

## Appendix XIII:

**Sustainable Investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

# Sustainable investment objective

**Product name:** ODDO BHF ARTIFICIAL INTELLIGENCE

The ODDO BHF Artificial Intelligence („Sub-Fund”) is a sub-fund of SICAV ODDO BHF.

**Legal entity identifier (LEI-CODE):** 549300JBBFN3XZYK2J67

### DOES THIS FINANCIAL PRODUCT HAVE A SUSTAINABLE INVESTMENT OBJECTIVE

☒ ☒ ☒ **Yes**

- ☒ It will make a minimum of **sustainable investments with an environmental objective: 90 %**
  - ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - ☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ It will make a minimum of **sustainable investments with a social objective: N/A**

☐ ☐ ☐ **No**

- ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of N/A of sustainable investments
  - ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
  - ☐ with a social objective
- ☐ It promotes E/S characteristics, but **will not make any sustainable investments**



### WHAT IS THE SUSTAINABLE INVESTMENT OBJECTIVE OF THE FINANCIAL PRODUCT?

The Sub-Fund seeks capital growth by investing into global listed equities with exposure to the global mega trend “artificial intelligence” via a selection of related sub themes. The Sub-Fund has sustainable investment as its objective, within the meaning of Article 9 paragraph 3 of the SFDR. The Sub-Fund’s sustainable investment objective is to contribute to carbon-reduction and to seize opportunities arising from the transition to a low-carbon economy to achieve the long-term objectives of the Paris Agreement dated 12th December 2015 to limit global warming. The Sub-Fund will achieve carbon emissions 30% lower than the benchmark’s, the MSCI World NR, as measured by carbon intensity (tCO2/ mUSD revenue; aggregated at portfolio level including scope 1, scope 2 and scope 3).

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● **WHAT SUSTAINABILITY INDICATORS ARE USED TO MEASURE THE ATTAINMENT OF THE SUSTAINABLE INVESTMENT OBJECTIVE OF THIS FINANCIAL PRODUCT?**

The sustainable investment objective is assessed by the CO2 emissions linked to the portfolio investments of the Sub-Fund as measured by carbon intensity (tCO2/ mUSD revenue; aggregated at portfolio level including scope 1, scope 2 and scope 3).

● **HOW DO SUSTAINABLE INVESTMENTS NOT CAUSE SIGNIFICANT HARM TO ANY ENVIRONMENTAL OR SOCIAL SUSTAINABLE INVESTMENT OBJECTIVE?**

The following approach is defined to respect the Article 2 (17) of the SFDR Regulation:

1. Rating exclusions: companies that are not followed by the management team's internal model and with an MSCI ESG Rating of CCC and B if the MSCI ESG sub-rating is below 3 for one of the environmental, social or governance categories are systematically excluded from the ESG Investment Universe;
2. Sector and norm-based exclusions: The Sub-Fund applies the common exclusion framework as detailed in the Management Company's exclusion policy, which is available at [am.oddo-bhf.com](http://am.oddo-bhf.com). In addition, the Sub-fund excludes production of adult entertainment, conventional weapons, gambling and GMOs from all investments. The Sub-Fund will also not be able to invest in energy (oil, gas and coal), materials, real estate, air freight & logistics and airlines, based on information from Bloomberg. This initial ESG filter is quarterly reviewed according to the MSCI ESG Research. In the event that the Sub-Fund was invested in a company that is excluded from the investment universe, the Sub-Fund will proceed to a total disinvestment within 12 months of its exclusion.
3. Principal adverse impact consideration: The Management Company defines controlling rules (pre-trade) for some significantly harming activities selected: exposure to controversial weapons (PAI 14 and 0 % tolerance), exposure to companies active in the fossil fuel sector (PAI 4 and 0 % tolerance), activities negatively affecting biodiversity-sensitive areas (PAI 7 and 0 % tolerance) and serious violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI 10 and 0 % tolerance). Other PAI are considered through ESG ratings or dedicated PAI data, but without specific constraints.
4. Strong controversies according to MSCI: companies having sustainable investments according to MSCI ESG Research, but with strong controversies will be excluded from the sustainable investment computation, The MSCI Controversies Score provides an assessment of controversial events and their severity on a scores range between zero (very severe) to 10 (no recent incidents).
5. Dialogue, engagement and voting: our dialogue, engagement and voting policies support the objective of avoiding significant harm by identifying the most important risks and have our voice heard to generate change and improvement.

