



ODDO BHF
ASSET MANAGEMENT

2023 SHAREHOLDER ENGAGEMENT REPORT

MARCH 2024

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INTRODUCTION

In accordance with regulatory requirements, this report presents quantitative data on the implementation of the shareholder engagement policy for the period from 1 January 2023 to 31 December 2023 concerning funds invested in listed assets only.

This includes dialogue and engagement statistics and voting results at the General Meetings.

01

DIALOGUE & ENGAGEMENT POLICY

1.1 APPROACH AND OBJECTIVES

Generally speaking, our approach to dialogue and engagement with companies has the following objectives:

- to use ESG analysis for better understanding of the risks and opportunities arising from the growth models in sectors and companies in which ODDO BHF Asset Management has invested or is likely to invest;
- to help us validate or invalidate our views on the quality of management, based on its track-record in managing ESG challenges;
- to possess information on ESG issues, in addition to the financial statements;
- to propose areas of improvement in the extra-financial themes that have been identified, in order to assist companies in their sustainable development strategies;
- to influence the trajectory of companies towards the climate transition, the ecological transition and the just transition.
- to require companies operating in high carbon emitting sectors, to publish decarbonization objectives in line with a 1.5° scenario.
- to require companies with high negative impact on natural capital, to publish policies and implement actions to reduce their impact.

In addition to fund managers' regular meetings with companies, **ODDO BHF Asset Management conducted 111 ESG management meetings in 2023**. We also undertook individual and collective engagement initiatives with companies that we believe have significant ESG risks and challenges or that we would like to see improving their ESG strategy.

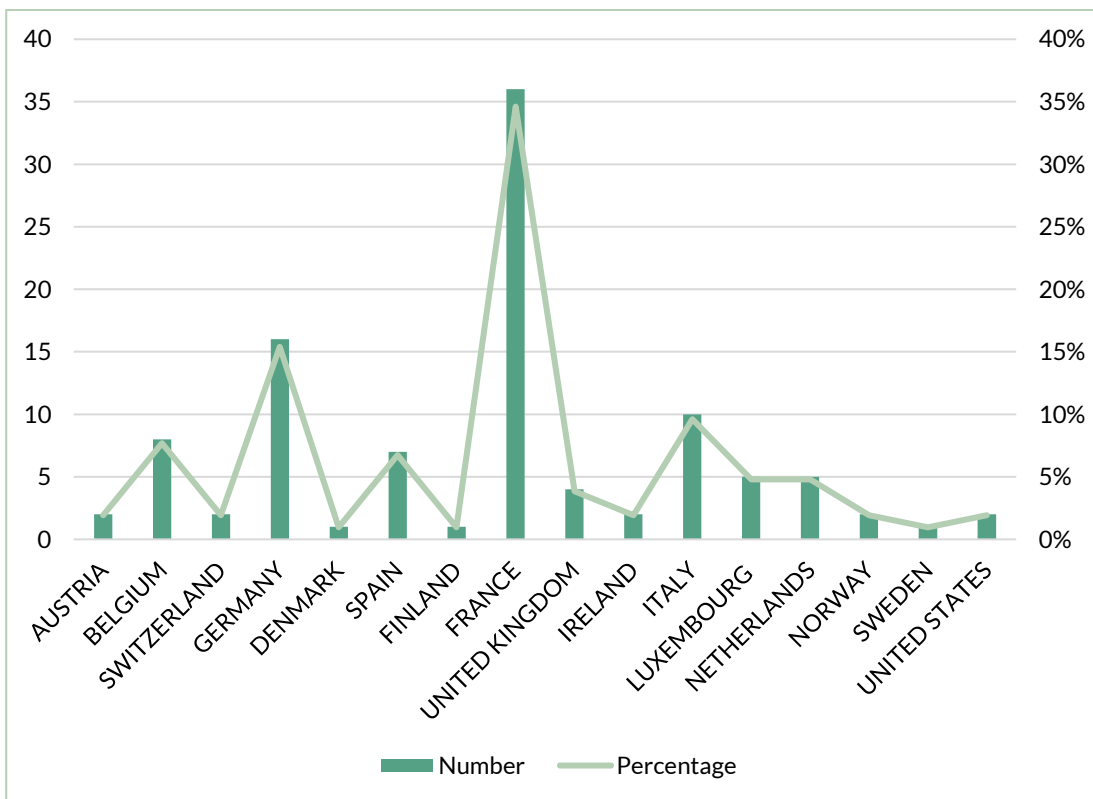
02

ESG DIALOGUE & ENGAGEMENT: 2023 ASSESSMENT AND STATISTICS

ODDO BHF Asset Management conducted ESG management meetings with 111 European and Global companies in 2023. Most of these were one-to-one meetings with the Heads of sustainable development, Board Members, and Heads of Investor Relations.

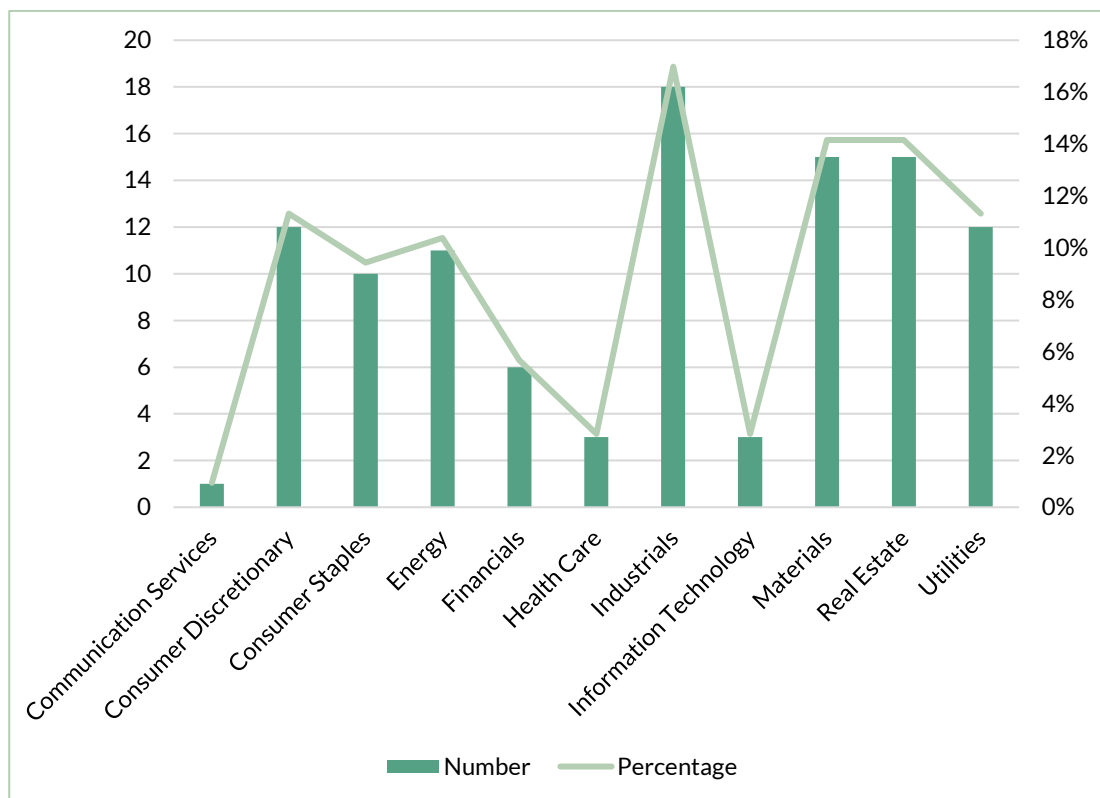
These ESG engagements involved companies and sectors in various countries. Most company meetings were with European companies (French: 35%, German 15%), and mainly with Industrials (17%), materials (14%) and real estate (14%).

