



**ODDO BHF**  
ASSET MANAGEMENT

*Responsible Investment*  
POLICY **2026**

APRIL 2026

# INTRODUCTION

The asset management industry, and more broadly the financial world, plays a crucial role in contributing to the world's transition towards a more sustainable model economy in which the fight against global warming, the protection of nature, good governance practices, and impacts on our societies are central. This responsibility has been driving ODDO BHF Asset Management's approach in favor of sustainable investing since 2006. Following our first commitments to sustainability, social and environmental topics have become increasingly important and more financially relevant than ever.

Nevertheless, the momentum to promote the transition of business models is not as strong as the first years after the signature of the Paris agreement in 2015. The world is currently facing varying levels of ambition and support when it comes to achieving the climate transition. This is due to radically different visions of the future and divergent strategic priorities amongst the major powers.

Despite the pushback against sustainable finance, ODDO BHF Asset Management remains committed to offering meaningful ESG and sustainable financial products to its clients. Over the year, we have launched several article 8 products, been involved in several individual and collaborative engagement processes, met close to 100 companies to monitor their most material risks and opportunities and developed an internal transition assessment tool to analyze the credibility of companies' transition plans.

Why do we remain committed to sustainable finance? Because it is and will always remain a tool to identify short-to-long-term risks and growth drivers in a fast-moving world. Climate change impacts do not disappear because some say it is a hoax; the significant pressure on our natural resources and on ecosystem services fuels new risks that cannot be ignored. Likewise, the lack of adaptation in a world that is slow to mitigate climate change effects is also a rising risk. We do see on the markets that many companies face a new wave of risks that are often underestimated. Besides ESG risks, the discussion must be focused on business-related opportunities. Many companies can financially benefit from transitioning economies. Our objective is to understand and identify the mega-trends that will shape our future. It will not be a simple and linear journey. The anti-ESG agenda clearly shows it. Nevertheless, besides the negative rhetoric around sustainable finance, the fundamentals remain strong: institutional clients' push for more climate and biodiversity-related risk management, the economic transformations of many economies across the world into more sustainable models in a growth context thanks to innovation and technological progress is real, the regulatory environment is maybe simplified, but it remains a key driver of sustainability. Facts are stubborn things; and we need to keep our attention on sustainable finance fundamentals.

The year ahead is therefore full of challenges: we want to strengthen our ESG risk managements by testing new climate and biodiversity-related metrics and methodologies, align some of our yearly reports to global frameworks like the Taskforce on climate-related financial disclosures (TCFD) and the Taskforce on nature-related financial disclosures (TNFD), and improve the quality checks of ESG data because we came to the conclusion that we cannot take sound decisions if the data is not reliable. We will continue our engagement processes and favor quality over quantity in order to demonstrate how active investors support companies' positive actions regarding material sustainability topics.

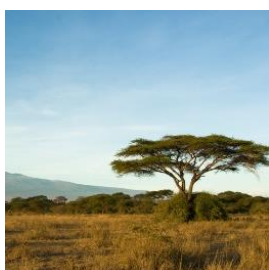
*„Our objective is to understand and identify the mega-trends that will shape our future.“*



**VALENTIN PERNET**  
Global Head of  
Sustainable Investment Solutions



Our ambition is to be a trusted player in sustainable finance through three levers: a meaningful integration of ESG criteria into investment processes, impactful dialogue and engagement, a transparent reporting



We structure our ambition around **3 priorities**:

### LONG-TERM VISION

We constantly strengthen the integration of sustainability into our investment processes with the aim to better manage ESG risks and to create value through the selection of companies that will be able to play a role in tomorrow's world. The relevance of companies' strategy, governance structure and innovation potential are particularly important to identify sustainable opportunities.

### IMPACT

As an investor, it is important to be transparent on both the positive and negative impacts of investment decisions on sustainability factors. The analysis of adverse impacts allows us to think about solutions to mitigate them through specific actions (dialogue, engagement, investment decisions). At a time when many stakeholders are losing confidence in sustainable finance's ability to drive change, it is all the more important to focus on measuring impact.

### SUSTAINABILITY RISKS

The starting point of many sustainable investors is to identify material sustainability risks over the short to long-term horizon. Identifying such risks is also a priority for supervisory authorities in the European Union. As sustainability risks become more relevant and more acute, we strengthen our efforts to integrate tools that help us identify them to make sound investment decisions and manage those risks effectively.

These three priorities are supported by our ESG process that relies on *3 pillars*:

1.

### *Exclusions*

Our Exclusion Policy highlights the sectors that we do not want to invest in. These exclusions are derived from our clients' concerns, applicable law, market practices, and sustainability risks considerations. If exclusions can be considered a tool among others to address some sustainability-related topics, it should not be considered a quick fix, but rather a last resort solution.

2.

### *ESG integration*

We have adopted a hybrid approach based primarily on external ESG ratings from MSCI ESG Research that we apply to equity, investment grade and multi asset strategies. We favor an internally developed rating methodology for our High Yield strategies. Both approaches impact the portfolio construction across all asset classes: Equities, Fixed Income, Asset Allocation, Private Equity and Private Debt.

3.

### *Active ownership*

The ESG team meets an important number of companies every year to discuss the material sustainability topics they face. The ESG team also works on individual and collaborative engagement processes with a handful of companies to highlight potential valuable changes in their operations. Finally, ODDO BHF AM votes for a large share of its assets to ensure that its voting priorities are respected.

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# *Our approach* TO SUSTAINABLE FINANCE

# 1

We define sustainable investing as the combination of traditional investment approaches and ESG criteria with the objective to mitigate material ESG risks and enhance long-term return. We believe sustainability-related issues, ranging from board governance to human capital management to climate risks and opportunities, have real and substantial financial impacts.

Across ODDO BHF AM, we provide all our investment teams with data and insights to keep them well informed of material sustainability topics. Our portfolio integrate sustainability-related information into their investment processes by discounting or emphasizing this information as any other financial input.

We have built dedicated governance models, systems, and processes to support our approach.

