

BNP Paribas Funds

Luxembourg SICAV – UCITS category (the “Company”)
Registered office: 10 rue Edward Steichen, L-2540 Luxembourg
Luxembourg Trade and Companies Register No. B 33363
VAT No. LU22943885

Notice to shareholders

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE.

Luxembourg, 27 January 2025,

Dear Shareholders,

We hereby inform you of the following changes that will be incorporated in the next version of the Hong Kong Offering Document of BNP Paribas Funds and will be effective on 28 February 2025, unless otherwise indicated below.

Sustainable Asia ex-Japan Equity

The Board has decided to review the extra-financial profile of the sub-fund resulting in the following changes:

- The sustainable investment policy of the sub-fund will be amended as follows:

“The Investment Manager applies BNP PARIBAS ASSET MANAGEMENT’s Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investment process of the sub-fund as set out in Book I.

*The investment manager applies **at all times** a non-financial analysis on a minimum of 90% of the assets of the sub-fund (excluding ancillary liquid assets) based on the internal Proprietary ESG scoring framework as indicated in Book I.*

The average portfolio ESG score of the sub-fund is higher than the one of its investment universe, ~~after eliminating at least 20% of securities with the lowest ESG Score.~~

The investment universe is represented by the following composition:

- 75% MSCI AC Asia ex-Japan Index;
- 20% MSCI AC Asia ex Japan Mid Cap Index; and
- 5% MSCI AC Asia ex Japan Small Cap Index.

The average portfolio carbon footprint of the sub-fund is improved by at least 15% compared to its investment universe. “

- The name of the sub-fund will consequently change from “Sustainable Asia ex-Japan Equity” to “Asia ex-Japan Equity”.
- The Sub-fund would no longer be classified as ESG fund in Hong Kong.
- Environmental, social and governance risk would no longer be one of the key risks of the Sub-fund.



BNP PARIBAS
ASSET MANAGEMENT

The sustainable
investor for a
changing world

Sustainable Investment Policy (Book I of the Prospectus)

Item 1 of the “ESG Scoring Framework” section is amended as follows:

“1- ESG metric selection and weighting based on three criteria:

- Materiality of ESG issues that are material to the business of an issuer.
- Measurability and insight.
- Data quality and availability based on data of reasonable quality and that are readily available;

The weight of each of the three pillars, E, S and G, is respectively of minimum 20% in the scoring framework.”

Aqua

The sustainable investment policy section of the sub-fund will be amended as follows:

“The Investment Manager applies BNP PARIBAS ASSET MANAGEMENT’s Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investment process of the sub-fund as set out in Book I.

The ESG analysis applies **at all times** at least 90% of the issuers in the portfolio (excluding ancillary liquid assets) and along with its thematic focus leads to a reduction of at least 205% of the investment universe, being companies belonging to the global water value chain. This approach is supported by an active program of engagement with companies on a range of ESG factors, as well as proxy voting.

In addition, the sub-fund complies with the following criteria:

- 1) **the GHG intensity of the investee companies in portfolio is lower than that of the extra-financial investment universe (PAI 3);**
- 2) **the sub-fund portfolio's ratio of investments in investee companies without a supplier code of conduct is lower than that of the extra-financial investment universe (voluntary social PAI 4).**

Environmental contribution and reporting is also undertaken to provide post-investment evidence of the intention to help accelerate the transition to a more sustainable economy.

Climate Change

The sustainable investment policy section of the sub-fund will be amended as follows:

“The Investment Manager applies BNP PARIBAS ASSET MANAGEMENT’s Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investment process of the sub-fund as set out in Book I.

The ESG analysis applies **at all times** to at least 90% of the issuers in the portfolio (excluding ancillary liquid assets) and along with its thematic focus leads to a reduction of at least 205% of the investment universe, being companies delivering solutions to climate change. This approach is supported by an active program of engagement with companies on a range of ESG factors, as well as proxy voting.

In addition, the sub-fund complies with the following criteria:

- **the sub-fund portfolio's ratio of investments in investee companies without a supplier code of conduct is lower than that of the extra-financial investment universe (voluntary social PAI 4);**
- **the portfolio's board gender diversity ratio is higher than that of the extra-financial investment universe (PAI 13).**

Environmental contribution measurement and reporting is also undertaken to provide post-investment evidence of the intention to help accelerate the transition to a more sustainable economy.

Euro High Yield Bond

The derivatives and securities financing transactions section of the sub-fund will be amended to provide that swaptions may be used for hedging in accordance with Book I of the Prospectus.

Global Environment

The sustainable investment policy of the sub-fund will be amended as follows :

“The Investment Manager applies BNP PARIBAS ASSET MANAGEMENT’s Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investment process of the sub-fund as set out in Book I.