GEOGRAPHICAL BREAKDOWN



Source: ODDO BHF Asset Management, 31/12/2023

BREAKDOWN BY SECTOR



Source: ODDO BHF Asset Management, 31/12/2023

LIST OF THE 111 COMPANIES MET UNDER ESG ENGAGEMENT INITIATIVES IN 2023

Company name	Sector	Country of Domicile
ICADE	Real Estate	FR
KLEPIERRE	Real Estate	FR
INTERPARFUMS SA	Consumer Staples	FR
GREENERGY RENOVABLES	Utilities	ES
FRANCAISE ENERGIE	Energy	FR
ELIA GROUP SA/NV	Utilities	BE
MERLIN PROPERTIES SOCIMI SA	Real Estate	ES
SAIPEM SPA	Energy	IT
IBERDROLA SA	Utilities	ES
RED ELECTRICA CORPORACION SA	Utilities	ES
ELIA GROUP SA/NV	Utilities	BE
TOTALENERGIES SE	Energy	FR
AGRANA BETEILIGUNGS AG	Consumer Staples	AT
BAYWA AG	Industrials	DE
BUREAU VERITAS SA	Industrials	FR
ELIS SA	Industrials	FR
EUROFINS SCIENTIFIC	Health Care	LU
FAGRON	Health Care	BE

GL EVENTS	Industrials	FR
GREENYARD NV	Consumer Staples	BE
VETOQUINOL SA	Health Care	FR
EQUINOR ASA	Energy	NO
E.ON SE	Utilities	DE
KONINKLIJKE AHOLD DELHAIZE N	Consumer Staples	NL
CARREFOUR SA	Consumer Staples	FR
BURBERRY GROUP PLC	Consumer Discretionary	GB
SSE PLC	Utilities	GB
ENGIE	Utilities	FR
TOTALENERGIES SE	Energy	FR
ENI SPA	Energy	IT
RWE AG	Utilities	DE
AALBERTS NV	Industrials	NL
RENEWI PLC	Industrials	GB
DAIMLER TRUCK HOLDING AG	Industrials	DE
JAGUAR LAND ROVER	Industrial	GB
VOLKSWAGEN AG	Consumer Discretionary	DE
MERCEDES-BENZ GROUP AG	Consumer Discretionary	DE
STELLANTIS NV	Consumer Discretionary	NL
RENAULT SA	Consumer Discretionary	FR
BAYERISCHE MOTOREN WERKE AG	Consumer Discretionary	DE
EVONIK INDUSTRIES AG	Materials	DE
SIEMENS ENERGY AG	Industrials	DE
VOLVO AB-B SHS	Industrials	SE
MERSEN	Industrials	FR
KERRY GROUP PLC-A	Consumer Staples	IE
MICHELIN (CGDE)	Consumer Discretionary	FR
JOHNSON CONTROLS INTERNATIONAL	Industrials	US
STELLANTIS NV	Consumer Discretionary	NL
PLASTIC OMNIUM	Consumer Discretionary	FR
AKER CARBON CAPTURE ASA	Industrials	NO
CRH PLC	Materials	IE
HOFFMANN GREEN CEMENT TECHNO	Materials	FR
ASML HOLDING NV	Information Technology	NL
ATOS SE	Information Technology	FR
EURAZEO SE	Financials	FR
HANNOVER RUECK SE	Financials	DE
SES IMAGOTAG	Information Technology	FR
TELEPERFORMANCE	Industrials	FR
BUZZI UNICEM SPA	Materials	IT
HEIDELBERGCEMENT AG	Materials	DE
TITAN CEMENT INTERNATIONAL T	Materials	BE
VICAT	Materials	FR
ARCELORMITTAL	Materials	LU

VEOLIA ENVIRONNEMENT	Utilities	FR
TOTALENERGIES SE	Energy	FR
GREENERGY RENOVABLES	Utilities	ES
STORA ENSO OYJ-R SHS	Materials	FI
Statnett	Utilities	NO
BASF SE	Materials	DE
COVESTRO AG	Materials	DE
BEFESA SA	Industrials	LU
REPSOL SA	Energy	ES
PEMEX	Energy	MX
ALTAREA	Real Estate	FR
ICADE	Real Estate	FR
GREAT PORTLAND ESTATES PLC	Real Estate	GB
KLEPIERRE	Real Estate	FR
MERLIN PROPERTIES SOCIMI SA	Real Estate	ES
VGP	Real Estate	BE
VONOVIA SE	Real Estate	DE
XIOR STUDENT HOUSING NV	Real Estate	BE
ARGAN	Real Estate	FR
AT&T INC	Communication Services	US
INTESA SANPAOLO	Financials	IT
HERA SPA	Utilities	IT
FINECOBANK SPA	Financials	IT
UNICREDIT SPA	Financials	IT
UNIPOL GRUPPO SPA	Financials	IT
NESTLE SA-REG	Consumer Staples	CH
SIEMENS AG-REG	Industrials	DE
COMPAGNIE DE SAINT GOBAIN	Industrials	FR
SOL SPA	Materials	IT
NESTLE SA-REG	Consumer Staples	CH
ARGAN	Real Estate	FR
CARLSBERG AS-B	Consumer Staples	DK
ENI SPA	Energy	IT
UNIBAIL-RODAMCO-WESTFIELD	Real Estate	FR
ANHEUSER-BUSCH INBEV SA/NV	Consumer Staples	BE
OMV AG	Energy	AT
VOLKSWAGEN AG	Consumer Discretionary	DE
RENAULT SA	Consumer Discretionary	FR
AIR LIQUIDE SA	Materials	FR
SODEXO SA	Consumer Discretionary	FR
ARCELORMITTAL	Materials	LU
TECHNIP ENERGIES NV	Energy	FR
COVIVIO	Real Estate	FR
AMPRION	Energy	DE
ARCELORMITTAL	Materials	LU

