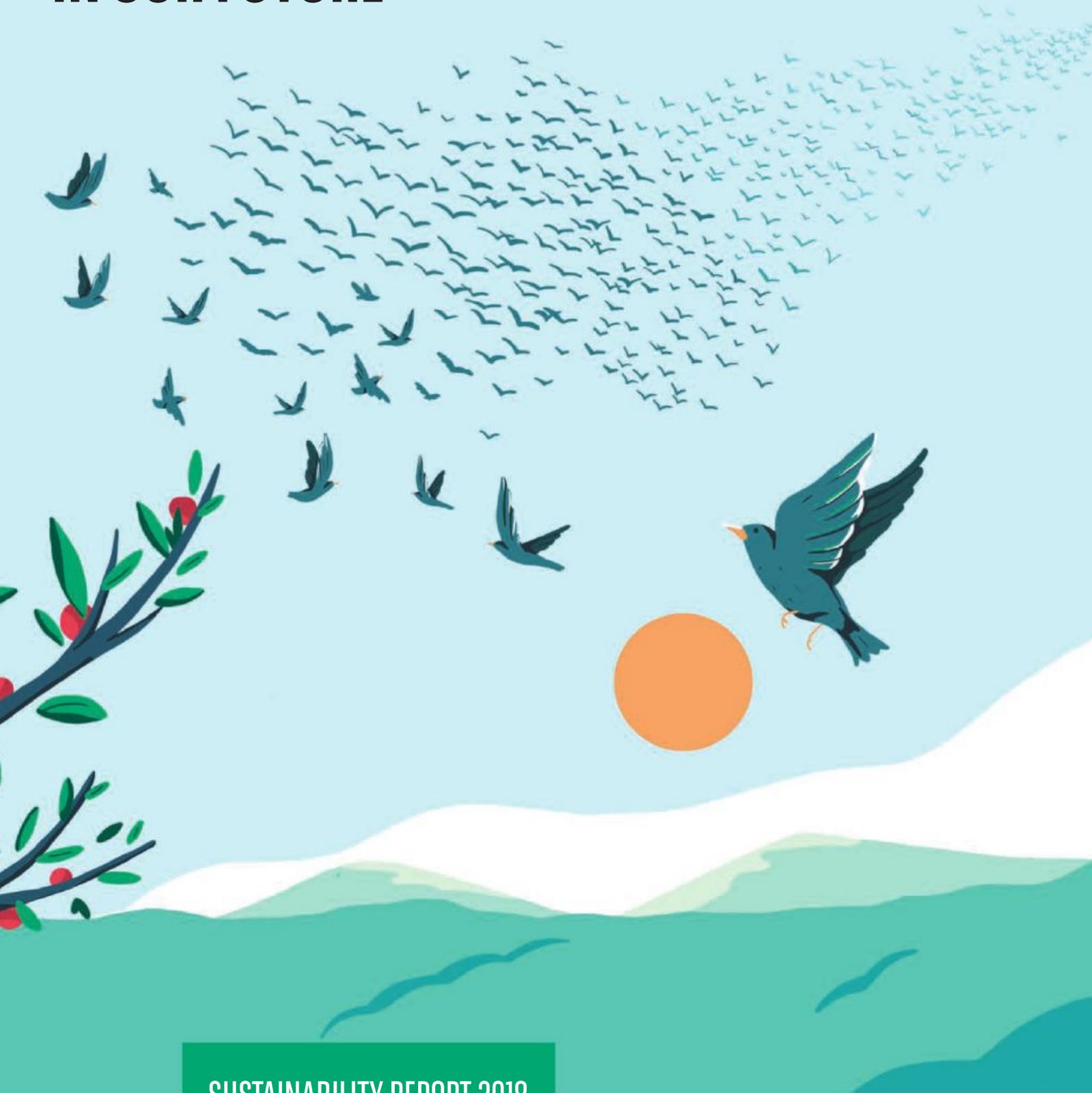


For Wholesale Investors only.

INVESTING IN OUR FUTURE



SUSTAINABILITY REPORT 2018



BNP PARIBAS
ASSET MANAGEMENT

The asset manager
for a changing
world



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BNP Paribas Asset Management
is the source for all data presented
in this document, dated 31/12/2018,
unless specifically indicated.

SUMMARY



In March 2019, BNPP AM revealed its global sustainability strategy that builds on a near 20-year commitment to a low-carbon, inclusive and environmentally friendly economic growth model. We talked to Frédéric Janbon, Chief Executive Officer at BNPP AM, and Jane Ambachtsheer, Global Head of Sustainability, about their vision for sustainable investment.



MANAGEMENT & ENGAGEMENT FOR A SUST



Our **sustainability strategy** is central to our corporate strategy.

FRÉDÉRIC JANBON

Chief Executive Officer

What role does finance play in sustainable development issues today?

Frédéric Janbon_ Now is the time for finance to play its part in building the sustainable world we want, as defined by the Paris Agreement and the UN's Sustainable Development Goals. Some asset managers and other financial institutions will commit to promoting responsible economic growth in order to generate sustainable investment performances. We accept our share of responsibility and plan to drive this transformation by working closely with clients and all our stakeholders.

Jane Ambachtsheer_ There are two types of investors: the future takers who wait for the economic structure to change and for public authorities to take certain decisions before they seize the opportunities, and future makers, who help change the practices of actors - issuers, public authorities and regulators - in order to build a more sustainable

future. We intend to be part of the future makers' community.

What are the challenges for asset managers like BNPP AM?

FJ. We are convinced that investing in a sustainable future is in the long term financial interest of both our clients and the global economy. Global challenges such as climate change, growing social inequality and the environmental damage caused by human activity can have a serious impact on the business performance of the companies we invest in. As investors we evaluate how well corporates and governments are addressing these challenges and adapt their strategy, business model or policies. We have decided to progressively transform all our investment processes accordingly, and ensure that they all include real ESG filters in the not so distant future. Obviously we also want to "walk the talk", include sustainability in our corporate culture and commit to



We intend to be part of the **future makers' community.**

JANE AMBACHTSHEER

Global Head of Sustainability

AINABLE WORLD

applying ESG principles to the way we operate ourselves. Sustainability is now at the core of our strategy.

J.A. Our sustainability strategy relies on four pillars:

- > The formal integration of environmental, social and governance (ESG) factors in all investment strategies by 2020.
- > Stewardship to strengthen our dialogue with the companies in which we invest, but also with public authorities and regulators to promote best practices and raise awareness of the role that finance can play in promoting a more sustainable world.
- > Issuer selection based on responsible conduct - compliance with the 10 Principles of the UN Global Compact - and sectoral policies to oversee our investments in sensitive areas. Our most recent advance was to enhance our exclusion policy in the thermal coal sector as part of a strategy to divest from carbon-intensive companies.
- > Forward-looking perspectives on three preconditions for sustain-

able economic growth, the "3Es": energy transition; environmental sustainability; and equality and inclusive growth.

What resources do you have to implement this ambitious strategy?

J.A. Our Sustainability Centre is the focal point for our ESG expertise. It has recently been expanded and includes 24 experienced people who have worked in fields as varied as consulting, politics, investment and certain industrial sectors for an average of more than 10 years. We also play an active role in various market initiatives (Climate Action 100+, Technical Expert Group of The European Commission, Task Force on Climate-related Financial Disclosures, Institutional Investors Group on Climate Change, etc.).

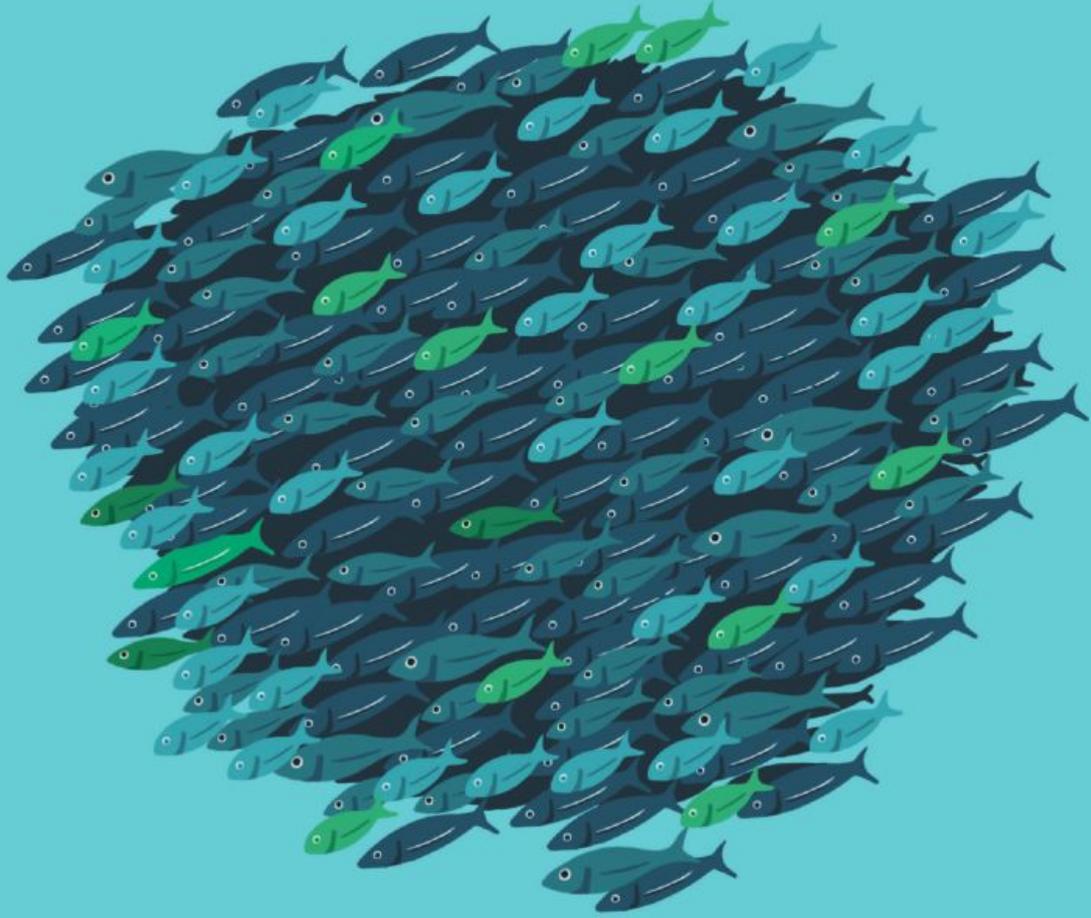
F.J. We have substantially changed our governance framework to accelerate this transformation. For example Jane is now a very active member of our investment committee.

BNPP AM has a long track record of factoring sustainable development into its investment decisions...

F.J. Yes, BNPP AM has integrated sustainable development into its long-term investment approach for nearly 20 years, since the launch in 2002 of our first Best In Class fund.

We adopted a formal responsible investment policy in 2012, which applied ESG criteria to all our open-ended funds. In 2015, we were one of the first asset managers to sign the Montreal Carbon Pledge and take on board COP21 by implementing a climate investment strategy aligned with the Paris Agreement.

J.A. We have built a solid foundation for sustainable investment. Our global sustainability strategy will help take BNPP AM to the next level.





SUSTAINABILITY STRATEGY

AT BNP PARIBAS ASSET MANAGEMENT

THE GLOBAL SUSTAINABILITY STRATEGY AT A GLANCE

BECAUSE INVESTING MEANS THE WORLD TO US, WE CHOOSE TO:

- > clearly articulate our approach to sustainability investment, with precise targets and commitments;
- > focus on key sustainability issues: the energy transition, the environment, and equality and inclusive growth;
- > invest for the long term, engaging with companies and regulators to promote best practices;
- > promote awareness about the role finance can play in achieving a sustainable world.

