (the top priorities established for our non-financial analysis, as presented in point 3.5 of the present document).

Our conviction is that poor management of human capital and/or inadequate corporate governance pose a major risk to the successful execution of a company's strategy, which would be a potential source of value destruction for the shareholder or creditor. So any company with a score of 1 out of 5 in our internal rating scale for the "human capital" criterion and/or "corporate governance" criterion will be excluded from the investment universe of actively managed funds (except ODDO BHF Algo Ethical Leaders).

#### Examples of 1/5 scores for the "human capital" and "corporate governance" criteria



Source : ODDO BHF Asset Management SAS

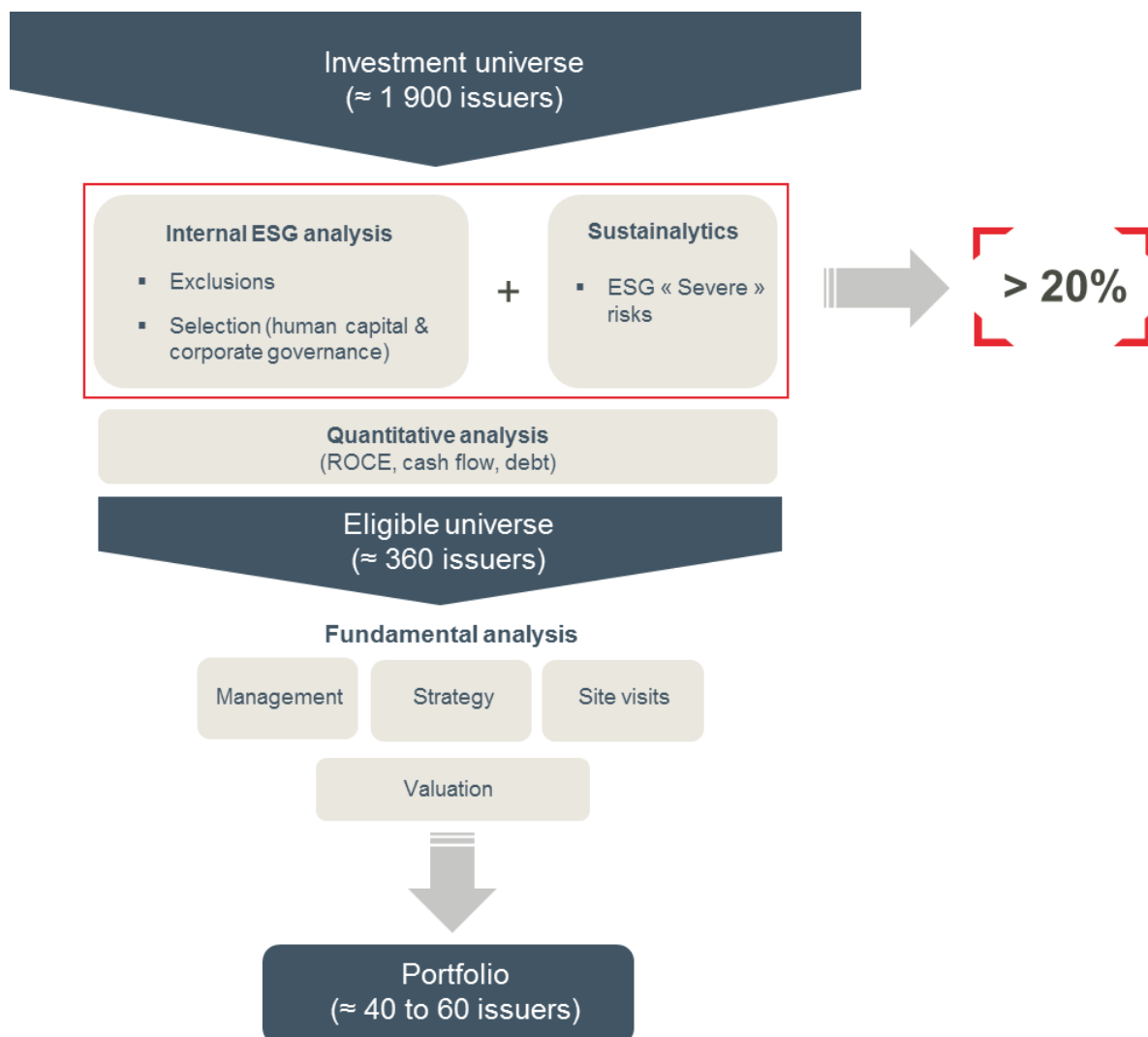
- **A qualitative filter based on the analysis of our external ESG data supplier (Sustainalytics)**, eliminating issuers not covered by our internal model and being assigned the highest risk rating ("Severe").