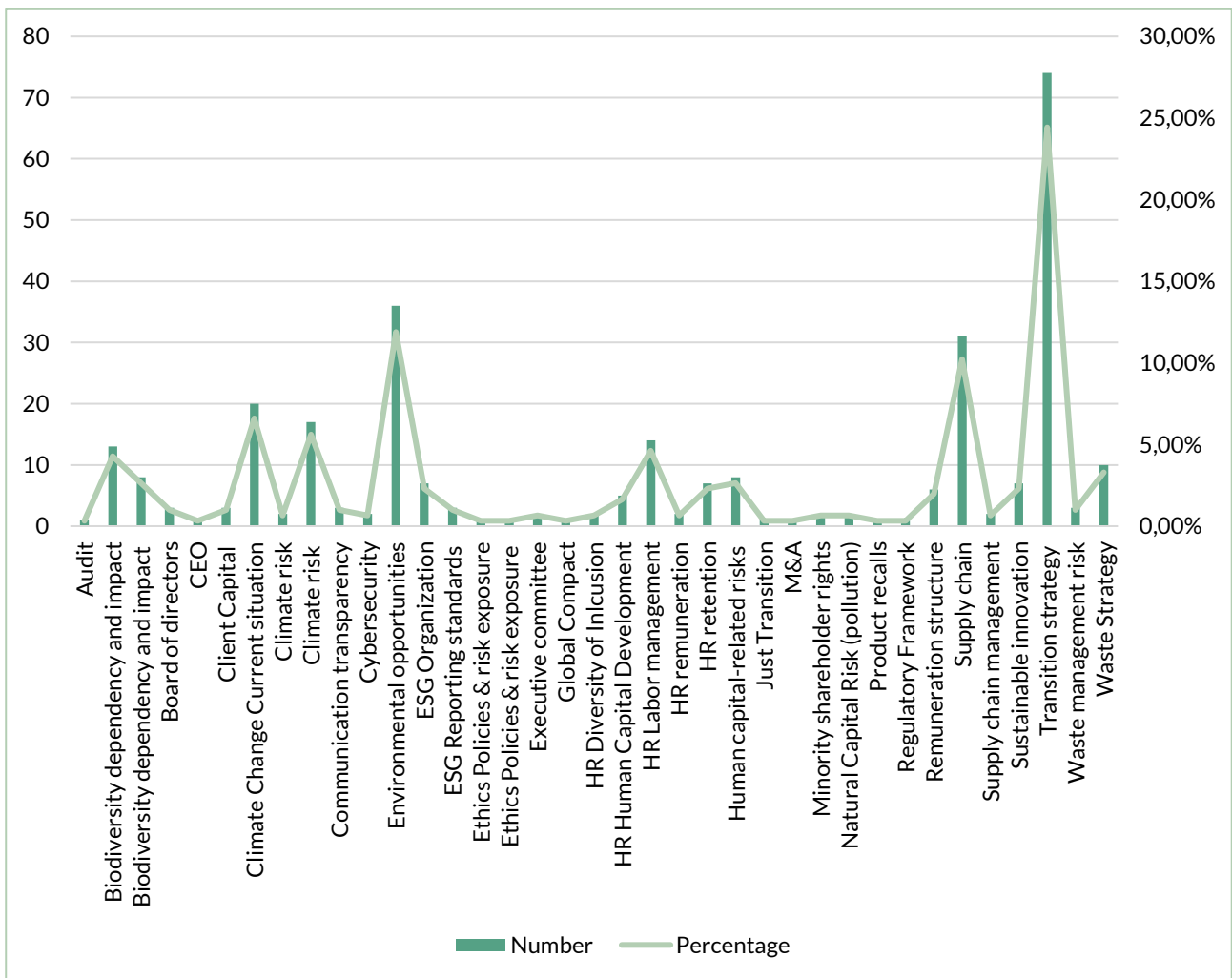
Source: ODDO BHF Asset Management, 31/12/2023

2.1 TOPICS TACKLED DURING OUR ENGAGEMENTS

During our engagement process we discussed a very broad range of issues, including:

- Environmental issues: determining a climate strategy, controlling environmental risks throughout the value chain, estimating the proportion of a company’s green activities based on the European taxonomy, measures taken to promote the circular economy, biodiversity protection strategy, etc.
- Social issues: employee development and protection during the pandemic, promoting diversity within companies, protecting human and worker rights throughout the value chain, investments in innovation, etc.
- Governance issues: consistency and transparency of employee compensation, diversity on the board of directors, corruption risk management policies, sustainable development strategy governance, etc.

A SUMMARY OF THE MAIN ISSUES DISCUSSED WITH EACH COMPANY IN 2023



Source: ODDO BHF Asset Management, 31/12/2023

03

ENGAGEMENT TO PROMOTE PROGRESS

ODDO BHF Asset Management considers engagement to be an important component in its investor responsibility. Our approach aims above all at improving practices and enhanced transparency in environmental, social and governance challenges at companies in which we are invested. This is not shareholder activism, but, rather, one-off initiatives handled on a case-by-case basis. We are confident that seeking progress on extra-financial issues creates value over the long term for all stakeholders. Moreover, we put particular attention to any controversies, which may represent a reason to start a due diligence analysis and an engagement action with companies.

3.1 OUR APPROACH FOR LISTED ASSETS

Our engagement actions are conducted both on a short term perspective and on a long-term perspective. The individual engagement is our preferred tool to face issues that can be addressed in the short term (within 18 to 24 months). On the contrary, we privilege collaborative engagements when the action takes a major impact on a medium to long term time horizon and requires a multi stakeholders involvement to be effective. Indeed, our aim as long-term investor is to influence the trajectory of companies towards the climate transition and most efficient ESG practices.

3.2 INDIVIDUAL ENGAGEMENTS FOR LISTED ASSETS

In 2023, we focused on sector reviews of major actors in different sectors highly exposed to climate change, to gain more insights on their climate transition plan. We'll continue the screening and monitoring of different companies in the following years, to ensure that the ambitions and objectives announced will be achieved.

Here some examples of individual engagements conducted with corporates in 2023.

European company operating in the auto manufacturing sector globally

OUTCOME: ONGOING

At the end of 2022, ODDO BHF Asset Management decided to start a dialogue with the Company following the downgrade of a controversy flag from "severe" to "very severe" level, downgrade done by an external data provider about the use of Uyghurs in a production plant based in the Xinjian region (China).

The allegations made were denied by the Company, saying that there is no evidence that forced labor is used in its direct supply chain or at any production plants. In addition, the Company affirmed that a visit of the production plan would be done as soon as possible.

After several meetings with the company, in which we asked for an external audit to be conducted on the plant based in the Xinjian region (China), the Group managed to achieve this result. The audit was conducted by a German auditor specialized in Human Rights, and showed that no violations on forced labour, discrimination or health and

safety at work were detected. The auditors recognised that the employees are well qualified have belonged to the company for a long period of time of up to ten years, have “a low work intensity” and are being “remunerated above average”.

Following this announcement, we had a call with the Investor Relation team of the company, which confirmed us they are comfortable with the auditor’s findings.

As consequence, we acknowledged the positive outcome and we updated the ESG internal score, even though we remain very conscious of the exposure of the Company to this risk, and we carefully continue to look at the measures that it is taking to manage that exposure.

Sector/theme: Automotive majors in their electrification journey

OUTCOME: ENGAGEMENT TO BE CONTINUED

The road transport sector is responsible for 12% of global GHG emissions (OurWorldindata, 2020) mostly happening in the upstream and downstream phase of the value chain - the Scope 3 representing 95% of total emissions. As the main GHG emissions concern the use of vehicle, the transition from a combustion engine to an electric motor, has an immediate positive effect on the decarbonization of the industry.

The automotive industry is surely one of the most reactive in the transition pathway to a clean energy offer. In less than one decade, we have assisted to a significant growth of EVs production, partially driven by clients’ behaviour, but mostly due to the reinforcement of the regulation frameworks of developed countries, working to promote decarbonized economies.

However, the debate on the virtuosity of electrifying the automotive sector remains intensive on various aspects: the highly carbon-intensive process of batteries production, the limited availability of charging stations, the increasing demand of batteries’ critical raw materials, the vehicle affordability for the final client, among others.

Nevertheless, the direction taken from the automotive players is clear: the electrification of the product offer is at the core of the major automakers development strategies, being the most efficient large scale available solutions to decarbonize the industry, as of today.

In the last years, almost all majors globally have done Zero Emissions vehicle announcements, sometimes even more ambitious than policy targets.

For example, Renault, Stellantis and Ford, have a target 2030 of 100% of BEV sales in Europe, whereas for Mercedes-Benz and Volvo it is a worldwide objective; more cautious, Volkswagen and BMW aim to achieve 50% volumes of BEV worldwide by 2030.

To secure the supply chain, some large size companies (BYD, Tesla, Volkswagen) are deploying part of their CapEx in battery gigafactories plants and almost all automakers have JV with major actors of the battery production like CATL, Northvolt, Evision, ACC. Moreover, some automakers are initiating partnerships with suppliers of solid battery, a safer and more efficient solution which is expected to growth in the next decade.