OUR BELIEFS

ESG integration helps us achieve better risk-adjusted returns

Our fiduciary duty is aligned with sustainable investment

Stewardship is an opportunity and obligation

We are long-term, forward looking investors

A sustainable economic future relies on sustainable investment practices

Walking the talk is critical to achieving excellence

OUR APPROACH TO SUSTAINABLE INVESTMENT

1. ESG INTEGRATION ACROSS ALL INVESTMENTS

Improve risk-adjusted returns

4. FORWARD-LOOKING PERSPECTIVE: THE "3ES"

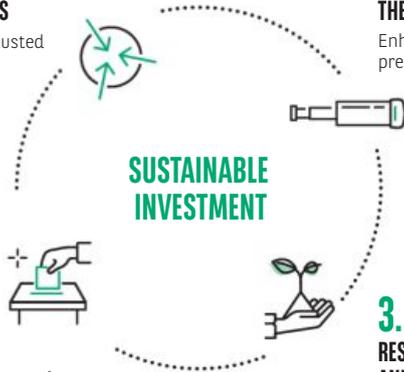
Enhance investment decision-making; preserve long-term market performance

2. STEWARDSHIP (VOTING, ENGAGEMENT)

Protect company value; influence sound regulatory framework; promote better social and environmental outcomes

3. RESPONSIBLE BUSINESS CONDUCT AND SECTOR-BASED EXCLUSIONS

Avoid reputational, regulatory and stranded asset risk



SUSTAINABLE INVESTMENT +

ENHANCED ESG THEMATIC IMPACT

Allocate to sustainable investment opportunities

THE "3ES"

We focus on three issues which are critical to a sustainable economy.

E Energy Transition

OBJECTIVE: make a substantive contribution to the low-carbon energy transition.

E Environmental Sustainability

OBJECTIVE: improve the environmental impact of our investments.

E Equality & Inclusive Growth

OBJECTIVE: promote a more equitable and sustainable distribution of value to ensure long-term stability and resilience of societies and ecosystems.

Target
Align our investments with the goals of the Paris Agreement by 2025

Primary Energy Mix & Electricity Energy Mix vs. IEA SDS

Carbon intensity (gCO₂/kWh) vs. carbon intensity IEA SDS

CO₂ emissions per portfolio

Green share % AUM or total green investments

(sustainable economic activities, such as those defined by the EU taxonomy)

Number of companies that commit/ have a policy on No Deforestation, No Peat, No Exploitation (NDPE)

Number of companies that trace and monitor commodity sourcing

Water footprint of our portfolios

Number or % of companies below sector water efficiency levels operating in water-stressed areas

% of female board members



Measure and report on these KPIs

DEDICATED GOVERNANCE FOR SUSTAINABILITY

Sustainable Committee

Functions as a sub-committee of the Investment Committee and validates the Global Sustainability Strategy and all the associated policies



A REINFORCED SUSTAINABILITY CENTRE

24

ESG EXPERTS

Within the Sustainability centre, based in Paris, Hong Kong and New York



10+

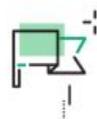
YEARS

Average and Cumulative professional experience

14

NEW HIRES

in 2018 & 2019



8

LANGUAGES SPOKEN

Dutch, English, French, German, Hungarian, Italian, Mandarin, Spanish.

BNPP AM's Sustainability Centre provides investment teams with research, analysis and data at company and sectoral levels, and it also supports teams in their efforts to fully integrate sustainability-related risks and opportunities into investment strategies.



New leadership

Jane Ambachtsheer joined BNPP AM as Global Head of Sustainability in 2018. She previously spent 18 years with Mercer, where she was partner and founder of the firm's Responsible Investment business. In 2005, she was appointed as consultant to the United Nations on the development of the Principles for Responsible Investment. She is an active participant in a number of key industry initiatives (FSB Task Force on Climate-related Financial Disclosures, Carbon Disclosure Project...). She is also an Adjunct Professor at the University of Toronto and a Research Affiliate at the University Oxford Smith School of Enterprise and the Environment.

A+
**BNPP AM'S 2018
 PRI STRATEGY AND
 GOVERNANCE SCORE**

FULLY SUSTAINABLE BY 2020

BNPP AM provides management teams with ESG integration guidelines and a complete set of ESG analysis tools to achieve full ESG integration by 2020.

With the Sustainability Centre, which shares its research work on a dedicated platform, nearly 11,000 companies will be analysed in accordance with the Principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises.

ESG ASSET MANAGER OF THE YEAR

At the 2018 'Le Fonti' Awards in Italy, BNP Paribas Asset Management was named ESG Asset Manager of the Year "for its ability to focus on sustainability and social responsibility before these became an established trend in the asset management industry" and "for pioneering cultural change and showing how a focus on natural resources and ethical choices can translate into successful investments".

€222

**BILLION FOR ESG EMBEDDED ASSETS
 IN 2018**

OUR EXPERTISE REWARDED IN ASIA

Asia Asset Management – Best of the Best Awards 2018

- > Best Responsible Investor (Hong Kong)
- > Best Responsible Investor (Region)

Benchmark Fund of the Year Awards 2017 – Hong Kong

- > Best Sustainable Investment Award (Overall Leader)
- > Outstanding Sustainable Impact Award

Benchmark Fund of the Year Awards 2017 – Singapore

- > Best Sustainable Investment Award (Overall Leader)
- > Outstanding Sustainable Impact Award
- > Outstanding Impact Investment Award

Benchmark Fund of the Year Awards 2017 – Taiwan

- > Best Sustainable Investment Award (Best-in-Class)

Institutional Asset Management Awards - regional:

- > Best ESG Strategy
- > Best Emerging Markets Fixed Income Manager

These awards underline the positive ESG steps our organisation has taken in the region.



FRANCE: BNPP AM DOMINATES THE SRI MARKET

For the second year running, BNPP AM was ranked first by Novethic with €6.6 billion of assets under management in high-conviction funds (Aqua, Human Development, SmartFood strategies), marketed in France and accessible to retail investors. The funds include portfolios most influenced by the ESG assessment of issuers and their activities.

Investors must ensure that they are fully informed about the sub-funds, classes and sub-categories of shares or securities authorised for marketing in their country of residence, and any restrictions applicable in each of these countries. Investments made in funds referred to above are subject to market fluctuations and the inherent risks of investing in stocks and shares. The value of investments and the income they generate may rise or fall, and it is possible that investors may not recover their initial investment.





CREATING
VALUE
THROUGH SUSTAINABLE
INVESTMENT



POINT OF VIEW



LAURENT GALZY

CEO of ERAFP (French Public Service Complementary Pension Scheme)

We expect asset managers to have a professional and genuine **commitment to sound ESG principles**

What do you think makes ESG analysis and reporting essential for financial institutions?

The unavoidable issue of climate change and the challenges posed by social factors and corporate governance lead institutional investors to see ESG factors as crucial to their investment decision-making. This change in the investment landscape also reflects the fiduciary duty of investors, who must ensure that the long-term commitments to their beneficiaries can be translated into sustainable long-term performance. The scale of assets involved - €2,200 billion in France - places a heavy burden of responsibility on institutional investors. Asset pools of this scale provide powerful leverage to direct investments towards a better functioning economy, and are crucial if we are to meet the considerable challenges and financial needs imposed by climate transition funding. Fiduciary duty and a clear sense of responsibility are crucial, because further changes in legislation are a necessary accompaniment to this inexorable and desirable trend.



What are you looking for in the way investment mandates are managed in terms of ESG commitment?

As a long-term investor the values that we carry since our origin mean that our commitment to ESG issues has been strong and genuine from the outset. We expect asset managers to have the same high level of involvement in their investment choices. The managers appointed for an investment mandate or open fund must be able to apply every aspect of ERAFP's SRI charter, which demands a particular level of ESG commitment and the implementation of dedicated ESG resources. By this I mean a professional and genuine commitment to sound ESG principles.

Do you think that the combined ESG commitments of BNPP AM and ERAFP can contribute to a more virtuous world?

We believe in dialogue and in engagement with companies to improve practices and contribute to a more responsible economy. That's why, like BNPP AM, ERAFP takes a very active role in collaborative initiatives such as the UN Principles for Responsible Investment (PRI), Climate Action 100+ and the Institutional Investors Group on Climate Change (IIGCC). We can play a valuable complementary role to these joint initiatives and contribute to a more virtuous world.



ERAFP: France's leading public service pension scheme and 100% SRI institutional investor

With more than €32 billion in financial assets wholly invested in accordance with a 100% socially responsible investment policy, ERAFP is Europe's leading institutional SRI investor. From its inception in 2005, the ERAFP board of directors has sought to maximise returns on its financial asset portfolio, while ensuring full compliance with SRI-driven principles. As a signatory to the UN Principles for Responsible Investment, ERAFP introduced a five-point SRI Charter in March 2006 focusing on the following values: respect for the rule of law and human rights; social progress; social democracy; the environment; and high standards of governance and transparency. ERAFP is also one of the world's largest public-sector pension funds in terms of membership, with more than 4.5 million beneficiaries, 42,000 employers and around €2 billion of annual contributions to invest every year.



BNPP AM EXCLUDES TOBACCO FROM ITS OPEN-ENDED FUND RANGE

This extends the policy that has been applied to sustainable portfolios since we launched our first SRI fund in 2002. This complements the existing exclusions of controversial weapons and asbestos. The decision has been taken as part of BNPP AM's commitment to sustainable investment, incorporating a fiduciary responsibility that encompasses managing ESG risks. The decision takes into account concerns about public health, as well as human rights abuses and the substantial economic cost associated with tobacco, believed to be more than €2 trillion a year globally, according to World Health Organisation estimates.

BNPP AM EXPANDS ITS SRI RANGE THROUGH A REAL ESTATE DEBT STRATEGY

This strategy, which invests in European real estate debt, has obtained SRI recognition for its stringent application of ESG (environmental, social and governance) criteria in the investment process and its focus on channelling investment into sustainable projects.



"We really appreciate BNPP AM's commitment to exclude tobacco from its portfolios. This is another step towards a tobacco-free world. We hope this initiative will continue to alert the financial community and society at large about this global public health issue."

BRONWYN KING
 Founder and CEO
 at Tobacco Free Portfolios

€36.8

BILLION FOR SOCIALLY RESPONSIBLE INVESTMENT (SRI) ASSETS IN 2018

PARVEST GREEN TIGERS AWARDED LUXFLAG ENVIRONMENT LABEL



Additional certification for our sustainable range. This fund, with a total of €135.5 million in assets at the end of December 2018, invests in companies in the Asia Pacific region, including Japan, that help address environmental issues.

Investors must ensure that they are fully informed about the sub-funds, classes and sub-categories of shares or securities authorised for marketing in their country of residence, and any restrictions applicable in each of these countries. Investments made in funds referred to above are subject to market fluctuations and the inherent risks of investing in stocks and shares. The value of investments and the income they generate may rise or fall, and it is possible that investors may not recover their initial investment.





DENIS PANEL

Head of Multi Asset Quant Solutions (MAQS)



We believe that a sustainable economic future relies on sustainable investment practices.



POINT OF VIEW

How does the integration of ESG criteria into our portfolio management add value for investors?

Our approach to investing reflects our belief that a sustainable economic future relies on sustainable investment practices. We are convinced that now is the time to go further and that ESG integration is crucial to help investors achieve better risk-adjusted returns. It's our belief that sustainability is still imperfectly understood, under-researched and inefficiently priced, with inconsistent levels of disclosure. It is a substantial subject for our industry.

BNPP AM aims to have fully integrated ESG across investment processes by the end of 2020. How does it translate within your investment group?

ESG is a key element within MAQS. Ten years ago, we were the first asset manager to launch a low carbon ETF. We are pioneering again with the launch of the first circular economy Exchange Traded Funds (ETF). In addition, since December 2018, all our quantitative equity and fixed income investment teams have integrated ESG criteria within their processes. To accelerate this transformation, MAQS has appointed 18 ESG champions covering and monitoring the implementation of ESG criteria in our investment processes. They are true ambassadors of ESG research and act as valuable links between BNPP AM's Sustainability Centre and our investment teams.

