



**ODDO BHF**  
ASSET MANAGEMENT

*Statement on principal adverse impacts  
of investment decisions on sustainability factors*

ARTICLE 4 SFDR  
ODDO BHF ASSET MANAGEMENT LUX

**Financial market participant:** ODDO BHF Asset Management Lux (529900EMDCUM2PKWD948)

#### Resumo

A ODDO BHF Asset Management é a divisão de gestão de ativos do Grupo ODDO BHF. É a marca conjunta de três pessoas jurídicas independentes: ODDO BHF Asset Management SAS (França), ODDO BHF Asset Management GmbH (Alemanha), ODDO BHF Asset Management Lux (Luxemburgo). Nos termos do Regulamento 2019/2088 de 27 de novembro de 2019 (“SFDR” ou “Regulamento de Divulgação”), e em particular o Artigo 4º do SFDR, a sociedade gestora ODDO BHF Asset Management Lux divulga no respetivo site a forma como avalia os efeitos adversos negativos das decisões de investimento nos fatores de sustentabilidade e a estratégia a que recorre para verificar tais efeitos.

A ODDO BHF Asset Management Lux considera os principais impactos adversos das suas decisões de investimento nos fatores de sustentabilidade. A presente declaração é a declaração consolidada sobre os principais impactos adversos nos fatores de sustentabilidade da ODDO BHF Asset Management Lux.

Esta declaração sobre os principais impactos adversos nos fatores de sustentabilidade cobre o período de referência desde o 1º trimestre de 2024 ao 4º trimestre de 2024.

Comparativamente a 2022, limitámos os indicadores opcionais a um único indicador ambiental e a um único indicador social.

É importante especificar que as percentagens de cobertura mencionadas no relatório são calculadas sobre todos os Ativos sob Gestão (AuM) e não sobre ativos elegíveis.

Ao abrigo do SFDR, a ODDO BHF Asset Management Lux considera os principais indicadores nos fatores ambientais (como por exemplo as emissões de gases com efeito de estufa, as exposições a empresas que operam no setor dos combustíveis fósseis), sociais (como por exemplo a diversidade de género nos conselhos de administração) e de governação (como por exemplo as violações dos princípios UN Global Compact e das Diretrizes da Organização para a Cooperação e Desenvolvimento Económico (OCDE) para as Empresas Multinacionais, a exposição a armas controversas) no processo de gestão dos fundos classificados nos artigos 8º e 9º de acordo com o SFDR que menciona a consideração dos principais impactos adversos (PAI) nas suas informações pré-contratuais. Além disso, a ODDO BHF Asset Management Lux considera determinados indicadores adicionais (como por exemplo as investimentos em empresas sem iniciativas de redução das emissões de carbono, a ausência de política de direitos humanos). Estes indicadores, que poderão ser específicos para empresas ou países, oferecem uma boa visão dos impactos diversos dos nossos fundos.

#### Description of the principal adverse impacts on sustainability factors

##### Indicators applicable to investments in investee companies

Adverse sustainability indicator (PAI)	Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period
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##### CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	Coverage: 66.86% Data source: MSCI 167,665.6 tCO <sub>2</sub>	Coverage: 64.78% Data source: MSCI 192,992.5 tCO <sub>2</sub>	First Sum of Scope 1 carbon emissions (tCO <sub>2</sub> e) of portfolio companies divided by the most recently available enterprise value, including cash (EVIC), multiplied by the investment for all portfolio companies.	<b>Actions taken:</b> <ul style="list-style-type: none"> <li>Monitoring of CO<sub>2</sub> intensity (Scope 1-2 normalized by revenue) of investee companies monthly for our art. 8 SFDR open funds and some mandates.</li> <li>Integration of climate-related risks into our internal ESG rating system and external MSCI ESG Research ratings methodology.</li> <li>Engagement with companies in carbon-intensive sectors (details in our annual engagement report).</li> </ul>
		Scope 2 GHG emissions	Coverage: 66.86% Data source: MSCI	Coverage: 64.78% Data source: MSCI	Sum of Scope 2 carbon emissions (tCO <sub>2</sub> e) of portfolio companies divided by the	

