



BNP PARIBAS ASSET MANAGEMENT

Climate Report 2025



BNP PARIBAS
ASSET MANAGEMENT



ABOUT THIS REPORT

BNP Paribas Cardif, the insurance arm of BNP Paribas, completed the acquisition of AXA Investment Managers (AXA IM) on the 1st of July 2025. On the 31st of December 2025, BNP Paribas Asset Management activities merged its main legal entities under a unified structure owned by BNP Paribas Cardif and now operates under the BNP Paribas Asset Management (BNPP AM) brand. This integration brings together complementary organisations with shared values and a long-term commitment to sustainability. A transition period started in the second half of 2025 and some policies and processes may reflect the practices of legacy organisations at the time; however, all teams have been working under a unified governance framework since the merger.

This document applies to the investment portfolios managed by BNPP AM in 2025 and before the integration of the former AXA IM and BNP Paribas Real Estate Investment Management (BNPP REIM).

BNPP AM is the source for all data presented in this report, which is as of 31 December 2025, unless otherwise indicated.

All strategies, policies and approaches described in this report apply to BNP Paribas Asset Management entities, including to the legacy of BNP PARIBAS ASSET MANAGEMENT UK Limited (BNP PARIBAS ASSET MANAGEMENT Services Limited since 1 January 2026). Certain Joint Ventures and Affiliated Entities may not apply all policies or may apply their own customised versions.

The content of this report is for information purposes only and does not constitute an offer to buy or sell any services, products or investments. These statements apply differently to each BNP Paribas Asset Management product, the characteristics of which, including those relating to sustainability, are described in the legal documentation of the funds, available on BNP Paribas Asset Management websites according to your country of residence and investor profile.

All the securities mentioned in this report are for illustrative purposes only; they are not intended as solicitation of the purchase of such securities, and do not constitute any investment advice or recommendation.

Voting and engagement section

While we set out changes to company practice and disclosure that were in line with our expectations and/or recommendations, we acknowledge that in many cases these changes may not have resulted from our engagement alone, as companies receive inputs from many other investors and stakeholders.

For the latest applicable policies, please visit this page on our website: [Our sustainability policies and reports - BNP Paribas Asset Management - Corporate English](#).

OUR COMMITMENT TO CLIMATE

We believe a shift to a low-carbon, sustainable economy is essential for the long-term health of capital markets and reaching global net zero emissions by 2050 is crucial to prevent irreversible climate change damage. This is imminent if no action is taken, which is why mitigating and adapting to climate change and the transition to a low-carbon economy are part of our strategic areas of focus.

Our Net-Zero Roadmap outlines our plan to reach net-zero emissions in our portfolios by 2050 or sooner. It is our strategy for managing climate change-related risks and opportunities within our investments and operations.

2025 saw record climate events, ranking among the three hottest years¹ despite being bookended by La Niña. Climate efforts struggled as governments shifted priorities to energy security, affordability, and trade tensions, causing setbacks in clean technology and the U.S. withdrawing from the Paris Agreement. However, Europe produced more renewable electricity than fossil fuels for the first time², and EV sales surged globally³. Climate risks persist while climate opportunities abound. In this context, we remain committed to our net-zero targets and helping our clients plan for the long term.

In the following pages, we detail our progress and report in line with the Task Force on Climate-related Financial Disclosures' recommendations. Our goal is to enhance this report over the years as our practices evolve.

¹ [Copernicus: 2025 was the third hottest year on record | Copernicus](#)

² [Wind and solar generated more power than fossil fuels in the EU for the first time in 2025 | Ember](#)

³ [Executive summary – Global EV Outlook 2026 – Analysis - IEA](#)



OUR NET ZERO COMMITMENT IN BRIEF

Net-Zero Asset Managers (NZAM)

BNP Paribas Asset Management joined the Net Zero Asset Managers Initiative in November 2021 and made its Initial Target Disclosure in November 2022. BNP Paribas Asset Management remained committed to the NZAM initiative under its revised framework.

Following the combination of BNP Paribas Asset Management (BNPP AM) and AXA Investment Managers (AXA IM), the combined entity is currently working to develop a new sustainability approach – which will include joint Net Zero targets reflecting our unified approach. Those will be published later in 2026.