In recent years, automotive companies are also emitting ever more Green Bonds to finance their transition strategy. Projects financed are mainly linked to – among other: investments in R&D and new electric powertrain solutions, conversion of manufacturing sites from ICEV to BEV, installation of renewable energy plants at the production sites...

All major automakers are moving in that direction. But assessing the quality of their plans is a complex exercise, which needs to consider – among other - the actual offer status (EV sales) and the fixed company’s targets, the feasibility of the plan in terms of financial profitability and execution risks, the securitization of the supply chain

and the verticalization of the business, the regulation scenario, and the exposure to regulation compliance risks (CO2 emissions penalties), particularly strict in the European Union.

We have chosen different criteria to look at and run a comparative scenario analysis between majors of the sector, which helps us in getting a continue monitoring of progresses done by the companies over years, measuring the gap between the current situation and the announced objectives, and pushing companies to improve practices if behind peers' benchmark.

Sector/theme: the transition challenge in the real estate sector

OUTCOME: ENGAGEMENT TO BE CONTINUED

With the scientific consensus showing the world must reach net-zero carbon emissions by mid-century, the building industry can play a crucial role in limiting damage from global climate change. However, the ability of the industry to play this positive role requires both a recognition of its potential and a consensus regarding the broad actions required to reduce GHG emissions. After at least two centuries of increasing dependency on fossil-fuels, this represents an important challenge for the industry.

The real estate sector has two challenges to overcome: reducing its greenhouse gas emissions as well as its energy consumption. At global level, according to the United Nations, the real estate sector is linked to 40% of global greenhouse gas emissions. Most of these GHG emissions are energy related. Indeed, the sector accounts for more than 30% of global final energy consumption.

One of the biggest challenges for the reduction of GHG emissions results from the poor energy efficiency of existing buildings and still too low refurbishment rates in all countries of the EU. The European Commission estimates that only 1% of the building stock is renovated each year. In terms of the current state of the building stock, 35% of the European building stock is over 50 years old. According to the Buildings Stock Observatory, 75% are energy inefficient with 85% built before 2001. Due to forecast global population growth and urbanization, the total global floor area is expected to increase by 20% to 2030 and to double over the next 40 years with the majority coming from residential development in emerging and developing economies. Over the past 10 years, the building floor space has expanded by more than 20%, while energy use per square meter has improved only 7%. It is one of the key parameters of the GHG emissions equation because energy efficiency could represent 20% of the decarbonization journey to net zero.

We decided to conduct a review of the sector and selected different companies representing all segments that we met. However, it is important to have in mind some points that prevent in some ways the direct comparability. These different segments may differ on the operating phase, as they do not have the same business models meaning that they do not have the exact same challenges to overcome, they are not at the same level in terms of progress, and they have different levers they can use. As an example, the shopping center segment has much more direct power on energy consumption compared to residential companies as common areas are more important and they have direct control over them. The second limit that makes the comparability difficult is the location of the building stock and the methodology used to calculate the emissions linked to energy consumption.

What we observed is that all companies in our selection are working on a net zero trajectory, but the perimeter set differs widely, which plays on the credibility of their climate strategy. Moreover, most of the companies have set targets for either reducing their energy intensity or produce their own renewable energy but companies' influence differs significantly from one segment to the other. Another observation concerns operational carbon that can be reduced significantly through 'easy wins', even before it is necessary to spend CapEx on a particular asset. Thus, high CapEx does not always mean high efforts, but some segments are more CapEx intensive such as for example offices and residential because equipment and building structure are more essential for reducing their energy consumption vs shopping centers.

We continue to maintain close dialogues with companies of the sector and this sector review allowed us to better target the key issues by segments rather than on a sector level.

Sector/theme: Decarbonation in the cement industry

OUTCOME: ENGAGEMENT TO BE CONTINUED

Cement is the most used man-made material but has a massive CO₂ footprint, its production being responsible for 7% of the world's emissions. This must be curbed to align with climate goals. The CO₂ emissions associated with cement production have already decreased at an annual pace of 0.6% from 1990 to 2020, but the IEA estimates that "3% annual declines to 2030 are necessary to get on track with the Net Zero Emissions by 2050 Scenario". Cement producers need to speed up in their decarbonation journey.

Companies are consequently subject to varying GHG emissions regulations depending on countries. In Europe notably, they operate under the strengthening EU Emission Trading Scheme (EU ETS), putting an increasing price on carbon.

In this context of region-dependent regulatory push, we reviewed the decarbonization strategy of a dozen of cement manufacturers worldwide, with a focus on European ones, and discussed them during meetings.

Multiple levers exist to reduce emissions, but their usability depend on the geography. Indeed, as each location is unique, in terms of geology and of local political context, there no one size fits all solution. And multiple variations of each lever must be developed, so to have the greatest flexibility and use the best possible combination of decarbonization levers on a site-by-site basis.

Traditional levers to decarbonize are already used by cement companies that were in scope, to varying extents, while the more recent and expensive Carbon Capture Usage and Storage (CCUS) lever seemed to be more developed in Europe, where the regulatory push goes currently alongside subsidies for these CCUS projects. It is in Europe that we saw the most comprehensive decarbonation strategies, enabled for example by organized supply chains, necessary for certain traditional levers, as well as the most detailed decarbonation CapEx overall. For players in the US, we understood that one of the biggest obstacles to decarbonize was regulatory, until a recent change. This made for example that European cement manufacturers active in the US could not display as good figures as others absent from this market.

In that context, we continue having regular discussions with majors of the sector to follow up on progress on this topic.

3.3 GREEN BONDS

Sustainable bonds, and more specifically Green and Sustainability bonds, play an important role to support and finance the transition to a low carbon economy. Our assessment of Green, Social and Sustainability bonds rely on a bottom-up approach to make sure that the bonds finance projects that provide clear environmental and/or social benefits. This includes making sure that the respective framework follows the Green, Social, Sustainability Bond Principles but also that the projects to be financed are eligible under the Climate Bonds Initiative (CBI) taxonomy. To this end, ODDO BHF AM has developed a four-step selection framework for each of the Sustainable bond. The aim of these frameworks is to ensure that only bonds that adhere to internationally accepted standards are eligible for being invested in our investment strategies.

3.4 COLLECTIVE ENGAGEMENT

Regarding structural and cross-disciplinary sustainable development issues, ODDO BHF Asset Management considers collective engagement to be a more effective tool in obtaining hands-on and measurable outcomes on a reasonable timeframe. With this in mind, we take part in various international collaborative climate, ecological and just transition initiatives.



ODDO BHF Asset Management joined the **“Climate Action 100+” initiative in March 2018**. We did so to participate in investors’ joint push to facilitate dialogue with the world’s 100 biggest greenhouse-gas-emitting companies (170 companies as of end of December 2023). As part of this collective engagement, we committed to asking companies:

- to establish a solid governance framework that clearly outlines management bodies’ responsibilities in monitoring and managing climate change risks;
- to take measures to reduce greenhouse gas emissions throughout the value chain, in accordance with Paris Agreement targets;
- to provide a detailed report that will allow investors to assess the robustness of business plans based on various climate scenarios in order to improve their decision-making abilities.

Climate Action 100+’s main initiatives in 2023 were as follows:

- Net zero Company benchmark to better understand how Companies are performing against climate-related issues, reducing absolute emissions and disclosing on climate-related performance and objectives;
- Flag of sensitive resolutions about climate goals and initiatives during the AGM season;
- Establishing the Global Sector Strategies workstream to identify and deliver sector-wide actions needed to push policies and real economy conditions to enable the transition;
- Engaging with Companies on via thematic working groups.