— **HOW HAVE THE INDICATORS FOR ADVERSE IMPACTS ON SUSTAINABILITY FACTORS BEEN TAKEN INTO ACCOUNT?**

The EU Taxonomy Regulation (EU) 2020/852 defines certain areas of concern which can cause principle adverse impact ("PAI"). The Management Company applies pre-trade rules on three PAI: exposure to controversial weapons (PAI 14 and 0 % tolerance), GHG intensity per million of sales for scope 1 and 2 emissions (PAI 3 and limit of 399 million tons (Mt) of CO2eq./million of revenue if the investment does not have its climate strategy certified by the Science Based Targets initiative (SBTi) meaning a commitment or a strategy well below 2 degrees), exposure to companies active in the fossil fuel sector (PAI 4 and 0 % tolerance), activities negatively affecting biodiversity-sensitive areas (PAI 7 and 0 % tolerance), and serious violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI 10 and 0 % tolerance).

Furthermore, MSCI ESG Ratings integrate environmental, social and governance themes where the collection of other core PAI data for corporates and sovereigns may support their ESG rating. The ESG analysis includes for corporates, when the data is available, the monitoring of greenhouse gas emissions

(PAI 1), the lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (PAI 11), and board gender diversity (PAI 13). It also includes for sovereign issuers greenhouse gas intensity per capita (PAI 15 normally based normally on gross domestic product and not on capita) and investee countries subject to social violations (PAI 16).

Nevertheless, the Management Company does not fix specific objectives or defined controlling rules on these other core PAI except the ones mentioned in the first paragraph.

More information on MSCI ESG Ratings: <https://www.msci.com/zh/esg-ratings>

## HOW ARE THE SUSTAINABLE INVESTMENTS ALIGNED WITH THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES AND THE UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS?

The Management Company ensures that the sustainable investments of the Sub-Fund are aligned by applying its United Nations Global Compact (UNGC) exclusion list as detailed in the Management Company's exclusion policy. Proven violations of the OECD Guidelines for Multinational Enterprises and/or the United Nations Guiding Principles on Business and Human Rights will also result in exclusion.



### DOES THIS FINANCIAL PRODUCT CONSIDER PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS?

☒ Yes, the Management Company takes sustainability risks into account by integrating ESG (Environmental, Social and Governance) criteria into its investment decision-making process, as set out above. This process also makes it possible to assess the management team's ability to manage the adverse sustainability impacts of their business activities. Exposure to controversial weapons (PAI 14), GHG intensity per million of sales for scope 1 and 2 emissions (PAI 3 and limit of 399 million tons (Mt) of CO<sub>2</sub>eq./million of revenue if the investment does not have its climate strategy certified by the Science Based Targets initiative (SBTi) meaning a commitment or a strategy well below 2 degrees), to companies active in the fossil fuel sector (PAI 4), activities negatively affecting biodiversity-sensitive areas (PAI 7), and serious violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI 10) is not tolerated and any such issuers are excluded from the portfolio.

☐ No



### WHAT INVESTMENT STRATEGY DOES THIS FINANCIAL PRODUCT FOLLOW?

The Sub-Fund seeks capital growth by investing into global listed equities with exposure to the global mega trend "artificial intelligence" via a selection of related sub themes. The Sub-Fund has sustainable investment as its objective, within the meaning of Article 9 paragraph 3 of the SFDR. The Sub-Fund's sustainable investment objective is to contribute to carbon-reduction and to seize opportunities arising from the transition to a low-carbon economy to achieve the long-term objectives of the Paris Agreement dated 12th December 2015\* to limit global warming.

I) Based on the investment universe resulting from the big data analysis, an ESG (Environment, Social and Governance) analysis is then conducted on the resulting issuers, which form the "ESG Investment Universe". Thanks to a selectivity approach covering a large majority of the securities in the ESG Investment Universe, at least 20% of the ESG Investment Universe is eliminated. This selectivity approach is carried out in two stages, and then completed by carbon emissions reduction considerations:

First stage: sector exclusion

The Sub-Fund applies the common exclusion framework as detailed in the Management Company's exclusion policy, which is available at [am.oddobhf.com](http://am.oddobhf.com). In addition, the Sub-Fund excludes production of adult entertainment, conventional weapons, gambling and GMOs from all investments. The Sub-Fund

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

will also not be able to invest in energy (oil, gas and coal), materials, real estate, air freight & logistics and airlines, based on information from Bloomberg.

Details relating to the Management Company's Exclusion Policy can be found at "[am.oddo-bhf.com](http://am.oddo-bhf.com)".

#### Second stage: ESG rating

This stage consists in considering ESG rating to a large majority of companies in the ESG Investment Universe, whether the rating comes from the management team's internal rating or from the management team's external provider of extra-financial data.