You will find below the initial commitments from BNP Paribas Asset Management.

Investments

- 1 – Reduce the carbon footprint of our in-scope investments by 30% by 2025, increasing to 50% by 2030 (Scope 1 and 2)
- 2 – Align in-scope investments with net zero: 60% by 2030, rising to 100% by 2040
- 3 – Reduce fossil fuel exposure, including exiting coal by 2030 in the EU and OECD countries, and by 2040 for the rest of the world
- 4 – Increase investment in climate- and environmentally-themed solutions
- 5 – Engage with our clients

Stewardship

- 6 – Vote for climate action
- 7 – Engage with companies on net zero
- 8 – Advocate for NZ 2050-aligned climate policy

Operations

- 9 – Reduce our operational emissions
- 10 – Report on progress

In-scope investments refer to Article 8 and 9 funds under the Sustainable Finance Disclosure Regulation (SFDR). The commitment also applies to funds and mandates that are managed in line with our Responsible Business Conduct policy. It does not yet include investments in securities issued by governments and agencies, derivatives, and private assets. “Scope 1” refers to direct emissions from sources that are owned or controlled by the company. “Scope 2” refers to the indirect emissions linked to the company’s purchased or acquired electricity, heat, steam and cooling. “Scope 3” refers to all other indirect emissions, including those related to the use of its products. Scope 3 emissions are not included in the calculation since the measurement of these emissions is not yet standardised or considered sufficiently reliable to be used in reporting. Given the importance of Scope 3 emissions in most sectors, we are evolving our approach to calculating Scope 3 emissions with the aim of including it in our approach in the future.





2025 IN FIGURES

Carbon footprint (tCO₂e/m€) Reduction: -68% vs. reduction target: -30% in 2025 91.72 tCO₂e/€m 2019 29.5 tCO₂e/€m 2025 Source: BNPP AM, Carbon Disclosure Project (CDP), Bloomberg, Trucost and Factset (EVIC). Details about our methodology available here.	Net Zero Alignment (NZ:AAA) 60% target in 2030 63.4% Net Zero Achieving, Aligned or Aligning Source: BNPP AM NZ:AAA framework. Details about our methodology available here.	EU Taxonomy alignment 5.6% Source: BNPP AM, Bloomberg. Details about our methodology available here.
Voting for Climate Action We supported 91% of climate-related shareholder proposals in 2025	Investments in Climate and Environmentally-Themed Solutions €22bn AUM in environmental and climate thematic funds	Operational Footprint 1.19 tCO₂e greenhouse gas emissions per BNPP employee

Source BNPP AM, as of December 2025. Carbone footprint reduction is shown versus 2019 in line with BNPP AM initial Net Zero commitment.



I. GOVERNANCE

Board oversight

The BNP Paribas Asset Management Holding board has ultimate responsibility over climate-related risks and opportunities.

- The board receives annual training on sustainability-related investment issues, including climate change and our net-zero approach.
- Our business strategy incorporates climate change risks and opportunities, and the board receives updates on how we are achieving our business goals.
- The board is provided with overviews of any updates made to our [Global Sustainability Strategy](#), which includes our approach to climate change and the energy transition.
- The board is kept abreast of regulatory matters, including those related in part or in whole to climate change.

At the BNP Paribas level, sustainability, including energy transition, is one of the Group's three key priorities in its strategic plan and, as such, receives regular oversight from its executive management and board.

Incorporation of climate-related metrics into remuneration

We have a discretionary compensation policy where variable compensation is awarded by the management line considering collective and individual performance, the latter being assessed through our performance appraisal framework, which relies on objectives set at the beginning of the performance period and measuring achievement of these objectives at the end of the period.

Climate-related issues in particular, and sustainability-related issues in general, are addressed through dedicated mandatory objectives assigned to employees active in sustainability-related or portfolio management or analysis-related activities, which focus on the integration and use of ESG criteria in the investment process, as well as "beat-the-benchmark" objectives from an ESG perspective. These objectives are part of their individual appraisal and a factor in their individual performance evaluation.

In addition to the above, these employees are subject to a risk and compliance review, whereby any failings would reduce variable compensation – sustainability risks are an integral part of the risk review.

