



REPORT ON THE EXERCISE OF VOTING RIGHTS IN 2019

FEBRUARY 2020



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Completed to be written on February 20, 2020

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.

Exercise of voting rights in 2019

In accordance with article R 533-16-II of the French Monetary and Financial Code, ODDO BHF Asset Management SAS presents in this report the annual review of actions taken under its shareholder engagement policy, as referred to in paragraph I of article L.533-22 of said code, describing the conditions under which it exercised its voting rights at the general meetings of shareholders held during the course of 2019 by issuers carried in the portfolios it manages.

1. General voting statistics

Votes at AGMs

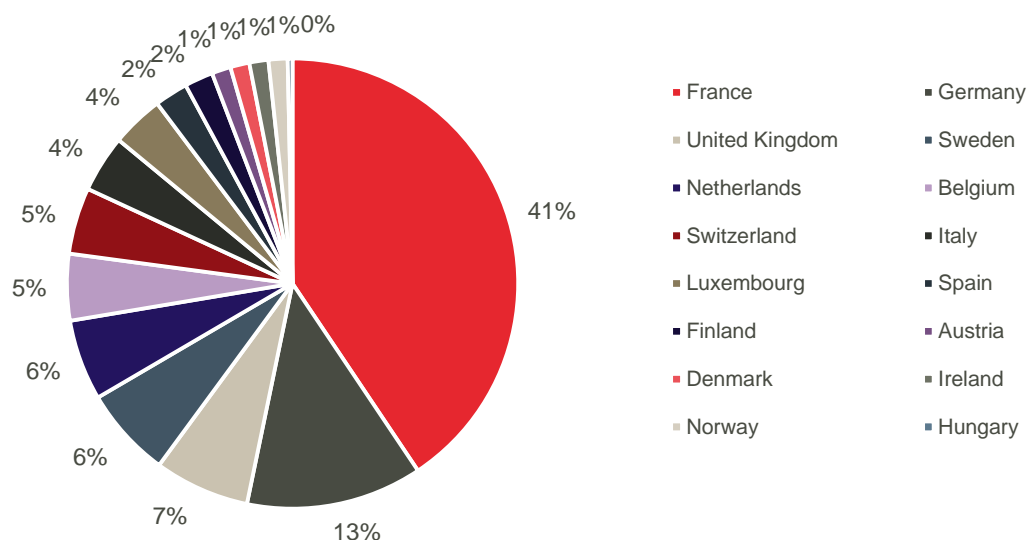
In 2019, ODDO BHF Asset Management SAS voted at the AGMs of **293 listed European companies**, representing 4413 resolutions. The number of companies in which ODDO BHF Asset Management SAS had voting rights and for which it could have exercised its rights over this period was 298. Consequently, its participation rate at the AGMs of portfolio companies was **98.3%**.

From a geographical perspective, France represented 41% of AGMs voted at in 2019, ahead of Germany (13%), the UK (7%) and Sweden (6%).

The participation rate was 100% in all countries where ODDO BHF Asset Management SAS voted at AGMs, with the exception of France (98.32%), Sweden (94.74%), Belgium (92.86%) and Switzerland (85.71%).