### ODDO BHF AVENIR, AVENIR Euro, AVENIR Europe

The ODDO BHF AVENIR fund range invests in European small and mid cap companies. After the dual ESG filter, including sectorial exclusions (alcohol, tobacco, gambling, nuclear and coal), the management team first conducts a quantitative analysis with a view to selecting companies with sound financial fundamentals (high return on capital employed, positive cash flow generation, low debt level) and international dimension (geographical diversification of the underlying economic risks).

Once the eligible universe has been determined (around 300 stocks), the management team conducts a fundamental (strategy, competitive advantage, quality of management) and valuation analysis in order to obtain a concentrated portfolio of around 30 to 40 stocks, representing the team's strongest convictions.

#### Summary of the investment process used for the ODDO BHF AVENIR funds range



Source : ODDO BHF Asset Management SAS

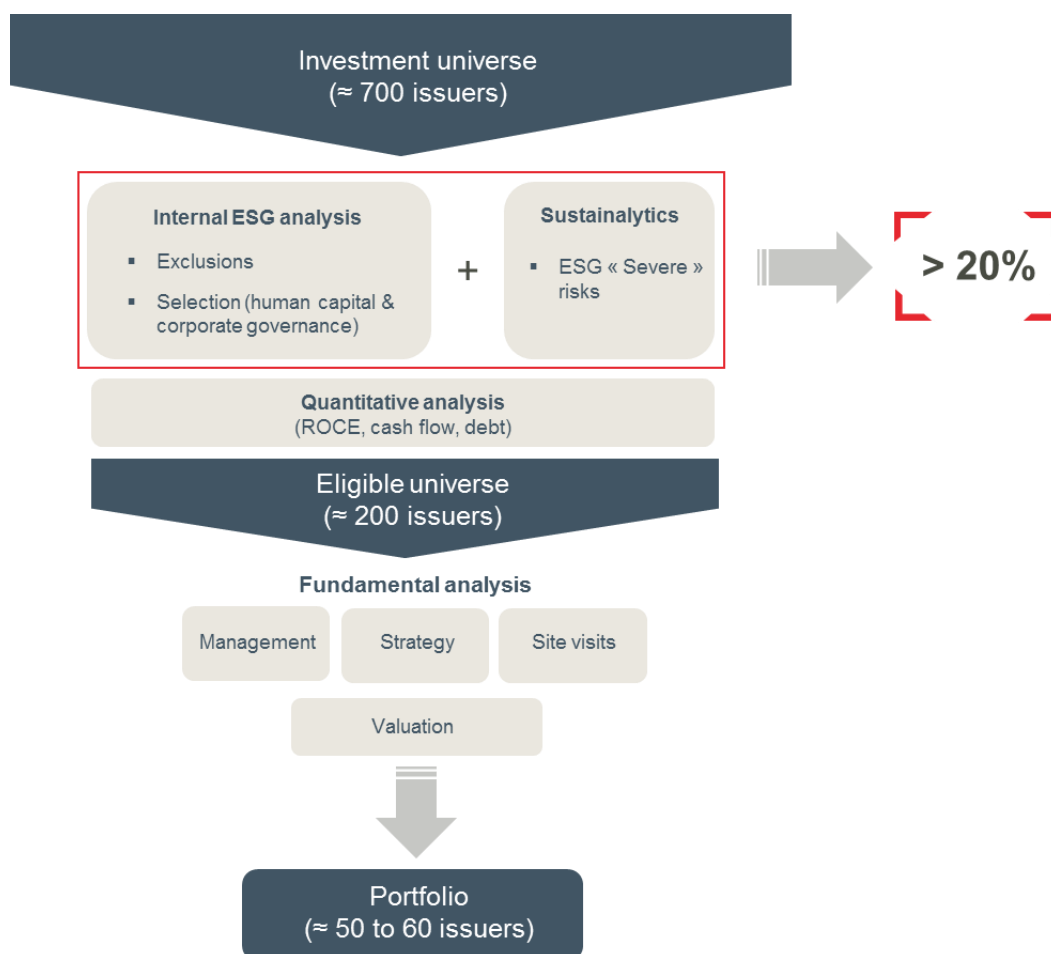


## ODDO BHF Génération

The ODDO BHF Génération fund invests in European companies of all sizes with a stable and long-term shareholding, mainly family-owned (starting universe of around 700 stocks). After the dual ESG filter, including the sector exclusions (tobacco, gambling, nuclear and coal), the management team first conducts a quantitative analysis with a view to selecting companies with sound financial fundamentals (high return on capital employed, positive cash flow generation, low debt level) and an international reach (geographical diversification of the underlying economic risks).