What part could BNPP AM investment teams play within the asset management industry?

The evolution of our internal management processes goes hand in hand with other initiatives towards the data suppliers and index providers that we meet on a regular basis. Through dialogue, we encourage them to further consider sustainable aspects in their activities. We believe it is our duty to promote sustainable practices to our stakeholders to aim for a sustainable economy together.



In March 2019, six of our flagship multi-factor funds obtained the French SRI certification, representing more than €1.5 billion of assets under management. These funds' management processes have been transformed to incorporate companies' ESG ratings and commitments to combat climate change in their investment policies. Obtaining these government certifications is a reflection of BNPP AM's sustainable strategy.

HOW STEWARDSHIP CAN MAKE A DIFFERENCE

Read our policies and reports at www.bnpparibas-am.com

The companies mentioned on pages 22 to 30 are for illustrative purpose only, are not intended as solicitation of the purchase of such securities, and does not constitute any investment advice or recommendation.





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INVESTOR' MULTISTAKEHOLDER
OR PUBLIC POLICY INITIATIVES
THAT BNPP AM IS AN ACTIVE
MEMBER OF

POINT OF VIEW



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COMPANIES WE HAVE
MADE ENGAGEMENTS WITH



HELENA VIÑES FIESTAS

Global Head of Stewardship and Policy



Our clients benefit from our engagement because our understanding of a company's business, and how they are dealing with social or environmental challenges and opportunities, **improves the quality of our investment decisions.**



HELENA VIÑES FIESTAS IS A MEMBER OF THE EUROPEAN COMMISSION'S TECHNICAL EXPERT GROUP (TEG) ON SUSTAINABLE FINANCE.

The TEG is composed of approximately 30 members and represents a wide variety of financial and economic actors as well as non-governmental agencies and academics. The main tasks of the TEG are to assist the Commission in the development of an EU taxonomy of environmentally sustainable economic activities, an EU Green Bond Standard, a category of "low carbon" indices for use by asset and portfolio managers as a benchmark for a low carbon investment strategy and metrics improving disclosure on climate-related information. She also participates in the EC Ecolabel Working Group.

Can you explain what stewardship covers at BNPP AM?

Stewardship covers two distinct aspects of a sustainable asset manager's activity. Firstly, exercising our rights as shareholders and using our vote to express our view on a company's practices and policies. Secondly, direct discussions with companies we invest in to encourage them to adopt better environmental, social and governance (ESG) practices.

What is special about BNPP AM's policy on stewardship?

We are one of the very few asset managers who engage regularly with policymakers to ensure the regulatory environment is conducive to companies fulfilling their responsibilities towards ensuring a sustainable world. We are also one of the few asset managers that have modified their voting policy to reflect our sustainability priorities.

Regarding climate change, for example, we link our voting policy to our own climate change investment strategy. We do not approve accounts or board nominations (in the US) if a company in which we have invested, and to which we have asked, does not provide us with carbon emissions data or their climate strategy. Without this information we simply cannot manage climate change related risk.

What type of engagement do you think is most effective vis à vis companies and public authorities? How does BNPP AM's approach benefit clients?

I think that a collective approach is better suited to longer term objectives that affect an economic sector or a large group of companies. For example Climate Action 100+ is an outstanding investor initiative focused on ensuring the world's largest corporate greenhouse gas emitters take necessary action on climate change. Our clients benefit from our engagements because they deepen our understanding of a company's business, and how they are dealing with social or environmental challenges and opportunities which improve the quality of our investment decisions. And, as companies respond by improving their management of ESG risks, it creates a better risk profile for the future. We have developed this approach in our Global Sustainability Strategy. Our long-term goals are focused on the three themes which, according to us, represent the essential conditions to move toward a more sustainable and inclusive economic system: namely the Energy Transition, Environmental sustainability and Equality and Inclusive Growth... our '3Es'!

VOTE

ENGAGEMENT AND VOTING: MEETING OUR OWNERSHIP OBLIGATIONS

We believe that fostering corporate governance best practices is an essential part of our ownership responsibilities. Corporate governance relates to the functioning of the managing board, supervision and control mechanisms, and their relations with stakeholders. Good corporate governance ensures that a corporation is managed in the long-term interest of its stakeholders. BNPP AM, therefore, expects all corporations which we invest in to apply best practices in corporate governance and votes accordingly at Annual General Meetings. This key component of our ownership responsibilities forms an integral part of BNPP AM's investment process and includes dialogue with companies.

We can engage in dialogue with companies at our own initiative or at the request of the issuer, and we concentrate on our principal holdings.

The goal of our voting-related engagement is to:

- > Apply our voting policy to promote good corporate governance and to prepare the ground for future general meetings
- > Obtain additional information on voting proposals
- > Express our concerns about specific resolutions when they go against our voting policy.

In 2018, we voted at 1,464 general meetings, with votes taking place mainly in Europe and North America, representing slightly more than 72% of our total votes.

Under our voting scope, out of 1,464 general meetings where we voted:

- > At 369 general meetings we voted in favour of all items
- > At 1,095 general meetings (i.e. 74.8%), we voted against or abstained from at least one item.

Out of 19,107 voted resolutions, 18,603 resolutions were submitted by companies and 504 by shareholders.

Among the resolutions submitted by companies (excluding shareholder resolutions):

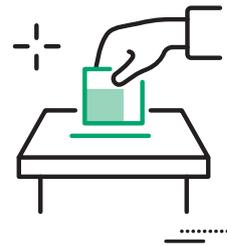
- > we voted in favour of 14,536 resolutions, representing 78.1% of our vote
- > we abstained on 750 resolutions, and voted against 3,317 of the resolutions, or 21.9% of our vote in 2018, compared with 20.4% in 2017.

In Europe, opposition mainly concerns resolutions related to financial operations and executive compensation.

Our level of opposition has increased in North America due to remuneration issues.

In Japan, our level of opposition is higher due to the low level of independence of boards of directors, although some improvements are made every year.

1,464
GENERAL MEETINGS
WE VOTED IN



/ Successful voting engagement

We consider the engagement is successful when the issuer withdraws the proposal we had concerns about. We may sometimes change our vote in favour of the proposal after a modification of the resolution from the issuer, or we better understand it after obtaining additional information.

/ Advancing environmental and social disclosure

Promoting good environmental, social and governance (ESG) practices is part of our ownership responsibilities. Compliance of companies with these criteria ensures they are managed in the best long-term interest of stakeholders. This is even more crucial as the supply of reliable data by companies to evaluate them is a major challenge for our industry.

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CASES WHERE WE ABSTAINED ON FINANCIAL STATEMENT VOTES DUE TO CLIMATE OR UN GLOBAL COMPACT CONCERNS

In accordance with our voting policy, we abstain (or vote against in markets where abstain is not a valid option) on resolutions concerning the approval of financial statements or discharge, or reelection of board members (depending on the type of the resolution proposed to shareholder approval) when:

- > The company did not provide enough information on environmental and social issues, or its CO₂ emissions, or
- > The company is deemed to be at risk of breaching one or more principles of the Global Compact.

In 2018, we voted abstain in 29 such cases.

RISE IN ISSUER ENGAGEMENTS



STEADY INCREASE IN SUCCESSFUL ENGAGEMENTS



ACCESS BY INVESTORS TO THE BOARD OF DIRECTORS IS A WELL-ESTABLISHED PRACTICE IN SOME COUNTRIES, SUCH AS THE UNITED KINGDOM

/ Governance: **an independent senior director and more access to the board of directors**

One of the roles of the board of directors is to supervise the management team. It must be composed of a majority of independent directors who have a presence on specific committees (audit, compensation and appointments). In the absence of an independent chairperson, and to maintain checks and balances, there should be an independent senior director.

To serve as an effective counterweight, this director must have specific powers, including the ability to speak directly to investors. Our voting policy is designed to achieve this, and we are in talks with companies to this end.

Access by investors to the board of directors is a well-established practice in some countries, such as the United Kingdom, and is beginning to spread throughout continental Europe. It is recommended by governance codes in Germany and France and is consistent with their accountability to the shareholders who appointed them.

Access to board members, can be an opportunity for us to raise concerns about such crucial topics as the functioning of the board of directors, its composition, succession plans or executive compensation policies.

In 2018, we had direct engagements with the directors of 16 companies: Cap Gemini, BBVA, Philips, Veolia Environnement, Orange, Rexel, Deutsche Boerse, Bayer AG, Schneider Electric, Banco Santander, GEA, Valeo, Prysmian, CRH, Unilever NV and Danone.

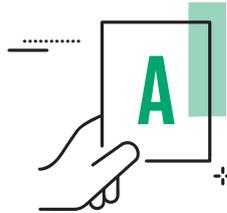
ALSTOM

In 2018, the company made significant improvements in several areas of its governance. This involved greater transparency in terms of

- > the individual attendance of directors**
- > the achievement rate of the financial criteria applied for short-term bonuses**
- > clarification concerning the absence of a possibility of being awarded an exceptional bonus in the remuneration policy**
- > clarification on the loss of unacquired long-term awards in the event of a voluntary departure and the pro-rata application of such awards in the event of a dismissal.**

The company has also improved its practices by providing for a vesting period of at least three years for these long-term awards. Performance conditions are now also assessed over a three-year period. All these positive developments comply with our voting policy.





/ Collective action on governance

BNPP AM is also engaged with governance issues as a member of various market groups. We are an active member of the International Corporate Governance Network (ICGN) and of its "Shareholder rights" committee, the "Corporate Governance" Committee of the French Management Association (AFG), and the investment committee of Eumedion in the Netherlands. Our experts also take part in conferences and market debates. We engage in ongoing dialogue with proxy advisors to improve and update their voting guidelines and maintain indirect dialogue with issuers by informing them of our voting intentions in advance of general meetings.

