

Environmental and/or social characteristics

DOES THIS FINANCIAL PRODUCT HAVE A SUSTAINABLE INVESTMENT OBJECTIVE?



●● <input type="checkbox"/> Yes	●● <input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective : N/A <ul style="list-style-type: none"> <input type="checkbox"/> In economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> In economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective : N/A	<input checked="" type="checkbox"/> 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 10% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> With an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> With an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> With a social objective <input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

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.

WHAT ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS ARE PROMOTED BY THIS FINANCIAL PRODUCT?

The Fund promotes environmental and/or social characteristics that are reflected in the construction and weighting of the Management Company's internal rating system.

The internal ESG analysis process is twofold:

- "best-in-universe": the Management Company favours the highest rated issuers regardless of their size and sector of activity.
- "best effort": the Management Company values the progress made over time by issuers, thanks to direct dialogue with them.

As part of the company rating process, the following criteria, among others, are analysed:

- **Environmental:** energy consumption, water consumption, waste management, environmental certifications, products and services with environmental value-added, climate risk management, etc.
- **Social:** human capital (human resources management, executive team diversity, training, employee health and safety, etc.), supplier management, innovation, etc.

- **Governance:** corporate governance (preservation of minority shareholder’s interests, composition of governance bodies, remuneration policy, etc.), fiscal responsibility, exposure to risk of corruption, etc.

Close attention is paid to analysing human capital and corporate governance, which account for 30% and 25% of each company’s score, regardless of its size or industry. We believe that poor human capital management or corporate governance failures pose a major risk to the execution of a company’s strategy and therefore to its valuation.

The analysis of controversies (industrial accidents, pollution, convictions for corruption, anti-competitive practices, product safety, supply chain management, etc.), based on information provided by our external non-financial data provider, is integrated into the rating process and directly influences the ESG rating of each company.

This internal ESG analysis results in an internal rating system on a scale of 1 (worst) to 5 (best): High ESG Opportunity (5), ESG Opportunity (4), ESG Neutral (3), Moderate ESG Risk (2) and High ESG Risk (1).

WHAT SUSTAINABILITY INDICATORS ARE USED TO MEASURE THE ATTAINMENT OF EACH OF THE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS PROMOTED BY THIS FINANCIAL PRODUCT?

The Management Company’s ESG model uses all of the characteristics and indicators mentioned in the paragraph above, and the monthly ESG report currently shows indicators that demonstrate their attainment as follows:

- The portfolio’s weighted internal ESG rating to measure the overall attainment of environmental, social and governance characteristics.
- The weighted internal rating to assess the quality of corporate governance;
- The weighted internal rating to assess the quality of management;
- The Fund’s carbon intensity (total scope 1 and 2 CO₂ emissions divided by total revenue of the companies in which the Fund invests).
- The brown share of the Fund’s investments (exposure to fossil fuel industries according to MSCI ESG research).
- The green share of the Fund’s investments (exposure to green solutions according to MSCI ESG research).

WHAT ARE THE OBJECTIVES OF THE SUSTAINABLE INVESTMENTS THAT THE FINANCIAL PRODUCT PARTIALLY INTENDS TO MAKE AND HOW DOES THE SUSTAINABLE INVESTMENT CONTRIBUTE TO SUCH OBJECTIVES?

The Fund’s sustainable investment objective is environmental: contribution to the environmental impact as defined by MSCI ESG research, and its “sustainability impact” field in relation to environmental objectives. It covers the impacts on the following categories: alternative energy, energy efficiency, eco-construction, sustainable water, pollution prevention and control, sustainable farming.

HOW DO THE SUSTAINABLE INVESTMENTS THAT THE FINANCIAL PRODUCT PARTIALLY INTENDS TO MAKE NOT CAUSE SIGNIFICANT HARM TO ANY ENVIRONMENTAL OR SOCIAL SUSTAINABLE INVESTMENT OBJECTIVE?

The following approach is taken to comply with Article 2 (17) of the SFDR.

- **Sectors excluded from investments:** The Management Company’s exclusion policy is applied to eliminate sectors that have the most significant adverse impacts on sustainability objectives. The Fund applies strict exclusions to companies that do not respect the UN Global Compact, and sectoral exclusions for coal mining, coal-based power generation and development projects or infrastructure related to coal, weapons (conventional and non-conventional), tobacco, the non-conventional production and processing of oil and gas, operations and production in the Arctic region, companies active in the palm oil industry that contravene sustainability principles and companies that have a history of involvement in serious breaches and environmental controversies.