Once the eligible universe has been determined (around 200 stocks), the management team conducts the fundamental analysis (strategy, competitive advantage, quality of management). Finally, the ESG rating of each issuer, representing the execution risk of the announced strategy, impacts the weighting of each valuation scenario (optimistic, neutral, pessimistic), thus affecting the analysis of the potential for future appreciation and the buying and selling discipline.

### Summary of the investment process used for the ODDO BHF Génération fund



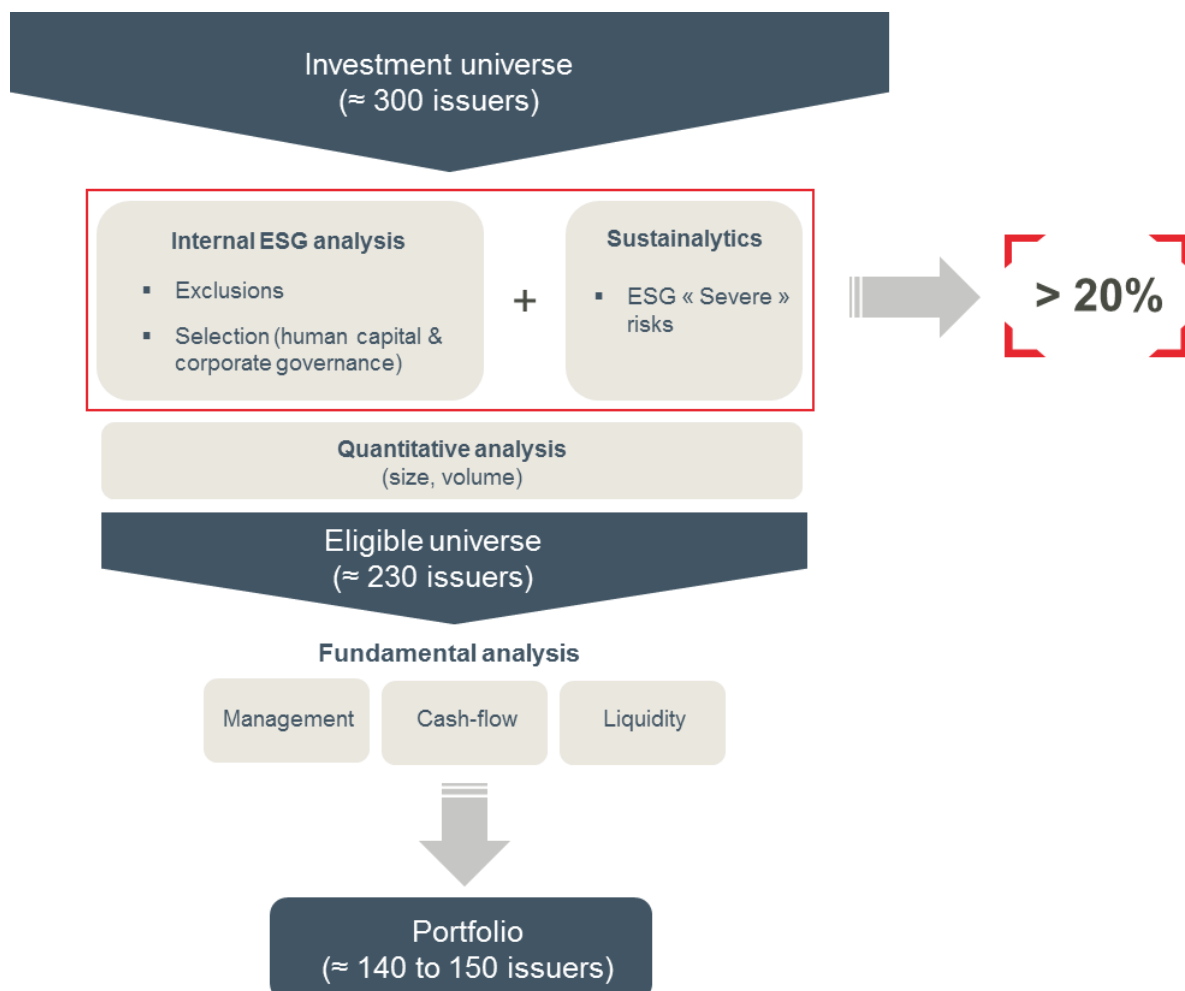
Source : ODDO BHF Asset Management SAS

## ODDO BHF Euro Corporate Bond

The ODDO BHF Euro Corporate Bond fund invests primarily in euro-denominated investment grade corporate bonds. The investment process relies on fundamental credit analysis as the basis for our bottom-up approach, on top of which we incorporate our ESG analysis focusing on material medium/long-term risks (corporate governance, business ethics, human capital, environmental risks). This provides an optimal assessment of a portfolio company's capacity to repay its debt.