This involves taking into account the ESG rating of the securities comprising the investment universe. To this end, the management team relies on ESG ratings provided by the external data provider MSCI ESG Research.

In the event that an issuer has not been rated by MSCI ESG Research, the Management Company has two options:

- o Firstly, it may use the ESG rating assigned to the securities of the issuer concerned by the Management company.
- o Secondly, if the management company has not assigned an ESG rating to the securities of the issuer concerned, it may generate a substitute ESG rating, which is defined, among other things, by an average based on MSCI's ESG ratings according to the sector of activity, the size of the company and the country of domicile. The use of this substitute rating ends when MSCI ESG Research generates its own ESG rating for the issuer concerned or when an ESG rating is assigned by the management company.

In addition, the management company may review an ESG rating provided by MSCI. This review is carried out by the ESG team and may result in the replacement of the MSCI ESG rating with a new internal ESG rating. This substitution is limited to 10% of the weighted fund positions.

The management team takes into account the weighting of the securities held in the portfolio when calculating the average ESG score of the Sub-Fund. In the event of a deterioration in the ESG ratings of the securities in the Sub-Fund or a change in the ESG rating methodology affecting the average ESG rating of the Sub-Fund, the average ESG rating of the Sub-Fund will be restored to a level higher than that of the benchmark index, taking into account the interests of unitholders and market conditions.

The ESG filter of the management team's external provider of extra-financial data is based on the MSCI ESG Rating that evaluates the exposure of companies to ESG related risks and opportunities on a scale of CCC (worst rating) to AAA (best rating). It is based on the sub-ratings on a scale of 0 (worst) to 10 (best) for the environment, social and governance areas.

The combination of external and internal rating processes further reduces the Sub-Fund's ESG Investment Universe to determine its eligible universe:

companies that are not followed by the management team's internal model and with an MSCI ESG Rating of CCC and B if the MSCI ESG sub-rating is below 3 for one of the environmental, social or governance categories are systematically excluded from the ESG Investment Universe.

When a company held in the portfolio is downgraded and no longer respects one of these constraints, the management team has three months to disinvest.

The weighted average ESG rating of the portfolio shall be above of the ESG Investment Universe's. At least 90% issuers in the portfolio have an ESG rating and carbon footprint analysis (after taking into account the weighting of each security). Target funds with an ESG rating on fund level are also taken into account..

#### Third stage: GHG exclusion

This stage consists in considering GHG emission.

II) The selectivity approach is completed by carbon-emission reduction considerations. The Sub-Fund takes into account carbon related data to achieve the long-term objectives of the Paris Agreement to limit global warming. In order to do so, the Sub-Fund will invest in companies reducing their carbon footprint by monitoring in dynamic their progress in emissions reduction in absolute on scope 1 (direct emissions from owned or controlled sources), scope 2 (indirect emissions linked to energy consumption to produce goods and services) and scope 3 (all other indirect emissions that occur in a company's value chain), using third-party provider MSCI. Further information on the methodology and ESG score, as well as ESG reporting for the Sub-Fund, is available at [am.oddobhf.com](http://am.oddobhf.com).

The management team will consider issuers that show commitment towards climate change and/or showing potential to transition to a low-carbon economy based on several recognized market framework: companies with carbon reduction strategy certified by SBTi (Science Based Target Initiative), revenues alignment with the EU Taxonomy, and improving green share of companies' activities.

Finally, the Sub-Fund will achieve carbon emissions 30% lower than the benchmark's, the MSCI World NR, as measured by carbon intensity (tCO<sub>2</sub>/ mUSD revenue; aggregated at portfolio level including scope 1, scope 2 and scope 3).

A minimum of 90 % of the net assets of the Sub-Fund is subject to extra-financial analysis, with the support of an external ESG research provider.

## ● WHAT ARE THE BINDING ELEMENTS OF THE INVESTMENT STRATEGY USED TO SELECT THE INVESTMENTS TO ATTAIN THE SUSTAINABLE INVESTMENT OBJECTIVE?

The Sub-Fund applies the common exclusion framework as detailed in the Management Company's exclusion policy, which is available at [am.oddobhf.com](http://am.oddobhf.com). In addition, the Sub-fund excludes production of adult Entertainment, conventional weapons, gambling and GMOs from all investments.

The Sub-Fund will also not be able to invest in energy (oil, gas and coal), materials, real estate, air freight & logistics and airlines, based on information from Bloomberg.

Details relating to the Management Company's exclusion policy containing further details on ESG integration and exclusion thresholds can be found at "[am.oddobhf.com](http://am.oddobhf.com)".