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

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

- **Controversies:** After the ESG has double-checked, companies that are the most controversial according to our MSCI ESG data will not be considered sustainable.
- **Consideration of the principal adverse impacts:** Doing no significant harm to the sustainability objectives, the Management Company sets (pre-trade) testing rules for selected significantly harmful activities: exposure to controversial weapons (zero tolerance), activities negatively affecting biodiversity sensitive areas (zero tolerance) and serious violations of the principles of the UN Global Compact and OECD Guidelines for Multinational Enterprises (zero tolerance).

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

Regulation (EU) 2020/852 establishes certain areas of concern that may have an adverse impact (“PAI”).

The Management Company applies pre-trade rules to three PAIs:

- exposure to controversial weapons (PAI 14 and zero tolerance),
- activities negatively affecting biodiversity sensitive areas (PAI 7 and zero tolerance)
- serious violations of the principles of the UN Global Compact and OECD Guidelines for Multinational Enterprises (PAI 10 and zero tolerance).

The Management Company also considers other PAIs in its ESG analysis for companies when the information is available, but without strict testing rules. PAI data is collected to determine the Management Company’s final ESG rating.

ESG analysis covers monitoring of greenhouse gas emissions (PAI 1), exposure to fossil fuels (PAI 4), the share of non-renewable energy consumption and production (PAI 5), energy consumption intensity per high impact climate sector (PAI 6), lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (PAI 11), the unadjusted gender pay gap (PAI 12) and board gender diversity (PAI 13). The Management Company also considers two other PAIs: deforestation policy (PAI 15) and lack of human rights policy (PAI 9).

If the Fund has sovereign investments, the manager’s ESG model includes the two main PAIs in the ESG analysis: greenhouse gas intensity (PAI 15) and investee countries subject to social violations (PAI 16).

More detailed information on the Management Company’s consideration of PAIs is available at www.am.oddobhf.com

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

The Management Company ensures that the Fund’s sustainable investments are aligned by applying its UN Global Compact (UNGC) exclusion list, as indicated in the Management Company’s exclusion policy.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

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.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



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

Yes, in accordance with the provisions of Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR), the Management Company takes sustainability risks into account by integrating ESG (Environmental and/or Social and/or Governance) criteria into its investment decision-making process, as set out in the “Investment Strategy” section. This process also makes it possible to assess the management team’s ability to manage the adverse impacts of their business activities on sustainable development. For more information, please refer to the Fund prospectus, which is available on the Management Company’s website: am.oddo-bhf.com.

No



WHAT INVESTMENT STRATEGY DOES THIS FINANCIAL PRODUCT FOLLOW?

The Fund meets the PEA and PEA-PME eligibility criteria.

The Fund shall invest between 75% and 100% of net assets in shares of companies of all market capitalisations, and from all sectors, with at least 75% in small and mid caps issued by SMEs (small and medium-sized enterprises) or intermediate-sized enterprises (ETI) headquartered in the European Union or in the European Economic Area.

The Fund invests at least 51% of its total value in equity participations, within the meaning of Section 2 Para. 8 of the German Investment Tax Act (GITA) and as laid down in the “Tax regime” section of this Prospectus.

These issuing companies will meet the criteria established for companies to be eligible for the PEA-PME French equity savings plan.

Initially, the management team takes into account non-financial criteria, thanks to a two-stage approach:

I. First stage: sectoral exclusions

It consists in applying strict exclusions to companies that do not respect the UN Global Compact, and sectoral exclusions for coal mining, coal-based power generation and development projects or infrastructure related to coal, weapons (conventional and non-conventional), tobacco, the non-conventional production and processing of oil and gas, operations and production in the Arctic region, companies active in the palm oil industry that contravene sustainability principles and companies that have a history of involvement in serious breaches and environmental controversies. Details about the Management Company’s exclusion policy which give further information on ESG integration and exclusion thresholds are available at am.oddo-bhf.com.

II. Second stage: ESG rating

Issuers are awarded an ESG score using an internal model based on the ESG research of the external data provider MSCI. This model combines a best-in-universe approach that favours companies with the highest scores irrespective of sector, and a best-effort approach by developing a system of shareholder dialogue.

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

Specific attention is paid to the analysis of human capital and corporate governance. Finally, companies rated 1 out of 5 on our internal rating scale are also systematically excluded from this universe.

This internal ESG analysis results in an internal scoring system on a scale of 1 (worst) to 5 (best): High ESG Opportunity (5), ESG Opportunity (4), ESG Neutral (3), Moderate ESG Risk (2) and High ESG Risk (1).

The Fund adheres to the AFG Eurosif Code of Transparency for SRI funds open to the public, which is available from the website www.am.oddo-bhf.com. This Code describes in detail the non-financial analysis method, exclusions, exclusion thresholds and the SRI selection process applied.