Prior to carrying out our fundamental credit analysis, the dual ESG filter is applied including normative exclusions (companies with a high controversy level) and sector-based exclusions (coal, weapons, nuclear), narrowing down the investment universe by more than 20%.

### Summary of the investment process used for the ODDO BHF Euro Corporate Bond fund



Source : ODDO BHF Asset Management SAS



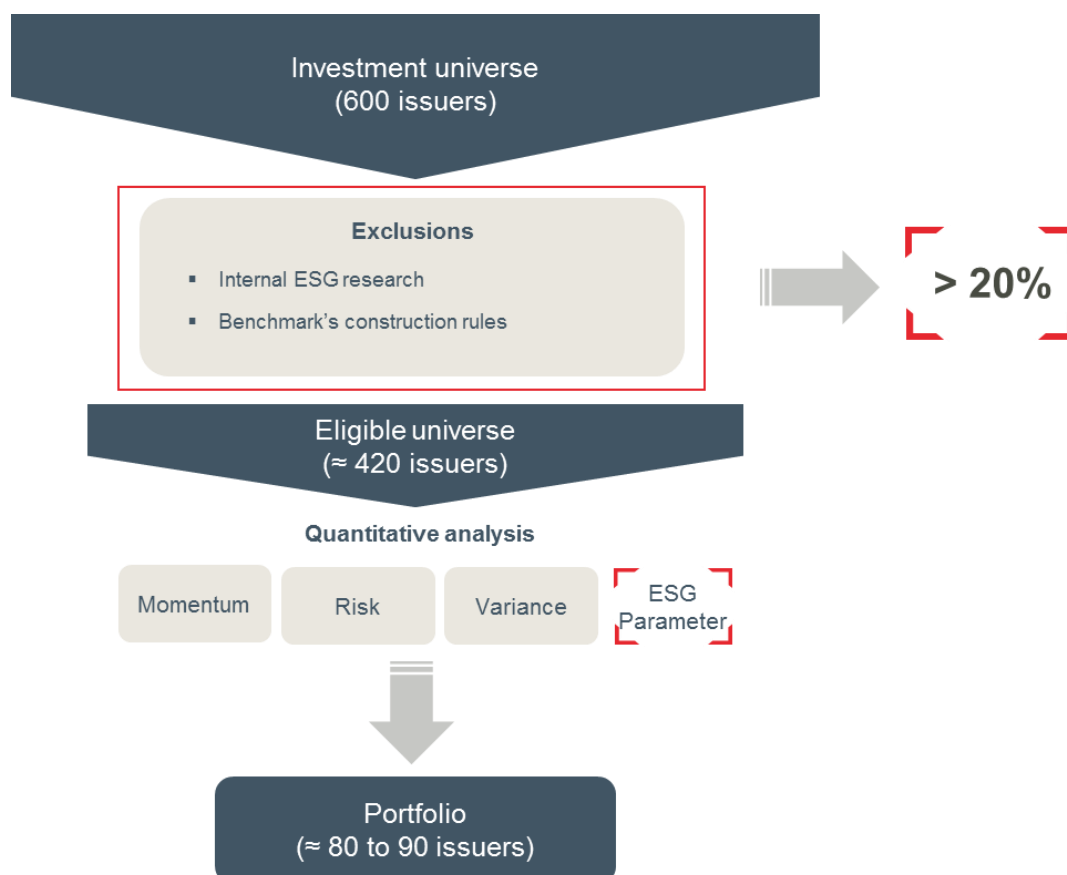
## ODDO BHF Algo Ethical Leaders

The ODDO BHF Algo Ethical Leaders fund is a quantitative fund that invests in European large and mid caps with the aim of generating sustainable returns while keeping financial and non-financial risks as low as possible.

Prior to the quantitative stock selection process, we apply a normative exclusion filter (unconventional weapons and serious controversies) and a sector-related exclusion filter (alcohol, gambling, tobacco, pornography, conventional weapons, nuclear and coal). The scope of normative exclusions and the exclusion of coal and nuclear is based on our internal research, while sector-related exclusions (except for coal and nuclear) are applied strictly in line with the composition rules of the DJ Stoxx Europe ex-AGTAF benchmark.

The ESG selection filter is incorporated into the quantitative filter as a limiting parameter in the portfolio construction process. Thus, issuers with an above-average ESG rating will be favoured, while those being assigned a high ESG risk rating (1) on our internal scale will be significantly underweight (if included in the portfolio).