# *Approach to* SUSTAINABLE INVESTING

We rely on three fundamental pillars:

## 1.

### *Exclusions*

- ODDO BHF AM **Exclusion Policy**:
  - Common base of exclusion
  - Specific exclusions (labels, clients' requests)
  - Exclusions specific to green and sustainable bonds

## 2.

### *ESG integration*

- Use of **ESG ratings & KPIs** in funds' **investment processes**
- **External and proprietary methodologies** for ESG ratings
- Companies' **transition strategy assessment**

## 3.

### *Active ownership*

- **Regular dialogue** with companies within the investment universe on material ESG topics
- **Individual or collaborative engagement** with companies on material ESG topics
- ODDO BHF AM **Voting Policy**
- **Escalation process** if engagement is unsuccessful

Based on these three pillars, we are committed to strengthening our ESG ratings coverage in the management of our portfolios as described in the following table:

**SCOPE OF ODDO BHF AM ESG POLICIES AND PROCESSES**

		Open-ended funds Art. 6 SFDR	Open-ended funds Art. 8-9 SFDR	Dedicated funds and mandates Art. 6 SFDR	Dedicated funds and mandates Art. 8-9 SFDR
EXCLUSION POLICY	Common base	✔	✔	~	~
	Specific sector exclusions	~	~	~	~
ESG INTEGRATION	ESG ratings, ESG research used for portfolio management	✘	✔	✘	✔
ACTIVE OWNERSHIP	Dialogue	~	✔	~	✔
	Individual engagement	✘	✔	✘	✔
	Collaborative engagement	~	✔	~	✔
	Voting <i>Minimum threshold</i>	✔	✔	~	~

✔ Yes    ~ Partially    ✘ No

## EXCLUSION POLICY

The ODDO BHF AM Exclusion Policy integrates restrictive thresholds to consider long-term risks and market practices based on our dialogues with clients, NGOs, competitors, and ODDO BHF Group's employees working in other businesses. This policy takes also into account sustainability label requirements and specific exclusions to green bonds.

### Common base of our exclusions

Our exclusion policy lists the exclusions that apply to a large share of open-end funds where ODDO BHF Asset Management acts as the management company. Some financial products remain out of scope: private equity funds Art. 6 SFDR, funds of funds, listed derivative products, and ODDO BHF AIF PLC are excluded from this policy.

When managing dedicated funds or segregated accounts, these exclusions are presented to clients and are applied unless they advise us otherwise.

## ESG INTEGRATION FRAMEWORK

Investments are analyzed by our fund management teams, supported by the ESG Research team. This approach allows us to identify companies' material sustainability-related risks.

We have developed a few years ago our own in-house ESG research and scoring model for corporates and sovereigns that applies to our European High Yield Strategies. For the rest of our strategies (equity, multi assets, investment grade etc.) we mostly rely on MSCI ESG ratings.



# Our sustainability approach

## TIMELINE OF OUR ENGAGEMENTS

Committed to ESG since 2006

MEMBER



SIGNATORY



SUPPORTER



# *Active Ownership*

## PRINCIPLES AND COMMITMENTS

Active shareholding, exercised through voting, dialogue, and engagement, is an essential tool for raising issuers' awareness of the importance of environmental, social, and governance issues and promoting our strategic priorities as an investor.

We work with a variety of membership organizations and coalitions to ensure effective and powerful active ownership. More than 10 years ago, we started this journey by becoming a member of the FIR (Forum de l'Investissement Responsable) and gradually developed our 3 levers of active ownership: voting, dialogue, and engagement. We also wanted to align our processes with practices and decided to align with the European Fund and Asset Management's (EFAMA) stewardship code principles.

### **DIALOGUE**

We undertake dialogues with investee companies and sub-sovereign issuers, that are part of our investments across our EU SFDR Art. 8-9 open-end funds. We meet all types of company profiles and focus on the most material sustainable-related risks and opportunities in our discussions.

### **INDIVIDUAL ENGAGEMENT**

We undertake individual engagement with investee companies that are part of our investments across our SFDR Art. 8-9 open-end funds. Engagement goes further than dialogue as we support companies in their sustainable development and transition strategies by defining clear sustainability-related objectives.

### **COLLABORATIVE ENGAGEMENT**

We undertake collaborative engagement with investee companies that are part of our investments across SFDR Art. 8-9 open-end funds. These companies are often facing numerous severe and persistent controversies or lacking transparency on some strategic sustainability topics. Engagement is therefore a useful tool to define objectives that we would like the company to achieve over a defined time horizon. By being an active contributor to sustainability-focused membership organization and coalitions such as Climate Action 100+, the Non-Disclosure Campaign of CDP, the Just Transition coalitions led by l'Institut de la Finance Durable, the French Forum for Responsible Investment and the Finance for Biodiversity platform, we can support collaborative investor engagement efforts with companies in which we invest.

### **VOTING**

As described in section 4, we vote with the help of our proxy services provider ISS. For funds with a sustainable finance label, we vote at all General Meetings (AGM). For all the others, we generally vote from a minimum holding threshold of ownership of the companies' capital. All details on our voting approach are available in our Shareholder Engagement policy.

We publish our active ownership policy and an annual reporting on our dialogue, engagement, and voting activities and statistics.

# Governance

## AROUND SUSTAINABILITY TOPICS

To ensure the efficient deployment of our sustainable investment approach, ODDO BHF AM has defined a dedicated governance structure that involves the highest level of management

### THE GMC

The Global Head of Sustainable Investments is member of the ODDO BHF AM General Management Committee (GMC) and reports regularly on the most relevant sustainability topics for our operations: the impact of ESG methodologies on our funds, the evolution of sustainable finance regulations, the changes in clients' sustainability-related preferences etc. This allows the highest level of management to be trained on sustainability and to manage effectively the impacts of sustainability on our development.

### THE ESG INVESTMENT FORUM

Besides the GMC, the Global Head of Sustainable Investments leads a monthly ESG Investment Forum that gathers all portfolio managers of art. 8/9 funds. It allows the ESG teams to present ESG ratings evolutions, SRI labels rules, the internal review of very severe controversies, the presentation of the exclusion policy impacts on investment universes or the deep dive into sensitive investment cases. This forum plays a crucial role to train portfolio managers and tackle any issues they may face.

### THE ESG SALES FORUM

The Global Head of Sustainable Investments also organizes a regular forum with sales teams to flag the ESG-related changes across our funds. It also allows our sales forces to highlight our clients' needs and preferences when it comes to sustainability and, therefore, adapt our offer to their sustainability-related priorities like reporting, climate risks etc.



# Our ESG TEAM

The ESG team comprises four experts specializing in various themes and asset classes.

All investment teams work together with the ESG team in structuring and implementing the three systematic stages of our ESG integration approach – exclusion, ESG integration and active ownership.



**VALENTIN PERNET**  
Global Head of  
Sustainable Investment Solutions  
ODDO BHF AM SAS

10 years in Asset Management

Leads the ESG team and is responsible for the continuous development of our approach. Reports to the CEO and Executive Committee member.



**DR. HUBERTUS MEHRING**  
Head of Sustainability Solutions  
for Germany  
ODDO BHF AM GmbH

30 years in Asset Management

Leads the development of tailor-made ESG solutions for our DACH clients.



**CAMILLE LANCESSEUR**  
ESG Director – Private Assets  
ODDO BHF AM SAS

10 years in Asset Management

Leads the integration of ESG into our private assets strategies (private equity and debt).