## ● WHAT IS THE POLICY TO ASSESS GOOD GOVERNANCE PRACTICES OF THE INVESTEE COMPANIES?

The ODDO BHF Global Sustainable Investment Policy details our definition and assessment of good governance and requires that good governance practices rely on the quality of the management team, the sustainable development strategy, minority shareholders' rights, the anti-corruption processes and track record, as well as other criteria. A good indicator for the degree of alignment of companies' strategies with sustainable aspects is their positioning regarding the UN Global Compact. By committing to the ten principles on human rights, labor, environment, and anticorruption, the company sends a positive signal of strong ambitions towards a long-term oriented financial ecosystem.



## WHAT IS THE ASSET ALLOCATION AND THE MINIMUM SHARE OF SUSTAINABLE INVESTMENTS?

The Sub-Fund seeks capital growth by investing into global listed equities with exposure to the global mega trend "artificial intelligence" via a selection of related sub themes.

A minimum of 90 % of the Sub-Fund's net asset value is invested in sustainable investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**Asset allocation** describes the share of investments in specific assets

Taxonomy-aligned activities are expressed as a share of:

**-turnover** reflecting the share of revenue from green activities of investee companies.

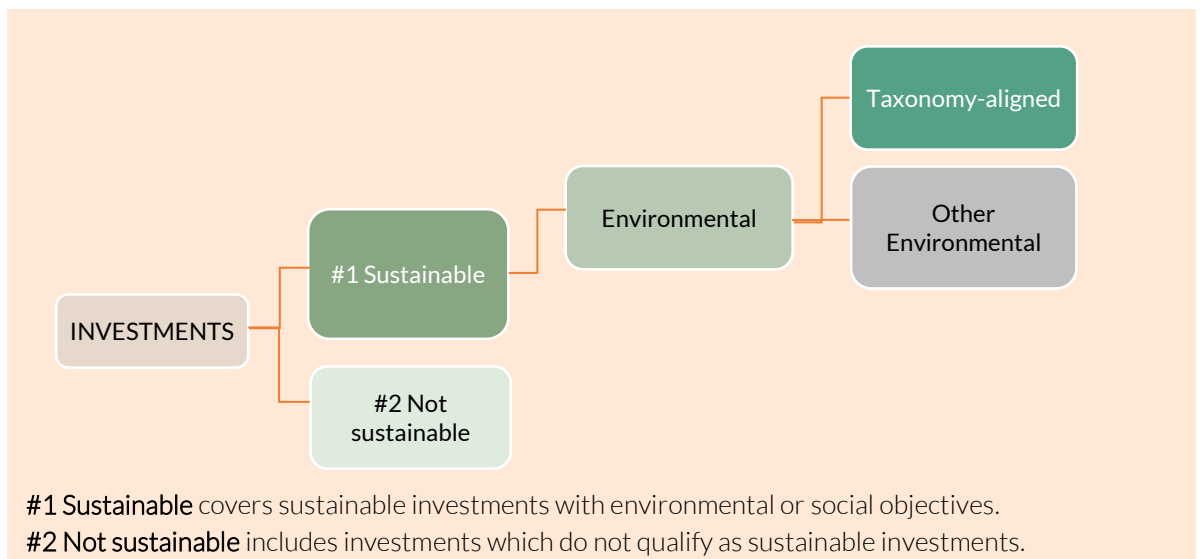
**-capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

The Sub-Fund may also hold up to 10% in “not sustainable”, as defined below, which includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Sub-Fund invests at least 0% of its net assets - weighted by the proportion of sales figures aligned with the taxonomy for each issuer - in activities aligned with the taxonomy.

There is a minimum of 90% of sustainable investments with an environmental objective, which are not aligned with the EU Taxonomy.

At least 90% of the issuers in the portfolio have an ESG rating after taking into account the weighting of each security. Target funds with an ESG rating on fund level are also taken into account.



## ● HOW DOES THE USE OF DERIVATIVES ATTAIN THE SUSTAINABLE INVESTMENT OBJECTIVE?

Derivatives are not actively used to enhance ESG alignment or decrease ESG risk. As part of the investment strategy, the Sub-Fund is allowed to enter into derivatives for investment and hedging purposes.