### Summary of the investment process used for the ODDO BHF Algo Ethical Leaders fund



Source : ODDO BHF Asset Management SAS

### ODDO BHF European Convertibles Moderate

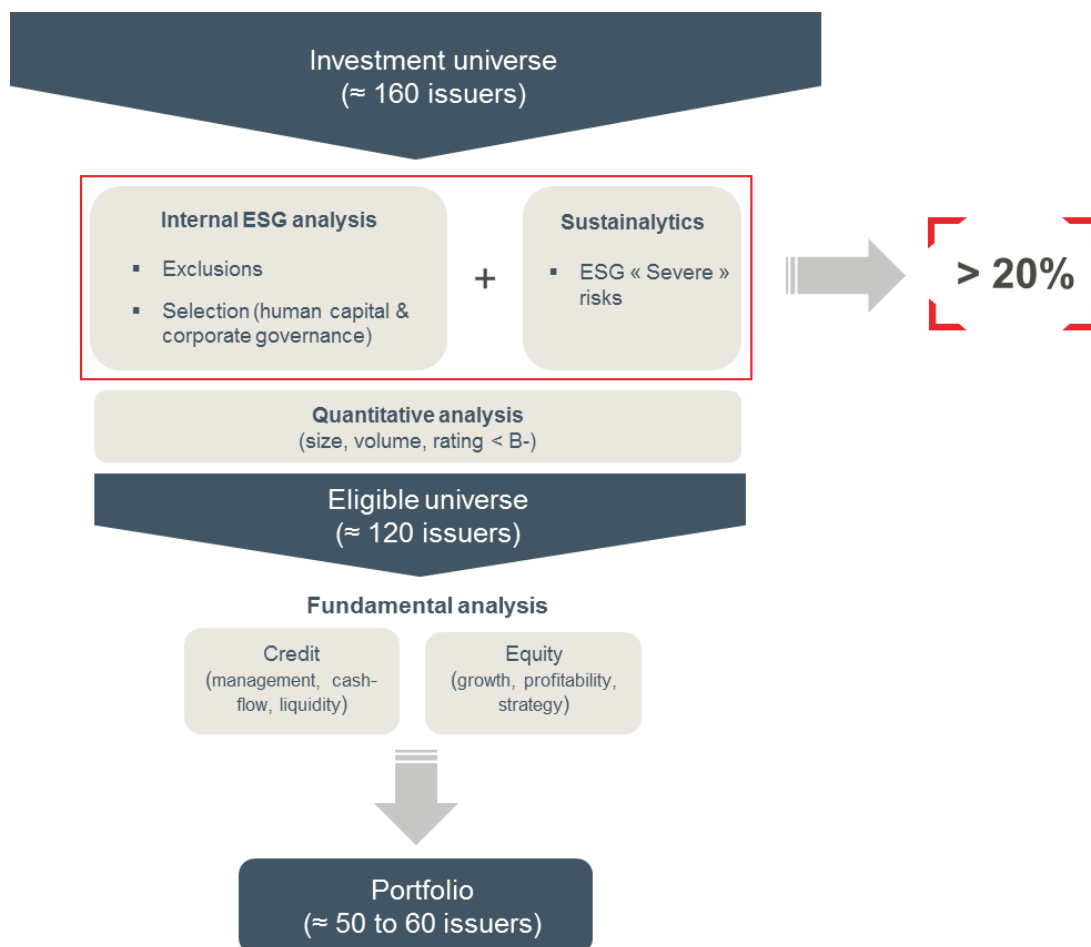
The ODDO BHF European Convertibles Moderate fund invests in convertible bonds issued by European companies of all sizes and follows a defensive investment philosophy (equity sensitivity < 40%); it is based on a fundamental approach and managed independently of the benchmark index.

Prior to the fundamental analysis, the dual ESG filter is applied including normative exclusions (companies with a high controversy level) and sector-based exclusions (coal), narrowing down the investment universe by more than 20%.

The fund management team also applies a quantitative filter to eliminate issuers based on minimum thresholds of size, liquidity and credit rating.

Once the eligible investment universe has been established (around 120 issuers), the fund management team carries out a fundamental credit and equity analysis.

#### Summary of the investment process used for the ODDO BHF European Convertibles Moderate fund



Source: ODDO BHF Asset Management SAS



## 4.2 How are climate change criteria factored into the portfolio construction process? (Article 173-VI & HLEG)

As described in paragraph 3.4, ODDO BHF Asset Management has introduced a climate policy with three priorities: awareness, via our proprietary indicator of a company's energy transition contribution (ETA score); dialogue and engagement, primarily through our participation in the collaborative initiative Climate Action 100+ dealing with climate issues; and the exclusion of coal activities.

When building a portfolio, climate change criteria are factored into our analysis of each issuer's Environment module within our internal model, as described in point 3.3 of the present document. More specifically, we strive to accurately analyse the materiality of climate change-related risks and/or opportunities to which a company is exposed during its operating cycle. We do so largely thanks to CDP data, which are now aligned with the recommendations of the international Task Force on Climate-related Financial Disclosures (TCFD).

