



ODDO BHF

Communication on Progress UN Global Compact

2018 - 2019

Background

ODDO BHF is an independent and European financial operator at the heart of the real economy for 170 years. ODDO BHF, established in 1849, is a family owned company with a true entrepreneurial mindset in which the interests of shareholder employees are aligned with those of clients (25% of the capital is owned by employees). The independency of the Group allows for a real freedom of spirit and action recognised by our clients. The stability of the Group is reflected in the relationship built on long-term trust and integrity with our clients, partners and employees.

Since 1849 ODDO BHF works actively to contribute to economic, social and environmental progress with a focus on helping our clients achieve their ambition in a sustainable society. The company integrates the environment, social aspects and corporate governance matters in all its activities.

The Group intends to make its commitments in terms of sustainable development and corporate social responsibility (CSR) a long-term commitment, and wishes to involve further its employees in this process.

In France and Germany, the Group employees have launched in 2019 a "Sustainable Development Committee" whose purpose is to support all initiatives that help reduce the company's ecological footprint and change individual and collective behaviour. 31 internal ambassadors, representing different Group businesses, have volunteered to support our initiatives and help us move forward on this issue.

Statement of continued support by the Managing Partner

Our entrepreneurial DNA and the ambitious long-term targets we have set ourselves aim to offer the highest quality service. More than ever, they lead us to make a commitment to you – clients, employees and partners – to a sustainable and cohesive future, as well as to reduce our environmental impact and to fight financial crime together.

Many measures have been taken by our foundations, both in France and Germany, and by all our management teams, particularly in the field of human relations. We are committed to addressing the challenge of upholding our responsibilities in our advisory and capital management businesses.

For more than 15 years, the Group has put the analysis of ESG criteria at the heart of its different business lines,- asset management, private wealth management, sell-side and buy-side financial analysis, metals trading,- making our Group a pioneer in the Paris market place.

We began formulating quantitative benchmarks in 2018 that we are committed to improving in the years ahead. We monitor the results and the corresponding action plans several times each year.

Businesses have a growing role today in our societies. We are committed to playing a full role in this.

The Ten fundamental principles of the United Nations Global Compact in the areas of human rights, labour standards, environment and anti-corruption are integral part of our corporate social responsibility efforts and ODDO BHF reaffirms its support to them.

Further details of our performance actions to the UN Global Compact Principles are available in our non-financial performance report and Bank's annual activity report.

Yours sincerely,

Philippe ODDO
Managing Partner



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Communication on Progress – ODDO BHF

The Group became a member of the UN Global Compact in 2015. ODDO BHF commits to publish each year a Communication on Progress in accordance with the Ten Principles of the UN Global Compact. Also, the Group makes publicly available every year to all its stakeholders a non-financial report (CSR report) in addition to an activity report.

ODDO BHF CSR actions

A roadmap articulated around five pillars:

1. Foster a sustainable future within our businesses

- Cover more issuers through our internal ESG model and actively cover a larger investment universe thanks to an external data provider.
- Extend ESG integration to more areas of expertise (Equity small cap Europe, Convertible bonds, Quant Equity Europe, Private Equity, Credit High Yield).
- Extend ESG integration to a bigger share of assets under management.
- Certify a selection of open-ended funds
- Introduce climate reporting for all ESG integration funds
- Improve and deepen our climate approach to measure the alignment of ESG integration portfolios with the 2°C trajectory
- Train employees in investment, sales and marketing departments
- Publish best responsible investment practices annually

Our business lines are deeply involved in CSR. Our asset management business has put in place a general process for incorporating ESG criteria that directly influence (for ESG criteria) the construction of our portfolios. Our equity research department has had an ESG team since 2005 and our metals trading business is ISO 9001 – ISO 14001 certified.

2. Work towards a cohesive society

- Apply partnership agreements signed between the endowment fund and its partners and involve employees in the fund's actions

Through our dedicated entities, ODDO BHF Agir pour Demain and the independent foundation BHF BANK Stiftung, we work to encourage the development of regions where we operate by supporting education, social and artistic projects.

In France our endowment fund supports medical research (Alzheimer's Research Foundation), the deployment of emergency aid in areas affected by natural disasters, and is committed to education and training (Espérances Banlieues, Institut Télémaque). In Germany, these initiatives are accompanied by the BHF BANK Stiftung's involvement in medical research and works of a social and cultural nature.

3. Committed to our employees

- Raise the share of employees under the age of 30 in the Group's total workforce
- Apply the same procedure for recruiting employees on permanent contracts in Germany and France
- Maintain a system for helping employees with disabilities who require aid to perform their role in the best conditions
- Lead awareness campaigns in the framework of the Disability project in France and Germany
- Provide training in response to requests by employees and the Group's current and future needs

Our employees, who own 25% of the share capital, are the cornerstone of the Group's strategy. A range of measures has been taken to help retain talented people and facilitate and encourage professional development in accordance with the Group's current needs and the ambitions of our employees.



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4. Reduce our environmental impact

- Extend the scope of suppliers evaluated by EcoVadis to the whole Group
- Reduce electricity consumption
- Reduce paper consumption

In view of our brokerage and investment activities, our principal environmental risks relate to our purchasing policy and our energy management. Keen to reduce our carbon footprint, we have launched a supplier assessment campaign, a responsible printing policy and digital tools to limit travel.