The report of Climate Action 100+ actions undertaken in 2023 is available here:

<https://www.climateaction100.org/wp-content/uploads/2024/01/Climate-Action-100-Progress-Update-2023.pdf>

In 2023, ODDO BHF Asset Management took part in ongoing engagements with four companies.

Here an example of collective engagements CA100+ conducted with a corporate in 2023.

Steel Company operating globally

Throughout the year, we continued to engage with this large steel company regarding its climate transition and its role in advancing the shift to clean steelmaking. The steel sector is responsible for c. 7% global GHG emissions and decarbonising this sector is key to achieve the goals of the Paris Agreement.

Whilst we acknowledge and welcome the efforts that the company has put into outlining a path towards decarbonisation, there have been some disappointing news during the year, such as the expansion of blast furnaces in India, which have prompted questions around the credibility of the company’s decarbonisation

pathway and ultimately a Net Zero status. In Q2 2023, we sent a letter to the company's Board, urging it to clarify its decarbonisation strategy and roadmap. Following the letter, the leads and co-leads of the CA100+ engagement initiative organised a meeting with the company to go into some further details of the letter, as well as to discuss the general asks of the CA100+ initiative. We believe the engagements have been insightful and engagement priorities for 2024 will continue to focus on emissions targets, the decarbonisation strategy and policy advocacy.

In parallel, we have also been engaging with the company individually as well as with other investors on the topic of Health & Safety. While the company has been transparent on incidents, there has continued to be high fatality incidents including a significant incident killing many at one of its mine in the second half of the year.

As such, we sought to understand whether the appropriate safety measures had been in place and investments had been made on Health & Safety, the extent to which the incident was symptomatic of broader company issues, and how was the operational management and governance of these mines. Whilst the company confirmed they had all the checks in place and investments needs had been addressed, we have taken a cautious approach and believe the accident has damaged the group's reputation. The exact causes of the incident are yet to be confirmed and key recommendations from the company-wide audit of safety practices will be published in the second half of the year. In the meantime, we plan to continue engaging with the company on the topic of Health & Safety in 2024.



Environmental factors pose unique risks to businesses, including the possibility of regulations and legal requirements, physical liabilities, and reputational impacts. Companies unprepared to manage these risks present a risk to our portfolio.

ODDO BHF Asset Management joined the "CDP" initiative in 2006. The CDP is a global disclosure system which helps investors, companies, cities, states and regions to be aware and manage their environmental impacts on climate change, water security and deforestation. Today, nearly 18,700 companies report through CDP's scoring methodology globally, of which over 2500 are European. As part of this collective engagement, since 2020 we have participated to the Non-disclosure campaign, asking companies to provide a response at the CDP disclosure request.

European pharmaceutical company

In 2023, we led the Non-disclosure campaign with an European pharmaceutical company. We encouraged the Company in providing information through the CDP disclosure platform regarding their management of environmental issues, in particular on the water related survey. Having those data, help us understanding how the Company manages risks, prepares for regulation, and identifies performance improvements.

The request was accepted and the Company answered the CDP survey in 2023.



ODDO BHF Asset Management signed the **Finance for Biodiversity Pledge in 2021**, becoming a member of the **Finance for Biodiversity Foundation**. The aim of the foundation is to support collaboration between financial institutions via different working groups on the thematic of nature loss. We have taken part of two working groups in 2021: the Engagement with company working group and the Impact assessment working group.

In the first one, we share experiences, good practices and ideas on biodiversity topics to be discussed with companies. Together with other members of the Finance for Biodiversity Foundation and the World Benchmark Alliance (WBA) we are participating at Nature Action 100 coalition. The aim is to identify priority actions that the financial sector can use to achieve the goals of a global biodiversity framework, and engage with companies more exposed to natural capital loss.

In the Impact working group, we discuss the different trends and approaches about the alignment of biodiversity metrics for business, to support the creation of a common accounting principles for natural capital.

We also contributed at the redaction of a memorandum for sectors particularly exposed to biodiversity dependency and loss. That memorandum will help investors and corporates to better understand the best practices and engagement actions to deploy to limit biodiversity risks.

European automotive company

Together with the ONG Rainforest, we worked on the comprehension of the European automotive industry's contribution to deforestation in Brazil.

In particular, we engaged with a European automaker to get more details on their main leather suppliers and the geographical mapping of purchases, the inclusion of a deforestation policy into the Company's policies, their reporting and monitoring in compliance with regulations (i.e. CSRD).

The Group initiated a benchmark of leather suppliers and conducted some audits on site to ensure that the implementation of recommendations on traceability and animal welfare are effective. However, as of today, only one supplier has been transparent on all practices, and more information must be collected from the other suppliers sourcing leather from Brazil. We expect the Company to improve its cartography and monitoring in 2024.



ODDO BHF Asset Management is a member of L'Institut de la Finance Durable (IFD, formerly Finance 4 Tomorrow), a French platform promoting sustainable finance, focusing on environmental and social challenges. Alongside several prominent French financial institutions, we are founding members of the Investor for a Just Transition Coalition, launched in 2021 to promote a socially acceptable transition to low carbon economies and hosted by IFD. The coalition focuses on a three-year corporate engagement campaign aiming to understand and push for best practices on the topic of the Just Transition across the energy, food & agriculture, transportation and building materials sectors. The coalition also partners with academic institutions, which help us adding reflections and technical knowledge on the Just Transitions thematic.

ODDO BHF Asset Management is co-leading the engagement group on the Food & Agriculture sector, highly exposed to the ecological transition, as all industry's players will face the challenge of feeding, in sufficient quantity and quality, almost ten billion human beings by 2050, while moderating the pressures on the natural resources and ecosystem services on which they depend. In particular, the major axes of dialogue that we address are:

- - Ensure decent wages through a fairer sharing of the value created;
- - Encourage local consumption and the development of short circuits;
- - Support the implementation of regenerative agricultural practices;
- - Raise awareness and educate the general public about the social issues involved in the ecological transition;
- - Align the lobbying actions of agri-food sector players with their rhetoric;
- - Support innovation, both private and public, in all its forms.

After designing the engagement framework and identifying a benchmark of companies to contact in priority, we started the first phase of our engagement strategy with the selected companies.

European F&B company

ODDO BHF led the conversation with a European food supplier selling globally. We exchanged on various topics related to the Just Transition, among which the mitigation of environmental & social issues in their upward supply chain, their positioning on the alternative protein and plant-based market, their mitigation of negative externalities linked to dairy farming on civil society, and the impact of their recent strategic repositioning on their employees (relocation, reskilling, compensation).

Even if the Company has various social and environmental targets that are related to the thematic, it has not yet developed a just transition concept, where social outputs are linked to environmental ones. The high fragmentation in the Food and Agriculture value chain, makes the attendance of this objective more complex.

As consequence, the engagement will be continued in 2024, to better understand on which levers the Company could improve its practices and be a pioneer in the transition pathway towards a greener economy with solutions that take into account the multiple stakeholders of its value chain.



ODDO BHF Asset Management is member of the **FIR (Responsible Investment Forum)**, the French multi-stakeholder association – part of the EuroSif - whose social purpose is to promote and develop responsible investment and its best practices.

Question campaign of CAC40 companies at AGMs

Since the launch of the initiative in 2020, we participate to the written question campaign on ESG issues during the annual general meetings of the CAC 40 companies. Together with other members of the Dialogue & Engagement Commission of the FIR, we work to elaborate different questions covering Environmental, Social and Governance topics, that are sent to each CAC 40 chairman ahead of the general meetings. Once the answers available, the Commission analyse and rate them.