Assessing and managing climate related risks and responsibilities

For the majority of 2025, our approach to managing sustainability risks, including climate, was part of our corporate governance framework. Several committees are in place to oversee the integration of ESG risks into the relevant investment process.

Our Net-Zero Roadmap is overseen through a formal governance framework, ensuring appropriate supervision and oversight of our net-zero commitment.

- The Sustainability Committee, chaired by the CEO of BNP Paribas Asset Management, is responsible for the strategic direction of sustainability-related topics, including our net-zero commitments, which are reviewed annually.
- The Investment Committee, chaired by our Global Head of Investments, oversees the implementation of these commitments and is responsible for the progress of the company towards its net zero commitments at the asset class level.
- The Global Product Committee, chaired by the Global Head of Products and Strategic Marketing, is responsible for the oversight of the integration of sustainability-related criteria, including decarbonisation and net-zero-related objectives, into investment product strategy.



Throughout 2025, we established several transitional governance committees dedicated to aligning our sustainability objectives, policies and procedures. These committees played a crucial role in facilitating the convergence of sustainability practices and ensuring consistency across both of our organisations. By the end of 2025, we successfully agreed to a more formalised and unified governance structure for sustainability, which is detailed here and being progressively implemented.

BNPP AM BOARD OF DIRECTORS

Strategic oversight of sustainability approach and approval of key policies and documents

BNPP AM EXECUTIVE BOARD

Validates sustainability approach and ensures integration into overall business strategy

SUSTAINABILITY STRATEGIC COMMITTEE

- Responsible for defining the Global Sustainability Strategy, overseeing its implementation, and establishing entity-wide commitments and policies.
- Provides strategic direction and oversight on sustainability frameworks, including stewardship priorities and sustainable product categorisation, to ensure alignment with evolving regulatory requirements and business objectives.
- Chaired by the Global Head of Sustainability on behalf of the Chief Executive Officer, comprises representatives from the Executive Board, sustainability leaders from the Sustainability Centre, liquid and alternative investments, and heads of Risk, Compliance, Global Marketing, and Corporate Communications as permanent members. Heads of Audit and Strategy attend as permanent guests.

Frequency: bi-monthly

STEWARDSHIP COMMITTEE

Oversight of voting and engagement policies and procedures

Frequency: semi-annually

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Oversight of corporate social responsibility strategy and implementation

Frequency: quarterly

ESG METHODOLOGIES, DATA AND MONITORING COMMITTEE

Guides the creation and evolution of ESG methodologies, metrics and datasets and their implementation

Frequency: monthly

ESG DATA SHARING PROGRAM

Monitors progress of ESG data sharing projects with an operational focus

Frequency: as needed

ESG LISTED TRANSFORMATION PROGRAM

Monitors progress of key projects related to ESG Listed Convergence and Transformation, with an operational focus

Frequency: as needed



II. Strategy

Environmental risks and, more particularly, those associated with climate change are likely to translate into financial risks for our business and our clients. But if we act now, climate change also presents substantial opportunities. We have identified climate change and the need for a successful energy transition as one of three key sustainability-related prerequisites for a stable financial system in our Global Sustainability Strategy. The GSS also outlines our six-pillar approach to sustainability. These pillars act as levers that we can pull to combat climate change and facilitate the energy transition through our investments.

In 2021, we raised our climate ambition by committing to the goal of achieving net-zero portfolio emissions by 2050 (or sooner).

In 2022, we published our Net-Zero Roadmap covering the progressive alignment of our portfolio investments with the goal of reaching net-zero emissions, together with the associated efforts across our stewardship activities and operations. We started to report on our progress in our [2023 Sustainability Report](#).

To drive change, we have set a goal to decarbonise our investment portfolios. As an asset manager, we do not directly manage our strategic asset allocation per se. Rather, this is determined, to a large extent, by client demand for specific asset classes and strategies; our regional growth profile; and mergers, divestments and acquisitions, among other factors. Based on our current asset allocation and because of the lack of available data and methodologies in other asset classes, we have decided to focus on listed equities and corporate bonds in the first phase of our commitment towards net-zero financed emissions. About half of our assets under management are within the scope of our initial commitment. They include Article 8 and 9 funds under the Sustainable Finance Disclosure Regulation (SFDR) and funds and mandates that are managed in line with our Responsible Business Conduct policy. It does not yet include investments in securities issued by governments and agencies, derivatives, and private assets.