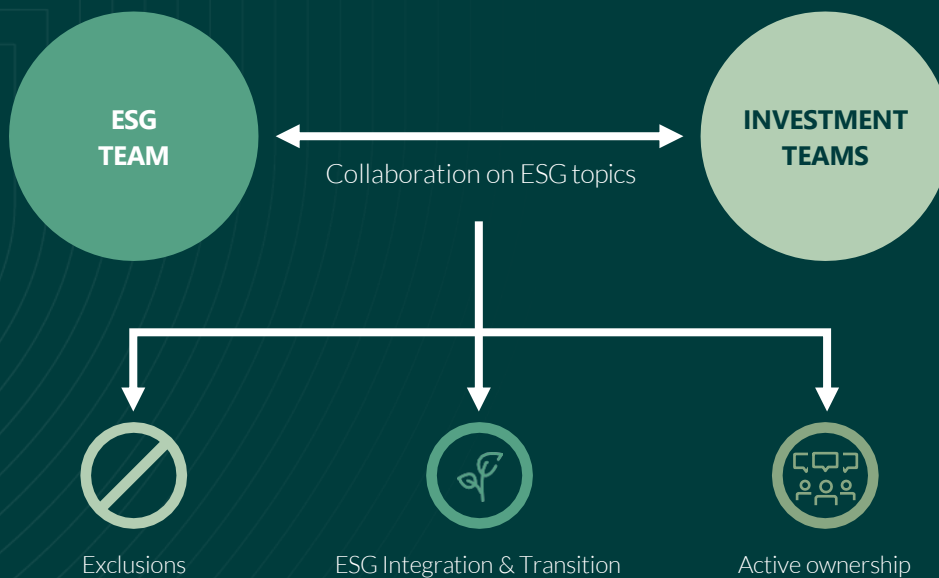


**ALEXIS PRADELLES**  
Sustainability Analyst - Climate  
and biodiversity specialist  
ODDO BHF AM SAS

4 years in Asset Management

Leads the enhancement of our methodologies to integrate environment and climate-related risks and opportunities.

# *Interaction between the ESG team* AND THE INVESTMENT TEAMS



The ESG team regularly organises internal training sessions to provide greater clarity and context on topics relating to trends in the ESG investment market, new regulations on sustainable finance, and specific sustainability-related issues (methodologies, controversies, etc.).





*Exclusions*

2

# Common Base OF EXCLUSIONS

Sectors	Exclusion thresholds	Activities
<b>UN Global Compact</b>	0	Violation against the United Nations Global Compact
<b>Unconventional weapons (“prohibited weapons”)</b>	0	Manufacture or distribution of weapons prohibited under the Chemical Weapons Convention, the Ottawa Convention, the Oslo Convention, the amended and supplemented Convention on prohibitions or restrictions on the use of certain conventional weapons (blinding laser weapons, incendiary weapons, and non-detectable fragments weapons).
<b>Coal</b>	> 8 million tonnes or > 5% <sup>1</sup>	Coal mining – EU & OECD: 0% (2030), Rest of the world: 0% (2040)
	> 10GW or > 10% <sup>2</sup>	Power generation EU & OECD countries: 5% (2028) – 0% (2030)
	0	Any company developing new projects involving thermal coal, regardless of the project’s size
<b>Unconventional oil &amp; gas<sup>3</sup></b>	> 5% <sup>1</sup>	Exploration-production & exploitation
<b>Arctic exploration</b>	> 10% <sup>1</sup>	Exploration-production & exploitation of (conventional & unconventional) oil & gas in the Arctic
<b>Biodiversity</b>	> 5% <sup>1</sup>	Palm oil production
	0	Severe controversies harming biodiversity
<b>Tobacco</b>	> 0% <sup>1</sup>	Production

We use MSCI ESG Research for business involvement screening, as well as Urgewald for the coal-related exclusions. Meanwhile, the ESG Investment Forum reserves the right to review each very severe controversy case to define a watch list. The list of excluded sectors and companies is updated monthly.

Additional sector exclusions are applied to some open-ended funds, dedicated funds, or segregated accounts particularly to comply with the rules governing the labelling of some of our portfolio management strategies or upon clients’ request. These specific exclusions include for example conventional oil & gas, gambling, conventional weapons, GMOs, alcohol and adult entertainment.

# *ESG Research* AND RATINGS METHODOLOGY

## 3

The large number of issuers in our investment universes makes it difficult to ensure a credible, reliable and up-to-date internal rating system. Like many investors, we rely on some external ESG data providers and external ESG ratings to screen our investments.

Nevertheless, we have developed a few years ago our own in-house ESG research and rating model and still apply it to our European High Yield Funds. This internal methodology relies on our ESG analysts' thorough analysis of high yield issuers that are usually not well covered by external ESG providers.

We also developed an internal ESG model for sovereigns gathering 75 indicators from multiple reference sources (World Bank, IMF, etc.)<sup>1</sup>.

1) Amnesty International, Bündnis Entwicklung Hilft, Climate Watch, Convention on Biological Diversity, COP 21, COP 26, Financial Action Task Force, Food and Agriculture Organization, Freedomhouse, Garriga, International Energy Agency, International Labour Organization, International Monetary Fund, International Telecommunication Union, OECD, Population Reference Bureau, Program for International Student Assessment, Transparency International, UNESCO, UNICEF, United Nations, Vision of Humanity, WHO, World Bank, World Intellectual Property Organization

# *Our internal ESG model*

## FOR CORPORATES

Our internal ESG research and rating model has been built in 2017 on the following standards and frameworks:

- The principles of the United Nations Global Compact (UNGC), of which we have been signatory since 2015.
- Major international norms, conventions, and guidelines (Universal Declaration of Human Rights, ILO conventions, the Rio Declaration on Environment and Development, the United Nations Convention Against Corruption, OECD Guidelines for multinational enterprises).
- The United Nations' Sustainable Development Goals (SDGs) and its Agenda 2030.



The model is based on 8 themes including 2 environmental, 3 social, and 3 governance themes, for which different indicators are evaluated. This encompasses the Principal Adverse Sustainability Impacts (PAI) as described in our Principal Adverse Impact Statement. This proprietary model is currently applied to our high-yield funds due, on the one hand, to the lack of ESG analysis coverage by external data providers and, on the other hand, to the specific characteristics of this asset class.

*Our proprietary ESG methodology places great emphasis on the criteria of governance and human capital as we consider these areas as essential for a company's ability to deliver on its business strategy.*

### 8 THEMES OF THE ESG RESEARCH AND RATING MODEL FOR CORPORATES, LINKED TO SUSTAINABLE DEVELOPMENT GOALS



Source: ODDO BHF Asset Management, 2026

## WEIGHTING OF THE THEMES

The weighting assigned to each of the “Environmental”, “Social” and “Governance” categories is determined at the sectoral level according to long-term risks and opportunities.