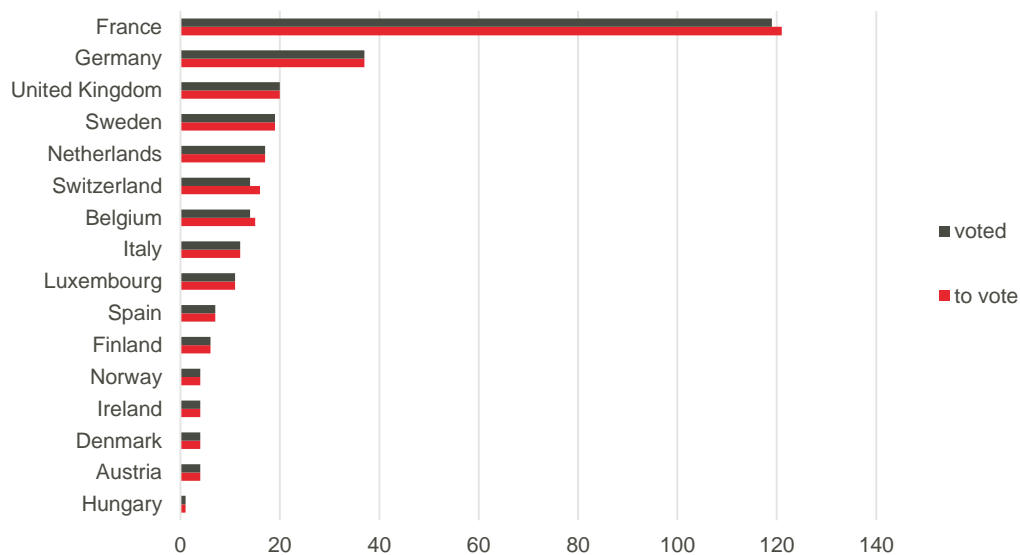


Geographical breakdown of votes at AGMs in 2019



Sources: ISS, ODDO BHF Asset Management SAS, 31/12/2019

Gap between potential and voted AGMs

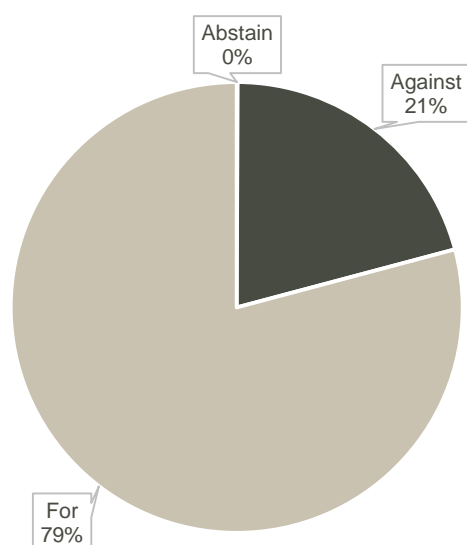


Sources: ISS, ODDO BHF Asset Management SAS, 31/12/2019

Breakdown of votes by resolutions

Of the 4,515 possible resolutions in 2019, ODDO BHF Asset Management SAS voted on **4,413**, representing a **participation rate of 97.7%**. **Opposing votes** represented **20,8%**.

Breakdown of votes by nature



Sources: ISS, ODDO BHF Asset Management SAS, 31/12/2019

History of “for” and “against” votes

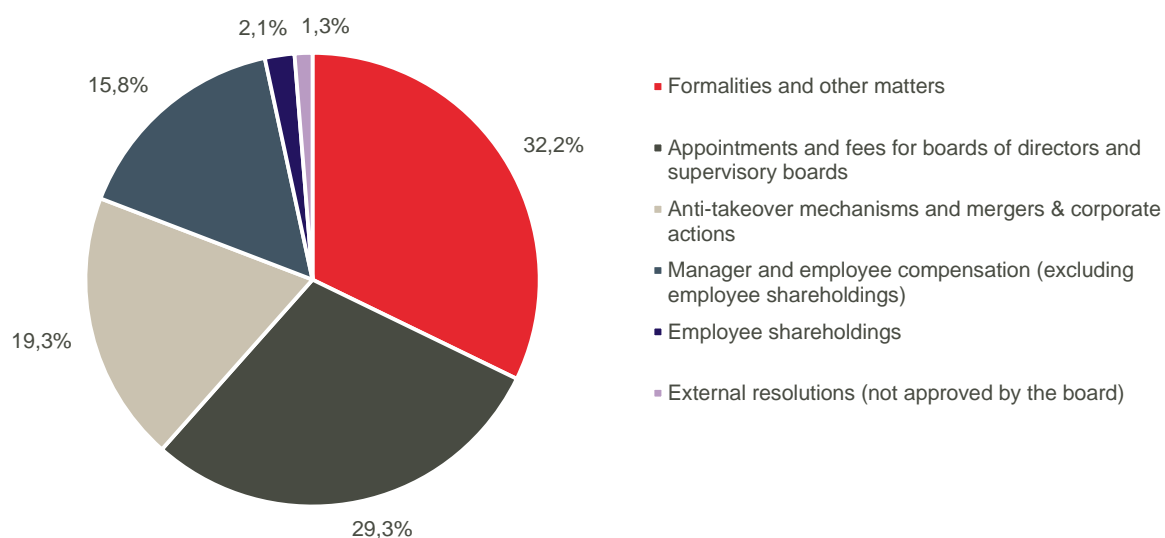
Year	Number of resolutions	% of „for“ vote	% of „against“ vote
2012	3143	90,10%	9,90%
2013	2963	89,35%	10,18%
2014	6037	86,90%	13,07%
2015	6244	85,14%	14,78%
2016	6499	85,13%	14,61%
2017	6582	82,98%	16,96%
2018	6679	84,00%	16,00%
2019	4413	79,15%	20,78%

Source: ODDO BHF Asset Management SAS, 31/12/2019



Broken down by category, 32% of our votes in the 2019 financial year involved formalities and similar matters (approval of accounts, amendments to articles of incorporation, and external auditor appointment and compensation); 29% involved appointments and fees for boards of directors or supervisory boards; 19%, anti-takeover mechanisms, and mergers & corporate actions; and 16%, manager and employee compensation.

Breakdown of resolutions voted on by category



Sources: ISS, ODDO BHF Asset Management SAS, 31/12/2019

The approval rate of resolutions varied from 60.6% to 100% depending on the geographical origin of companies whose AGMs were attended by ODDO BHF Asset Management SAS.