The main reasons for conducting this public exercise are:

- to point out to these large companies the issues that are important to responsible investors (climate change, biodiversity loss, commitment to a circular economy, gender equality, value sharing, social dialogue, etc.);
- to encourage other investors who are not very sensitive to these issues to become so;
- to show to stakeholders, which subjects investors should be vigilant about and on which they expect companies to make progress.

Because the FY 2023 was the third year of the campaign, we decided to look at the trend of the Companies practices through that time horizon. Among others, we noticed that Companies are making overall progress on their decarbonisation plans with improved transparency on targets and the means to achieve them; however, alignment with a 1.5°C scenario and the amount of investment to achieve the targets remain significant areas for improvement.

The Reports of the Question Campaigns are published on the FIR website:
<https://www.frenchsif.org/isr-esg/>

FIR working group on forced and child labor in collaboration with RHSF

Civil society, now followed by governments, is increasing its mobilization to get companies to exercise their duty of care regarding human rights abuses in their supply chains, including child and forced labor.

Companies are making efforts to be compliant with the regulatory framework. However, often Corporates focus their efforts on managing risks to the company itself (legal, reputational, financial, etc.) omitting risks to individuals. Their vigilance actions (risk identification, assessment, prevention, remediation, etc.) have little or no impact on the situation of those exposed, who remain vulnerable to these risks.

Yet investors play a major role in influencing the behaviour of companies. As part of its action-research program, RHSF (Ressources Humaines Sans Frontières), in collaboration with the FIR, has set up an experimental project to co-construct a method for analysing companies on risks to individuals. ODDO BHF Asset Management joined this initiative from its launch in 2021 together with eight Paris-based investors.

European Automotive company

In 2023, we lead the engagement with a company serving the automotive sector, using the methodology developed with RHSF as basis of our analysis. We met the company several times during the year, to clarify its level of advancement on different topics such as the knowledge of forced labor and child labor themes, the engagement taken to reduce the exposure to those risks, the action deployed to ensure the risk is well monitored and managed.

We consider that the company is well advanced on many points questioned, and that the forced labor and child labor topic is seriously studied, defined and analysed, also via the development of a proprietary screening tool. However, the company conducted its analysis only on one specific raw material, which it considers to be the most at risk of forced labor and child labor. During our engagement, we asked the company to do the same screening on the other raw materials used in production as well, to ensure that the all businesses are covered by a deep material analysis of the thematic.

04 VOTING POLICY

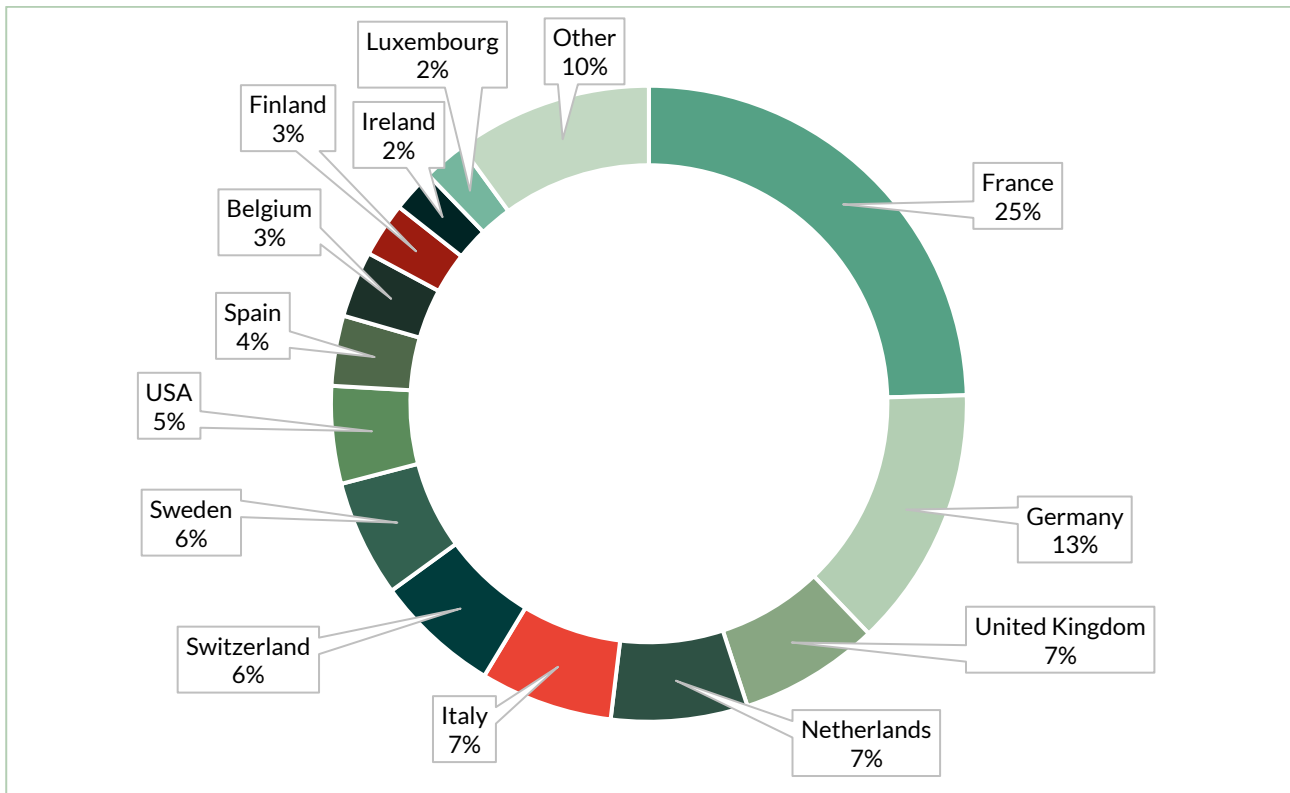
4.1 EXERCISING OF VOTING RIGHTS IN 2023

In accordance with the Article L.533-22.I of the Monetary and Financial Code, ODDO BHF Asset Management SAS sets out in this report the conditions in which it exercised its voting rights in 2023 at the General Meetings of companies held by portfolios it manages.

4.2 OVERALL VOTING STATISTICS

In 2023, ODDO BHF Asset Management SAS voted on 10014 resolutions at 506 General Meetings. 25% of the General Meetings were in France, 13% in Germany, and 7% in the UK.

GEOGRAPHICAL BREAKDOWN OF GENERAL MEETINGS VOTED IN 2023



*OTHER: Austria, China, Norway, Denmark, Canada, Japan, Portugal, Romania, Australia, Cayman Island, Czech Republic, Guernsey, Hungary, Isle of Man, Jersey, South Korea, Taiwan.

Sources: ISS, ODDO BHF Asset Management SAS, 31/12/2023

The **opposing votes** represented **14%** of the resolution voted, and the **favour votes** represented **85%** of the resolution voted.