### Extract of an Environment module from our internal analysis model

ENVIRONMENTAL OPPORTUNITIES		12.0	20.0		
1. Initiatives & low carbon products		12.0	20.0		
Clean Energy	40% to 60%				
Energy Efficiency					
Biodiversity					
Circular Economy					
Sustainable Mobility					
		24.8	30		
ENVIRONMENTAL RISKS		33.0	40.0		
CDP Answer		Oui			
1- Governance		A-	10.0		
Position on the board with responsibility for climate-related issues	10.0	10.0		A	Board/Executive board
2- Strategy Assessment		B-	7.0		
Are climate-related issues integrated into your business strategy?	7.0	10.0		B	Yes
Use of climate-related scenario analysis					Yes, qualitative and quantitative
Use of an internal carbon price					30
Do you engage with your value chain on climate-related issues?					Yes, our customers; Yes, our suppliers
3- Risk Management		A-	10.0		
Where in the value chain does the risk driver occur?	10.0	10.0		A	Supply chain
Risk type with the potential to have financial or strategic impact					Transition risk
Primary climate-related risk driver					Policy and legal: Increased pricing of GHG emissions
4- Targets		B-	6.0		
Active emissions targets	6.0	10.0		B-	Third-party verification or assurance process in place
Is this a science-based target?					Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative
Verification / Assurance status					Both absolute and intensity targets



+  
Proprietary research



Source : ODDO BHF Asset Management SAS

#### **4.3 How are issuers taken into consideration if they are in a fund's portfolio but not subject to an ESG analysis (excluding UCIs)? (Article 173-VI & TCFD)**

For the funds featuring in this transparency code, we undertake to analyse and assign a score from our internal model to at least 90% of the stocks held in each portfolio. For the share not covered by our internal ESG analysis model, we use the ratings supplied by our external non-financial data provider, Sustainalytics, in order to get a basic overview of the ESG risks and opportunities of the stocks in question.

#### **4.4 Has the ESG evaluation process and/or fund management process changed in the past twelve months?**

The ESG integration process of the funds ODDO BHF AVENIR, ODDO BHF AVENIR Euro, ODDO BHF AVENIR Europe, ODDO BHF Génération and ODDO BHF Euro Corporate Bond has evolved through the formalization of sector exclusions over the last twelve months.

The fund management processes of the ODDO BHF Algo Ethical Leaders and ODDO BHF European Convertibles Moderate funds have been changed as they now incorporate ESG criteria (exclusion filter and ESG selection filter).

#### **4.5 Is a share of the fund(s) assets invested in unlisted entities pursuing strong social goals?**

No, none of the funds featuring in this code are invested in unlisted entities pursuing strong social goals.

#### **4.6 Do the funds engage in securities lending activities?**

No, none of the funds featuring in this document engage in securities lending activities.

#### **4.7 Do the funds use derivative instruments?**

The funds featuring in this transparency code are authorised to use derivative instruments only under the conditions described in the prospectus.

### **ODDO BHF AVENIR, AVENIR Euro, AVENIR Europe**

The funds of the ODDO BHF AVENIR fund range may invest in all financial futures or options traded on regulated, organised markets or over the counter in France or abroad, for the purpose of hedging foreign-currency risk and limiting such risk to no more than 50% of the Funds' NAV. Futures, foreign exchange swaps, forward exchange contracts will be used. These instruments will be held without seeking overexposure and subject to an exposure limit of 100% of the Funds' NAV.



### **ODDO BHF Génération**

The Fund may invest in futures and options, traded on regulated, organised markets or over the counter in France or abroad, without seeking overexposure and subject to an exposure limit of 100% of net assets. The fund may, for the purposes of exposing or hedging the portfolio, invest in stocks, business sectors or market indices with the aim of meeting the official investment objectives, via futures contracts or options as well as currency futures or currency swaps (used to hedge against the currency risk of holding assets denominated in foreign currencies).

### **ODDO BHF Euro Corporate Bond**

The fund may use derivative instruments to hedge against currency risk or to hedge against/gain exposure to interest rate risk or credit risk (for the purposes of efficient portfolio management).

### **ODDO BHF Algo Ethical Leaders**

The fund may use derivative instruments (futures) to hedge against currency or liquidity risks (for the purposes of efficient portfolio management).

### **ODDO BHF European Convertibles Moderate**

The fund may invest in futures or options, traded on regulated, organised markets or over the counter in France or abroad, for the purposes of hedging against/gaining exposure to interest rate risk or equity risk, including equity indices, in particular with the aim of setting up composite convertibles. The fund may also use currency futures to hedge fund units denominated in CHF.