LIST OF ISSUERS AND ENGAGEMENTS ON VOTING AND GOVERNANCE IN 2018

Accor (France) / **Adidas** (Germany) / **Aéroports de Paris ADP** (France) / **Ahold Delhaize NV** (Belgium) / **AIB Group plc** (United Kingdom) / **Air Liquide** (France) / **Airbus** (Netherlands) / **Alstom** (France) / **Alten** (France) / **Altran** (France) / **ArcelorMittal** (Luxembourg) / **Arkema** (France) / **Assicurazioni Generali** (Italy) / **Atos** (France) / **Axa** (France) / **Banco Santander** (Spain) / **Bayer AG** (Germany) / **BBVA** (Spain) / **BMW** (Germany) / **BNP Paribas** (France) / **Bouygues** (France) / **Cap Gemini** (France) / **Carrefour** (France) / **Clinigen Group Plc** (United Kingdom) / **Compagnie Plastic Omnium** (France) / **Crédit Agricole SA** (France) / **CRH** (Ireland) / **CyberArk Software Ltd.** (Israel) / **Danone** (France) / **Dassault Systemes** (France) / **Deutsche Bank** (Germany) / **Deutsche Boerse** (Germany) / **Dia** (Spain) / **DSM** (Netherlands) / **Edenred** (France) / **Eiffage** (France) / **Eli Lilly** (United States) / **Elior** (France) / **Enagas** (Spain) / **Engie** (France) / **ENI SpA** (Italy) / **Essilor Luxottica** (France) / **Eutelsat Communications** (France) / **Faurecia** (France) / **Fnac Darty** (France) / **Foncière des Régions** (France) / **Freenet AG** (Germany) / **Fresenius Medical Care AG & Co KGaA** (Germany) / **Fresenius SE & Co KGaA** (Germany) / **GEA** (Germany) / **Gecina** (France) / **Gerresheimer AG** (Germany) / **Hermes International** (France) / **Hibernia REIT** (Ireland) / **Hispania Activos Inmobiliarios SOCIMI SA** (Spain) / **Iberdrola** (Spain) / **Icade** (France) / **ING** (Pays-Bas) / **ENI SpA** (Italy) / **Ingenico** (France) / **Inmarsat** (United Kingdom) / **Intesa San Paolo** (Italy) / **Irish Continental Group** (Ireland) / **Kering** (France) / **Kingspan** (Ireland) / **Klepierre** (France) / **Korian** (France) / **Lagardère** (France) / **LAR Espana** (Spain) / **LEG Immobilien AG** (Germany) / **Legrand** (France) / **Logitech International SA** (Swiss) / **L'Oréal** (France) / **LVMH** (France) / **Mercialys** (France) / **Merlin Properties** (Espagne) / **Michelin** (France) / **Monsanto** (United States) / **National Express Group** (United Kingdom) / **Natixis** (France) / **Nexans** (France) / **OPAP** (Greece) / **Orange** (France) / **Peugeot** (France) / **Philips** (Netherlands) / **Prysmian S.p.A.** (Italy) / **Publicis** (France) / **Red Electrica** (Spain) / **Renault** (France) / **Repsol** (Spain) / **Rexel** (France) / **RWE** (Germany) / **Safestore Holdings plc** (United Kingdom) / **Saint Gobain** (France) / **Sanofi** (France) / **SAP** (Germany) / **Schneider** (France) / **Scor** (France) / **Shire Plc** (United Kingdom) / **Siemens** (Germany) / **Sika** (Swiss) / **Smiths Group Plc** (United Kingdom) / **Société Générale** (France) / **Sodexo** (France) / **Solvay** (Belgium) / **Standard Chartered** (United Kingdom) / **STMicroelectronics** (Netherlands) / **Telefonica** (Spain) / **Teleperformance** (France) / **Terna SpA** (Italy) / **Thales** (France) / **Total** (France) / **Total Produce** (Ireland) / **Unibail Rodamco** (France) / **Unicredit** (Italy) / **Unilever NV** (Netherlands) / **Valeo** (France) / **Veolia Environnement** (France) / **Vinci** (France) / **Vivendi** (France) / **Worldline** (France) / **Xior Student Housing** (Belgium)

Read our voting policy and 2018 voting report in full at www.bnpparibas-am.com



OBJETIF : maximiser la contribution
à la transition énergétique.

OBJETIF : évaluer l'impact
environnemental de nos investissements.

CLIMATE, A CENTRAL PILLAR OF OUR ENGAGEMENT APPROACH

BNPP AM is a member of the IIGCC (Institutional Investors Group on Climate Change), a group of European investors working together on climate issues. Its mission is to mobilise capital to finance the low-carbon transition by collaborating with business, policy makers and fellow investors.

**IN EUROPE,
COMPANIES PRODUCING
THE MOST GREENHOUSE
GASES UNANIMOUSLY
RECOGNISE THIS CLIMATE
PRIORITY**

/ Member of the IIGCC Enterprise Program

The Enterprise program of the IIGCC was set up to determine the degree to which company strategies are aligned with the goals of the Paris Climate Agreement to keep a global temperature rise well below 2 degrees Celsius above pre-industrial levels. The working group focuses on companies in sectors with a major impact on climate change and seeks to build constructive and effective dialogue.

For several years BNPP AM has maintained a regular dialogue with car manufacturers and European companies in the oil, power generation and mining sectors for the ESG-performance assessment of companies in which it invests, and with other IIGCC members as part of collective engagement processes. We seek to ensure companies in these sectors fully understand the challenges of climate change and actively help combat it. We focus on how these issues are integrated into their governance and strategy and their ability to manage risks and opportunities associated with the transition to a low-carbon and more sustainable energy system. BNPP AM helped shape recommendations in the areas of governance, strategy, emissions

management, public policy, transparency and stakeholder information. They are targeted at companies in these high-emission sectors as well as investors wishing to discuss climate issues.

/ Engaged with Climate Action100+

At the One Planet Summit in December 2017, the IIGCC launched a collective engagement initiative called Climate Action 100+ in association with other global investor groups to engage in a process of dialogue designed to secure a commitment to practical action from the world's Top 100+ emitters of greenhouse gases. We expect these companies to reduce greenhouse gas emissions at every link in their value chains, to ensure that their governance bodies properly supervise the integration of climate issues into every aspect of company operation, and to ensure full financial communication transparency in disclosing the impact of climate issues in accordance with the recommendations of the Task Force on Climate related Financial Disclosures.

This initiative brings together more than 300 investors worldwide, together representing more than \$32,000 billion of assets under management. BNPP AM is particularly active in terms of this



initiative, and leads or co-leads the CA100+ dialogue with 7 European companies and 2 Asian companies targeted by this initiative. BNPP AM also provides support to investors engaged in dialogue with a number of companies targeted by this initiative in Europe and the USA.

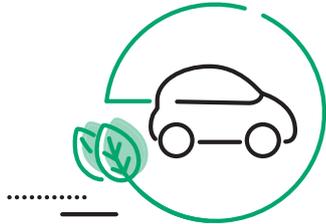
/ A dialogue that is having its effect

In recent years, we have seen a change in the level and quality of dialogue with these companies. Their senior executives are now much more ready to accept the need to discuss their approach to combating climate change. In Europe, these companies unanimously recognise this climate imperative, and have made clear their intention to align strategies with the goals set out in the Paris Agreement. They are also giving their commitment to reduce the climate-related impact of their business activities, and the transparency of their reporting is also improving.

REPSOL

BNPP AM has maintained an ongoing dialogue with Repsol in recent years, individually for the oil-sector ESG analysis and collectively as a member of the IIGCC and as part of the Climate Action 100+ initiative. The company has once again taken measures in line with our expectations. It has established internal carbon pricing for all new investments. Prices will rise from US\$ 25t/CO₂ in 2018 to US\$ 40t/CO₂ from 2025. This will make the least carbon-intensive investments more attractive and penalize those with the worst emissions or make them uncompetitive. Repsol is committed to reducing methane emissions in the exploration and production (operated) business by 25% by 2025 from 2017 and to cutting routine flaring by 50% by 2025 and eliminating them altogether by 2030. Last year, Repsol announced plans to reduce its carbon intensity per unit of energy supplied by 40% by 2040 compared to 2016, with a 2020 reduction target for carbon intensity per unit of energy supplied of 3%. Lastly, in 2018, Repsol sold its non-operated stake in Gas Natural and bought Viesgo's low-carbon assets and gas and electricity retail business. This is a step towards Repsol's strategic objective of becoming an operator in the electricity generation and retail market. It aims to reach 4.5 GW of low-emission installed capacity by 2025. The acquisition makes Repsol the fifth largest electricity producer in Spain in terms of installed capacity and number of customers. Once again, the company needs to build on this momentum in the years ahead in order to align its business with the climate goals of the Paris Agreement, which aims to limit the increase in temperatures to well below 2°C compared to pre-industrial levels.





URBAN TRANSPORT IS CRITICAL IN THE FIGHT AGAINST CLIMATE CHANGE

/ Focus on the transport sector

For BNPP AM, the global engagement framework for the transport sector (all modes of transport combined) sets a target to cut annual emissions from 7.7 Gt to 2 Gt by 2050, when the sector aims to be part of a "zero net emissions" economy, in order to offset residual emissions from the sector. This should pave the way for a global systemic transformation, ranging from new mobility ecosystems to mass-market technology deployment. The engagement roadmap is based on three components of the ASI (Avoid/Shift/Improve) approach: avoid unnecessary journeys, shift to more sustainable transport modes and improve the environmental performance of engines and fuels, among others.

Demographic growth will push towns and cities to the centre of GHG emission reduction strategies. Urban transport is critical in the fight against climate change and urban travellers increasingly aspire to better air quality, less noise pollution and more comfort, which they rank above climate change. To fulfil these aspirations, we need low-carbon clean mobility models and clean delivery solutions.

The engagement roadmap prioritizes climate change impacts while mitigating health impacts through a reduction in fine particle, nitrogen oxide and soot emissions.

Both issues need to be addressed through engagement with companies in the transport sector, particularly the automotive industry.

PEUGEOT

BNPP AM and the French Public Service Complementary Pension Scheme (ERAFP) are jointly engaged with Peugeot.

Peugeot has accepted our invitation to engage in dialogue with an investor coalition. The automotive manufacturer was keen to understand our expectations on climate change issues in order to compare them with its own roadmap. We believe Peugeot remains a pioneer in the field of innovation and transparency, particularly regarding NO_x (Nitrogen Oxides) emissions and real-world driving conditions for both NO_x and CO₂ (Carbon dioxide), and emissions from exhaust pipes. Dialogue focused on the practical measures taken by the group as to real-world fuel consumption and CO₂ and pollutant emissions (NO_x and particles). Since 2017, PSA, Transport & Environment (T&E), France Nature Environnement (FNE) and certification agency Bureau Veritas have published the results of its test protocol for measuring real-world emissions. We believe this initiative is crucial to providing transparency on the climate change and health impacts of vehicle use.

These data give us perspective on claims made by automotive manufacturers for improved vehicle fuel efficiency performance. They also enable us to analyse if the draft fuel-saving regulations developed by countries with the biggest automotive manufacturing markets go far enough.

To the best of our knowledge, Peugeot is the only automotive manufacturer to disclose its emissions in real-world driving



conditions. We believe this is vital in raising public awareness of the impact of the automotive industry. We are therefore working with other companies in the automotive sector to ensure the CO₂ and NO_x emissions transparency requirement forms part of the formal engagement framework for Climate Action 100+.

Another concrete action, new energy and low emission vehicles: the manufacturer is exploring technological shifts, rechargeable hybrids, battery-powered vehicles, fuel cells and the use of sustainable synthetic fuels.

Peugeot continues to invest in its energy-efficiency ICE (internal combustion engines) model. At the time of engagement, Peugeot had not made public its goals for 100% electric or hybrid vehicles, as the group is exploring all options, including fuel cells. More generally, the car manufacturer wishes to involve all stakeholders, including cities, in examining and defining sustainable mobility based on the Avoid/Shift/Improve approach.

During engagement discussions, as an investor it is important to remember that petrol and diesel vehicles remain the most common engine types. The automotive sector must radically transform its industrial plant in order to achieve the goal of low-carbon transport. Groups in the sector now need to work on ensuring there is political and social acceptance for the transition.

TOTAL

BNPP AM has maintained an ongoing dialogue with Total for many years, individually for its oil sector ESG analysis and collectively on behalf of the IIGCC. BNPP AM is also responsible for engaging dialogue with the company for CA 100+.

Real progress has been made since 2015. In 2018/2019, the company published its own climate scenarios and undertook to provide reporting in line with the recommendations of the Task Force on Financial Disclosure. Total has committed to improving transparency on emissions of methane, a powerful greenhouse gas of which levels have surged globally. It has implemented a carbon intensity indicator for sold goods to better understand the company's climate change impact across its value chain.

Total plans to reduce its carbon intensity by 15% between 2015 and 2030. It also plans to increase the proportion of low-carbon businesses in its portfolio to 20% within 20 years. Finally, it announced that it would link up to 10% of variable executive compensation to the achievement of targets related to its direct and indirect emissions (Scope 1 & 2) of greenhouse gases.

Our dialogue has now shifted to transparency on lobbying practices, particularly on climate issues, and implementing the company's long-term ambitions.



ENVIRONMENT SUSTAINABILITY

ENHANCING THE VALUE OF NATURAL CAPITAL TO PROTECT OUR PLANET

Natural capital is another term for the stock of renewable and non-renewable resources (e.g. plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people. We engage all our stakeholders to enhance the value of natural capital and protect it better.

As part of our engagement approach, we encourage companies in different sectors to disclose their impact and degree of dependence on natural capital.