Indicators applicable to investments in investee companies					
Adverse sustainability indicator (PAI)	Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period
		55,018.4 tCO <sub>2</sub>	55,857.1 tCO <sub>2</sub>	most recently available enterprise value, including cash (EVIC), multiplied by the investment for all portfolio companies.	<ul style="list-style-type: none"> <li>Integration of climate-related resolutions focus in our voting policy (details in our Voting Policy).</li> <li>Application of our Exclusion Policy that focuses on climate-related risks: coal, unconventional oil and gas, as well as oil and gas (conventional and unconventional) in the Arctic region are part of our common base of exclusion applicable to most of our assets under management.</li> <li>Development of an implied temperature ("ITR" of MSCI ESG Research) tracking tool at portfolio-level.</li> </ul> <p><b>Actions planned:</b> Our investment strategies invest across universes that differ widely in terms of GHG. In 2023 and 2024, we strengthened our strategy of alignment with the Paris Agreements by setting ourselves several short- and medium-term objectives. We have defined an intermediate alignment trajectory between now and 2030. It initially applied to funds part of the Article 29 LEC perimeter. This target will be reviewed and adjusted every five years to reach 2°C or less by 2050.</p> <p>In addition, we have set a timeline for phasing out investments in companies active in coal mining and coal-fired power generation by 2030 for OECD countries and by 2040 for the rest of the world.</p>
	Scope 3 GHG emissions	Coverage: 66.85% Data source: MSCI 1,786,248.5 tCO <sub>2</sub>	Coverage: 64.72% Data source: MSCI 1,787,557.1 tCO <sub>2</sub>	Sum of Scope 3 carbon emissions (tCO <sub>2</sub> e) of portfolio companies divided by the most recently available enterprise value, including cash (EVIC), multiplied by the investment for all portfolio companies.	
	Total GHG emissions	Coverage: 66.84% Data source: MSCI 2,021,915.4 tCO <sub>2</sub>	Coverage: 64.69% Data source: MSCI 2,014,738.8 tCO <sub>2</sub>	Sum of Scope 1, 2 and 3 carbon emissions (tCO <sub>2</sub> e) of portfolio companies divided by the most recently available enterprise value, including cash (EVIC), multiplied by the investment for all portfolio companies.	
	2. Carbon footprint	Carbon footprint	Coverage: 66.84% Data source: MSCI 284.2 tCO <sub>2</sub> /MEUR invested	Coverage: 64.69% Data source: MSCI 318.1 tCO <sub>2</sub> /MEUR invested	
3. GHG intensity of investee companies	GHG intensity of investee companies	Coverage: 68.39% Data source: MSCI 620.5 tCO <sub>2</sub> /MEUR invested	Coverage: 65.98% Data source: MSCI 680.3 tCO <sub>2</sub> /MEUR invested	Sum of Scope 1,2 and 3 carbon emissions (tCO <sub>2</sub> e) of portfolio companies divided by sales.	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Coverage: 67.93% Data source: MSCI	Coverage: 66.19% Data source: MSCI	Sum of the weights of companies active in the fossil fuel sector.	

Indicators applicable to investments in investee companies					
Adverse sustainability indicator (PAI)	Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period
		1.75%	2.00%		
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Coverage: 60.67% Data source: MSCI  65.02%	Coverage: 53.98% Data source: MSCI  66.40%	Sum of the weights of companies involved in consumption and/or production of non-renewable energy.	
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	-	-	Weighted average energy consumption intensity in GWh per million euros of turnover.	
	Energy consumption intensity per high impact climate sector A	Coverage: 0.05% Data source: MSCI  0.00	Coverage: 0.04% Data source: MSCI  0.00	Weighted average energy consumption intensity in GWh per million euros of turnover.	
	Energy consumption intensity per high impact climate sector B	Coverage: 4.24% Data source: MSCI  1.14	Coverage: 4.75% Data source: MSCI  1.79	Weighted average energy consumption intensity in GWh per million euros of turnover.	
	Energy consumption intensity per high impact climate sector C	Coverage: 30.25% Data source: MSCI  0.34	Coverage: 28.32% Data source: MSCI  0.43	Weighted average energy consumption intensity in GWh per million euros of turnover.	
	Energy consumption intensity per high impact climate sector D	Coverage: 4.98% Data source: MSCI  6.83	Coverage: 5.26% Data source: MSCI  4.32	Weighted average energy consumption intensity in	