The ESG analysis applies **at all times** at least 90% of the issuers in the portfolio (excluding ancillary liquid assets) and along with its thematic focus leads to a reduction of at least 205% of the investment universe, being companies conducting significant part of their business in environmental markets. This approach is supported by an active program of engagement with companies on a range of ESG factors, as well as proxy voting.

In addition, the sub-fund complies with the following criteria:

- 1) **the sub-fund portfolio's ratio of investments in investee companies without a supplier code of conduct is lower than that of the extra-financial investment universe (voluntary social PAI 4);**
- 2) **the portfolio's board gender diversity ratio is higher than that of the extra-financial investment universe (PAI 13).**

Environmental contribution measurement and reporting is also undertaken to provide post-investment evidence of the intention to help accelerate the transition to a more sustainable economy.

Green Tigers

The sustainable investment policy of the sub-fund will be amended as follows :

"The Investment Manager applies BNP PARIBAS ASSET MANAGEMENT's Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investment process of the sub-fund as set out in Book I.

The ESG analysis applies **at all times** to at least 90% of the issuers in the portfolio (excluding ancillary liquid assets) and along with its thematic focus leads to a reduction of at least 205% of the investment universe, being companies conducting significant part of their business in environmental markets. This approach is supported by an active program of engagement with companies on a range of ESG factors, as well as proxy voting.

In addition, the sub-fund complies with the following criteria:

- 1) **the sub-fund portfolio's ratio of investments in investee companies without a supplier code of conduct is lower than that of the extra-financial investment universe (voluntary social PAI 4);**
- 2) **the portfolio's board gender diversity ratio is higher than that of the extra-financial investment universe (PAI 13).**

Environmental contribution and reporting is also undertaken to provide post-investment evidence of the intention to help accelerate the transition to a more sustainable economy.

SMaRT Food

The sustainable investment policy of the sub-fund will be amended as follows:

"The Investment Manager applies BNP PARIBAS ASSET MANAGEMENT's Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investment process of the sub-fund as set out in Book I.

The ESG analysis applies **at all times** to at least 90% of the issuers in the portfolio (excluding ancillary liquid assets) and along with its thematic focus leads to a reduction of at least 205% of the investment universe, being companies belonging to the food supply chain. This approach is supported by an active program of engagement with companies on a range of ESG factors, as well as proxy voting.

In addition, the sub-fund complies with the following criteria:

- 1) **the portfolio's board gender diversity ratio is higher than that of the extra-financial investment universe (PAI 13)**
- 2) **the sub-fund portfolio's ratio of investments in investee companies without a supplier code of conduct is lower than that of the extra-financial investment universe (voluntary social PAI 4).**

Environmental contribution and reporting is also undertaken to provide post-investment evidence of the intention to help accelerate the transition to a more sustainable economy.

Sustainable Euro Corporate Bond

The sustainable investment policy of the sub-fund will be amended as follows:

- The second paragraph of this section will read as follows:

*"The Investment Manager applies **at all times** a non-financial analysis on a minimum of 90% of the assets of the sub-fund (excluding ancillary liquid assets) based on the internal Proprietary ESG scoring framework as indicated in Book I. ~~At least 25% of the investment universe is eliminated based on low ESG scores and/or sector exclusions.~~ **The portfolio's average weighted ESG score is higher than that of the investment universe after eliminating at least 25% of securities with the lowest ESG score and the applicable exclusions.**"*

- The following paragraph will be added at the end of the section:

"In addition, the sub-fund complies with the following criteria:

- 1) **the GHG intensity of the investee companies in portfolio is lower than that of the extra-financial investment universe (PAI 3)***
- 2) **the green bonds percentage within the portfolio of the sub-fund is higher than that of the extra-financial investment universe."***

- The following sentence will be removed from the section:

"The average portfolio ESG score of the sub-fund is higher than the one of its investment universe."

In addition, the derivatives and securities financing transactions section of the sub-fund will be amended to provide that swaptions may be used for hedging in accordance with Book I of the Prospectus.

Sustainable Europe Dividend

The sustainable investment policy will be amended as follows:

"The Investment Manager applies BNP PARIBAS ASSET MANAGEMENT's Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investment process of the sub-fund as set out in Book I.

*The investment manager applies **at all times** a non-financial analysis on a minimum of 90% of the assets of the sub-fund (excluding ancillary liquid assets) based on the internal Proprietary ESG scoring framework as indicated in Book I.*

The average portfolio ESG score of the sub-fund is higher than the one of its investment universe, being the large and mid-cap European companies across the main European markets, after eliminating at least 20% of securities with the lowest ESG Score.

The average percentage of the sustainable investments of the sub-fund is improved by at least 15% compared to its investment universe."