They might have to pay for ecosystem services loss or for negative externalities such as air pollution or soil degradation. Other factors to consider are financial risk and stricter environmental regulations. We also plan to engage in dialogue with companies to improve information provision and natural capital management. BNPP AM intends to enhance its analysis of this type of risk and started a natural capital assessment of its portfolios in 2017, leveraging the work of the Natural Capital Coalition.

In 2017, we engaged in dialogue on natural capital with eight mass retail, fifteen financial and eleven materials companies and continued in 2018 with four chemical, three mining and nine financial companies.



**WE ENGAGE ALL OUR
STAKEHOLDERS
TO ENHANCE THE VALUE
OF NATURAL CAPITAL
AND PROTECT IT BETTER**

BASF

Since 2018, we have engaged individually with BASF to stress test its natural capital strategy.

Previously, our dialogue with BASF was mostly based on its climate and water strategy. We are continuing our engagement on less visible issues, such as its dependence on forests and its impact on biodiversity.

We wanted to better understand its dependence on natural capital and the impacts of its processes and products.

BASF has one of the highest levels of transparency on natural capital in the chemical sector, but given its size, we believe BASF could do more. During our discussions, we also pointed out its exposure to potentially harmful products following its acquisition of Bayer's assets and made it clear that it was not doing enough to protect biodiversity.

ENVIRONMENT SUSTAINABILITY

FIGHTING DEFORESTATION

BNPP AM is one of the investors actively involved in an engagement approach with consumer sector companies jointly led by the Coalition for Environmentally Responsible Economies (Ceres) and the Principles for Responsible Investment (PRI) against deforestation driven by cattle farming and soya. The PRI-Ceres Investor Working Group calls on companies in these two closely linked value chains to change their practices as they potentially contribute to deforestation and consequently to climate change.

In August 2018, BNPP AM signed the Cerrado Manifesto to halt forest loss associated with agricultural commodity production in this region of Brazil and to work with industry, producers, governments and civil society to protect this important ecosystem within a framework of good governance and land planning policy.

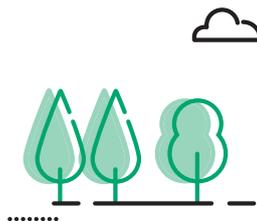
BNPP AM engaged in a dialogue on this issue twice with a French mass retail chain as a member of the PRI Investor Working Group.

ENDORSEMENT OF THE NEW PLASTICS ECONOMY GLOBAL COMMITMENT

BNPP AM has signed the New Plastics Economy Global Commitment to eradicate plastic waste at source. This initiative, launched by the Ellen MacArthur Foundation and the United Nations on 29 October 2018, and signed by 250 organizations, including 15 financial institutions, is in keeping with our ESG approach and research activities. It aims to achieve three major anti-plastic pollution goals: eliminate/innovate/circulate.

BNPP AM has analysed the plastic strategy of companies in the worst-affected sectors, such as supermarkets and bottlers, and the conclusion is clear: corporate transparency on plastic dependence does not match current challenges. BNPP AM, which is also an active member of the PRI Plastic Investor Working Group, is also calling for greater transparency on the plastic footprint of companies and supports related shareholder resolutions.

**BNPP AM
SIGNED THE CERRADO
MANIFESTO**





EQUALITY & INCLUSIVE GROWTH

ENGAGING IN DIALOGUE WITH THE AGRI-FOOD SECTOR ALONGSIDE THE ACCESS TO NUTRITION INDEX

Undernutrition and obesity are major public health issues. Obesity is recognized as a global epidemic by the World Health Organization (WHO) and an estimated 2.3 billion people around the world are undernourished. The Access to Nutrition Index (ATNI), of which we are an active member, believes that the agri-food and beverage industries can play a role in addressing both challenges.

The first ATNI was published in 2013. The goal of this index is to assess and rank the world's 22 largest food and beverage companies on their contributions to good nutrition.

BNPP AM has engaged in dialogue with Danone and Grupo Bimbo as lead partner and with Nestlé and Unilever as co-lead partner.

GRUPO BIMBO

Grupo Bimbo has updated its Manifesto to include the conclusions of ATNI 2016. For example, the company has modified its Nutrition Profiling System (NPS) to cover its entire portfolio and has set targets to improve the nutritional quality of its products by 2020. Grupo Bimbo focuses particularly on undernutrition among older people and is committed to ensuring its products for children comply with its Manifesto, especially in countries with less stringent regulations.



DANONE

In 2018, Danone rose from 4.9 to 6.3 points out of 10 in the ATNI ranking, a major improvement on the 2016 index. Danone also leads the breast-milk substitute marketing sub-rankings and marketing for all consumers.



Making a positive contribution to food and health is central to Danone's "One Planet. One Health" vision and its 2030 goals, which are aligned with the United Nations Sustainable Development Goals. We therefore pay close attention to the ATNI ranking, its conclusions and recommendations, which are shared with the Executive Committee and inform our thinking and decision-making on health and nutrition strategy.

NICOLAS GAUSSERES

Chief Alimentation Science Officer
Danone

EQUALITY & INCLUSIVE GROWTH

MORE WOMEN ON BOARDS OF DIRECTORS

Company boards must be sufficiently balanced and diversified with a significant number of qualified, involved and independent directors for effective management supervision. Gender diversity is a key component of good governance and we encourage the election of women directors to the board of directors.

We have changed our voting policy and now oppose all board members in instances where there are no women members. From 2020, we will require a minimum of 30% women on boards in American and European markets. Below this threshold, we will oppose all male directors put to the vote.



**WE HAVE CHANGED OUR
VOTING POLICY AND NOW
OPPOSE ALL BOARD MEMBERS
IN INSTANCES WHERE THERE
ARE NO WOMEN MEMBERS.**

ADVOCACY

HELPING DRIVE PUBLIC POLICIES ON SUSTAINABLE DEVELOPMENT



BNPP AM has a long-term commitment of public policy engagement to advance our sustainability goals, strengthen the resiliency of the financial system and mitigate systemic risk. Public policy can be crucial in incentivising corporates to accelerate their transition towards a carbon-neutral economy and generate sustainable returns and value for investors. It can also help channel the financing needs for this transition and therefore help sustain financial markets, as well as social, environmental and economic systems. We have constructively and effectively engaged with policymakers over many years, with a particular focus on corporate disclosure, climate policy and corporate governance.

WE ARE CALLING GOVERNMENTS TO CREATE A POLITICAL ENVIRONMENT WHICH IS DEEPLY COMMITTED TO THE LOW-CARBON TRANSITION

In 2006, we became a founding signatory of the UN-backed Principles for Responsible Investment (PRI). The PRI's six principles include a commitment to "be active owners and incorporate ESG issues into our ownership policies and practices" with, as a possible supporting action, "Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights)."

We view public policy engagement as integral to the fulfilment of our fiduciary duties to our clients, and a key element of our credibility as an asset manager committed to driving more sustainable outcomes.

Our public policy efforts over the past year have been focusing in advancing the sustainable finance agenda as well as furthering action on climate change. We are calling governments to create a political environment which is deeply committed to the low-carbon transition, up to the most senior levels – ensuring that this commitment is based on a good understanding of climate change science, risks and opportunities; and a stable and transparent regulatory framework, which minimises risk to investors. This should take the form of:

- Predictable long-term revenue streams

which are insulated as much as possible from change i.e. through the ability to enforce long-term contracts.

- Low-carbon technologies and markets as a component of a long-term energy plan.
- An express rejection of retroactive changes to policy.
- All of this should be embedded in a long-term strategy that is consistent with the goals of the Paris Agreement.
- Carbon pricing. We would support it as a general framework whether it takes the form of a carbon tax or through carbon markets.

In Europe we have been actively supporting the implementation of the European Commission Action Plan on Sustainable Finance. We have responded to the Commission's and other regulators and supervisors such as ESMA (European Securities and Markets Authority) consultations on the various policy measures included in the EU Roadmap. We have been particularly advocating for:

- > **An inclusive understanding of sustainability risk**, which should include direct risks to the performance of an investment emanating from ESG considerations, but also those risks, particularly systemic risks such as climate change, which would affect or entail a risk to the ability of the system to ensure

COLLECTIVE INITIATIVES: JOIN US!

sustained economic growth, and which therefore could pose a risk to the investment and undermine the ability of financial actors to ensure long-term sustainable returns. This is particularly the case for climate change or resource scarcity. Some risks might be perceived as systemic risks rather than direct risks to the performance of an investment when looked at in a short term perspective, while in fact in the long term they might have a direct impact on the performance of the investment itself.

> **Increasing mandatory corporate disclosure.** In particular, the climate-related disclosure guidelines included in the EU Non-financial Reporting Directive (NFRD) should be made mandatory. We advocate for the endorsement of the Task Force on Climate-related Financial Disclosures recommendations by G20 countries.

> **The inclusion of the UN Guiding Principles on Business and Human Rights** and the Universal Declaration of Human Rights as part of the social minimum standards and of “transitioning” activities in the EU taxonomy legislative text.

> **A detailed integration of ESG considerations into suitability tests** which would have an important impact on changing the European retail market towards more sustainable investments. We believe that, for those clients that express their preference for ESG, only ESG related products should be offered.

> **Pan-European labels for investment funds** rather than the multiplication of national ones. We call for an “ESG integration” label that will be based on the framework advocated for institutional investors.

2011

— FIR (French Social Investment Forum)

2014

— FAO/OECD - Guidelines Agriculture Working Group
— ICCR - Investor Statement on Bangladesh (Interfaith Center on Corporate Responsibility)

2015

— OECD - International Dialogue on Peacebuilding

2016

— AFG (French Asset Management Association)
— ICGN (International Corporate Governance Network)
— ICMA - Green Bond Principles (International Capital Market Association)
— IIGCC - Climate disclosure (Institutional Investors Group on Climate Change)
— PRI/UNEP FI/The Generation Foundation- Global Statement on Investor Obligations and Duties

2017

— CBI - Green Bonds & Climate Bonds
— Climate Action 100+
— IIGCC - Corporate Programme - Collaborative Engagement Auto
— Investor Group Statement on Conflict Mineral Rule (Dodd-Frank Section 1502)

— PRI & CERES Collaborative Engagement on Deforestation
— PRI engagement on methane risk in the oil gas sector
— PRI - Fixed Income Engagement Sub-Committee
— PRI - Investor statement to G20 for the phase out of fossil fuel subsidies and public finance of fossil fuel
— TPI (Transition Pathway Initiative)

2018

— EFAMA (European Fund and Asset Management Association)
— Eumedion - Group of Institutional Investors on Corporate Governance and sustainability performance
— European Commission – TEG
— New Plastics Economy Global Commitment
— PRI - Plastics Investor Working Group
— Zoological Society of London (ZSL) SPOTT Crusher and Refiners
— Zoological Society of London (ZSL) SPOTT Timber, Pulp and Paper

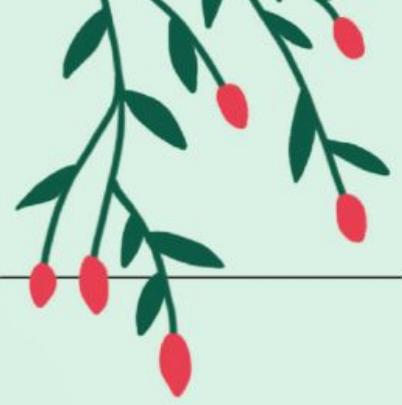
2019

— European Commission - Ecolabel Working Group
— Global Network Initiative (GNI)
— IFC - Operating principles for impact management (International Finance Corporation)
— Sustainable Stock Exchange





**DEVELOPING
TOGETHER**
SUSTAINABLE INVESTMENT



BNP PARIBAS ASSET MANAGEMENT HAS JOINED THE CLIMATE BONDS PARTNER PROGRAMME

This international network works in partnership with Climate Bonds to focus investment on the low-carbon and climate-resilient economy.