BREAKDOWN OF VOTING DECISION

Vote Instruction	Count of Vote Instruction
Abstain	11
Against	1453
For	8517
One Year	22
Withhold	11
Total	10014

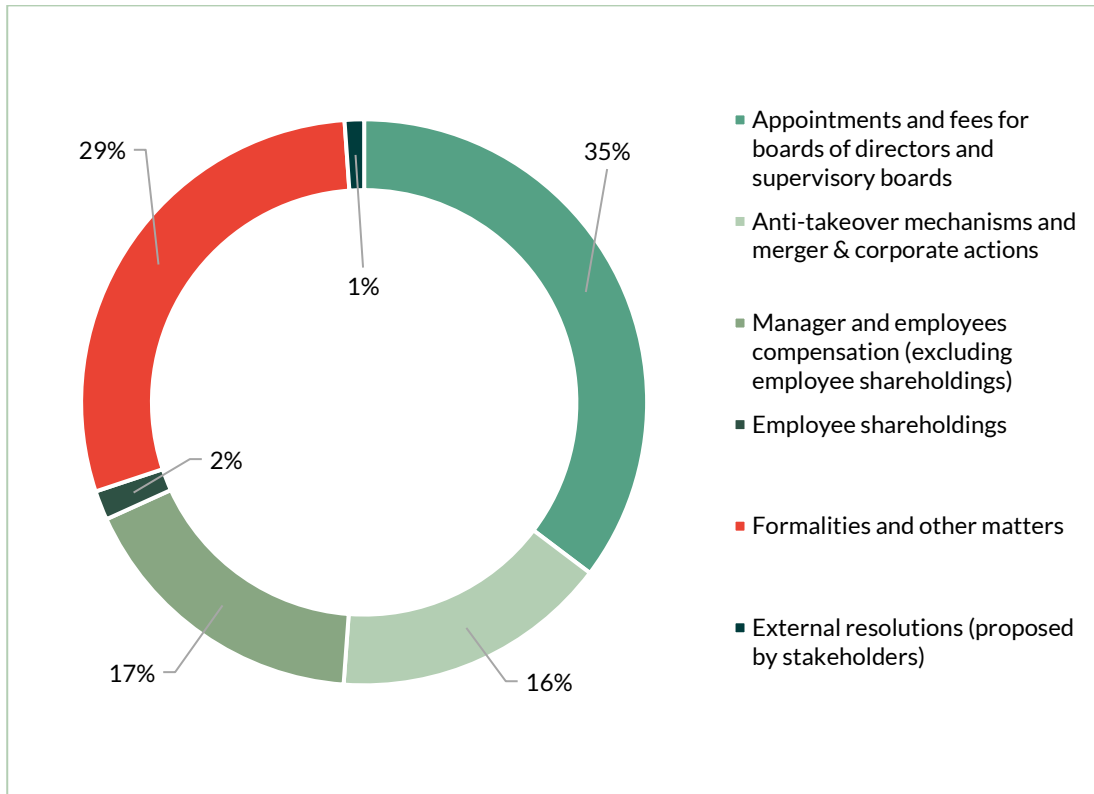
HISTORY OF "FOR" AND "AGAINST" VOTES

Year	Number of resolutions	% of "FOR" vote	% vote of "AGAINST" vote
2012	3143	90%	10%
2013	2963	89%	10%
2014	6037	87%	13%
2015	6244	85%	15%
2016	6499	85%	15%
2017	6582	83%	17%
2018	6679	84%	16%
2019	4413	79%	21%
2020	5171	83%	17%
2021	6236	84%	16%
2022	8398	85%	14%
2023	10014	85%	14%

Source: ODDO BHF Asset Management SAS, 31/12/2023

Broken down by category, 35% of our votes in the 2023 financial year involved appointments and fees for boards of directors or supervisory boards; 29% involved formalities and other matters (approval of accounts, amendments to articles of incorporation, and external auditor appointment and compensation); 17% manager and employee compensation and 16% anti-takeover mechanisms.

BREAKDOWN OF VOTES BY CATEGORY

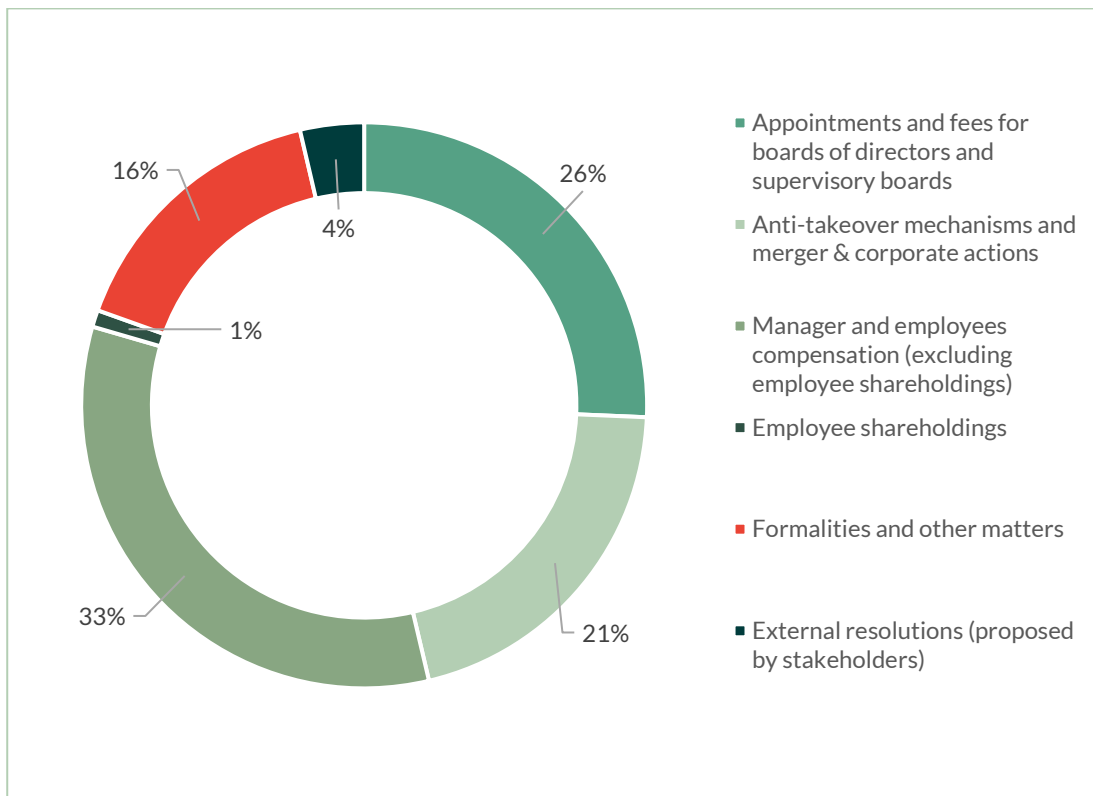


Sources: ISS, ODDO BHF Asset Management SAS, 31/12/2023

4.3 ANALYSIS OF OPPOSING VOTES

In 2023, ODDO BHF Asset Management SAS opposed 1453 resolutions. The majority of opposing votes were concentrated on management remuneration (33%), the appointment and attendance fees of directors (26%), and the anti-takeover mechanisms (21%).

BREAKDOWN OF OPPOSING VOTES BY CATEGORY



Sources: ISS, ODDO BHF Asset Management SAS, 31/12/2023

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 2023 at which we did not follow the recommendations issued by management.

TELEPERFORMANCE (FRANCE) – RESEARCH & CONSULTING SERVICES

Remuneration of the CEO

At the AGM of Teleperformance on the 13th of April 2023, we voted AGAINST the Compensation of Daniel Julien, Chairman and CEO.

Indeed, we judged the remuneration structure excessive compared to market practices: the total compensation exceeding 150% of the median of its peers, with the total variable remuneration (STI + LTI) exceeding 300% of the fixed remuneration.

Moreover, in past years, the bonus structure raises some concern as the vesting scale underlying financial criteria does not reward overperformance but could reward below guidance performance.

ALTAREA SCA (FRANCE) – RESIDENTIAL REITS

Climate Transition plan

At the AGM of Altarea on the 6th of June 2023, we voted AGAINST the Company's Climate Transition Plan (Advisory vote).

According to the Perrier Report, the real estate sector represents 19% of direct GHG emission and 27% of indirect GHG emissions at the national level. Between 1990 and 2011, the total emissions only decreased by 3.1% in France, largely due to a 14% fall in emissions from the residential sector, which offset a 19% increase from the tertiary building sector. The real estate sector is one of the biggest GHG emitting sectors in France, with the construction of new buildings representing around 70% of the building's carbon footprint over a 50-year lifetime.