In 2025, BNPP AM maintained its long-standing commitment to address climate change. Notably, BNPP AM remained a member of the Net Zero Asset Managers initiative following the revision of its framework.

Following the merger of BNP Paribas Asset Management (BNPP AM), BNP Paribas REIM and AXA Investment Managers (AXA IM), we are currently working to develop a new approach to sustainability – which will include new common carbon neutrality targets reflecting our unified approach. These targets will be published later in 2026.

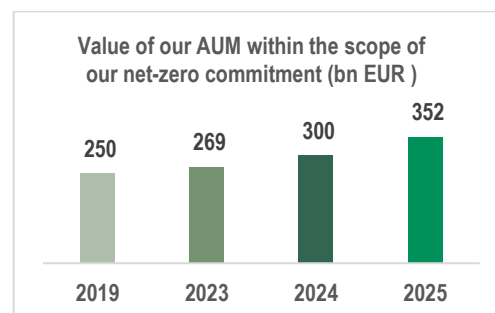
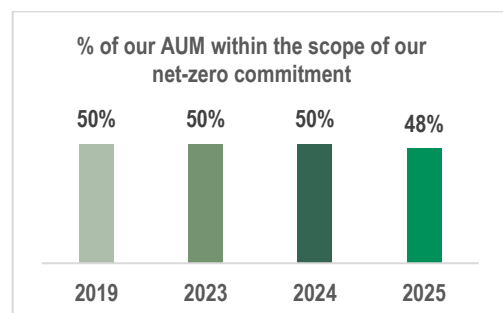
2025 Metrics

As an asset manager, BNPP AM does not directly manage its strategic asset allocation per se. Rather, it is determined, to a large extent, by client demand for specific asset classes and strategies; our regional growth profile; and mergers, divestments and acquisitions, among other factors.

At the end of December 2025, approximately half of our assets under management (48%) were within the defined scope of our commitment – this calculation takes into account funds in our range classified as Article 8 or Article 9 under the Sustainable Finance Disclosure Regulation (SFDR) and funds and mandates managed in accordance with our Responsible Business Conduct Policy. It does not yet include investments in securities issued by governments and agencies, derivatives, and private assets.

While the percentage of our assets under management within the defined scope decreased slightly, our assets under management that are part of our commitment increased by around €50 billion in 2025.

The slight decrease in the share (in %) of our assets in the scope of our commitment, despite the increase in assets under management, is explained by the increase in assets under management invested in sovereign issuers.



Source: BNPP AM at the end of 2025



Climate is a key consideration in our product development and investment management practices. We have developed a range of policies, procedures, methodologies and tools to help us contribute to the net-zero goal, including:

- Net Zero AAA (NZ:AAA) framework of Achieving, Aligned or Aligning, to measure the alignment of investments in corporates with climate goals.
- Sector-specific exclusion criteria within our Responsible Business Conduct (RBC) Policy, addressing the highest- emitting sectors. In addition, following the application of ESMA's product naming guidelines, some of our funds are now applying additional exclusions, notably those related to Paris-Aligned Benchmark (PAB) indices, since 2025.
- ESG scoring framework that places a strong emphasis on climate change.
- ESG Integration Guidelines that include better-than-benchmark goals for the carbon footprints of some portfolios.
- Consideration of climate-related Principal Adverse Impacts (PAIs) statement at the fund and entity level.
- Reporting of alignment with the EU Taxonomy on climate change mitigation.
- Many of our products have sustainability labels and therefore take climate into consideration from their conception.
- Methodology to identify Sustainable Investments as per the SFDR, including criteria related to the alignment of companies with EU Taxonomy climate objectives and climate-related Sustainable Development Goals (SDGs).
- Integration of climate change themes into our stewardship approach, including our voting, engagement and public policy advocacy activities.
- Development of investment products that allow our clients to proactively invest in the energy transition and/or meet decarbonisation objectives.

We have used climate-related scenarios in a number of ways to support and implement our approach.