5. Fight corruption and tax evasion

The Group commits to complying with all rules relating to the fight against corruption and tax evasion, and more concretely to:

- Make available to employees an up-to-date body of procedures covering all these risks.
- Provide regular training for Group employees.
- Monitor all activities to ensure regulatory compliance.

The ODDO BHF Group and its subsidiaries are subject to a wide range of requirements to prevent corruption, market abuses, money laundering and the financing of terrorism. To follow all these rules, dedicated teams have established internal procedures and control systems and regularly train other employees on these subjects.



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Measurement of outcomes:

CSR performance report

	Dec 2019	Dec 2018	Trend
ENVIRONMENT			- -/+ +
Paper consumption per FTE*	4 888	5 950	● ● ●
Electricity consumption per FTE*	6 918	9 582	● ● ●
SOCIAL			
Aid people with disabilities: % of requests granted	100%	100%	● ● ●
% of total workforce trained over the course of the year	France: 82% Germany: 52%	France: 77% Germany: 46%	● ● ●
% of employees involved in the endowment fund's action	8%	7%	● ● ●
SUSTAINABLE INVESTMENT			
% assets under management integrating ESG criteria	23%	12%	● ● ●

Acting together for a united society through our foundations

Agir pour Demain took actions for:

- Humanitarian emergencies: partnership with Doctors without Borders: internal fundraising in 2019 for the Cyclone Idai and participation to solidarity races.
- Medical research: organization of the annual gala for medical research in partnership with the foundation for Alzheimer Research.
- Education: financing of the Frédéric OZANAM School located in the underprivileged areas of northern Marseille. About ten of our clients are also involved.
Projects dedicated to French & German youth "Jeunesse et Résistances"

BHF Bank Stiftung took actions for:

- Artistic projects of a social nature: festival "UNART Performance", festival "Frankfurter Positionen", support of organisations dedicated to Arts, Youth & Elderly care, social justice and charities



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Sustainable development & reduction of our environmental impact

Travels

New travel policy to give priority to using trains over planes
Car policy: inclusion of CO2 bonus/malus in policy

Food

Plastics cups have been replaced by individual eco cups
Grain coffee machines in lounges to eliminate aluminium capsules

Water

Plastic bottles replaced by glass bottles in reception halls
New efficient water management system

Waste

In France, test of bins in progress to better sort and limit the amount of waste.
In Germany, centralized waste sorting and treatment in place

Paper

Less paper policy. Printers calibrated by default to black/white and double-sided printing.
Policy to reduce number of printers and use of recycled paper.
Electronic invoices.

Electricity

Initiatives to reduce electricity consumption (automatic switch off of lights at nights, motion sensor switches
Implementation of green electricity contracts (in progress)

Heating

Use of partially geothermal energy or energy from waste to energy plants
Use of district heating to reduce CO2 emissions.

Cleaning

Agreement with cleaning companies to use only ecological and environmental friendly products

Office space

Modern working standards are being defined to contribute to a more efficient use of office space



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Commitment to our employees

The Group implements five HR levers aimed at promoting the sustainable development of its employees.

The partnership structure which is opened to all employees, is a very important guarantee of mutual commitment, which allows us to be long term oriented.

The age pyramid is actively managed. The HR team works to build mixed teams, succession planning and hiring and retaining of young talents. 100 juniors have been hired in 2019.

Four levers for the gender balance: commitment of top management, raising awareness among our managers, new HR processes, coaching of female talents.

Retaining employees with disabilities, recruiting, raising awareness and training. Today 50 employees with disabilities are benefiting from personalized arrangements and the "Mission handicap" committee involves employees from each business lines/departments of the Group

1 097 employees have been trained in 2019 and the Group puts emphasis on the development of managerial skills.

Asset management branch's commitment

ODDO BHF Asset Management is committed since 2006. Since then it has been a member of the FIR (Forum pour l'investissement responsable). In 2010 it has become a member of the PRI (Principles for Responsible Investing) and a signatory of the CDP (Carbon Disclosure Project). In 2012 ODDO BHF AM became a member of the FNG (Forum Nachhaltige Geldanlagen).

In 2017 it launched its proprietary analysis model. Since 2018, ODDO BHF AM is a sponsor and member of the jury of the academic FIR-PRI awards and became a signatory of the Climate 100+ initiative.

In 2019, ODDO BHF AM signed the Investor Agenda program. In accordance to its ESG roadmap, ODDO BHF AM has successfully extended its ESG criteria analysis to new expertise: equity small cap Europe, Convertible bonds, quantitative equity, credit High yield. Its asset under management integrating ESG criteria rose from €6.9bn to €13.7bn. This same year, seven of its mutual funds received the ISR label and two funds received the FNG label. In addition to this, a complete sustainable investing and climate report is available for investors for each of the labeled funds.

ODDO BHF AM's detailed approach to sustainable investment is available on its website.

Publications

We publish an increasing number of documents on sustainable development and sustainable investing to make sure our employees are ambassadors of our approach and that we raise the awareness of our clients and partners on these important topics.

In 2019 we published "The basics of sustainable investing" to democratize and share our understanding of the current challenges we are facing and to make sure our stakeholders understand the basic, yet important, concepts of it. Several white papers have also been published on different sustainable topics. (Coal exclusion, climate approach etc)

Also, the "Sustainable Development Committee" together with business lines worked on a document detailing the Group ESG approach.