Indicators applicable to investments in investee companies						
Adverse sustainability indicator (PAI)		Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period
					GWh per million euros of turnover.	
		Energy consumption intensity per high impact climate sector E	Coverage: 1.31% Data source: MSCI 0.57	Coverage: 1.46% Data source: MSCI 0.70	Weighted average energy consumption intensity in GWh per million euros of turnover.	
		Energy consumption intensity per high impact climate sector F	Coverage: 5.02% Data source: MSCI 0.15	Coverage: 5.16% Data source: MSCI 0.22	Weighted average energy consumption intensity in GWh per million euros of turnover.	
		Energy consumption intensity per high impact climate sector G	Coverage: 8.74% Data source: MSCI 0.13	Coverage: 7.84% Data source: MSCI 0.13	Weighted average energy consumption intensity in GWh per million euros of turnover.	
		Energy consumption intensity per high impact climate sector H	Coverage: 4.95% Data source: MSCI 0.82	Coverage: 5.79% Data source: MSCI 1.10	Weighted average energy consumption intensity in GWh per million euros of turnover.	
		Energy consumption intensity per high impact climate sector L	Coverage: 2.92% Data source: MSCI 0.36	Coverage: 3.32% Data source: MSCI 0.17	Weighted average energy consumption intensity in GWh per million euros of turnover.	
<b>Biodiversity</b>	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	Coverage: 67.94% Data source: MSCI 4.98%	Coverage: 66.21% Data source: MSCI 0.02%	Percentage weight of companies that have an activity that has a negative impact on sensitive areas in terms of biodiversity	<b>Actions taken:</b> <ul style="list-style-type: none"> <li>• Application of our Exclusion Policy: the production of palm oil and the companies involved in serious biodiversity-related controversies are part of our common base of exclusion applicable to most of our assets under management.</li> <li>• Integration of biodiversity-related risks into our internal ESG rating system and external MSCI ESG Research ratings methodology.</li> </ul>

Indicators applicable to investments in investee companies						
Adverse sustainability indicator (PAI)		Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period
						<ul style="list-style-type: none"> <li>Implementation of our engagement plan specifically focused on biodiversity (details in our annual engagement report).</li> <li>Publication of the biodiversity footprint of the funds part of the Article 29 LEC perimeter using the BIA-GBS database from Carbon4 Finance.</li> </ul> <p><b>Actions planned:</b></p> <p>We remain cautious about setting a biodiversity trajectory for the following reasons:</p> <ul style="list-style-type: none"> <li>Measuring companies' impact on biodiversity involves taking into account a much larger number of variables than when assessing the climate impact of an investment or portfolio through emissions or carbon intensity.</li> <li>Data availability for each variable varies, and the prospect of companies publishing harmonized biodiversity data appears limited for the moment. This is particularly true for high-yield bonds and small caps.</li> <li>Impacts on ecosystems are more localized than impacts on the climate, which are more global, making measurement at the company-level even more challenging.</li> <li>Methodologies for measuring biodiversity impact vary considerably from one provider to another and are not harmonized.</li> </ul> <p>We therefore plan to continue our engagement with companies to better understand their biodiversity-related risks and opportunities, raise their awareness of these risks, and support them in implementing measures to address their biodiversity impacts and dependencies. We are continuing our individual and collaborative</p>

Indicators applicable to investments in investee companies						
Adverse sustainability indicator (PAI)		Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period
						efforts, notably through our membership of Finance for Biodiversity and Nature Action 100.
<b>Water</b>	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Coverage: 0.42% Data source : MSCI  0.18 t/ MEUR invested	Coverage: 2.03% Data source : MSCI  0.47 t/ MEUR invested	Sum of discharges into water in tonnes compared to one million euros invested.	<b>Actions taken:</b>  We embed the water risks in our sustainability analysis. The impact measure differs depending on sector/industry and is analyzed using a double materiality approach.  <b>Actions planned:</b> We continue to dialogue on water related principal adverse impact indicator when relevant.
<b>Waste</b>	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	Coverage: 52.03% Data source : MSCI  0.85 t/ MEUR invested	Coverage: 20.44% Data source : MSCI  2.27 t/ MEUR invested	Sum of hazardous waste and radioactive waste compared to one million euros invested.	<b>Actions taken:</b>  We embed the waste risks in our sustainability analysis. The impact measure differs depending on sector/industry and is analyzed using a double materiality approach.  <b>Actions planned:</b> We continue to dialogue on waste related principal adverse impact indicator when relevant.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
<b>Social and employee matters</b>	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Coverage: 68.14% Data source: MSCI  0.01%	Coverage: 66.25% Data source: MSCI  0.12%	Sum of portfolio weights of companies in violations of the principles of the United Nations Global Compact and the OECD guidelines for multinational companies.	<b>Actions taken:</b>  The ODDO BHF Exclusion Policy integrates an exclusion list for violations against the United Nations Global Compact as well as OECD Guidelines for Multinational Enterprises. Eligible companies are identified using the Global Norms Screening filter within the MSCI ESG Controversies module. In addition, our