## SCORING

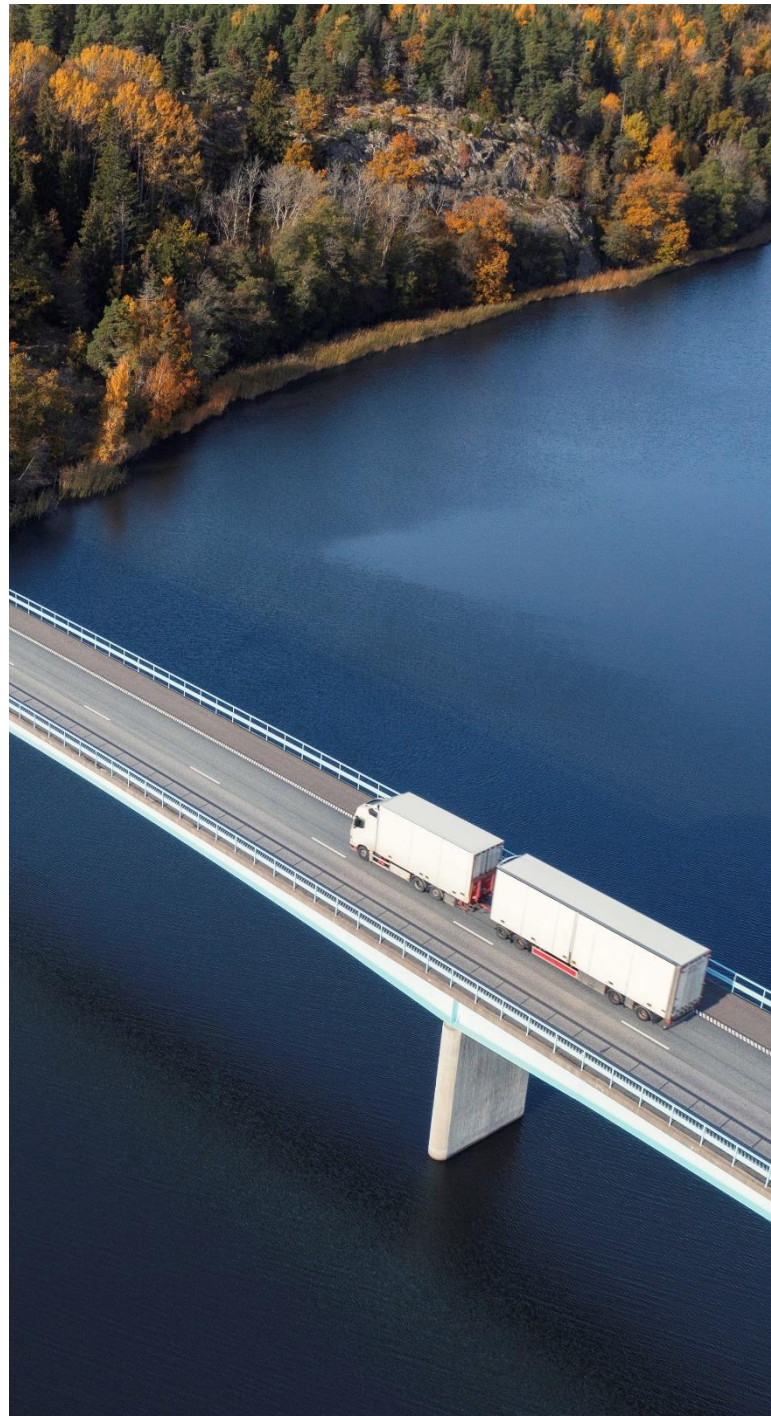
A score out of 100 points is given to each of the three pillar – E, S, and G – and the sub-pillars "quality of management & human capital" and "corporate governance". An aggregate ESG score is then calculated based on the weighting of each pillar and sub-pillars.

ESG controversies are closely monitored based on the information provided by MSCI and our own proprietary research which can affect the final ESG score assigned to each company. It allows us to rank the companies on a 5-level scale:

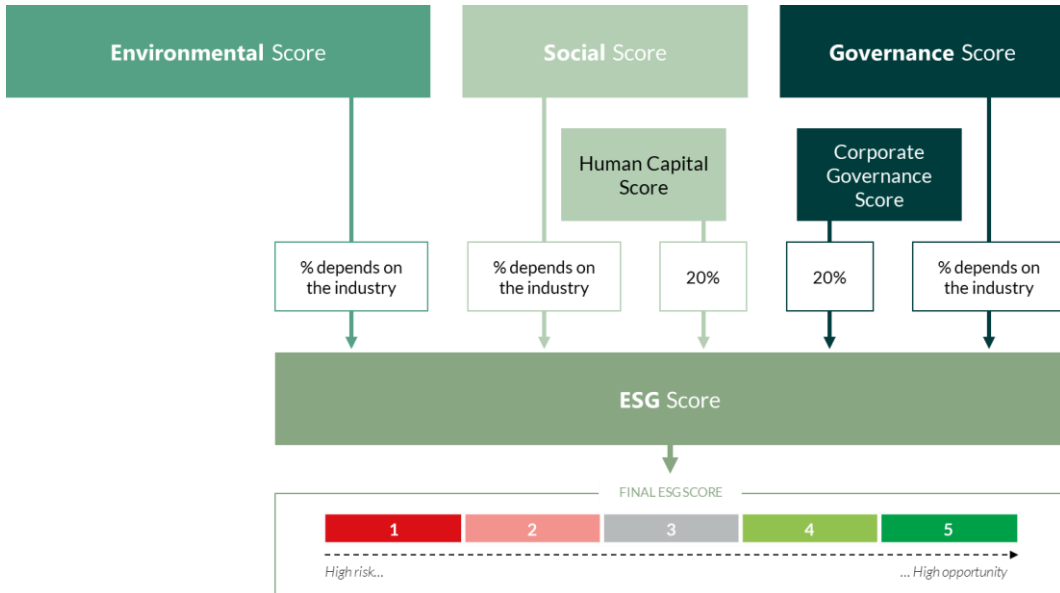
“Strong Opportunity” (= 5), “Opportunity” (=4), “Neutral” (=3), “Moderate Risk” (=2) and “High Risk” (=1).

## UPDATES

Company ESG analysis updates are generally carried out when fund managers and ESG analysts meet the company in question. A positive or negative development such as an ESG controversy may also change a company’s score at any time.