The Climate Bonds Initiative is an investor-focused not-for-profit organisation that promotes large-scale investment in the low-carbon economy. It performs advocacy and outreach to inform and stimulate the market, provides policy models and government advice, market data and analysis, and administers an international Standards & Certification Scheme for green bonds.

BNPP AM MEMBER OF RESPONSIBLE INVESTMENT ASSOCIATION AUSTRALASIA

RIAA is the industry body representing responsible investors across Australia and New Zealand who collectively manage more than AUD 5 trillion (EUR 3.3 trillion) in assets. The Responsible Investment sector constitutes a growing force in the finance and capital markets of Australasia, with over 50% of the major super funds and eight of the top ten fund managers committing to a more responsible approach to investment.



BNPP AM LAUNCHES A "SUSTAINABLE INVESTING GAME SHOW" IN ASIA

This game was developed by BNPP AM in conjunction with the CFA Institute to help employees and clients learn more about sustainable investment and to understand ESG concepts and practices. More than 70 clients and 120 employees took part in the sessions held in Hong Kong, Singapore and Malaysia.

HELPING CLIENTS CHALLENGE CORPORATE PRACTICES

As part of its Sustainable Development Circle, an event hosted by Erik Orsenna, BNPP AM invited institutional investors to join our analysts and leading companies to discuss topics such as the response of mass retail to consumer needs, oil giants and the climate challenge, and the future of the automobile and the mobility solutions of tomorrow.





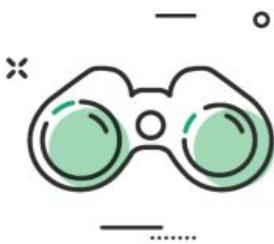
FIONA REYNOLDS

CEO of the Principles for Responsible Investment (PRI)

POINT OF VIEW



We need to **up the pace of change over the next 12 years** because we are still a long way from a sustainable financial system.



What is your vision of sustainable investment today?

The UNPRI's (United Nations Principles for Responsible Investment) philosophy is that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.

In the past, some institutional investors may have believed that environmental, social and governance (ESG) issues were irrelevant to portfolio value, and were therefore not consistent with their fiduciary duties. This assumption is no longer supported.

We need to up the pace of change over the next 12 years because we are still a long way from a sustainable financial system.

Do asset managers play their role properly?

There are clear signs of acceleration with a number of significant initiatives taken by active leaders among asset managers, such as BNP Paribas Asset Management.

Sustainable investment has become a commercial imperative. It simply is no longer possible today to exist in the institutional asset management arena if you cannot demonstrate how you integrate ESG criteria into your investment process.

And by pulling together, is the asset management industry stronger?

Collective action is essential to achieve leverage and make ourselves heard. All PRI engagements

are collaborative, to benefit from the combined strength of assets under management.

A good example of this is Climate Action 100+, the investor initiative we launched in 2017 to ensure the world's largest corporate greenhouse gas emitters take the actions necessary on climate change. It is the biggest ever investor engagement, with 300 investors managing assets of USD 32 trillion.



BNP Paribas Asset Management was a founding signatory of the United Nation's Principles for Responsible Investment (UNPRI) and is a committed member of many of the PRI's engagement programmes. The UNPRI was created in 2006 to bring sustainability to capital markets. To achieve its goal of a sustainable global financial system, the UNPRI works by encouraging the adoption by asset managers of the 6 Principles for Responsible Investment and collaboration on their implementation. The number of signatories has grown from 100 to over 2,300, managing assets totalling USD 83 trillion.

The 6 Principles for Responsible Investment:

1. Incorporating ESG issues into investment analysis and decision-making processes.
2. Being active owners incorporating ESG issues into our ownership policies and practices.
3. Seeking appropriate disclosure on ESG issues by the entities in which we invest.
4. Promoting acceptance and implementation of the Principles within the investment industry.
5. Collaborating to enhance effectiveness in implementing the Principles.
6. Reporting on our implementation of the Principles.







BUILDING AND INVENTING

THE FUTURE OF INVESTMENT



ROB BAUER

Co-Chair of the Global Research Alliance for Sustainable Finance and Investment (GRASFI)

POINT OF VIEW



Interaction
between academic
researchers
and investors
is essential.



Rob, to what extent is sustainable investment unexplored territory for academic researchers?

The creation of the United Nations' 17 Sustainable Development Goals led to extensive academic research on the related topics. Academic research in the fields of sustainable finance, and more particularly of sustainable investment, has come a long way in the last 20 years and is now developing on a more structured basis.

What role does GRASFI play in the area of academic research?

GRASFI was founded in 2017 and consists of 19 global research universities, including Oxford, Yale, Berkeley and Stanford, with extensive expertise in sustainable finance and investment. This alliance aims to promote multi-disciplinary research by developing collaboration between academic researchers, as well as fostering the development of graduate students and junior academics. GRASFI's annual conference gives an opportunity to researchers around the world to present high quality papers from a great variety of fields such as finance, accounting or strategy.



How important are alliances between researchers and asset managers in working towards a more sustainable economy?

Interaction with investors is essential for GRASFI. Collaboration between asset managers, academic researchers and non-governmental organisations has always been very effective. Organisations that ignore the advantage of working cooperatively will struggle to achieve their sustainability aims. In some situations, while the ethical case for a particular course of action may be obvious, the financial one may be less so. Rigorous and comprehensive research can make matters clearer.



BNP Paribas Asset Management, GRASFI's asset manager partner

This partnership signed in 2018 allows BNP Paribas Asset Management (BNPP AM) to access emerging academic research. It helps us to solve complex issues such as how to measure the social and environment impact of investments. Asset managers must actively engage in public debate to help create a global economy that is more equitable and more respectful of the environment. With this partnership, BNPP AM is supporting academic research that could lead to major progress towards a more sustainable world.



BNPP AM PROMOTES SUSTAINABLE INVESTMENT AT VIVATECH

BNPP AM was present at VivaTech 2018 (the world's rendezvous for startups and leaders to celebrate innovation) to demonstrate its capacity for innovation and transformation in a market undergoing profound change and highlight its social and environmental initiatives. BNPP AM put the spotlight on its **"Green Business" strategy** and used a virtual reality film to raise awareness of sustainable investment issues.

10%

IS OUR CONTRIBUTION OF THE FUND'S INVESTMENT TO FINANCE SME/ISE



LAUNCH OF BNP PARIBAS GREEN BUSINESS FUND

At the 2017 One Planet Summit in Paris, CEO Jean-Laurent Bonnafé pledged that BNP Paribas would be among the first French companies to include the Sustainable Development Goals (SDGs) in its Social and Environmental Responsibility (SER) policy. The creation of the BNP Paribas Green Business fund reflects this ambition.

BNP Paribas Green Business is a diversified SRI fund of funds that invest in the shares or bonds of economic players, large and small, listed and unlisted, involved in the ecological and energy transition (EET). These companies develop innovative technologies for water management and treatment, CO₂ emission reduction, energy efficiency, alternative energy development and waste treatment.

Some ecological and energy transition projects are occasionally implemented by small unlisted organisations. This is why BNPP AM allocates up to 10% of the fund's investment to finance SME/ISE (Intermediate-Sized Enterprises) working on of energy and ecological transition projects.

A DECADE OF INITIATIVES TO PROMOTE LOW-CARBON FINANCE

Launched in October 2008, **BNP Paribas Easy Low Carbon 100 Europe® UCITS ETF1** was the first to focus on "low carbon" issues and offers investors an effective solution to reduce the carbon footprint of their investment portfolio.

This listed index fund replicates the pioneering Low Carbon 100 Europe® NR index, created and published by Euronext that, in line with the aims Paris Agreement, helps finance energy transition by redirecting investments towards companies most active in reducing their carbon emissions and that offer the products and services required for energy transition.

Investors include institutions for which the fund aligns with Article 173 of the French energy transition law, as well as private banks and distribution platforms, thus meeting a growing demand among individuals to use their savings for meaningful purposes.

SHARING INSIGHTS ON THE BLUE FINANCE ECONOMY

BNPP AM took part in the second Monaco Ocean Week where Helena Vines-Fiestas shared our expertise on the "Blue Finance Economy" and commitment to leadership on natural capital management.

Investors must ensure that they are fully informed about the sub-funds, classes and sub-categories of shares or securities authorised for marketing in their country of residence, and any restrictions applicable in each of these countries. Investments made in funds referred to above are subject to market fluctuations and the inherent risks of investing in stocks and shares. The value of investments and the income they generate may rise or fall, and it is possible that investors may not recover their initial investment.



5

**LEADING BY
EXAMPLE**
AS A RESPONSIBLE COMPANY



CHRIS OUELLETTE

Head of Corporate Social Responsibility



CSR is a great tool for identifying **emerging risks and opportunities** in the business

To what extent do you think CSR (Corporate Social Responsibility) constitutes a competitive advantage in today's world?

No organization has perfected corporate social responsibility; we are all on a journey. It is apparent to me that those companies further along are reaping a competitive advantage in various ways: enhanced brand reputation, driving innovation through new products or services or process improvements, using CSR as a lever for employee engagement. It is also a great tool for identifying emerging risks and opportunities in the business. Overall, CSR enables us to respond and capitalise on the opportunities associated with a fast changing world.

POINT OF VIEW

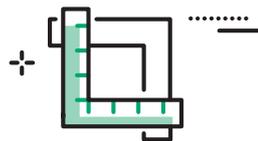
Can you describe the role CSR plays at BNPP AM for the different stakeholders and in particular for our employees?

CSR helps us become more sustainable in a wide range of ways. It enables us to promote human rights and support local economies through our supply chain activities; and reduce the environmental impact of our operational activities.

A well-developed approach to CSR can help foster a fair and inclusive workplace, and shows how we are investing in our employees' development, health and well-being. Our employees want purpose to their work and our commitment to CSR can help to provide that.

Finally, by being a responsible investor, we demonstrate to our clients that we understand how the financial services industry is evolving.

CSR helps ensure we are behaving responsibly in all aspects of our business. It is no longer enough to merely deliver a product; we must demonstrate that we are aligned with our clients' values.



How does CSR tie in with the rest of the BNPP AM's sustainability strategy?

We launched our new Global Sustainability Strategy this year. One of our core convictions is that walking the talk is critical to achieving excellence and that we must apply to ourselves what we expect of companies we invest in. We will focus our CSR efforts on the energy transition, environmental sustainability, and equality and inclusive growth – the strategy's '3Es' – so that we drive positive environmental and social impacts through our operations and in our communities and make a positive difference to people's futures.



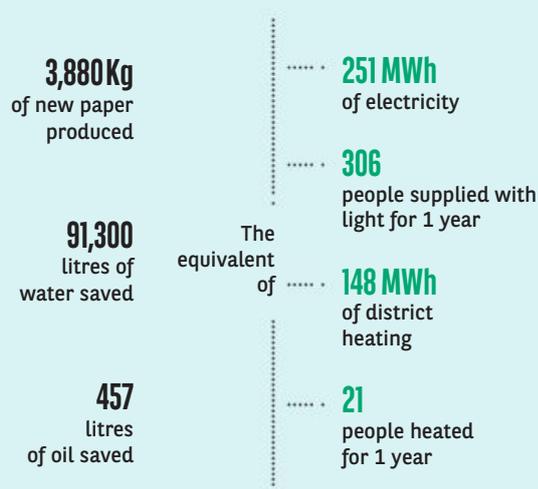
Taking on a newly created role, Chris Ouellette was appointed Head of Corporate Social Responsibility within the Sustainability Centre in April 2019. Chris is responsible for the ongoing incorporation of sustainability into the core of BNP Paribas Asset Management's culture. He works closely with key stakeholders across the BNP Paribas Group in leveraging and implementing group-wide policies and the BNPP Engagement Manifesto. His appointment, in line with our Global Sustainability Strategy, accelerates our transition towards becoming a fully sustainable asset manager.