Sustainable Global Corporate Bond

The sustainable investment policy of the sub-fund will be amended as follows:

- The second paragraph of this section will read as follows:

*The investment manager applies **at all times** a non-financial analysis on a minimum of 90% of the assets of the sub-fund (excluding ancillary liquid assets) based on the internal Proprietary ESG scoring framework as indicated in Book I. ~~At least 25% of the investment universe is eliminated based on low ESG scores and/or sector exclusions.~~ **The portfolio's average weighted ESG score is higher than that of the investment universe after eliminating at least 25% of securities with the lowest ESG score and the applicable exclusions.***

- The following paragraph will be added at the end of the section:

"In addition, the sub-fund complies with the following criteria:

- 1) **the GHG intensity of the investee companies in portfolio is lower than that of the extra-financial investment universe (PAI 3)***
- 2) **the green bonds percentage within the portfolio of the sub-fund is higher than that of the extra-financial investment universe."***

- The following sentence will be removed from the section:

"The average portfolio ESG score of the sub-fund is higher than the one of its investment universe."

Sustainable Multi-Asset Balanced

The sustainable investment policy of the sub-fund will be amended to provide that in case of direct investments, the average weighted ESG score of these investments will be higher than the one of its investment universe. The fourth paragraph of that section will therefore read as follows:

"In order to meet its environmental and social characteristics and objectives, the sub-fund may comply with the following principles:

- In case of direct investments: the Investment Manager applies at all times a non-financial analysis on a minimum of 90% of these investments (excluding ancillary liquid assets) based on the internal Proprietary ESG scoring framework as indicated in Book I. ~~At least 25% of the investment universe, being the Bloomberg Barclays Euro Aggregate 500 MM, is eliminated based on low ESG scores and/or sector exclusions.~~ **The average weighted ESG score of these investments is higher than the one of its investment universe, being the Bloomberg Euro Aggregate 500 MM, after eliminating at least 25% of securities with the lowest ESG score and the applicable exclusions.***
- In case of indirect investments: the Investment Manager selects at least 90% of funds (i.e. UCITS, UCIs, or ETFs) which comply with either a selectivity approach (exclusion of at least 25% of the worst ESG-rated securities of the investment universe) or a rating upgrade approach (ESG score better than the investment universe from which at least 20% of the worst ESG-rated securities have been excluded)."*

USD Short Duration Bond

It has been decided to amend the investment policy to allow the investment manager to invest in emerging markets debt. This decision will broaden the opportunity set beyond developed markets to fully exploit the range of views and ideas the investment manager invests in.

As a result, the fourth paragraph of the investment policy of the sub-fund will be amended to read as follows:

*"A maximum of 20% of the sub-fund's assets may be invested in ~~bonds issued by~~ **sovereign bonds from an emerging country or in corporate bonds whose issuers** ~~companies that~~ have their registered office in or conduct the majority of their business in emerging countries. **Those bonds may be denominated** in any currency."*

To clarify, the sub-fund may invest in sovereign debt securities but it does not contemplate to invest more than 10% of its net asset value in securities issued by or guaranteed by any single country (including its government, a public or local authority of that country) with a credit rating below investment grade and/or unrated.

The changes above will not result in any increment in fees level or costs in managing the sub-funds. In addition, no costs or expenses will be incurred in connection with the changes. The changes would not materially change the features and overall risk profile of the sub-funds. There would be no change in the operations or the manner in which the sub-funds are being managed. Further, the changes would not materially prejudice the existing investors' rights of interest.

Hong Kong shareholders who do not accept the changes mentioned above may ask the redemption of their shares or convert their shares to another SFC-authorized¹ sub-funds of BNP Paribas Funds according to the relevant procedures as disclosed in the Hong Kong Offering Document free of charge from the date of this notice until 6pm Hong Kong time on 27 February 2025. Investors should note that different distributors may have different dealing cut-off which may be earlier than the time specified above. Investors should check with the relevant authorised distributors accordingly.

The Hong Kong Offering Document will be updated to reflect the change above. The current Hong Kong Offering Document of BNP Paribas Funds is available for inspection free of charge at the office of the Hong Kong Representative², during normal business hours on any Hong Kong business day; and on the website at <https://www.bnpparibas-am.com/en-hk>³. The updated Hong Kong Offering Document will be available later.

The Board of Directors of BNP Paribas Funds accepts responsibility for the accuracy of the contents of this notice. Hong Kong shareholders may contact BNP PARIBAS ASSET MANAGEMENT Asia Limited, the Hong Kong Representative of BNP Paribas Funds, at (852) 2533 0088 for questions.

Best regards,
The Board of Directors

¹ SFC authorization is not an official recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

² The registered office of the Hong Kong Representative is located at Suite 1701, 17/F Lincoln House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

³ This website has not been reviewed by the Securities and Futures Commission of Hong Kong.