### SCORES DERIVED FROM OUR PROPRIETARY MODEL



### SUMMARY OF OUR ESG RESEARCH AND RATINGS METHODOLOGY FOR CORPORATES

#### EUROPEAN UNIVERSE

**Internal ESG Model FOR COMPANIES**

- 1 Ratings for **68 ESG criteria** (ESG team assessment combined with external data) under 8 different E, S & G thematic
- 2 These ratings are aggregated on the E, S & G pillars giving **3 different scores**
- 3 **2 additional sub-scores** are calculated for human capital management and corporate governance
- 4 **A final and unique ESG score** is calculated from the 3 scores weighted based on the sector and the 2 additional sub-scores accounting each 20% of the overall ESG rating

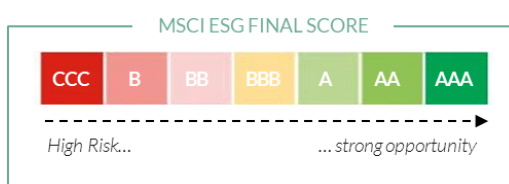


#### GLOBAL UNIVERSE

**External ESG Research AND RATINGS** from MSCI

Relies on MSCI companies' ESG ratings:

- Global ESG score
- 3 scores for each pillar E, S et G



Source: ODDO BHF Asset Management, 2026

# Our internal ESG Model

## FOR SOVEREIGNS

Our internal ESG model for sovereigns has been launched in 2022 and updated in 2026, based on the United Nations’ Sustainable Development Goals (SDGs), a framework particularly relevant for the analysis of sovereigns.

The model is based on 4 pillars (environment, social, governance, economy) divided into 15 themes. In comparison to our ESG model for corporates, an economic dimension has been added with prospective and sustainability-linked indicators.

In total, 75 indicators are assessed, of which 59 are common to all countries, 7 are specifically material to upper income countries (GNI per capita > USD 10k), and 9 to middle income countries (GNI per capita < USD 10k) as all countries do not face the same challenges depending on their level of development.

### 15 THEMES OF THE INTERNAL ESG MODEL FOR SOVEREIGNS, LINKED TO SUSTAINABLE DEVELOPMENT GOALS



Source: ODDO BHF Asset Management, 2026



## WEIGHTING OF THE THEMES

Our internal ESG model for sovereigns aims to have a systematic and statistical approach. In addition, we want to avoid as much as possible the classic pitfall of extra-financial analysis for sovereigns, namely the attribution of good ratings to high revenue countries and bad ratings to moderate revenue countries. This “Ingrained Income Bias”, described by the World Bank, is the fact that “a country’s national income permeates all sustainability-linked measures”, as for example the life expectancy depends on how much can be spent on health. The two solutions proposed by the institution to overcome this structural problem are: to run income-peers group scoring and to better account for the dynamic, which reflects recent efforts.

In this vein, our scoring methodology is meant to grasp multiple dimensions for each single indicator, which is in fact a “composite” scoring based on a differentiated appreciation of:

- The current status and recent dynamics of each country's indicator in relation to its peers
- The current status and recent dynamics of each country's indicator in relation to all other countries as a whole

The way in which the 4 pillars are aggregated gives a perspective on different time horizons. We retain the short/medium term, where the governance pillar is fundamental, being one of the most material risks on the credit markets in the near future. Thus, the necessary, but not sufficient, condition for a country to be considered sustainable is that it has a robust governance. This focus on governance is aligned with our internal ESG model for corporates.

## SCORING

65 countries, plus the European Union are rated through this model. Each country receives a rating from 1 (= “High Risk”) to 5 (=“Low Risk”) as in our internal ESG model for corporates.

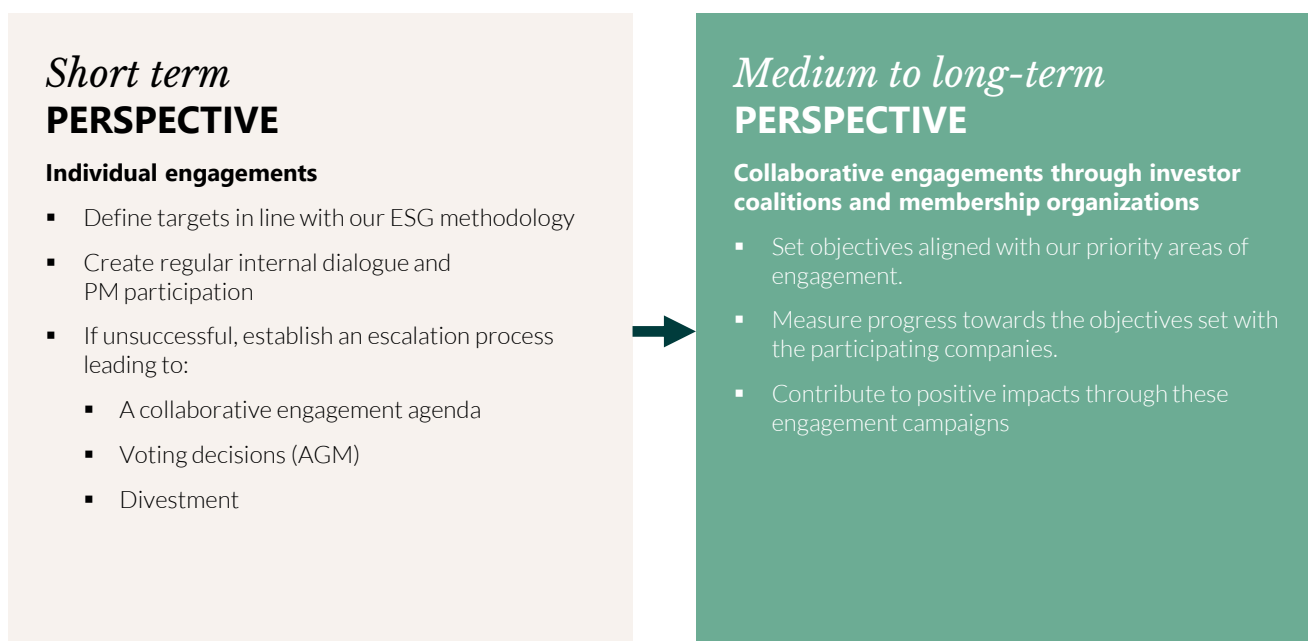
# *Active* OWNERSHIP

## 4

ODDO BHF AM considers the exercise of its voting rights, dialogue, and engagement to be an integral part of its responsibility as an active investor. Thus, our approach to active ownership aims to raise awareness on the most material sustainability topics from an investor's perspective, ensure the collaboration with investee companies to foster change, prompt companies to be more transparent regarding material sustainability topics, and aims at long-term value creation. Our active ownership approach is aligned with EFAMA's stewardship code principles.

# Active ownership APPROACH

## ACTIVE OWNERSHIP INTEGRATED APPROACH



Our active ownership strategy allows us to influence the positive change trajectories of companies towards the climate transition, the ecological transition, and the just transition - a key pre-requisite for meeting the objectives of the United Nations Agenda 2030.

Our engagement actions are conducted both on an individual and collaborative engagement basis. Individual engagements are the chosen method to address concrete issues as outlined by our ESG methodology. These can be usually addressed in the short term.

Collaborative engagements, on the other hand, are preferable when dealing with more complex sustainability issues that take time to address. These include, for example, climate transition or just transition strategies.