MORE THAN
5.3 TONNES OF PAPER COLLECTED...



... during Sustainable Development Week with the help of our French employees.

Environmental impact of our operations:



LOOKING FORWARD TO RETIREMENT WITH PEACE OF MIND

In France, BNPP AM has signed a new company-wide agreement within the legal framework of the “contrat de génération” scheme. This scheme focuses on three areas: the inclusive employment of young people, older people, and the transmission of knowledge and skills. It builds on BNPP AM’s commitment to welcoming, training and integrating young people, and to putting in place arrangements at the end of an employee’s career to ensure a smoother transition to retirement. They include recognising external contract status as a teacher on university and business school courses, the possibility to conduct a skills-based sponsorship position within an NGO, and transition to part-time. This is completed by retirement preparation training, personalised advice and the possibility to carry out a retirement assessment.

WORKING TOGETHER TO REDUCE THE ENVIRONMENTAL IMPACT OF OUR PARIS HEADQUARTERS

BNPP AM has launched a programme to rapidly reduce its direct impact on the environment with the help of employees.

This initiative brings together employees to launch environmental initiatives such as the phasing out of single-use plastic in our offices.

A NEW INDICATOR TO PROMOTE WOMEN IN MANAGEMENT POSITIONS



In 2018, BNPP AM announced its ambition to increase the number of women on its management team to 30% by 2020 and to develop more inclusive talent management programmes. This 30% target will also be applied to the boards of directors of BNPP AM’s 114 legal entities.

ACTION ON EMPLOYMENT: SYNERGIES BETWEEN SOCIAL ACTORS

Employment is a major source of concern in many societies today. That is why we historically invest in this area and have made it one of our **social business investments priorities**.

At the end of 2018, 6 of our 25 social business partners were directly involved in inclusive employment action in France.

Employment & training: Inclusive employers play a key role in directly employing and training people in situations of exclusion. ID'EES, La Varappe, Le Relais and Réseau Cocagne have together employed some 13,000 people and secured bridge employment or long-term employment* for 55% of employees who benefited from training.

Finance: ADIE and Initiative France finance and support entrepreneurs in situations of financial exclusion, helping them to create their own jobs as a result.

Since sustainable social and occupational

inclusion are only possible as part of a wider response, we are supported in this endeavour by other partners.

Transport: Wimoov provides vulnerable people with sustainable and autonomous mobility options and helps 74% of its beneficiaries access secure employment*.

Housing: Employment and housing are intrinsically linked. Our partners aim to provide decent housing and support to people in difficulty in order to foster sustainable inclusion.

International: Fair trade companies - like Café Michel - enable producers to run a sustainable business thanks to favourable payment conditions. We also support SIDI and Microfinances solidaires, which promote the development of microfinance institutions. By offering special loan cycles adapted to the most disadvantaged individuals, they finance and support their entrepreneurial projects.

IMPACT[S] BY GOODPLANET AND BNPP AM

GoodPlanet, sponsored by BNPP AM, and Erik Orsenna, in conjunction with the Yann Arthus-Bertrand Foundation, has published its seventh book to raise awareness of sustainable development and sustainable investment. To move towards a more sustainable, virtuous and inclusive economy, it is essential to better understand global issues and how to resolve them. A source of figures, stories and images, IMPACT[s] offers insight into the footprint human beings are leaving on our planet.



AGRISUD INTERNATIONAL: AN NGO IN THE FIELD

BNPP AM has been supporting the work of Agrisud International for more than 11 years. We are helping implement three projects in Madagascar, Haiti and Cambodia that sustainably support 3,000 family small holdings to develop sustainable agroecological and agroforestry activities in rural and suburban areas. These microbusinesses generate 36,000 tonnes of food and €10 million in net income annually, creating or safeguarding 12,800 jobs and sustainably lifting 28,000 people out of poverty.

28,000

PEOPLE LIFTED OUT OF POVERTY

* Data supplied when available by social enterprises on actions taken in 2017 and aggregated by BNPP AM



VANESSA BRAYER

Data officer at BNPP AM

POINT OF VIEW

Vanessa, you recently joined BNPP AM after nine years with one of the big four accounting firms. How important is it for you to work for an employer that is committed to sustainability?

For me it is essential. The idea of working in a company that is not committed to sustainability is inconceivable for me. Understanding BNPP AM's approach to sustainability took up a significant part of my first interview with the company.

In what respects is BNPP AM's policy on sustainability a motivation for you?

I consider that a responsible approach to doing business is a fundamental element. Today, companies must embrace their social responsibilities towards their employees, their markets and their ecosystems.

I think we are leading the way. The creation of a Sustainability Centre and the integration of ESG (Environmental, Social and Governance) criteria across all our portfolios between now and 2020 is a powerful statement of our commitment. We have an economic power that can really make a difference in influencing other companies to integrate sustainable practices.

What do you yourself do on a daily basis to contribute to BNPP AM's efforts toward sustainability?

I am a member of a group of employees meeting regularly to develop initiatives to promote sustainability and responsible practices within the company and reduce the environmental footprint of our Paris headquarters. One of our first projects was to find alternatives to single use plastic in our building while promoting sustainable practices in our offices. One of our next projects will focus on mobility.

And regarding your own personal commitment to sustainability, could you tell us about your efforts?

As an individual I am doing my utmost to go toward zero waste - redesigning resource life cycles so that all products are reused. My goal is for no trash to be sent to landfills, incinerators or the ocean. With only 9% of plastic actually recycled today there is a huge onus on all of us to do something.



Companies must embrace their **social responsibilities** towards their employees, their markets and their ecosystems.





VOLUNTEER WORK IN A BRITISH SCHOOL

During the school year, BNPP AM employees help students from the Blue Gate Fields Infant School of London to improve their reading and numeracy skills by tutoring them in 30 minute sessions that take place every Wednesday and Thursday at lunchtime. Pupils aged 6-7 who took part in the Reading and Number Partners programme were invited to BNPP AM's offices for a morning of financial education before lunch with a view over the City.

BNPP AM: PARTNER OF THE FONDATION DE FRANCE

In 2018, BNPP AM signed a new partnership as part of a sponsorship agreement with the Fondation de France to donate a portion of the management fees of one of its funds. The Fondation de France, the country's leading philanthropic network, is a group of founders, donors, volunteer experts, employees and thousands of organisations who aim to meet the needs of vulnerable people through actions that promotes social cohesion and respect for their dignity and autonomy, and develops solutions that foster innovation and social progress, in the fields of medical research, the environment, education, culture and skills training.

WHEN CHILDREN HELP OTHER CHILDREN

Sustainable investor role play was among the activities organised during a day-long event to introduce the children of employees to the work of their parents.

"Play" earnings from the role play were converted by BNPP AM into actual donations to the non-profit of their choice, which included Rêves, Princesse Margot and Le rire médecin. As a result, more than thirty hospitalized children were entertained by clowns. The dream of this 12-year-old boy - to meet the President of the French Republic - and another child, a football fan, to meet the French international Dimitri Payet, came true.

"MAKE A CHANGE" BY SHARING THE JOY OF READING IN ENGLISH WITH HONG KONG STUDENTS

As part of the "Make a Change!" volunteer project across the Asia Pacific region, BNPP AM employees organised a visit to the Eslite bookstore in Causeway Bay in Hong Kong for some 20 students from Man Kiu College, a local secondary school. They introduced the students to various English books and encouraged them to discover more literary genres. Man Kiu College is a local aided secondary school, with Chinese as the main language of teaching and learning. The aim of this visit was to promote reading in English to as many students as possible.



A ROOF FOR BEES

As part of a business challenge, BNPP AM funded beehives as part of efforts to preserve the species. After raising assets of 40 million for our SRI funds, within a fixed period, 20 hives have now been funded throughout France.



MEASURING & EVALUATING SUSTAINABLE POLICIES

RESPONSIBLE BUSINESS CONDUCT AND SECTOR-BASED EXCLUSIONS

OUR SUSTAINABLE AUM

With the launch of our Global Sustainability Strategy, we are committed to adopting a sustainable investment approach across all our investments by 2020 (see page 9 of this report for more details).

To accomplish this, we have established an ESG Validation Committee comprised of our Global Head of Sustainability, our Head of Macro Research, Investment Process and Risk and the relevant Chief Investment Officers to validate the way in which our investment teams integrate ESG factors into their Investment decision making process.

While many of our investments are already incorporating ESG factors into their investments decisions, the value of assets under management that have validated ESG strategies based on our new strategy is €137 billion, or 47% of our eligible AUM, as of 30 June, 2019.

ASSETS UNDER MANAGEMENT IN WHICH WE APPLIED OUR POLICIES RELATED TO RESPONSIBLE BUSINESS CONDUCT EXPECTATIONS (EUR BILLION)



VOTING STATISTICS

NUMBER OF ANNUAL MEETINGS ATTENDED



BREAKDOWN OF VOTES IN 2018

REGION	RESOLUTIONS VOTED ON	YES VOTES	NO VOTES	ABSTENTIONS	% ABSTENTIONS & NO VOTES
EUROPE	9,608	7,718	1,523	367	19.5 %
NORTH AMERICA	4,635	3,788	665	182	18.3 %
JAPAN	1,584	971	584	29	38.7 %
OTHER	2,776	2,059	545	172	25.8 %
TOTAL	18,603	14,536	3,317	750	21.9 %

ENGAGEMENT

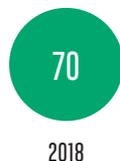
COMPANIES WE HAVE MADE ENGAGEMENTS WITH



ISSUERS ON THE EXCLUSION LIST



ISSUERS ON THE WATCH LIST



REPORT RELATED TO THE TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Climate is a key focus area of our sustainability agenda. We have committed to align our portfolios with the goals of the Paris Agreement by 2025. A challenge we have identified in this area is the lack of compulsory and worldwide corporate climate-related disclosure. As a result, we strongly welcome the TCFD guidelines, which set an important minimum bar for the climate-related disclosures by the companies in our portfolios. With two TCFD members at BNPP AM, we are committed to implementing the recommendations of TCFD in how we invest, engage and report.

Governance: our Sustainability Committee, a sub-committee of our Investment Committee, oversees our approach to climate change and sustainability, including policies, targets and reporting. Our Global Head of Sustainability reports directly to BNPP AM's Head of Investment, and oversees the Sustainability Centre, our 24-person multi-disciplinary centre of expertise on climate change and sustainability. The sustainability Centre provides investment teams with research, analysis and data at company and sectoral levels as well as supports teams in developing sustainability-themed products and fully integrating sustainability-related risks and opportunities into investment strategies.

Strategy: we view climate-related risks in a twofold manner: risks to our investments, and risks to the system. We have committed to fully adopt a sustainable investment approach for the full range of our investment strategies based on what we call the four pillars of sustainable investment: ESG integration, stewardship, responsible business conduct, and a forward-looking perspective on three key issues underpinning long-term economic performance: energy transition, environmental sustainability and equality and inclusive growth (the "3Es"). Embedded in this approach is the identification, assessment and management of climate risks.



>> **Risk Management:** we have a number of strategic priorities and policies in place to identify, assess and manage climate-related risks. In addition to committing to align our portfolios with the goals of the Paris Agreement by 2025, we evaluate climate risks and opportunities as part of the research process. We implemented a new, stricter coal policy in March 2019, excluding utilities whose carbon intensity is inconsistent with a pathway to meet the goals of the Paris Agreement. We undertake shareholder engagement on climate change either individually or as part of collaborative initiatives such as the IIGCC and Climate Action 100+. Our public policy advocacy activities include calling for carbon pricing regimes

through investor statements to national and supranational bodies such as the G20.