Indicators applicable to investments in investee companies						
Adverse sustainability indicator (PAI)		Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period
	for Multinational Enterprises					ESG Investment Forum reserves the right to add or exclude issuers from this list at our discretion.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Coverage: 67.85% Data source: MSCI  6.65%	Coverage: 66.04% Data source: MSCI  23.51%	Sum of portfolio weights of companies without compliance processes and mechanisms to monitor compliance with the principles of the United Nations Global Compact and the OECD guidelines for multinational companies	<b>Actions planned:</b>  We continue to dialogue on principal adverse impact indicators linked to the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	Coverage: 40.62% Data source: MSCI  13.78	Coverage: 18.99% Data source: MSCI  12.24	Weighted average of unadjusted pay gap between men and women	<b>Actions taken:</b>  We embed gender pay gap criteria in our sustainability analysis. This criterion faces different regulations (mandatory disclosure or voluntary disclosure) depending on countries regulations. We discuss this issue with companies and remind them of the importance of disclosing such indicators.  <b>Actions planned:</b>  We continue to dialogue on the principal adverse impact indicator linked to gender pay gap when relevant.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a	Coverage: 67.80% Data source: MSCI  35.30%	Coverage: 64.01% Data source: MSCI  35.44%	Average weight of women presents within governance bodies	<b>Actions taken:</b>  We embed board gender diversity criteria in our sustainability analysis.

Indicators applicable to investments in investee companies						
Adverse sustainability indicator (PAI)		Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period
		percentage of all board members				<b>Actions planned:</b> We continue to dialogue on the principal adverse impact indicator linked to board gender diversity when relevant.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	Coverage: 68.14% Data source: MSCI 0.00%	Coverage: 66.24% Data source: MSCI 0.00%	Sum of portfolio weights of companies exposed to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons or biological weapons)	ODDO BHF Asset Management Exclusion Policy integrates the exclusion of controversial weapons.

Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator (PAI)		Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period
<b>Environmental</b>	15. GHG intensity	GHG intensity of investee countries	Coverage: 3.62% Data source : MSCI  117.20 tCO <sub>2</sub> /MEUR GDP	Coverage: 3.62% Data source : MSCI  131.12 tCO <sub>2</sub> /MEUR GDP	Sum of Scope 1,2 and 3 carbon emissions (tCO <sub>2</sub> e) of portfolio companies compared to GDP	We embed criteria linked to carbon emissions of sovereign and supranational issuers in our sustainability analysis.
<b>Social</b>	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	Coverage: 2.34% Data source: MSCI  3 0.12%	Coverage: 5.80% Data source: MSCI  2 0.15%	Sum of portfolio weights of countries experiencing violations of social standards	We embed criteria linked to social norms of sovereign and supranational issuers in our sustainability analysis.
Indicators applicable to investments in real estate assets						
<b>Fossil fuels</b>	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels				ODDO BHF AM Lux does not invest in real estate assets
<b>Energy efficiency</b>	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets				ODDO BHF AM Lux does not invest in real estate assets