## *Engagement*

### SELECTION AND PRIORITIZATION

We prioritize engagement with portfolio companies whose sustainability strategy is inadequate given the sustainability risks (such as the impact of climate change on financial performance and talent acquisition) specific to their sector or to their situation. In addition, we prefer the quality of engagement over the number of engagements carried out.



# Engagement PROCESS

Our engagement process follows three steps starting with the identification of explicit areas of concern that we aim to address in collaboration with the investment management teams. After conducting an initial engagement meeting with a company and taking part in stakeholder dialogue, we closely track, monitor and assess any results achieved.

Our approach is deemed successful if the engagement with a company leads to greater ESG transparency and/or an improvement in practices linked to sustainability. If an engagement outcome is deemed unsuccessful, our fund managers and ESG teams may establish an escalation process. The escalation process can lead to the initiation of a collaborative engagement effort with other investors, and/or to an opposing vote at the next Annual General Meeting of the company, and/or to assessing our exposure or ownership of the company.



## 1 Identification and preparation

**Identify the themes** (such as biodiversity) **and the investee companies** with a long-term perspective and within a multi-strategy context

**Define engagement objectives** in line with:

- Portfolio investments
- Events and controversies
- The challenges for the sector

**Define engagement themes and key performance indicators** to track progress

## 2 Dialogue

**Regular meetings with the company in order to:**

- Discuss their material sustainability topics
- Communicate the expectations and expected results over an achievable time horizon
- Agree on next steps and goals

**Participate in multi-stakeholder dialogue** with other investors and through member organizations

## 3 Monitoring

**Document and monitor next engagement steps** as agreed with the company and other stakeholders

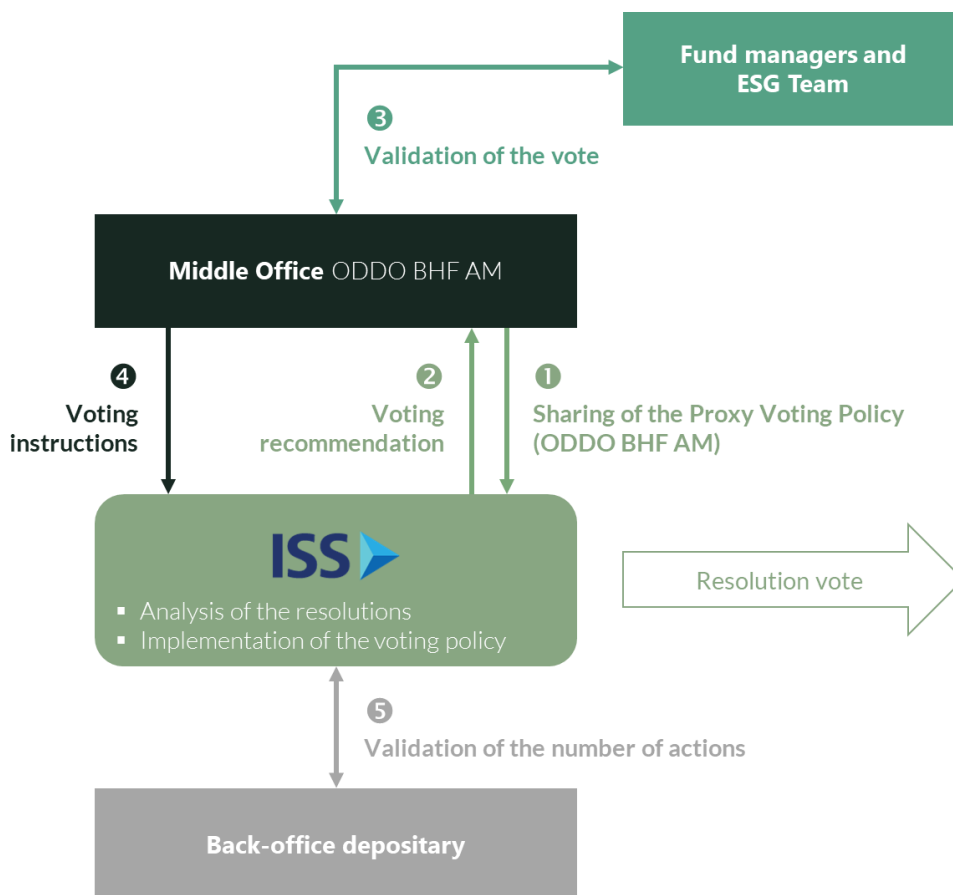
**Include engagement outcomes in regular reporting** to ensure transparency

**Share best practices** in collaborative engagement groups and incorporate learning from other engagement experts

### THE VOTING PROCESS

Exercising voting rights and other rights attached to shares is fundamental to ODDO BHF AM as an active shareholder. In 2021, we established a new and harmonized voting approach and process across ODDO BHF AM. Since 2022, a new climate voting policy supported by ISS' analysis enables us to better form voting decisions with a clear view on an investee company's climate-related risks and opportunities (ISS Custom Climate Model).

For funds with a sustainable finance label, we vote at all General Meeting (AGM) for all companies in our labelled funds. For all other funds, we vote from a minimum 0.05% holding threshold of ownership of the companies' capital. With regards to the operations, the Middle Office department checks the different AGMs and our ownership percentage, in order to centralize and send the information to the fund managers for validation of the voting choice, and to the ESG team to provide a view on the votes related to specific ESG resolutions.



Source: ODDO BHF Asset Management, 2026

# *Climate change* AND BIODIVERSITY

## 5

The key objective of the Paris Agreements in 2015 is to keep “the increase in global average temperature well below 2°C above pre-industrial levels” and to continue efforts “to limit the increase in temperature to 1.5°C above pre-industrial levels” by 2100. The private sector, and the financial sector in particular, has a significant role to play in mitigating and adapting to climate change. In addition, the issue of protecting biodiversity and ecosystem services has gained importance in recent years, particularly among European supervisors. Climate and biodiversity are interdependent and must be addressed together.

As a responsible investor, ODDO BHF AM believes that climate and biodiversity risks disclosures and reporting must be fully integrated in companies’ strategy. This concern is also incorporated into the European Union’s regulatory framework, which places strong emphasis on the identification, management, and disclosures of material ESG risks.

# Climate RISK

Our climate strategy is based on the three pillars:

## 1. UNDERSTAND AND REPORT OUR CARBON EMISSIONS

ODDO BHF Asset Management monitors the carbon emissions of its assets because they represent in certain cases a climate risk that need to be tackled. In addition, we observe that more institutional clients require the reporting of carbon emissions, not only the Scope 1 and 2 emissions, but also the Scope 3 emissions. For several years now, we have been analyzing the climate risks of our investments by reporting monthly the carbon intensity of our Art. 8 and 9 funds (excluding Private Assets funds due to the lack of reliable data). Some of our strategies also integrate the objective of having a lower carbon intensity compared to their respective benchmark or investment universe.