The company is willing to:

- Reach net zero on REIT by 2030;
- Lowering by 50 percent its energy consumption on all retail assets between 2010 and 2030;
- Use 100 percent of renewable electricity on its managed portfolio; and
- Reducing by 50 percent its GHG emissions (in surface intensity) from projects between 2019 and 2035.
- However, the targets are not credible enough because:
 - Reaching net zero on REIT only covers 40% of scopes 1 and 2 absolute emissions in 2019, or 0.57% of total absolute emissions included in the scopes 1, 2 and 3 in 2019;
 - Reducing by 50% GHG emissions linked to property development activities covers 99% of total scope 3 emissions but is limited to horizon 2035 and might not include the development of their activities in asset management on behalf of third parties.

As consequence, we voted AGAINST that resolution because we considered its Climate Transition Plan not ambitious and comprehensive enough to be supported.

STELLANTIS (NETHERLANDS) – AUTOMOBILE MANUFACTURES

Director election

At the AGM held on 13th of April 2023, we voted against the resolutions to elect Benoit Ribadeau-Dumas as Non-Executive Director.

The board composition was lagging behind expectations on minimum gender diversity on the board and has failed to provide a compelling justification for the nomination of a male nominee or other mitigating factors. Indeed in 2021, the Dutch parliament approved a bill that set hard gender diversity quota for Dutch companies listed on a Dutch regulated market.

As per Jan. 1, 2022, the updated law requires the supervisory board, or the board of directors in a one-tier structure, to be composed of at least one-third men or women. Moreover, the European established practice requires to have at least 30% of underrepresented gender, which is not respected with the election of Bnoit Ribadeau-Dumas.

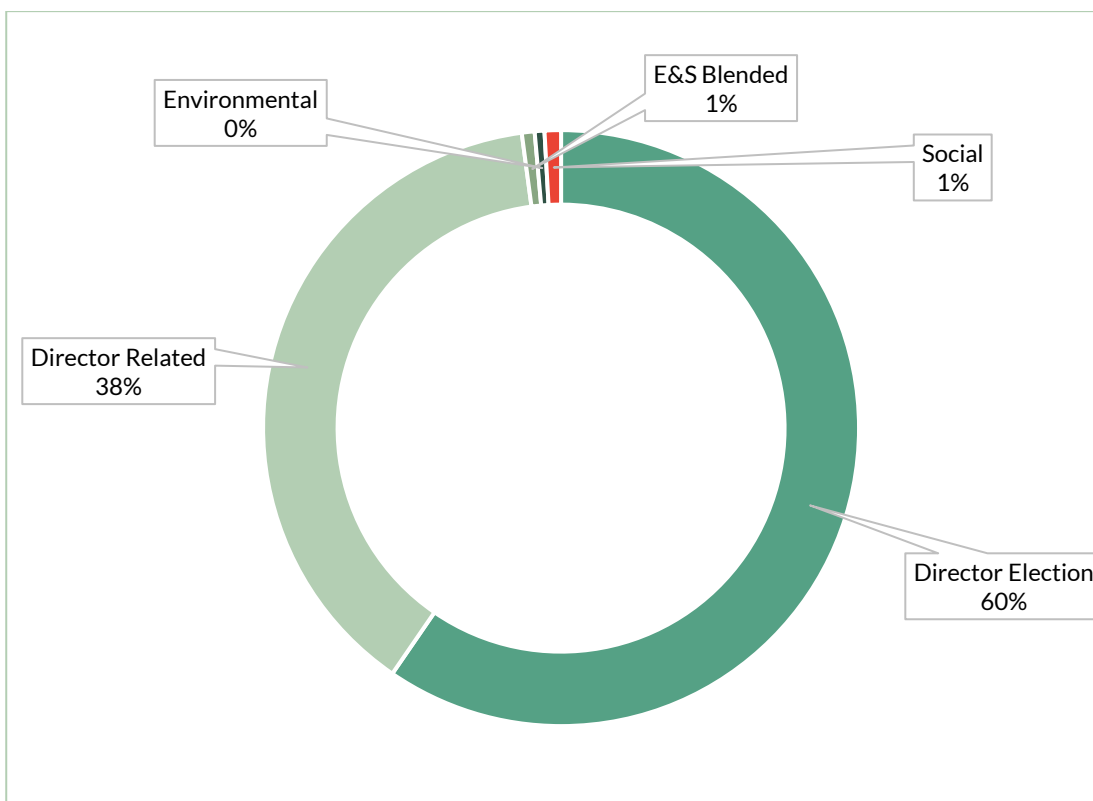
Because of the level of gender diversity is in deviation of market best practice recommendations and the absence of a compelling rationale or further mitigating factors, we voted AGAINST the election of Benoit Ribadeau-Dumas.

4.4 ANALYSIS OF ENVIRONMENTAL, SOCIAL AND QUALITY OF GOVERNANCE RESOLUTIONS

In 2023, ODDO BHF Asset Management SAS voted 3600 resolutions related to Environmental, Social and Quality of Governance issues. We used the classification adopted by the proxy provider ISS. In particular, in the Quality of Governance resolutions, we considered the “Corporate Governance”, the “Director Election” and the “Director Related” categories.

Broken down by the three thematic, 97% of the 3600 resolutions selected concerned the Quality of Governance theme, 1% the Environmental topic, 1% the Social topic. Moreover, 1% concerned both Environmental and Social issues at the same time.

BREAKDOWN OF VOTES BY ENVIRONMENTAL, SOCIAL AND QUALITY OF GOVERNANCE THEMES



Sources: ISS, ODDO BHF Asset Management SAS, 31/12/2023

4.5 RESOLUTIONS SUBMITTED BY SHAREHOLDERS (NOT APPROVED BY THE BOARD)

In 2023, ODDO BHF Asset Management SAS voted on 111 external resolutions submitted by shareholders (1,1% of total resolution voted), with 58 votes “For” and 53 votes “Against”.

Most “against” votes were in relation to nominations of corporate officers and social resolutions.

Examples of shareholder resolutions supported by ODDO BHF Asset Management SAS:

- FLSmith & Co. A/S (Portugal): we voted in favour of the shareholder’s resolution asking the Company to Report on Efforts and Risks Related to Human and Labor Rights

- ENGIE SA (France): we voted in favour of the shareholder's resolution asking the Company to report on Corporate Climate Strategy
- TotalEnergies SE (France): we voted in favour of the shareholder's resolution asking the Company to Align Targets for Indirect Scope 3 Emissions with the Paris Climate Agreement
- Buzzi Unicem SpA (Italy): we voted in favour of the shareholder's resolutions asking the Company to Appoint Alternate Internal Statutory Auditor(s)

4.6 DEVIATION FROM THE VOTING POLICY

In the financial year 2023, ODDO BHF Asset Management SAS deviated from the internal voting policy on 16 resolutions, representing 0.15% of total resolutions voted. The main reason of deviation concerned the director elections, the compensation and the capitalization categories.

The portfolio manager takes the ultimate decision of voting in line with the internal voting policy, but other considerations, like the size of the company or its ownership structure, may result in a different choice.

4.7 MANAGEMENT OF CONFLICTS OF INTEREST

ODDO BHF Asset Management SAS did not encounter any conflicts of interest in relation to votes exercised in 2023.

ODDO BHF ASSET MANAGEMENT SAS (FRANCE)

Portfolio management company approved by the Autorité des Marchés Financiers sous le n° d'agrément GP 99011
Société par actions simplifiée with a capital of €21,500,000
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