Other indicators for principal adverse impacts on sustainability factors						
Additional climate and other environment-related indicators						
Adverse sustainability indicator (PAI)	Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period	
Indicators applicable to investments in investee companies						
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	Coverage: 74.17% Data source: MSCI  27.10%	Coverage: 76.55% Data source: MSCI  28.56%	Sum of the weights of companies without carbon emission reduction initiatives.	<p><b>Actions taken:</b></p> <ul style="list-style-type: none"> <li>Integration of climate-related risks into our internal ESG rating system and external MSCI ESG Research ratings methodology.</li> <li>Integration of climate-related resolutions focus in our voting policy (details in our Voting Policy).</li> <li>Development of an implied temperature ("ITR" of MSCI ESG Research) tracking tool at portfolio-level.</li> </ul> <p><b>Actions planned:</b></p> <p>We continue our engagements with companies in carbon-intensive sectors (details in our annual engagement report).</p>

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Adverse sustainability indicator (PAI)	Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period	
Indicators applicable to investments in investee companies						
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	Coverage: 67.89% Data source: MSCI  1.93%	Coverage: 64.14% Data source: MSCI  2.24%	Sum of the weights of companies without a human rights policy	<p><b>Actions taken:</b></p> <p>We embed human rights criteria in our sustainability analysis.</p> <p><b>Actions planned:</b></p>

						We continue to dialogue on the principal adverse impact indicator linked to human rights.
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## Description of policies to identify and prioritise principal adverse impacts on sustainability factors

### Policies and allocation of responsibilities for their implementation:

Our approach to prioritize the PAIs of investment decisions on sustainability factors is based on:

- the Exclusion Policy (last approval date in 2025 by the Global Head of ESG Research and the Global Chief Risk & Compliance Officer)
- our ESG internal and external ratings (last update in 2023)
- the Shareholder Engagement Policy, which includes the Voting Policy (last approval date on 2024 by the Global Head of ESG Research and the Global Chief Risk & Compliance Officer)
- the Responsible Investment Policy (last approval date on 2024 by the Global Head of ESG Research and the Global Chief Risk & Compliance Officer).

Regarding ODDO BHF AM's Exclusion process, ODDO BHF AM relies mainly on external data providers to screen issuers to be excluded in compliance with ODDO BHF AM Exclusion Policy ([link](#)). The exclusion lists are drawn monthly up by the ESG Research team and sent to the fund management teams, as well as to the Risks & Compliance team to be implemented in the control system (pre-trade and post-trade control). When there are certain investment limits to be complied with, the managers are informed immediately by the Risks & Compliance team of any incident or breach of such limits. In the case of incident or breaches not immediately resolved, the Risk & Compliance team has an escalation procedure in place. In the event of a persistent breach, the Compliance Committee or, failing that, the Executive Committee, is asked to rule on the matter.

When it comes to ESG internal and external ratings ([link](#)), the ESG Research team is responsible of rating companies in its internal ESG model while ODDO BHF AM relies on MSCI ESG Research for external ratings. Sustainability risks are then managed by the Risks & Compliance team, which is independent of the management teams and reports directly to the CEO of ODDO BHF Asset Management. The Risks & Compliance team is in charge of analyzing and monitoring the market, liquidity and counterparty risks of the funds managed by ODDO BHF Asset Management, as well as sending the alert on high ESG risks while handling internal compliance and controls. Moreover, an ESG Investment Forum takes place monthly and gathers the Group Co-CIO, the investment teams - equity and fixed income portfolio managers and analysts, as well as the ESG Research team. The Forum is the opportunity to discuss specific ESG investment cases (ESG ratings, companies news and controversies), review exclusion lists, sustainable debt approval or dismissal, excluded issuers and complex investment cases.

With reference to the Shareholder Engagement Policy ([link](#)), the ESG Research team oversees the dialogue and engagement process, while the voting process is managed by the Middle Office team. In terms of dialogues and engagements, an escalation process has been established if the results are non-existent or unsatisfactory, which can lead to the decrease of the ESG score, initiation of a collaborative engagement, and/or to express an opposing vote at company's AGM and/or to exclude the issuer from the investment universe or, if an active position is already held, to reduce the holdings or divest it. In 2021, we have established a new and harmonized voting approach and process across ODDO BHF AM. Since 2022, a new climate module 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). With regards to the operations, the Middle Office department checks the different AGMs and ODDO BHF AM ownership percentage, in order to centralize and send the information to the fund managers for validation of the voting choice, and to the ESG Research team to provide a view on the votes related to extra-financial criteria.

Finally, the Responsible Investment Policy ([link](#)) is updated on a yearly basis by the ESG Research team summarizing the elements mentioned above.

