

C. THE SUSTAINABILITY CENTRE, GOVERNANCE AND REPORTING

THE SUSTAINABILITY CENTRE

BNPP AM's Sustainability Centre drives our approach to sustainable investment. It 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. This is achieved by our ESG research analysts, whose insights are informed by a variety of external data and research sources, and who provide a range of educational opportunities to colleagues across the organisation.

The Sustainability Centre is responsible for developing and implementing the firm's Global Sustainability Strategy, ESG Integration Guidelines and Policy, Stewardship Policy, Responsible Business Conduct Policy and product-based exclusions, as well as the firm's ambitious targets on issues such as the energy transition, the environment and equality. It plays a crucial role in measuring, tracking and reporting on BNPP AM's impact and progress on sustainability.

Working with clients and the industry

We work closely with our clients to share best practices, provide updates on regulatory requirements, and support them in creating their own sustainability policies. This is an area we will put more focus on in the coming years.

We work together with client-relationship teams to encourage clients to adopt relevant components of our Sustainability Strategy for mandates, and to promote sustainable-investment practices across the industry.

The Sustainability Centre frequently acts as BNPP AM's external representative in the area of sustainability, liaising closely with our Public Affairs team, the BNP Paribas Group and other stakeholders.

Working with investment teams

The Sustainability Centre works hand-in-hand with investment and product development teams to develop and promote high-conviction sustainability strategies and products. Innovation is centred on building new strategies to invest in sustainable and inclusive growth for our open-ended funds; and on developing customised products together with our clients to meet their investment and sustainability preferences.

ESG Champions have been appointed to help promote sustainable investment within each team, and to liaise with the Sustainability Centre. Trainings are organised centrally, both for the ESG Champions as well as across investment and commercial teams, as we work to enhance the firm's overall capacity on ESG issues. Changing company culture takes time but we have an ambitious programme to truly embed sustainability into the heart of our investment practice. Our approach to investment research benefits from the insights of sustainability experts, our investment teams, and our 3rd party research providers.

The Sustainability Centre drives BNPP AM's ESG-related stewardship activities, which includes proxy voting and engagement with companies and policy makers. It works together with investment teams and equips them with relevant ESG research and analysis. The Sustainability Centre sets the strategic direction as well as playing an advisory and coordination role to the investment teams in their dialogues with companies on sustainability-related issues.



Governance, transparency and reporting

We take the governance of sustainability seriously in the companies in which we invest, and hold ourselves to the same standard. Sustainable investment is at the core of what we do, and our approach, policies, targets and reporting are overseen by our Sustainability Committee, which is a component of our Investment Committee, chaired by our CEO and Head of Investments. This Committee is responsible for approving our Global Sustainability Strategy and related policies. Ultimate responsibility lies with the BNPP AM France Board of Directors.

We work closely with other parts of the BNP Paribas Group to align our approach and efforts. In particular, we liaise closely with the Group Head of Engagement, who sits on the BNP Paribas Group Executive Committee and oversees the sustainability strategy across the BNP Paribas Group.

Transparency is an essential element of good stewardship practices and a necessary step towards a sustainable financial system. We recognise that our clients need and are entitled to information on our sustainability policies and practices.

We believe that we also have a responsibility to explain to other stakeholders – including governments and civil-society organisations – how we define and implement our commitments to sustainable investment. This transparency allows our stakeholders to understand our approach, to engage in well-informed discussions about our practices and processes, and to hold us to account on our commitments. This engagement with our stakeholders also benefits us: it allows us to reflect on our approach, and generates ideas and suggestions that we can use to improve.

We commit to continuing to publish a Sustainable Investment Progress Report on an annual basis, which will demonstrate the value our approach creates for our clients. It will include information that we provide to the PRI (part of our commitment as a signatory), and updates on our sustainability targets. It will include a comprehensive stewardship section, which will provide an overview of our voting and engagement activities for the year; and a section on climate change, providing reporting in line with the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations.



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.

BNP PARIBAS ASSET MANAGEMENT France, "the investment management company," is a simplified joint stock company with its registered office at 1 boulevard Haussmann 75009 Paris, France, RCS Paris 319 378 832, registered with the "Autorité des marchés financiers" under number GP 96002.

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