There is a risk that the model for internal ESG scoring may not fully meet the purposes for which it has been developed.

The average portfolio score will therefore be equal to or higher than that of the benchmark on the basis of this internal scoring system. The management team takes into account the weighting of securities held in the portfolio when calculating the portfolio average. At least 90% of issuers in which the Fund invests have an ESG rating.

The management team takes into account environmental, social and governance (ESG) criteria in its investment decisions but they are not the dominant factor. The investment decisions taken may therefore not be consistent with ESG criteria.

Secondly, the management strategy implemented is a discretionary investment strategy based on stock-picking and a rigorous procedure for selecting European growth stocks. It favours companies whose income growth is above the market average and is careful not to pay too much for these growth stocks (Growth at a Reasonable Price).

The strategy consists in adopting two types of positions:

- The Fund favours medium and long-term positions, depending on the manager's macroeconomic forecasts and convictions on fundamental trends relating to the main national macroeconomic indicators. These indicators may be growth, inflation or unemployment rates as well as intervention levels of different banks. The medium and long-term positions rely on convictions based on company management, business visibility and financial solidity as well as the potential for growth and, where applicable, for capital gains through a delisting of the stock (takeover bid, public exchange offer, etc.).
- Depending on market conditions, the manager may supplement medium and long-term positions with tactical short-term positions, set up on the basis of information obtained through technical analysis, flow analysis and financial publications.

Depending on the market situation, assessed on a discretionary basis by the manager, the proportion of positions resulting from the implementation of strategies based on short-term, medium-term or long-term expectations varies (no pre-established range).

The portfolio's maximum exposure to the different asset classes (equities, debt securities, UCIs and derivatives) may not exceed 100%, it being understood that the maximum exposure is the sum of the net exposures to each of the markets (equity, fixed income, money, credit) to which the Fund is exposed (the sum of long and hedging positions).

The Fund shall be hedged against foreign exchange risk, with no more than 10% of the portfolio remaining unhedged.

WHAT ARE THE BINDING ELEMENTS OF THE INVESTMENT STRATEGY USED TO SELECT THE INVESTMENTS TO ATTAIN EACH OF THE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS PROMOTED BY THIS FINANCIAL PRODUCT?

The Fund applies strict exclusions to companies that do not respect the UN Global Compact, and sectoral exclusions for coal mining, coal-based power generation and development projects or infrastructure related to coal, weapons (conventional and non-conventional), tobacco, the non-conventional production and processing of oil and gas, operations and production in the Arctic region, companies active in the palm oil industry that contravene sustainability principles and companies that have a history of involvement in serious breaches and environmental controversies. The Fund also follows the Management Company's exclusion policy. Details about the Management Company's exclusion policy which give further information on ESG integration and exclusion thresholds are available at am.oddo-bhf.com.

Furthermore, the Fund undertakes not to invest more than 10% of its assets in securities rated High ESG Risk (1), and to ensure that the average portfolio score is equal to or higher than that of the benchmark on the basis of the internal scoring system.

WHAT IS THE COMMITTED MINIMUM RATE TO REDUCE THE SCOPE OF THE INVESTMENTS CONSIDERED PRIOR TO THE APPLICATION OF THAT INVESTMENT STRATEGY?

The Fund does not have a committed minimum rate to reduce the scope of the investments prior to the application of that investment strategy. The investment team's fundamental analysis, which takes into account ESG factors, produces a narrower universe of companies that are eligible on the basis of ESG criteria. ESG integration has a direct impact on the portfolio's construction as the Fund seeks to maintain an average ESG score greater than that of its benchmark index. Negative ESG screening narrows down the investment universe.

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

ODDO BHF's Responsible Investment Policy describes our definition and assessment of good governance practices.



WHAT IS THE ASSET ALLOCATION PLANNED FOR THIS FINANCIAL PRODUCT?

The Fund shall invest between 75% and 100% in shares of companies of all market capitalisations with at least 75% in small and mid caps issued by small and medium-sized enterprises (SME) or intermediate-sized enterprises (ETI) headquartered in the European Union or in the European Economic Area. No business sector will be targeted in particular. These issuing companies will meet the criteria established for companies to be eligible for the PEA-PME French equity savings plan.

The Fund may have up to 25% of its net assets exposed:

- to shares of companies headquartered outside of the European Union, including emerging countries (up to 10% of assets), and
- to the currencies of countries that are not members of the European Union, in connection with investments in the securities of companies headquartered outside of the European Union, including emerging countries (up to a maximum of 10%).