### Methods, margin of error, and data sources used for key negative impacts:

The data availability around the PAI indicators is highly dependent on issuers' sustainability disclosures across the world. Those are nevertheless far from being harmonized and standardized today. The difficulty to get greenhouse gases (GHG) Scope 3 emissions computed with a common approach is a case in point. Given the fact that the PAI consideration implies a growing access to sustainability indicators data, it is necessary to rely on audited, standardized and comparable data. This is the goal of the Corporate Sustainability Reporting Directive (CSRD) update proposed by the European Commission.

Despite the current difficult access to data, ODDO BHF Asset Management Lux already identified and prioritized the PAI indicators to be considered at entity level. To do so, we have worked with our data provider's data to compute the coverage rate of the MSCI ACWI for each mandatory or additional PAI indicator. We also did coverage simulation for our funds that cover different asset classes and geographies and, as a result, show different level of PAI indicators coverage. A case in point is the relatively high coverage of the core PAI for our EU focused funds and the low coverage for our

high yield strategies because many issuers from that investment universe are private companies and, therefore, publish little information on sustainability. While data availability is a limitation, data accuracy is also a challenge. Given our dependence on an external provider, it cannot be ruled out that the latter may inadvertently make errors when collecting data from issuers. This margin of error must be taken into account in the aggregate calculation of ODDO BHF Asset Management's PINs.

Our goal is to select the PAI where the data coverage is high for our funds and benchmarks to ensure comparability over time, but also the PAI that are the most material or likely to be material on the sustainability factors following our investment decisions.

We also determined two approaches of considering the PAI: one that relies on pre-trade controls through pertinent rules, and one ensuring the consideration through our internal or external ESG rating system (either through our internal ESG rating system or through MSCI ESG Research Rating methodology), as well as dialogue, engagement and voting. For example, some PAI indicators are controlled in pre-trade with a 0% tolerance for the exposure to controversial weapons (PAI 14), the exposure to companies that violate the UNGC and/or the OECD guidelines for Multi-National Enterprises (PAI 10). We defined these pre-trade rules because we are comfortable with the data we are using in terms of reliability and quality. For the other PAI, the margin of error is such that we cannot, at this stage, commit to specific controlling rules based on consistent thresholds.

The control of the 3 aforementioned PAI indicators is operational thanks to the definition, application and control of exclusion lists into our controlling systems. More details can be found in our ODDO BHF Asset Management Exclusion Policy: [https://am.oddo-bhf.com/france/en/non\\_professional\\_investor/ad/sustainability/1339/publication/1380](https://am.oddo-bhf.com/france/en/non_professional_investor/ad/sustainability/1339/publication/1380)

The consideration of PAI indicators through our internal or external rating methodology happens through the assessment of specific environmental, social and governance criteria thanks to the PAI indicators. For example, our ESG team integrates in its internal ESG methodology the carbon risk assessment through the evolution of the Scope 1, 2 and 3 (on a best effort basis) emissions for each company that is rated. It also looks at the gender diversity at the board and management level when analysing the diversity criterion. The PAI result will therefore have an impact on the final ESG rating of the company. More details on the PAI integration in our internal and external ESG methodology for corporates and sovereigns are available in our Responsible Investment Policy: [https://am.oddo-bhf.com/france/en/non\\_professional\\_investor/ad/sustainability/1339/publication/1380](https://am.oddo-bhf.com/france/en/non_professional_investor/ad/sustainability/1339/publication/1380)

#### **Engagement policies**

ODDO BHF Asset Management Lux believes that an active ownership strategy based on dialogue, engagement and voting is necessary to drive positive impact on sustainability and financial results. We continuously strengthen our approach to integrate more sustainability into our Shareholder Engagement Policy by multiplying engagement processes and relying on ISS Custom Climate Model to enrich our voting activity. For example, we had numerous individual and collective engagements with companies on their CO<sub>2</sub> reduction strategy and invited them to more transparency by integrating Scope 3 emissions.

Our Shareholder Engagement Policy (dialogue, engagement, voting rights) aims to both support positive impacts and reduce negative impacts, but this approach does not systematically seek to address the deterioration of a particular issuer's principal adverse impacts. The ESG team remains selective when it comes to the allocation of its engagement efforts. For example, the ESG team may in certain cases decide to strengthen the dialogue and/or engagement process with one issuer if there is no reduction of the principal adverse impacts over time. At the same time, the results of the principal adverse impacts are also a valuable input during the proxy season. The ESG team may adapt their voting decisions, especially on the climate-related topics, thanks to the PAI results.

