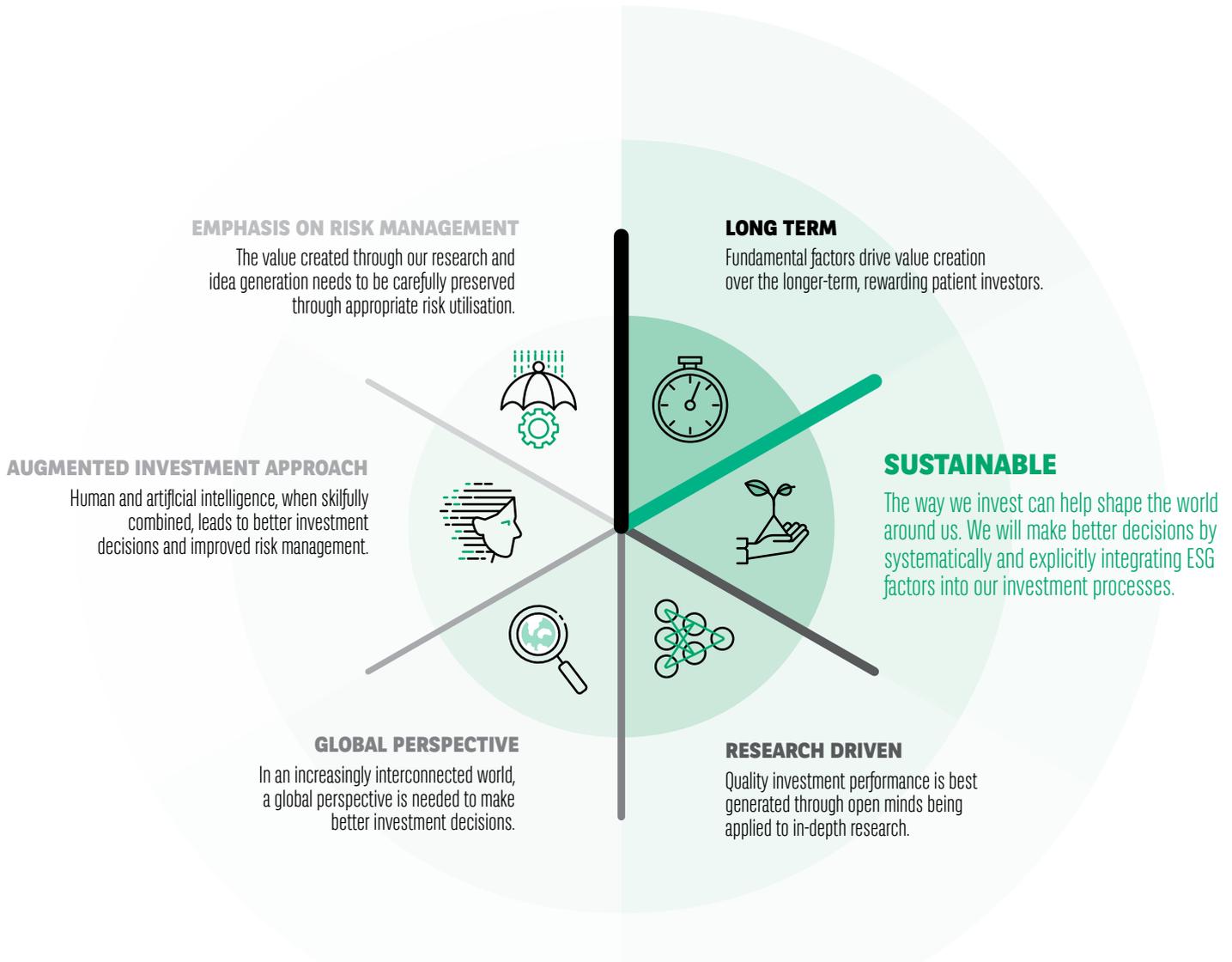


A. BNPP AM'S INVESTMENT BELIEFS

BNPP AM's investment philosophy contains a number of key pillars, including sustainability, as outlined here.



These investment beliefs are supported by our clear understanding of risk. Risk is multi-dimensional and should not be viewed solely in financial terms such as variability around a benchmark, or the risk of capital loss (particularly permanent capital loss), but also in terms of reputational damage or, more broadly, the risk of generating unexpected or unsatisfactory outcomes.

In 2018, we enhanced our investment philosophy with the development of a more detailed set of investment beliefs focused on sustainability. These six beliefs, with the associated detail underpinning each, are summarised in the panel on the next page.



OUR SUSTAINABLE INVESTMENT BELIEFS

- **ESG integration helps us achieve better risk-adjusted returns.**

Sustainability is a long-term driver of investment risks and returns^{1,2}. We believe sustainability is imperfectly understood, under-researched and inefficiently priced, with inconsistent levels of disclosure. Against this background, we will make better investment decisions if we systematically and explicitly integrate ESG factors into our investment analysis and decision-making.
- **We are long-term, forward-looking investors.**

We analyse the past in order to better anticipate future developments while considering the economic model which will best serve us in the long term – one focused on low-carbon, sustainable and inclusive growth.
- **A sustainable economic future relies on sustainable investment practices.**

The way we invest and engage with companies and regulators can help shape the world around us. We believe managing ESG risks will help promote greater market stability and more sustainable long-term growth while delivering the same, or better, financial returns.
- **Walking the talk is critical to achieving excellence.**

As a sustainable asset manager, our corporate practices and disclosures should match or exceed the standards we expect from the entities in which we invest. That is why this is a priority for us. We are exploring how we can integrate sustainability considerations more fully across all aspects of our business, including how we manage our facilities and engage our employees.
- **Our fiduciary duty is aligned with sustainable investment.**

We have a duty to our clients to make well-informed investment decisions, taking reputational, operational and financial risks into careful consideration. ESG factors are a key element of this.
- **Stewardship is an opportunity and an obligation.**

As long-term investors, we believe that we should use stewardship (which encompasses proxy voting, company engagement and policy advocacy), to influence companies and the world for the better. We believe that engagement is generally more effective than exclusion – although divestment can be a last resort.

BNP Paribas Asset Management is the source for all data in this document as of March 2019, unless otherwise specified.

Investments are subject to market fluctuations and other risks inherent in investments in securities.

The value of investments and the income they generate may go down as well as up and it is possible that investors will not recover their initial outlay.

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