The Fund may also invest between 0% and 25% in money market instruments as part of cash management.

Up to 10% of the Fund's assets may be invested in units or shares of other funds:

The Fund may invest in futures or options, traded on regulated or organised markets or over-the-counter in France and other countries to hedge the portfolio against or expose the portfolio to equity risks and hedge currency risks (futures, options on equities or indices, swaps and forward exchange contracts). These instruments shall be held subject to the limit of 100% of the Fund's net assets.

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.

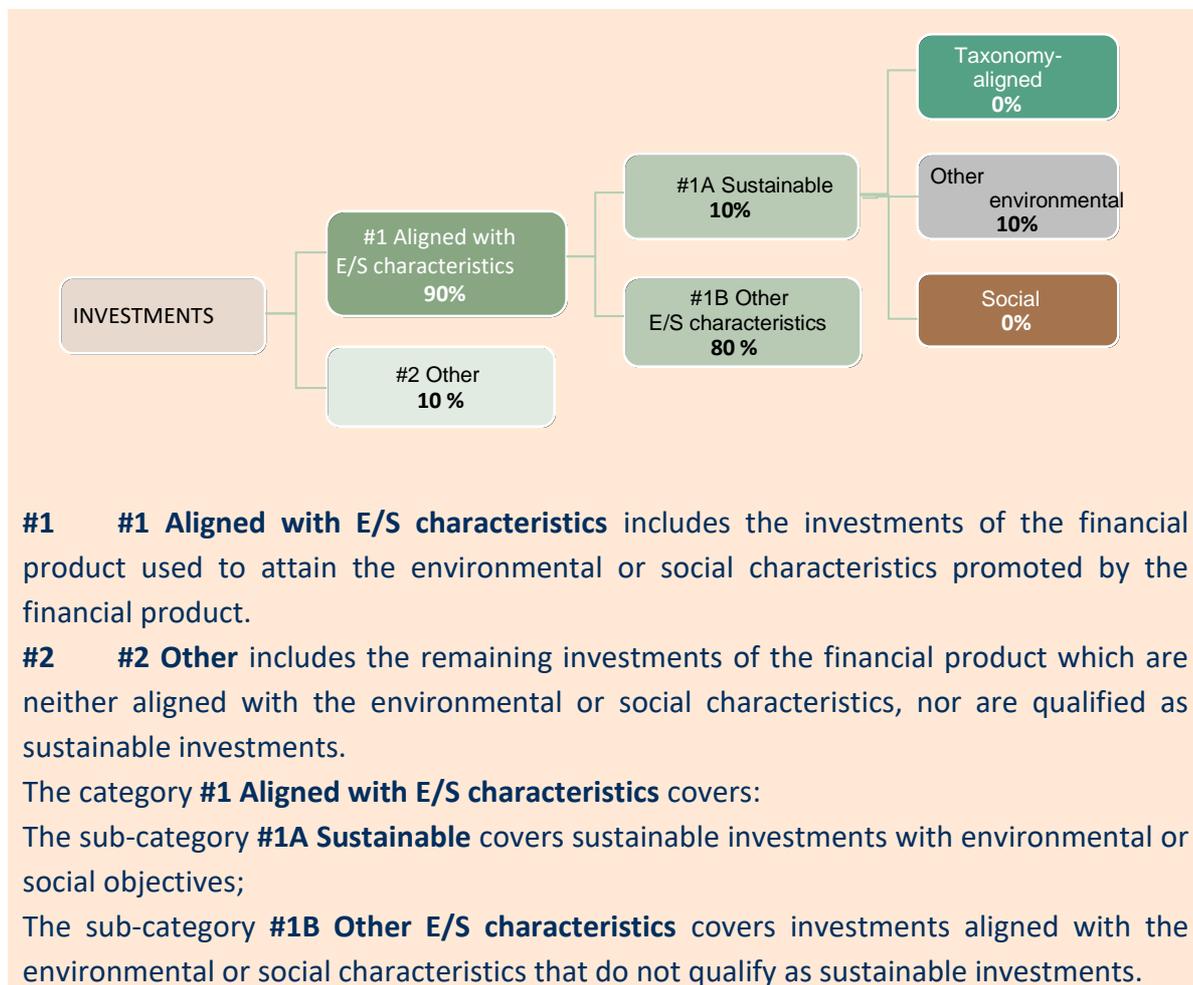
– **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The Fund may invest up to 10% of its net assets in warrants or subscription certificates.

Within the respective limits of 20% of the net assets, the Fund may enter into reverse repurchase and securities lending agreements to manage cash, invest collateral received and maximise income.