Geographical breakdown of “for” votes

Countries	Number of companies	% of “for” votes
Austria	4	61%
Belgium	9	84%
Denmark	4	73%
Finland	6	95%
France	107	73%
Germany	37	80%
Hungary	1	100%
Ireland	4	72%
Italy	12	67%
Luxembourg	10	88%
Netherlands	16	94%
Norway	4	83%
Spain	6	92%
Sweden	17	89%
Switzerland	7	79%
United Kingdom	18	96%

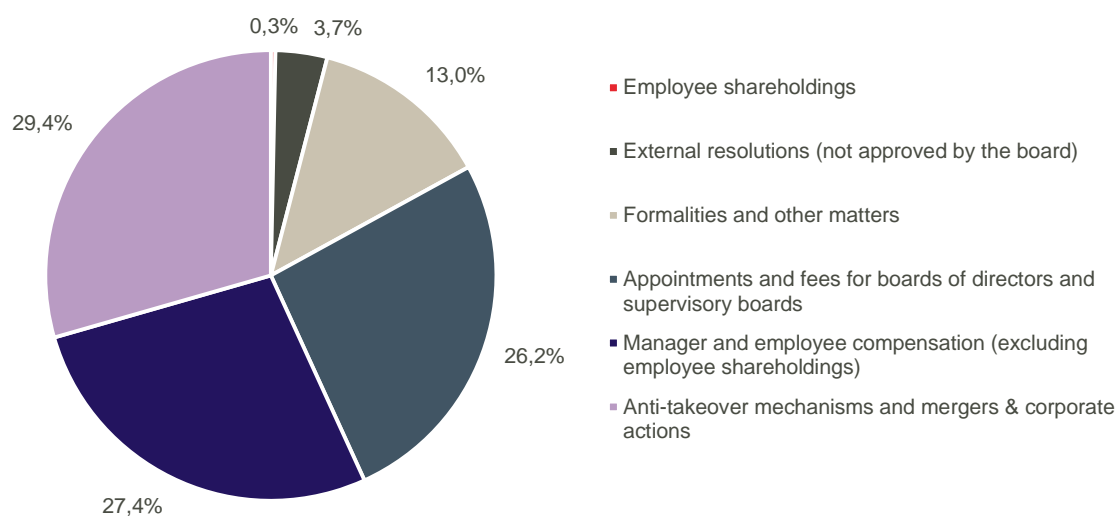
Sources: ISS, ODDO BHF Asset Management SAS, 31/12/2019



2. Analysis of opposing votes

In 2019, ODDO BHF Asset Management SAS opposed 917 resolutions. The majority of opposing votes in 2019 were concentrated on financial operations and mergers (29,4%), management remuneration (27,4%), and the appointment and attendance fees of directors (26,2%).

Breakdown of opposing votes by category



Sources: ISS, ODDO BHF Asset Management SAS, 31/12/2018

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 of 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 2019 at which we did not follow the recommendations issued by management on the three topics mentioned above.

Téléperformance (France) – Business Services sector

Executive pay policy

As mentioned above, we believe it is important for information on executive pay policies to be transparent and clear, particularly with regard to the alignment of compensation with the company's medium and long-term financial performance. During the general meeting held on 9 May 2019, we voted against the resolution relating to the annual compensation of the company's Chairman and Chief Executive Officer for 2018. This is because we considered the conditions for awarding their compensation not strict enough, as the requirements for meeting the targets defined were mostly below the guidance targets that the company had announced to the market.

Critéo (France) – Business Services sector

Corporate actions, share issues

In keeping with our voting policy, we are in favour of proposals to issue shares with preferential subscription rights up to a maximum of 100% of the share capital issued. If preferential subscription rights do not apply, we consider each case separately and we might vote against a proposal if the request for authorisation exceeds 5% of the share capital. During the general meeting held on 16 May 2019, we voted against the resolution requesting authorisation to issue shares without preferential subscription rights potentially corresponding to more than 10% of the outstanding share capital.

Banco Santander (Spain) – Banking sector

Functioning of the Board, appointment of directors

ODDO BHF Asset Management SAS pays close attention to whether boards of directors are formed and operated properly in the interests of minority shareholders, particularly with regard to their degree of independence, their structure, the length of terms of office and, of course, the process for appointing directors. On this last topic, we voted against any resolution proposing to appoint or re-appoint a director whenever there was a potential conflict of interest, specific concerns about the individual or repeated and unexplained absences from Board meetings. During the general meeting held on 11 April 2019, we voted against the reappointment of Bruce Carnegie-Brown to his position as the chairman of the appointments and compensation committees in light of the failed appointment of Mister Orcel (formerly UBS) as Chief Executive Officer. We were of the view that because of the costs incurred by this unsuccessful process, Mister Carnegie-Brown's fiduciary responsibility had been engaged.



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

In 2019, ODDO BHF Asset Management SAS voted on 62 external resolutions submitted by shareholders, with 23 votes “For” and 39 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 2019.

ODDO BHF Asset Management SAS

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