ODDO BHF
ASSET MANAGEMENT

ENERGY SECURITY

Why electrification has become a geopolitical imperative



DIANE NEUVILLE, CFA
Fund Manager
ODDO BHF Green Planet
ODDO BHF AM SAS

Energy security used to revolve around access to fossil fuels—securing supply routes, managing reserves and ensuring stable imports. That framework is rapidly becoming obsolete. Electricity is no longer simply about moving energy—it is becoming a strategic infrastructure, central to economic sovereignty and industrial resilience.



Recent geopolitical events have made this shift explicit. Europe's dependence on Russian gas, which exceeded 40% of imports before 2022, highlighted how deeply energy systems can constrain political autonomy. When flows were abruptly reduced, the consequences were immediate: price shocks, industrial disruption and a costly reorganization of supply chains. The lesson was not simply about diversification. It was about control.

In this new environment, electrification is gaining a different meaning. It is often presented as a response to climate change, but its acceleration is increasingly driven by strategic considerations. Producing electricity locally—from renewables or nuclear—reduces exposure to external shocks, volatile commodity markets and geopolitical tensions. It anchors part of the energy system within national borders.



This does not eliminate risk; it transforms it. Electricity cannot be stockpiled or rerouted globally with the same flexibility as oil or gas. It depends on a tightly integrated system: generation, transmission, distribution and real time balancing. As a result, energy security is no longer defined by access to resources, but by the ability to build and operate complex infrastructure.

At the same time, the scale of demand is shifting. Global electricity consumption is accelerating at an unprecedented pace, and this growth is no longer confined to emerging economies. After more than a decade of stagnation, advanced economies have re-entered a phase of sustained expansion, driven by digital infrastructure, electrified transport, heating systems and the gradual transformation of industry. This marks a structural break, not a cyclical rebound.

The implications are tangible. Electricity must now support uses that are both more numerous and more demanding. Data centers, for instance, require near-perfect reliability. Industrial electrification imposes new

load profiles. Decentralized renewable generation introduces variability into systems that were designed for stability. All of this increases the technical and operational complexity of electricity systems.

This is where the real constraint lies. While generation capacity is expanding rapidly—led by renewables, which now account for around 90% of new additions (IRENA, 2024)—networks are struggling to keep pace. Many grids were designed decades ago for a centralized model and are now ageing under the pressure of growing demand and bidirectional flows. The result is a bottleneck that is increasingly visible: connection delays, rising costs and mounting pressure on equipment supply chains.

Electrification therefore creates a paradox. It strengthens long-term sovereignty by reducing dependence on imported fuels, yet it increases reliance on infrastructure that is capital intensive, technologically complex and slow to deploy. Control shifts away from resource ownership toward system capability—from access to energy to the ability to manage it.

For investors, this shift is essential. Electrification should not be seen as a narrow thematic bet on the energy transition, but as an exposure to structural economic priorities that are unlikely to reverse:

- **energy independence,**
- **industrial competitiveness,**
- **macroeconomic stability and**
- **resilience to external shocks.**

What matters is not only where electricity is produced, but how it is transported, stabilized and used. The value increasingly lies in the enablers: networks, equipment, storage systems and software that allow electricity to function within an increasingly constrained and complex environment. These are not discretionary investments. They are prerequisites.

Another key feature of this dynamic is its robustness to policy fluctuations. Even if political priorities evolve, the underlying infrastructure requirements remain. Electricity, whatever its source, must still be transmitted, transformed and delivered with high reliability. The physical nature of these constraints gives the investment cycle a durability that extends beyond short-term policy shifts.

Ultimately, electrification is redefining the notion of power, both economically and geopolitically. In a fragmented world, sovereignty is no longer measured solely by access to resources, but by the ability to operate resilient, efficient and autonomous electricity systems.

Discover ODDO BHF Green Planet.

The Fund is exposed to a risk of capital loss.





DISCLAIMER

ODDO BHF AM is the asset management division of the ODDO BHF Group. It is the common brand of three legally separate asset management companies: ODDO BHF AM SAS (France), ODDO BHF AM GmbH (Germany) and ODDO BHF AM Lux (Luxembourg). This document has been drawn up by ODDO BHF ASSET MANAGEMENT SAS for market communication. Its communication to any investor is the exclusive responsibility of each distributor or advisor with the exception of Belgium, where this document is intended exclusively for distributors and may not be distributed to non-professional clients. Potential investors should consult an investment advisor before subscribing to the fund. **The investor is informed that the fund presents a risk of capital loss, but also many risks linked to the financial instruments/strategies in the portfolio. In case of subscription, investors must read the Key Information Document (KID) and the fund's prospectus in order to acquaint themselves with the detailed nature of any risks incurred and all costs.** The value of the investment may vary both upwards and downwards and may not be returned in full. The investment must be made in accordance with investors' investment objectives, their investment horizon and their capacity to deal with the risk arising from the transaction. ODDO BHF ASSET MANAGEMENT SAS cannot be held responsible for any direct or indirect damages resulting from the use of this document or the information contained in it. This information is provided for indicative purposes and may be modified at any moment without prior notice. Any opinions presented in this document result from our market forecasts on the publication date. They are subject to change according to market conditions and ODDO BHF ASSET MANAGEMENT SAS shall not in any case be held contractually liable for them. The net asset values presented in this document are provided for indicative purposes only. Only the net asset value marked on the transaction statement and the securities account statement is authoritative. Subscriptions and redemptions of mutual funds are processed at an unknown asset value. A summary of investor rights is available free of charge in electronic form in English language on the website at : https://am.oddo-bhf.com/FRANCE/en/non_professional_investor/infos_reglementaire
The fund may have been authorized for distribution in different EU member states. Investors are advised to the fact that the management company may decide to withdraw with the arrangements it has made for the distribution of the units of the fund in accordance with Article 93a of Directive 2009/65/EC and Article 32a of Directive 2011/61/EU. The complaints handling policy is available on our website am.oddo-bhf.com in the regulatory information section. Customer complaints can be addressed in the first instance to the following e-mail address: service_client@oddo-bhf.com (or directly to the Consumer Mediation Service: http://mediationconsommateur.be (ONLY FOR BELGIUM))
The Key Information Document (in German, French, English) and the prospectus (in German, French, English) are available free of charge from ODDO BHF ASSET MANAGEMENT SAS or at am.oddo-bhf.com or at authorized distributors. The annual and interim reports are available free of charge from ODDO BHF ASSET MANAGEMENT SAS or on its internet site am.oddo-bhf.com

ODDO BHF Asset Management SAS (France)
A portfolio management firm certified by the French Financial Markets Authority (AMF) under n°GP 99011.
Established in the form of a simplified joint-stock company with authorised capital of €21,500,000.
Entered into the Paris Register of Trade and Companies under number 340 902 857.
12. boulevard de la Madeleine, 75440 Paris Cedex 09, France – Tel.: 33 (0)1 44 51 85 00.

am.oddo-bhf.com