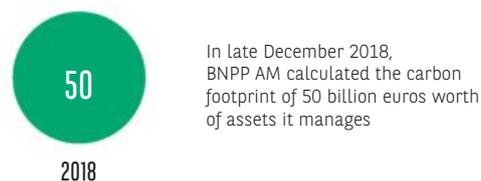
Metrics and Targets: we have set key targets related to the alignment of our portfolios with the goals of the Paris Agreement by 2025. These include tracking, monitoring and reporting on: the CO₂ emissions of our portfolios; the share of green investments in our portfolios based on the EU taxonomy; and the carbon intensity of our portfolios versus IEA's Sustainable Development Scenario (SDS).

OUR CERTIFIED SRI FUNDS

					
AGIPI MONDE DURABLE	●				
BNP PARIBAS ACTIONS EUROPE RESPONSABLE	●				
BNP PARIBAS AQUA				●	
BNP PARIBAS EURO VALEURS DURABLES	●				
BNP PARIBAS OBLI RESPONSABLE	●	●			
BNP PARIBAS SOCIAL BUSINESS FRANCE		●			
BNP PARIBAS SOCIAL BUSINESS IMPACT FRANCE		●			
MAIF INVESTISSEMENT RESPONSABLE EUROPE	●				
MULTIPAR ACTIONS SOCIALEMENT RESPONSABLE	●		●		
MULTIPAR ÉQUILIBRE SOCIALEMENT RESPONSABLE	●		●		
MULTIPAR MONÉTAIRE SOCIALEMENT RESPONSABLE	●		●		
MULTIPAR SOLIDAIRE DYNAMIQUE SOCIALEMENT RESPONSABLE	●	●	●		
MULTIPAR SOLIDAIRE OBLIG SOCIALEMENT RESPONSABLE	●	●	●		
PARVEST AQUA				●	
PARVEST CLIMATE IMPACT				●	
PARVEST GLOBAL ENVIRONMENT				●	
PARVEST GREEN TIGERS <small>NEW</small>				●	
PARVEST SMaRT FOOD					●
BNP PARIBAS L1 SMaRT FOOD					●
PARVEST SUSTAINABLE BOND EURO	●				
PARVEST SUSTAINABLE BOND EURO CORPORATE	●				
PARVEST SUSTAINABLE EQUITY EUROPE	●				

Investors must ensure that they are fully informed about the sub-funds, classes and sub-categories of shares or securities authorised for marketing in their country of residence, and any restrictions applicable in each of these countries. Investments made in funds referred to above are subject to market fluctuations and the inherent risks of investing in stocks and shares. The value of investments and the income they generate may rise or fall, and it is possible that investors may not recover their initial investment.

PORTFOLIO CARBON FOOTPRINT MEASURES (EUR BILLION)

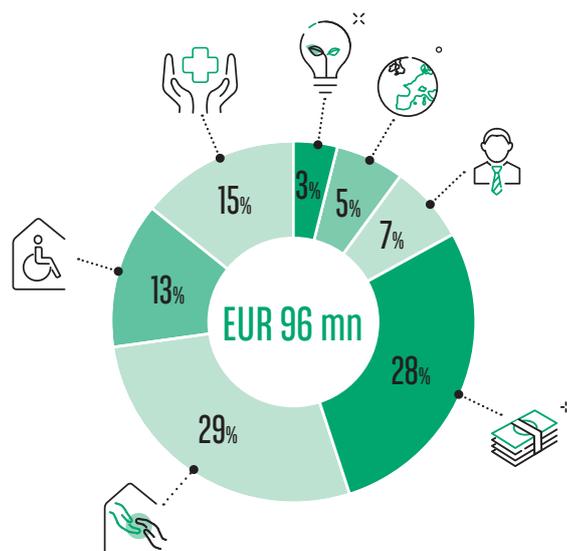


SOCIALLY RESPONSIBLE INVESTMENT (SRI) (EUR BILLION)



SOCIAL BUSINESS INVESTMENTS

	2016	2017	2018
INVESTMENTS IN MICROFINANCE WORLDWIDE AND IN SOCIAL ENTREPRENEURSHIP IN FRANCE	EUR 77 mn	EUR 93 mn	EUR 109 mn
TOTAL INVESTMENT IN SOCIAL ENTREPRENEURSHIP IN FRANCE	EUR 68 mn	EUR 83 mn	EUR 96 mn
NUMBER OF SOLIDARITY PARTNERS	22	25	25
NUMBER OF MICROLOANS SUPPORTED	6,798	8,030	6,687
AVERAGE MICROLOAN AMOUNT	€1,431	€1,471	€1,488



IMPACT DATA FROM OUR PARTNERS BY SOCIAL SECTOR ⁽¹⁾

	2015	2016	2017
 ACCESS TO JOBS people employed and/or helped	19,676	24,967	24,626
 MICROFINANCE & ENTREPRENEURSHIP SUPPORT projects funded for entrepreneurs	18,806	20,256	21,909
 ACCESS TO HOUSING homes available	4,044	4,390	4,953
 ACCESS TO HEALTHCARE AND CONTINUED INDEPENDENCE Beneficiaries ⁽²⁾	112,000	118,361	136,654
 HOUSING FOR PEOPLE IN NEED OF CARE > beds > places for senior citizens	3,314 44 long-term care centres ⁽³⁾	3,896 47 long-term care centres ⁽³⁾	3,934 47 long-term care centres ⁽³⁾
 ENVIRONMENTAL PROTECTION > organic agricultural land cultivated > energy consumption, compared with the French average of 200 kWh/m ² > organic and fair-trade products sold	2,233 ha 82 kWh/m ² 1.7 million	3,497 ha 92 kWh/m ² 2.6 million	4,117 ha 85 kWh/m ² 2.6 million
 INTERNATIONAL SOCIAL SOLIDARITY INITIATIVES > assisted > beneficiaries	58 countries 16 million	65 countries 17 million	65 countries 20 million

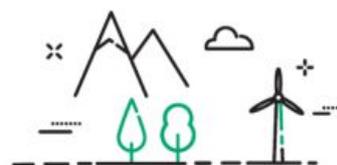
⁽¹⁾ Data supplied, when available, from solidarity companies activities for 2015, 2016 and 2017 validated by BNPP AM

⁽²⁾ French Red Cross: number of beneficiaries of the social and medico-social care sector

⁽³⁾ Housing for dependent senior citizens

OUR ENVIRONMENTAL DATA

WORLDWIDE OFFICE BUILDINGS	2016	2017	2018
ENERGY CONSUMPTION (MILLIONS OF KWH)	14.6	13.2	14.8
GREENHOUSE GAS EMISSIONS (TCO ₂ EQ)	3,289	2,142	2,059
WORLDWIDE BUSINESS TRAVEL	2016	2017	2018
DISTANCE (MILLIONS OF KM)	18	16.7	22.9
GREENHOUSE GAS EMISSIONS (TCO ₂ EQ)	3,023	2,553	3,554



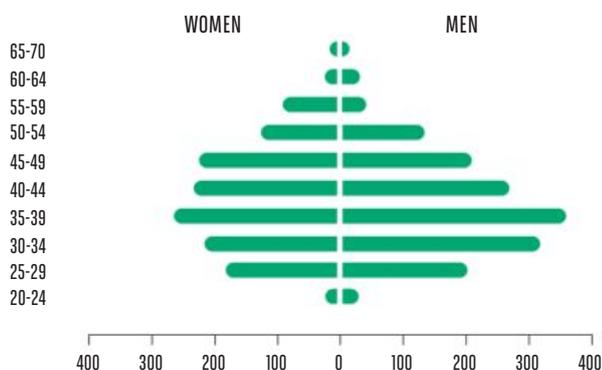
BNP Paribas, which includes the operational activities of BNPP AM, has been carbon neutral since 2017.

OUR SOCIAL DATA

STAFF NUMBERS

FTE	2016	2017	2018
PERMANENT CONTRACTS	2,283	2,439	2,537
FIXED-TERM CONTRACTS	54	64	81
JOINT-VENTURE PERSONNEL	764	674	672
TOTAL	3,101	3,177	3,290

THE AVERAGE AGE OF BNP PARIBAS ASSET MANAGEMENT EMPLOYEES IS **43**.

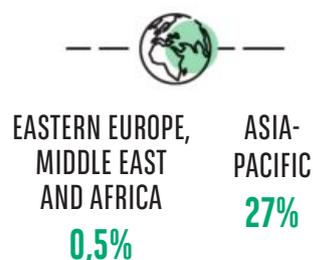
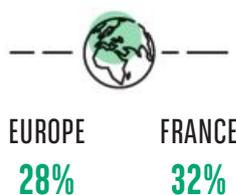
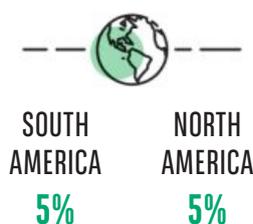


WOMEN
42%



MEN
58%

BREAKDOWN BY REGION



*UES BNPP AM France scope

OUR TARGETS TOWARDS THE SDGs

As an investor, BNPP AM recognises the role it has to play in contributing to a sustainable future, as outlined by the Paris Agreement and the Sustainable Development Goals (SDGs). Our Global Sustainability Strategy which we launched in March 2019, is concentrated in those areas where we believe we can have a bigger impact given our core business: investing. We have taken into consideration the 2030 Agenda and its 17 SDGs in establishing our core objectives, targets and KPIs.

The table below summarises our objectives relating to the '3Es' and maps them against the SDGs.

PILLAR	Primary SDGs	BNPP AM objective mapped against the '3Es' and SDGs.
 <p>Energy transition</p>		Align BNPP AM's total investments with the goals of the Paris Agreement, as reflected by the IEA SDS scenario
		Increase investments in sustainable economic activities according to the EU taxonomy.
		Align the GHG average emissions from specific sectors with the IEA SDS scenario.
		Reduce our portfolios' exposure to GHG emissions, and align them with the IEA SDS.
		Align real estate investments with EU climate energy targets by 2030.
		Assess impact to investments' alignment with the Paris Agreement when investing in sovereign bonds.
		Use collaborative engagement to promote Paris-aligned practices by large capitalisation companies.
		Use proxy voting to encourage companies to take action on climate in line with Climate Action 100+ requests.
 <p>Environment Sustainability</p>		Enhance the water efficiency of our investments.
		Use engagement to encourage water-intensive companies to reduce their water footprint in water-stressed areas.
		Actively contribute to halving natural forest loss by 2020, and strive to end it by 2030.
		Better understand and evaluate companies' physical risks associated with climate change; assess corporate and government measures to adapt to climate change.
		Support efforts and develop a policy to preserve oceans.
		Support efforts to reduce waste.
		Contribute to the European Commission's target "ensuring that all plastic packaging is reusable or recyclable in a cost effective manner by 2030".
		Support efforts and develop a policy to reduce air pollution.
		Support efforts and develop a policy to reduce soil pollution.
		Improve our understanding and analysis of biodiversity impacts.
 <p>Equality & Inclusive Growth</p>		Encourage the improvement of human capital-related disclosures.
		Improve tax transparency and payments to host countries by convincing companies to report on a country-by-country basis.
		Improve gender parity at board and management level.
		Use engagement and proxy voting to encourage companies to increase transparency and curb excessive executive pay, including unjustified disparities in CEO-to-median employee pay ratios.
		Use engagement and proxy voting to promote more sustainable corporate capital allocation decisions including sustainable dividends and limits on excessive share buy-backs.
		Improve transparency and address company lobbying activities that are undermining long-term economic growth, climate mitigation and inclusivity.
	Contribute to efforts to promote human rights and scale up social investments to tackle poverty.	

This material is issued and has been prepared by a representative of BNP PARIBAS ASSET MANAGEMENT Australia Limited (“BNPP AMAU”) AFSL 223418 ABN 78 008 576 449. Please note that the funds mentioned in this document are not registered in Australia.

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