The fund may also use futures or options only to hedge against the portfolio's currency risk, subject to an exposure limit of 10% of net assets. These instruments may include futures, options, currency swaps and currency futures.

The fund may also use index credit default swaps (CDS) only to hedge against credit risk, subject to an exposure limit of 5%.

## **4.8 Do the funds invest in UCIs?**

The funds featuring in this transparency code are authorised to invest in UCIs, subject to an exposure limit of 10% of their net assets.

## 5. ESG Controls

### 5.1 What internal and/or external control procedures are in place to ensure the portfolio's compliance with the ESG rules established for managing the fund(s)?

The fund management process described systematically applies a dual ESG filter: an exclusion filter (sector(s) and/or controversies) and a selection filter based on an analysis of human capital and corporate governance.

Control procedures are in place on two levels to ensure these rules are followed:

#### At the fund management level

The ESG research team sends all the exclusion lists to the fund managers responsible for SRI funds. In addition, before investing in any new company, the fund management teams responsible for actively managed funds contact the ESG analysts to ensure that the issuer in question is eligible after being screened by the human capital/corporate governance selection filter.

#### Via independent controls of the management company

The exclusion lists and ESG selection rules (human capital and corporate governance selection filter) are configured into the tools used to monitor portfolio constraints:

- Pre-trade in Bloomberg AIM (buy orders blocked) based on the portfolios in real time;
- Post-trade via the internal Sentinel tool (reminder issued in case if possible non-compliance) based on the accounting inventories.



## 6. Impact assessment and ESG reporting

### 6.1 How is a fund's ESG quality assessed?

ODDO BHF Asset Management includes the following information in its monthly reporting on funds that incorporate ESG criteria into their investment process:

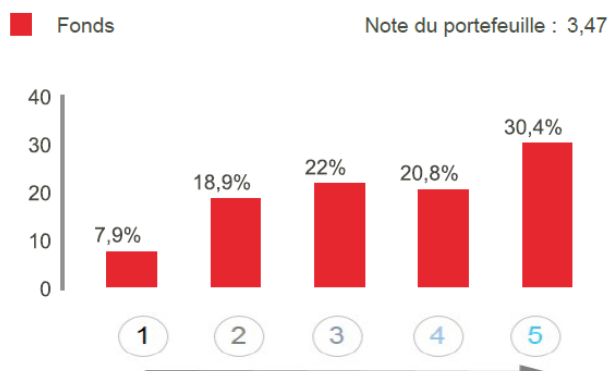
#### A breakdown of the portfolio by internal ESG score (on a scale of 1 to 5)

##### The weighted average ESG score

##### The carbon intensity of the portfolio and benchmark index

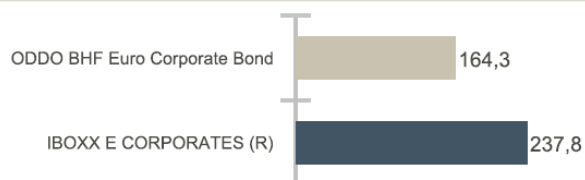
#### Extract of ESG information from monthly reporting

##### Notation ESG



Conformément à la mise à jour de notre politique d'intégration ESG publiée le 30 juin 2017, l'échelle de notation interne ESG distribue désormais l'univers d'investissement des rangs 1 (Risque élevé) à 5 (Opportunité forte) de manière ascendante.

##### Intensité Carbone (tCO<sub>2</sub>e/ mil EUR)



Source : ODDO BHF Asset Management SAS

## 6.2 What ESG impact indicators does(do) the fund(s) use?

ODDO BHF Asset Management considers ESG impact assessment to be crucial to spreading best practices in the field of responsible investment. We therefore think it is essential to use quantitative criteria that are reliable, simple (no restatements) and comparable from one portfolio to another irrespective of their composition (company size, geographic diversity, sector diversity). So the choice of indicators is critical in ensuring that impact assessment is relevant.

At the present time, and in accordance with Article 173 of the Energy Transition for Green Growth Act for French funds with assets exceeding 500 million euros, we publish carbon intensity as an indicator of environmental impact for all our funds that incorporate ESG criteria into their investment processes.

In addition, we are undertaking tests in 2019 with a view to introducing additional impact indicators regarding social and governance issues for the funds featuring in this transparency code. These tests should result in such indicators being published systematically as of 2020.



### **6.3 Which media are used to inform investors about the fund's SRI approach?**

We have a dedicated page on our website with details about our responsible investor practices:

[https://am.oddo-bhf.com/france/en/non\\_professional\\_investor/ad/investment\\_capabilities/1008/sustainable\\_investments\\_esg/1016](https://am.oddo-bhf.com/france/en/non_professional_investor/ad/investment_capabilities/1008/sustainable_investments_esg/1016)

The following information is publicly available:

**Our ESG approach**

**Our climate approach**

**Our annual PRI report**

**Our annual report complying with Article 173 of the French Energy Transition for Green Growth Act**

**Our voting policy**

**Our annual report on the exercise of voting rights**

**Our annual dialogue and engagement policy report**

Our theme-based white papers are also available on this dedicated page (see paragraph 2.3 of the present document).