At this stage, we do not commit to decarbonization targets across our funds, but rather prefer to be fully transparent on our emissions by gradually integrating the Scope 3 emissions and the carbon footprint in addition to the already published carbon intensity to our monthly report. In addition, we are still investigating the impact of potential targets with other key objectives that matter for our clients: performance and risks management. It is worth understanding the methodologies behind carbon emissions because we observe that existing methodologies are currently reviewed (e.g. Scope 2 emissions consultations by GHG Protocol) or expanded (Scope 3 emissions). These methodological evolutions and the lack of global progress to limit global warming, based on the continuous increase in absolute greenhouse gas emissions since the Paris agreement, make the achievement of any net-zero target rather unlikely.

Despite these current challenges, we have developed realistic short and medium-term objectives to tackle the climate topic across our investments.

### Short-term targets (2026)

- Train our portfolio manager/analysts on the the various climate-related metrics: implicit temperature rise, SBTi certification or trend monitoring of emissions;
- Integrate alignment indicators into portfolio management tools and train management teams to use these data;
- Engage with invested companies that have a high transition risk.

### Medium-term targets (2026-2030)

- Follow the alignment trajectory of our funds falling within the scope of the French law “LEC 29”. We have a mid-term target of 2.5°C by 2030, and it will be reviewed and adjusted every five years to reach 2°C or less by 2050. Some funds are already on a trajectory below 2.5°C;
- Improve carbon emissions reporting of scope 1 and 2, especially scope 3;
- Coal phase-out by 2030 for companies headquartered in OECD countries and by 2040 for companies headquartered in non-OECD countries.

## 2. EVALUATE COMPANIES' TRANSITION PATHWAY

Following the methodological evolution of the French SRI Label and their new focus on "transition", ODDO BHF AM has developed an internal methodology to assess companies' transition. The analysis ranks the companies across 4 categories:

1. The leaders and enablers of the transition
2. The leaders of the transition
3. The companies committed to the transition
4. The companies not committed to the transition

We rely on several static and dynamic metrics to assess the level of commitment and the tangible results across key topics: governance of the transition topic, operational reduction of carbon emissions, strategy, capital allocation etc. Our assessment is therefore not solely tied to what the companies promised to do, but what they delivered in recent years to ensure the consistency between their strategy and their concrete achievements.

## 3. INVESTING IN CLIMATE SOLUTIONS THAT CREATE VALUE

ODDO BHF AM has launched several funds whose investment strategy is closely linked to the issue of climate transition:

- ODDO BHF Green Planet (article 9 SFDR): This equity fund uses artificial intelligence and quantitative analysis to invest in listed equities worldwide exposed to the theme of the ecological transition via a selection of associated sub-themes: clean energy, energy efficiency, sustainable mobility, and the preservation of natural resources.
- ODDO BHF Green Bond (article 9 SFDR): This fixed income fund invests in green bonds from international issuers, as well as sustainability bonds. One of the objective of this fund is to make a positive contribution to climate and environmental protection by financing projects with measurable environmental, climate and social benefits.
- ODDO BHF Artificial Intelligence (article 9 SFDR): This global equity fund uses artificial intelligence and quantitative analysis to invest in listed equities exposed to the theme of artificial intelligence while at the same time following a decarbonization trajectory to be carbon neutral by 2050 or earlier.

For other funds that would be classified as Art. 8, the vast majority of them have a minimum share of sustainable investments, which are defined, in part, on the basis of companies' green revenue. Thus, these Art. 8 funds have a minimum share of investments contributing to the major environmental themes of the transition (renewable energies, energy efficiency, low-carbon mobility, etc.).

# Biodiversity and nature-related RISK

Biological diversity is key to ensure the preservation of ecosystem services that are essential for our human well-being, development, and economic growth. Biodiversity loss represents a systemic risk to investors across many sectors as well as a threat for the achievement of the UN Sustainable Development Goals.

## 1. EXCLUSIONS

We drew up two exclusion lists specific to biodiversity:

1. The first is based on non-sustainable environmental practices in the palm oil sector including companies that generate more than 5% of their revenues from various activities in the palm oil industry and that violate sustainability principles as defined by certification bodies (e.g. Roundtable on Sustainable Palm Oil (RSPO));
2. The second is focused on highly environmentally controversial companies with high negative impacts on biodiversity.

## 2. INTEGRATION & TRANSITION

We updated our internal ESG model for corporates in September 2022 and to better define how we address and integrate biodiversity risks and opportunities.



### DOUBLE MATERIALITY APPROACH



#### Direct effects

- |                                    |     |                          |     |
|------------------------------------|-----|--------------------------|-----|
| ▪ Biodiversity footprint (BIA-GBS) | (1) | ▪ Natural capital risk   | (1) |
| ▪ Use of resources                 | (2) | ▪ Waste & pollution risk | (1) |
| ▪ Waste management & pollution     | (2) |                          |     |

#### Indirect effects

- |                  |     |                |     |
|------------------|-----|----------------|-----|
| ▪ Climate change | (7) | ▪ Climate risk | (3) |
|------------------|-----|----------------|-----|

( ): number of criteria to score in our internal ESG model for corporates

### 3. DIALOGUE & ACTIVE OWNERSHIP

We structure our active ownership approach in three ways: dialogue with companies, individual or collaborative engagement, exercise of voting rights.

On the first axis, we address biodiversity through different themes as in our internal ESG model. In 2022, we conducted a review of the sector materiality matrices, which resulted in having biodiversity flagged for 18 sectors and sub-sectors. Since then, we have addressed biodiversity in our discussions with the companies we met that are exposed to high risks in these sectors.

Regarding individual engagement initiatives, we target companies with very high negative impact on biodiversity such as for example chemical companies distributing harmful products to wildlife. Different examples can be found in our Shareholder Engagement Report.

ODDO BHF Asset Management SAS decided to be more active in the field of biodiversity following the rise of European and global initiatives involving a broad range of financial actors. In 2021, we became a signatory to the Finance for Biodiversity Pledge and a member of the Foundation Finance for Biodiversity. The objective is to protect and restore biodiversity through finance and investment activities. We are also a member of the Nature Action 100+ working group, which have set up collaborative engagements with a number of companies committed to biodiversity protection. We also follow up on those initiatives that are the most structural in nature in building a joint methodological framework and tools to measure and monitor biodiversity indicators. For example, we support the work of the Taskforce on Nature-related Financial Disclosures (TNFD), which is developing an overarching framework for disclosing biodiversity risks. We continue to review our engagement in initiatives and join new ones as and when appropriate.

