DISCLOSURE OF ODDO BHF TRUST GMBH PURSUANT TO THE EUROPEAN REGULATION ON SUSTAINABILITY-RELATED DISCLOSURE REQUIREMENTS IN THE FINANCIAL SERVICES SECTOR (SFDR)

I. Consideration of sustainability risks (disclosure pursuant to Article 3 SFDR)

In order to support sustainable investments, Art. 3 SFDR contains the obligation to disclose information on the integration of sustainability risks in investment decision-making processes in course of Portfolio Management. The approach applied by ODDO BHF Trust GmbH in its function as Portfolio Manager / Investment Advisor is explained in more detail below.

1. Sustainability Risks

Environmental conditions, social upheaval and/or poor corporate governance can have a negative impact on the value of the clients' investments and assets in several respects. These risks can have a direct impact on the net assets, financial position and results of operations, and also on the reputation of the investment assets.

Accordingly, Article 2 No. 22 SFDR defines sustainability risks as environmental, social or governance events or conditions, the occurrence of which could have an actual or potential material adverse effect on the value of the investment.

The area of the environment ("environmental") concerns, for example, climate protection, the protection of biodiversity and the protection of water and marine resources. Sustainability risks in this area are divided into physical risks and transition risks.

- Physical risks arise in particular with regard to individual extreme weather events and their consequences (such as periods of heat and drought, flooding, storms, hail, forest fires, avalanches) as well as with regard to long-term changes in climatic and ecological conditions (such as precipitation frequency and amounts, weather instability, sea-level rise, changes in ocean and air currents, acidification of the oceans, increase in average temperatures with regional extremes). These can have direct consequences (such as impairment or destruction of operational/production facilities of individual companies or entire regions) as well as indirect consequences (such as in the form of a breakdown of supply chains, the abandonment of water-intensive business activities or armed conflicts). In addition, those who cause environmental damage or companies that have promoted climate change may be held responsible by the state for the consequences.

- Transition risks exist in particular in connection with the transition to a low-carbon economy: for example, political measures can lead to an increase in the price and/or shortage of fossil fuels (examples: coal phase-out, CO_2 tax) or to high investment costs due to the necessary renovation of buildings and facilities. New technologies can displace known ones (example: electromobility), changed preferences of contractual partners or customers and societal expectations can endanger companies and their business models that do not adapt to such changes in a suitable way or not in time.

- There is also an interdependence between physical risks and transition risks, as a sharp increase in physical risks would require a more abrupt change in the economy, which in turn leads to higher transition risks.

Events, developments or behaviour that can be assigned to the areas of social affairs ("social") and corporate governance ("governance") can also have a negative impact on the assets, financial and earnings situation of a company if the probability of their occurrence is not sufficiently priced into the valuation of the assets or liabilities concerned. Such risks in the area of social affairs result, for example, from non-compliance with recognised labour standards (e.g. child and forced labour) or binding requirements in the area of occupational safety or health protection. In the area of corporate governance, such risks can arise from tax evasion or corruption, among other things. Such risks materialise, for example, in the form of compensation payments or fines, which usually also have an impact on the reputation of the company concerned.

Sustainability risks can impact and/or contribute significantly to traditional risks of an investment (such as industry, issuer or liquidity risk). Various sustainability risks can also occur cumulatively. Sustainability risks may affect entire sectors, industries and/or regions, and may be subject to widely varying manifestations.

2. ODDO BHF Trust GmbH's approach to incorporating sustainability risks

Since such risks to the assets, financial and earnings situation, and also to the reputation of the investment assets cannot ultimately be completely ruled out, ODDO BHF Trust GmbH has developed specific strategies to systematically take sustainability risks into account in the investment processes of all portfolios it manages or advises as part of Portfolio Management / Investment Advice. One of the two managing directors of ODDO BHF Trust GmbH is responsible for the corresponding strategies, which are regularly reviewed and adjusted if necessary; the details regarding responsibilities are specified in the business allocation plan of ODDO BHF Trust GmbH.

In the course of the performance of ODDO BHF Trust GmbH’s Basic Solutions of classic Portfolio Management, all investments are analysed with regard to their environmental, social and corporate governance sustainability. The data being required for this is provided by a recognised external data provider that is specialised in sustainability analyses (currently MSCI ESG Research). In respect of individual financial instruments and the respective overall portfolio an ESG approach developed by ODDO BHF Trust GmbH is used, which serves to incorporate sustainability risks (at the same time it serves to consider the principal adverse effects of investment decisions on sustainability factors). This approach is essentially based on the following pillars:

- Application of exclusion criteria on single instrument level:
    - Sector exclusions: Companies with certain turnover shares in the areas of weapons, gambling, pornography, tobacco or coal are excluded from investment. The question of which turnover threshold is decisive in each case is resolved on a sector-specific basis: for most sectors, a turnover share of more than 5% is currently considered decisive, but for some sectors or subsectors of these sectors, other thresholds are in part considered decisive (for example, an investment in companies that generate turnover in the area of certain weapons is completely excluded; for other sectors, turnover shares greater than 5% are also possible).
    - Non-compliance with principles of the United Nations Global Compact: Companies that violate the principles of the United Nations Global Compact are excluded from investment.

    - Biodiversity: exclusion of companies that claim to operate in or near biodiversity-sensitive areas and have been involved in controversies with serious or very serious adverse environmental impacts.
    - Poor sustainability ratings: Companies and sovereigns with poor sustainability ratings are excluded from investment (according to MSCI ESG Research methodology: "B" sustainability rating or worse)
- Ensure achievement of specific targets at the overall portfolio level:
    - A sustainability rating of at least "A" according to MSCI ESG Research at the level of the overall portfolio is targeted.
    - A sustainability rating shall be available for at least 90% of the portfolio positions (measured by market value).
    - The minimum share of sustainable investments shall be 4% and the minimum share of environmentally sustainable investments shall be 0.5%.
    - At the level of the individual instruments and the overall portfolio, carbon dioxide emissions (CO_2) are considered. The goal is for the portfolio to have lower CO_2 emissions than the overall market (represented by the MSCI All Country World Index)

The sustainability criteria are, in principle (to the extent that corresponding data are available) also to be applied to indirect investments (e.g. funds, certificates). In this context, the above criteria - modified accordingly - apply to indirect investments consolidated at the level of the respective investment instrument.

Change in the consideration of sustainability risks as of 05.01.23:

Minor editorial/language changes, no changes in content

Change in the consideration of sustainability risks as of 31.12.22:

Expansion of the overall portfolio targets: Minimum share of sustainable investments to be 4% and minimum share of environmentally sustainable investments to be 0.5.

Clarification of turnover limits for sector exclusions.

Adjustment of exclusions at individual instrument level: Poor sustainability ratings according to MSCI ESG Research methodology: "B" sustainability rating or worse are excluded.