Our Shareholder Engagement Policy and results are available here for more details: [https://am.oddo-bhf.com/france/en/professional\\_investor/infos\\_reglementaire\\_AMLux](https://am.oddo-bhf.com/france/en/professional_investor/infos_reglementaire_AMLux)

## References to international standards

ODDO BHF Asset Management Lux is active in the sustainable finance community to drive collectively change and impact in terms of methodologies, engagement, regulation and transparency. As member of BVI's, AFG's and FIR's sustainability working groups, and CDP engagement campaigns notably, ODDO BHF Asset Management Lux shows that sustainability is considered a strategic and impactful topic.

As a signatory of the Principles for Responsible Investment (PRI) in 2010, and of the UN Global Compact in 2015, ODDO BHF Asset Management Lux has also been adhering to relevant international standards. More information on our commitments is available in our Responsible Investment Policy: [https://am.oddo-bhf.com/france/en/non\\_professional\\_investor/ad/sustainability/1339/publication/1380](https://am.oddo-bhf.com/france/en/non_professional_investor/ad/sustainability/1339/publication/1380)

In the next paragraphs, we outline the internationally recognized standards and their link to the Principal Adverse Impacts.

### *Paris Agreement*

Link to the PAI 1 to 6 (greenhouse gas emissions)

ODDO BHF Asset Management Lux integrated in its Exclusion Policy investment constraints in carbon-intensive activities like unconventional oil and gas and coal. The voting, dialogue and engagement approach have also laid great emphasis on climate objectives as showed in our annual dedicated report. The report is available on the following link: [https://am.oddo-bhf.com/france/en/professional\\_investor/infos\\_reglementaire\\_AMLux](https://am.oddo-bhf.com/france/en/professional_investor/infos_reglementaire_AMLux)

### *UN Global Compact, OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights*

Link to the PAI 10 and 11 (Social and employee matters)

As a signatory of the UNGC since 2015, it is our responsibility to ensure that our investments respect the principles to which we adhere. We therefore defined a UNGC/OECD exclusion list to control that companies we invest in respect these principles. This exclusion list applies to all our open-end funds whatever their SFDR classification.

### *Biodiversity*

Link to the PAI 7 (Activities negatively affecting biodiversity sensitive areas)

ODDO BHF Asset Management Lux is signatory of Finance for Biodiversity pledge and member of the Foundation Finance for Biodiversity. We are also a member of the Investor Policy Dialogue on Deforestation Initiative (IPDD) and support the work of the Taskforce on Nature-related Financial Disclosures (TNFD). These different initiatives help us understand the potential impacts of our investment on biodiversity, and to structure our methodological approach to assess them across our investment strategies.

### *Use of climate scenarios*

We have a forward-looking climate scenario alignment tool which is implemented on some funds, but not currently applied to our full range of financial products. Indeed, as part of the French regulatory requirements of the Energy and Climate Law, we chose to implement a temperature monitoring with the Implied Temperature Rise (ITR) metric of MSCI, which is based on the Network for Greening the Financial System (NGFS) Net Zero 2050 scenario, on large funds (+500mn EUR assets) managed by ODDO BHF Asset Management SAS. We decided to adopt this forward-looking alignment metric on a limited number of funds, at the moment, so to have time to get used to the metric and train the necessary portfolio management teams. In addition, structural methodological limitations force us to be cautious. Indeed, the ITR is mostly based on CO2 projections, from which actual realizations may differ, and the indicator does not cover at all sovereign issuers, which are a non-neglectable share of several of our strategies. Due to these limits, we decided, at the present time, not to have systematically forward-looking climate scenario alignment for all our portfolios. More information can be found in our Article 29 LEC ([link](#)).

### *Historical comparison*

The historical comparison between 2024 and 2023 is shown in the table on the main negative impacts.

## ODDO BHF ASSET MANAGEMENT LUX (LUXEMBOURG)

Portfolio management company approved by Commission de Surveillance du Secteur Financier (CSSF)

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**ODDO BHF**  
ASSET MANAGEMENT