### 4. TOOLS

ODDO BHF Asset Management uses the Biodiversity Impact Analytics database developed by CDC Biodiversité and Carbon4 Finance for its listed assets. The model is built on a regression using Exiobase and the GLOBIO3 model providing companies' biodiversity footprint in one aggregated metric in MSA (Mean Species Abundance). BIA-GBS data can be used to identify the main pressures and impacts on biodiversity to be reduced.

For the time being, we are taking a cautious approach, as we still identify some limitations to the methodology. Firstly, the marine realm is not covered yet, and it is challenging to predict the impact on aggregate scores once it will be available. Although considering that the terrestrial and aquatic impacts are strongly correlated to the size of their respective ecosystems, we could expect an important change in the aggregate scores. Secondly, regarding the coverage, even if the database is progressively expanding, it may not be representative for some portfolios such as for the ones focused on small and medium market capitalizations. That is why we have defined an action plan described in the previous section to gradually tend to a trajectory on biodiversity



*Reporting*  
AND TRANSPARENCY

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## SUMMARY OF ODDO BHF AM'S DOCUMENTS PUBLISHED RELATED TO SUSTAINABILITY TOPICS

Documents	Scope	Description
<b>PRI report</b>	ODDO BHF AM	The Responsible Investment Transparency Report enables signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries, and other stakeholders.
<b>Appendix SFDR pre-contractual disclosures</b>	Fund	Pre-contractual information for products art. 8-9 SFDR on sustainable investments (EU taxonomy aligned, non-EU taxonomy aligned, environmental or social characteristics), no significant harm or addressing principle adverse impacts (PAI).
<b>Article 29 of the Law N°2019-1147 (Energy-Climate Law – known as “LEC”)</b>	ODDO BHF AM SAS	Definition of the information obligations of institutional investors concerning their transparency in relation to the integration of environmental, social, and governance (ESG) criteria in their investment operations.
<b>Exclusion Policy</b>	ODDO BHF AM	Investment rules covering a range of controversial activities across sectors and practices that are contrary to major international norms and conventions.
<b>Prospectus</b>	Fund	The purpose of the prospectus is to provide full, true and plain disclosure of all material facts about the securities being issued so that the investor can make informed investment decisions. The prospectus must disclose all matters that could affect the value or market price of the security being offered.
<b>Shareholder engagement policy</b>	ODDO BHF AM	Definition of our approach in terms of dialogue with companies held in our portfolios, the exercise of voting rights and other rights attached to shares, our voting policy principles, the cooperation with other shareholders, the communication with stakeholders, and the prevention and management of actual or potential conflicts of interest.

Documents	Scope	Description
<b>Shareholder engagement report</b>	ODDO BHF AM	Report on dialogues, engagements, and voting annual statistics.
<b>Sustainable Finance Disclosure Regulation (SFDR)</b>	ODDO BHF AM	Regulatory documents required by the EU regulation (SFDR classification, SFDR sustainability risk policy (art. 3), statement on principal adverse sustainability impacts (art. 4)).
<b>SFDR Website product disclosure</b>	Fund	Document based on art. 10 SFDR summarizing ESG profile of funds art. 8-9 SFDR, commitments to sustainable investments, etc.
<b>Responsible Investment Report</b>	Fund Art. 8	Monthly fund's report for which we integrate ESG criteria into their investment process to summarize all ESG aspects considered.
<b>Fund's factsheet</b>	Fund Art.9	The monthly fund's factsheet integrates some specific ESG metrics to highlight the sustainable investments promoted by our Art. 9 funds.

Source: ODDO BHF Asset Management, 2026

All documents with a scope of "ODDO BHF AM" or "ODDO BHF AM SAS" can be found on our Sustainable Investment webpage:  
[https://am.oddo-bhf.com/france/en/professional\\_investor/ad/sustainability/1339/publication/1380](https://am.oddo-bhf.com/france/en/professional_investor/ad/sustainability/1339/publication/1380)

The Shareholder & Engagement Policies and Reports can be found on our Regulatory Information webpage:  
[https://am.oddo-bhf.com/france/en/professional\\_investor/infos\\_reglementaire](https://am.oddo-bhf.com/france/en/professional_investor/infos_reglementaire)

All documents with a scope of "Fund" can be found on our Funds webpage by selecting the desired fund:  
[https://am.oddo-bhf.com/france/en/professional\\_investor/fundspage](https://am.oddo-bhf.com/france/en/professional_investor/fundspage)



## *Good governance* PRINCIPLES

# 7

Drawing on our long-standing expertise in corporate governance research, we have defined a policy for good governance practices of companies we invest in. It is our conviction that a poor governance poses a major risk to the proper execution of the strategy of the company, which represents a potential source of value destruction over the medium to long-term.

The following principles, ensuring good governance practices, need be pursued by each company. It allows to strengthen companies' value and guarantee a better alignment with shareholders' interests.

# *Good governance practices*

## OUR APPROACH

As part of our ESG integration process, we use ESG scores from our in-house scoring model or external data providers that rely on the following good governance principles

### **BUSINESS ETHICS**

Companies act responsibly and abide by all relevant regulations and laws. We monitor this requirement through controversies and/or fines monitoring. A company with very severe and persistent controversies regarding business ethics may fall into the UN Global Compact exclusion list.

### **COMPENSATION POLICY**

We control that the executive compensation is transparent, clear, and based on meaningful goals (financial and/or sustainability related) that support the creation of long-term value. The executive compensation framework and philosophy must be aligned with the shareholders' interests. The CEO and the rest of the management team must be rewarded based on a demonstrable performance.

### **OWNERSHIP AND CONTROL**

We monitor ownership structures to ensure that minority management's decisions are not taken at the expense of minority shareholder. It is also important for us to avoid any mechanism that would restrict minority shareholders' rights.

### **REPORTING**

Internal accounting controls, oversight of accounting policies and practices as well as effective audit processes contribute to the quality of financial and sustainability-related reporting.

### **TAX TRANSPARENCY**

We are in favor of good governance practices in tax matters. How much tax is paid and where is a global issue when it comes to social justice. We acknowledge the challenges around tax transparency for some companies, but it is important to go beyond compliance requirements and consider potential reputational risks linked to unsustainable tax practices.

### **QUALITY OF THE BOARD**

The board's oversight plays a crucial role for the development of a company. The board should set the tone at the top when it comes to integrity and legal compliance. In addition, it has the responsibility of selecting the CEO and planning the succession process. Approving the corporate strategy, monitoring the implementation of strategic plans, allocating capital or setting the company's risk appetite are other key responsibilities.

### **THE SOURCES USED TO MONITOR GOOD GOVERNANCE**

We use several sources to monitor good governance practices:

- Companies' reports
- MSCI ESG analysis
- Brokers' research
- Press
- Academic & NGOs' research

#### **ODDO BHF ASSET MANAGEMENT SAS (FRANCE)**

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Regulated and supervised by: Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin")  
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