HOW DOES THE USE OF DERIVATIVES ATTAIN THE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS PROMOTED BY THE FINANCIAL PRODUCT?

The symbol represents sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



#1 #1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 #2 Other 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 category **#1 Aligned with E/S characteristics** covers:

The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives;

The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

HOW DOES THE USE OF DERIVATIVES ATTAIN THE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS PROMOTED BY THE FINANCIAL PRODUCT?

Derivatives are not used to improve ESG alignment or reduce ESG risk. As part of the investment strategy, the Fund is authorised to use derivatives for hedging and exposure purposes.

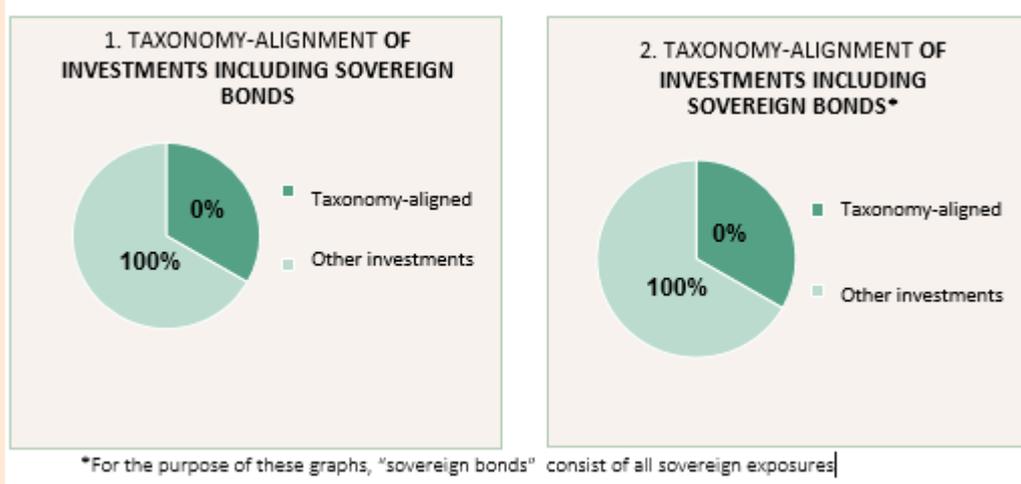


TO WHAT MINIMUM EXTENT ARE SUSTAINABLE INVESTMENTS WITH AN ENVIRONMENTAL OBJECTIVE ALIGNED WITH THE EU TAXONOMY?

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.

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.



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

The percentage is not yet known.



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

There is no minimum share of sustainable investments with an environmental objective, but the Fund may make investments with an environmental objective.



WHAT IS THE MINIMUM SHARE OF SOCIALLY SUSTAINABLE INVESTMENTS?

There is no minimum share of sustainable investments with a social objective, but the Fund may make investments with a social objective.



WHAT INVESTMENTS ARE INCLUDED UNDER "#2 OTHER", WHAT IS THEIR PURPOSE AND ARE THERE ANY MINIMUM ENVIRONMENTAL OR SOCIAL SAFEGUARDS?

Investments included under "#2 Other" are derivatives and other ancillary assets.



IS A SPECIFIC INDEX DESIGNATED AS A REFERENCE BENCHMARK TO DETERMINE WHETHER THIS FINANCIAL PRODUCT IS ALIGNED WITH THE ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS THAT IT PROMOTES?

The benchmark is the "MSCI Europe Small Cap" index in euro.

MSCI Limited is the administrator of this benchmark.

This index is a broad market index that does not necessarily reflect, in its composition or method of calculation, the ESG characteristics promoted by the Fund.

Reference benchmarks are indices to measure whether the financial product attains the environmental or social characteristics that they promote.

HOW IS THE REFERENCE BENCHMARK CONTINUOUSLY ALIGNED WITH EACH OF THE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS PROMOTED BY THE FINANCIAL PRODUCT?

The benchmark is not aligned with the environmental or social characteristics promoted by the financial product. Environmental and social characteristics are covered only by the Fund's ESG investment strategy.

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

The benchmark administrator does not check ESG compliance of the index or its components. Issuers' ESG risks and their efforts to promote ESG objectives are factored into the Fund through its investment strategy.

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

The above index is a broad market index that does not necessarily reflect, in its composition or method of calculation, the ESG characteristics promoted by the Fund. For a description of the method used to calculate the index, please visit the MSCI website at www.msci.com.



WHERE CAN I FIND MORE PRODUCT SPECIFIC INFORMATION ONLINE?

Additional information on the application of ESG criteria by the Management Company shall be available in the Fund's annual report and on the Management Company's website: www.am.oddobhf.com.

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