## TO WHAT MINIMUM EXTENT ARE SUSTAINABLE INVESTMENTS WITH AN ENVIRONMENTAL OBJECTIVE ALIGNED WITH THE EU TAXONOMY?<sup>12</sup>

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

The fund manager analyses the portfolio positions according to ESG criteria. Investments in nuclear energy and fossil gases are not excluded for the Sub-Fund. A minimum proportion of activities

<sup>12</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note on the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

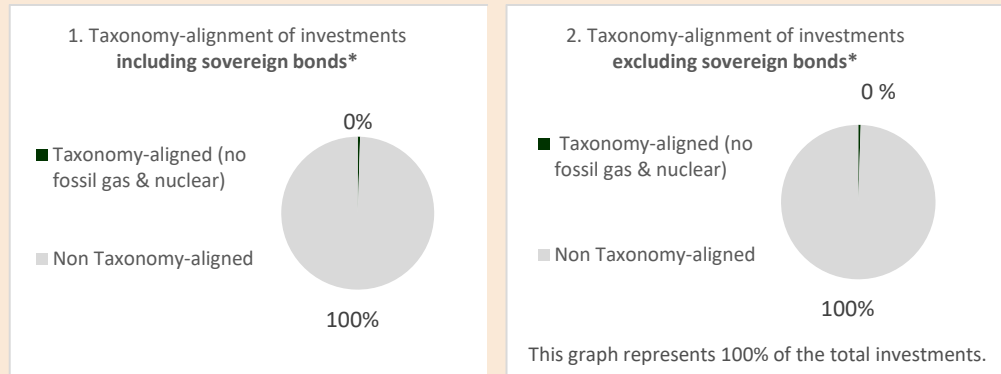
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

connected with nuclear energy and/or fossil gases that correspond to the Taxonomy is not intended for the Sub-Fund.



## TO WHAT MINIMUM EXTENT ARE SUSTAINABLE INVESTMENTS WITH AN ENVIRONMENTAL OBJECTIVE ALIGNED WITH THE EU TAXONOMY?

**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.**



**\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.**

On 26 of September 2023, the graph 2. Taxonomy-alignment of investments excluding sovereign bonds represents 100% of the total investments. This percentage may fluctuate up or down.

## WHAT IS THE MINIMUM SHARE OF INVESTMENTS IN TRANSITIONAL AND ENABLING ACTIVITIES?

The minimum percentage is 0%.



## WHAT IS THE MINIMUM SHARE OF SUSTAINABLE INVESTMENTS WITH AN ENVIRONMENTAL OBJECTIVE THAT ARE NOT ALIGNED WITH THE EU TAXONOMY?

There is a minimum of 89.5 % of sustainable investments with an environmental objective, which are not aligned with the EU Taxonomy.



## WHAT IS THE MINIMUM SHARE OF SUSTAINABLE INVESTMENTS WITH A SOCIAL OBJECTIVE?

The minimum percentage of sustainable investments with a social objective is 0%, but the Sub-Fund may have investments with a social objective.



## WHAT INVESTMENTS ARE INCLUDED UNDER “#2 NOT SUSTAINABLE”, WHAT IS THEIR PURPOSE AND ARE THERE ANY MINIMUM ENVIRONMENTAL OR SOCIAL SAFEGUARDS?

The investments included under “#2 Other” are derivatives and other ancillary assets like money market instruments with no minimum environmental or social safeguards applied. The impact of these assets is considered as neutral to the sustainable investment objective the Sub-Fund.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



## IS A SPECIFIC INDEX DESIGNATED AS A REFERENCE BENCHMARK TO MEET THE SUSTAINABLE INVESTMENT OBJECTIVE?

No specific benchmark is designated as sustainable benchmark to meet the sustainable investment objective.

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

- HOW DOES THE REFERENCE BENCHMARK TAKE INTO ACCOUNT SUSTAINABILITY FACTORS IN A WAY THAT IS CONTINUOUSLY ALIGNED WITH THE SUSTAINABLE INVESTMENT OBJECTIVE?

Non applicable.

- HOW IS THE ALIGNMENT OF THE INVESTMENT STRATEGY WITH THE METHODOLOGY OF THE INDEX ENSURED ON A CONTINUOUS BASIS?

Non applicable.

- HOW DOES THE DESIGNATED INDEX DIFFER FROM A RELEVANT BROAD MARKET INDEX?

Non applicable.

- WHERE CAN THE METHODOLOGY USED FOR THE CALCULATION OF THE DESIGNATED INDEX BE FOUND?

Non applicable.



## WHERE CAN I FIND MORE PRODUCT SPECIFIC INFORMATION ONLINE?

More product-specific information can be found on the website: [am.oddo-bhf.com](http://am.oddo-bhf.com)

\* [https://treaties.un.org/doc/Treaties/2016/02/20160215%2006-03%20PM/Ch\\_XXVII-7-d.pdf](https://treaties.un.org/doc/Treaties/2016/02/20160215%2006-03%20PM/Ch_XXVII-7-d.pdf)

\*\* MSCI World NR Index is a registered trademark of MSCI Limited.