

BNP Paribas Asset Management takes a step further in its commitment to sustainable investment and launches ambitious, firm-wide sustainability strategy

- Firm-wide strategy to enhance and accelerate commitment to sustainable investment
- Clear definition and application across AUM. Four core components: ESG integration; stewardship; exclusions; and a forward-looking perspective
- Firm-wide targets for measuring and progressively aligning investments with a sustainable future. KPIs relating to: energy transition, environment sustainability, equality and inclusive growth
- 25 person strong Sustainability Centre, with 14 people hired since mid-2018, with an average experience of over 10 years in sustainability

BNP Paribas Asset Management ('BNPP AM') reinforces its commitment towards sustainable investment by launching its firm-wide Global Sustainability Strategy. This represents a step further in contributing to a sustainable future, in line with BNPP AM's focus on delivering long-term sustainable investment returns for clients.

The Strategy details BNPP AM's approach to sustainable investment, setting clear objectives and commitments, and focussing on three key sustainability themes: energy transition, the environment and equality (the '3Es'). It reinforces BNPP AM's commitment to invest for the long term, and to engage with companies and regulators to promote best practice, as well as raise awareness about the role that finance can play in achieving a sustainable world.

The Strategy covers the four components of sustainable investment, each with its own robust implementation plan. They collectively strengthen the way that BNPP AM invests and delivers long-term returns; how investment ideas are generated; how risk is managed and how the company uses its influence with companies and markets.

The four components are:

- **ESG Integration:** BNPP AM will integrate ESG (Environmental, Social and Governance) factors into its investment processes including investment philosophy, research and idea generation, portfolio construction, risk management, engagement, voting, disclosure and reporting. This ESG integration is overseen by formal guidelines (developed in 2018), and by an ESG Validation Committee (established in 2018). The goal is that by 2020, every investment process – and by definition, every investment strategy – will have been reviewed and approved by this Committee.
- **Stewardship:** BNPP AM is an active owner and diligent investor in companies, having had strong and detailed proxy-voting guidelines on a range of ESG issues for many years. Through the Strategy, it will enhance its approach to stewardship, from engagement with investee companies to active involvement with policymakers, regulators and industry groups around issues such as climate and natural capital. BNPP AM is represented on the European



Commission's Technical Expert Group on Sustainable Finance ('TEG'), the Task Force on Climate-related Financial Disclosure ('TCFD'), the Institutional Investors Group on Climate Change ('IIGCC') and many other initiatives. BNPP AM recently reinforced its capabilities on stewardship, having appointed heads of stewardship in Asia Pacific and Americas.

- **Responsible business conduct expectations and sector-based exclusions:** BNPP AM follows the UN Global Compact principles and has a set of sector policies that set out the conditions for investing in particular sectors, and guide screening requirements and engagement. The sector policies are applied across all open-ended funds. One example of this is BNPP AM's [recently-published tighter exclusion policy](#) (1) on companies engaged in mining thermal coal and generating electricity from coal.
- **Forward-looking – the '3Es':** BNPP AM has developed a set of objectives and key performance indicators (KPIs) relating to the '3Es', addressing how it will align its investment research, portfolios, and company and regulatory engagement in support of each. KPIs include:
 - carbon intensity (gCO₂/kWh) of our investments vs. IEA SDS; green share (%) of AUM (energy transition, Sustainable Development Goals (SDG) 7, 9 and 13);
 - water footprint of our portfolios, number of companies that commit/have a policy on No Deforestation, No Peat, No Exploitation (NDPE) (environmental sustainability, SDG 6, 15);
 - % of female board members or number of engagements to promote more sustainable corporate capital allocation decisions (equality and inclusive growth, SDG 5, 8 and 10).

BNPP AM has created a roadmap of commitments to implement this strategy over the next three years. In 2020, BNPP AM will introduce measurement and reporting on the impact and progress of its sustainability initiatives, introducing additional targets over time – with appropriate links to one of the 3Es and specific UN Sustainable Development Goals.

BNPP AM's commitment to sustainability is not new: it has been a major player in sustainable investment since 2002, the year it launched its first socially responsible investment (SRI) fund. The Principles for Responsible Investment (PRI) has assigned BNPP AM an A+ rating, the highest possible, for the past three years in its annual assessment report, thereby demonstrating the firm's commitment to sustainability.

BNPP AM's approach is also fully in line with the Group's leadership on sustainable finance. The Group aims in particular to finance the economy in an ethical way, promote the development of its employees, support initiatives with a social impact and play a major role in the transition toward a low carbon economy. It thereby wants to be a major contributor to the UN Sustainable Development Goals.

Frédéric Janbon, CEO of BNP Paribas Asset Management, comments: *"We are at a crossroads: now is the time for decisive action by the financial community to play its part in helping to achieve the sustainable future we need, as laid out by the Paris Agreement and the Sustainable Development Goals. BNPP AM is proud to take on this challenge – we believe it is in the interest of our clients and is central to our fiduciary responsibility. The Global Sustainability Strategy and related investments in our team and our systems, reflects our increased ambition and outlines a blueprint to mainstream sustainability in all that we do – through our investment processes, but also engagement with our staff, companies, policymakers and wider society. This is central to our firm's strategy and our ability to deliver sustainable, long-term investment returns for our clients."*

Jane Ambachtsheer, Global Head of Sustainability at BNP Paribas Asset Management, comments: *"As an asset manager, we have the potential to help influence the world around us and adopt the role of 'future maker'. Through our Global Sustainability Strategy, we aim to set the standard for leadership in sustainable investment. Beyond helping us to articulate and communicate our sustainable investment*



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approach and ambition, we are defining clear objectives and targets against which we can measure success and our impact for clients and the economy. I am proud that BPNP AM is launching this ambitious strategy, and look forward to working with our investment teams, clients and peers in the industry to do our part to help deliver a low-carbon, inclusive future.”

- ENDS -

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About BNP Paribas Asset Management

BNP Paribas Asset Management is the asset management arm of BNP Paribas, one of the world's foremost financial institutions, and offers high value-added solutions to individual savers, companies, and institutional investors. It has a broad range of skills in four investment divisions: Equities, Fixed Income, Private Debt & Real Assets, and Multi-Asset, Quantitative and Solutions (MAQS). Sustainability is at the heart of BNP Paribas Asset Management's strategy and investment decision-making process, making an active contribution to energy transition, environmental protection and the promotion of equality and inclusive growth. Its aim is to achieve long-term sustainable investment returns for its clients. BNP Paribas Asset Management has assets under management of EUR 399 billion* (as at 31 December 2018), with more than 530 investment professionals and almost 500 client servicing specialists, serving individual, corporate and institutional clients in 71 countries.

* EUR 537 billion of assets under management and advisory as of 31 December 2018

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^[1] With effect from January 2020 BNPP AM will exclude companies that derive more than 10% of their revenue from mining thermal coal and/or account for 1% or more of total global production. The global production limit will capture those companies whose share of revenue from coal is below 10%, but which nonetheless account for a meaningful level of production on an absolute basis. BNPP AM will also exclude power generators whose carbon intensity is above the 2017 global average of 491Kg/kWh, and will subsequently follow the Paris-compliant trajectory for the sector as determined by the International Energy Agency ('IEA') in its Sustainable Development Scenario ('SDS'). The IEA SDS requires power generators' carbon intensity to fall to 327K 'gCO2/kWh' by 2025, and BNPP AM will therefore demand that companies reduce their carbon intensity between 2020 and 2025 at a rate consistent with this, excluding those that fail to do so.



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