In addition, all regulatory documents concerning the funds featuring in this transparency code are available at the following address:

[https://am.oddo-bhf.com/france/en/non\\_professional\\_investor/fundspage](https://am.oddo-bhf.com/france/en/non_professional_investor/fundspage)

**6. 4 Does the fund management company publish the results of its voting policy and engagement policy? (Article 173-VI & HLEG)**

The reports on ODDO BHF Asset Management's voting policy and dialogue and engagement policy are available on the dedicated ESG page of our website:

[https://am.oddo-bhf.com/france/en/non\\_professional\\_investor/ad/investment\\_capabilities/1008/sustainable\\_investments\\_esg/1016](https://am.oddo-bhf.com/france/en/non_professional_investor/ad/investment_capabilities/1008/sustainable_investments_esg/1016)



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**EUROSIF AND THE NATIONAL SUSTAINABLE INVESTMENT FORUMS (SIFs) OBLIGATE ON THE FOLLOWING POINTS:**

- Eurosif is responsible for managing and publishing the Transparency Code.
- For Germany, Austria, Liechtenstein and Switzerland, the Sustainable Investment Forum (FNG) e.V.
- Eurosif and the FNG publish the answers to the Transparency Code on their websites.
- Eurosif, in cooperation with the FNG, awards a "transparency logo" to those funds that have followed the Code and submitted a response. The logo can be used for promotional purposes, following the instructions in the logo specification manual and keeping the code up-to-date. The code is to be updated annually.
- Eurosif undertakes to regularly revise the Code. This process will be open and inclusive.



## EUROSIF

Eurosif - short for the European Sustainable and Responsible Investment Forum - is a pan-European association dedicated to promoting sustainability through Europe's financial markets.

Eurosif works as a partnership of the European national Sustainable Investment Fora (SIFs) with the support and participation of its members. The members cover all areas along the value chain of the sustainable finance industry. Other members come from the countries where no SIF exists.

Institutional investors are as represented as asset managers, asset managers, sustainability research agencies, scientific institutes and non-governmental organizations. Eurosif represents assets worth around one trillion euros through its members. Eurosif membership is open to all organizations in Europe dedicated to sustainable investing.

Eurosif is recognized as an important voice in sustainable and responsible investment. His areas of expertise include public policy, research and building platforms to promote best practices in sustainable investing. Further information can be found at [www.eurosif.org](http://www.eurosif.org).

Currently, the national Sustainable Investment Fora (SIFs) are:

- Dansif, Denmark
- Finsif, Finland
- Sustainable Investment Forum \* (FNG) eV, Germany, Austria, Liechtenstein and Switzerland
- Forum per la Finanza Sostenibile \* (FFS) , Italy
- Forum pour l'Investissement Responsable \* (FIR), France
- Norsif, Norway
- Spainsif \*, Spain
- Swesif \*, Sweden
- UK Sustainable Investment and Finance Association \* (UKSIF), United Kingdom
- Vereniging van Beleggers voor Duurzame Ontwikkeling \* (VBDO), Netherlands

\* Member of Eurosif

You can reach Eurosif at +32 2 743-2947 or by e-mail at [contact@eurosif.org](mailto:contact@eurosif.org). Eurosif A.I.S.B.L. Avenue Adolphe Lacomblé 59 1030, Schaerbeek

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## FNG

The Forum Nachhaltige Geldanlagen (FNG), the Association for Sustainable Investment in Germany, Austria, Liechtenstein and Switzerland, represents more than 170 members who are committed to greater sustainability in the financial sector. These include banks, investment companies, rating agencies, financial advisers and scientific institutions. The FNG promotes dialogue and exchange of information between business, science and politics, and has been working since 2001 to improve the legal and political framework conditions for sustainable investments. The FNG lends its transparency logo to sustainable retail funds, publishes the FNG sustainability profiles and the FNG matrix and is a founding member of the European umbrella organization Eurosif.

You can reach the Sustainable Investment Forum at +49 (0) 30 264 70.544 or at [office@forum-ng.org](mailto:office@forum-ng.org)

Forum Nachhaltige Geldanlagen e.V.  
Rauchstr. 11  
D-10787 Berlin

Further information on Eurosif and the European Transparency Code for Sustainability Funds can be found at [www.eurosif.org](http://www.eurosif.org) and at [www.forum-ng.org](http://www.forum-ng.org).

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