For example, we provide funding and are a strategic partner of the [Inevitable Policy Response](#) (IPR), an initiative which forecasts the speed and scale of the transition to net zero. IPR has developed a Forecast Policy Scenario, as well as a Required Policy Scenario, which identify the incremental progress needed to move to a net-zero-aligned scenario. We employ IPR tools, such as its Quarterly Briefing content, to educate and inspire debate among investment teams. We have also used climate scenarios from the International Energy Agency to inform carbon intensity reductions in the power sector.

Time horizons

The implementation horizon for the commitments in our Net-Zero Roadmap is 2022 to 2050. However, because the climate investment landscape is changing so rapidly, with new scenarios, data and tools becoming available frequently, we expect to evolve the commitments outlined in this roadmap as we progress on our net-zero journey.

Historically, when implementing our targets, we considered the following time horizons to be relevant with respect to climate change:

- Short-term horizon to be 2025 as this is relevant for our business planning and our clients;
- Medium-term horizon to be at or before 2030 as this is the date that the Intergovernmental Panel on Climate Change (IPCC) identifies as the point when carbon emissions must be halved; and
- Long-term horizon to be at or before 2050 as this is when we need to achieve net-zero emissions as a society.

We use a 2019⁴ baseline for our carbon footprint reduction commitment.

Risks and opportunities to our business

Within our investment portfolios, we see risks associated with climate change mainly occurring in the following three ways:

- Transition risks: These are risks arising from a process of adjustment to a low-carbon economy and take the form of policy changes, or technological risks, that can lead to a revaluation of many assets as costs or opportunities materialise.

⁴ 2019 is commonly used by investors and financial institutions as baseline for such commitment as it was the last pre-pandemic year and provides a stable reference point.



- Physical risks: Risks arising from the physical effects of climate change and environmental degradation (such as floods and storms, sea level rise, heat waves or droughts, which cause material damage or disrupt trade).
- Liability risks: Consequences arising if parties that have suffered losses or damage because of the effects of climate change make representations to companies they consider responsible to obtain compensation. Such actions could occur against companies that extract and emit carbon and, if they have liability insurance, against their insurers.

Indication of the economic sectors and geographical areas concerned

Our corporate [ESG scoring framework](#) considers the fact that ESG risks are not always comparable between sectors and regions. It divides covered issuers into 20 sectors and four geographical areas, resulting in 80 peer groups of companies listed according to geographical and sectoral criteria.

Resilience of the organisation's strategy, taking into consideration different climate-related scenarios

To date, we are unable to provide a reliable quantitative estimate of the financial impact of key environmental, social and governance (ESG) quality risks on our assets under management.

At the end of 2025, BNPP AM selected the data provider Aladdin Climate, to obtain physical and transition risk assessments. Aladdin Climate contributes to the estimation of financial impact by linking climate scenarios to economic and financial variables that may affect asset performance. For firms, the tool breaks down activities by segment, geography and sub-sector to estimate potential effects on demand, prices, carbon costs, abatement costs, operational expenses and investment needs based on the selected scenarios. These adjustments are then translated into impacts on financial aggregates such as revenue, EBITDA, net income, cash flows or debt structure, before being integrated into valuation and credit metrics, such as Climate Adjusted Values or certain adjusted measures of probability of default. For physical risks, the approach combines geographic exposure to climatic hazards with damage functions and economic assumptions to estimate direct or indirect losses and then convert them into discounted financial impacts.

The tool provides forward-looking analysis based on recognized climate scenarios, including the Network for Greening the Financial System (NGFS) and the Intergovernmental Panel on Climate Change (IPCC), and estimates the potential financial impacts of climate change at the issuer, financial instrument and portfolio levels. In terms of physical risks, Aladdin Climate assesses exposure to various hazards such as rising temperatures, floods, forest fires or cyclones, and translates these exposures into potential impacts on revenues, operating costs, valuations or credit quality. For transition risks, the tool models the effects of a transition to a low-carbon economy, taking into account, among other things, changes in sector demand, carbon-related costs, abatement costs, and, where possible, companies' climate objectives. These analyses thus enable BNPP AM to strengthen the identification, assessment and monitoring of climate risks, with a more granular and financially material reading of physical and transition risk exposures.



III. Risk Management

Identifying and assessing climate-related Risks

Materiality Heatmap

We developed a materiality heatmap to underpin our ESG rating system. This materiality heatmap allows us to identify the sectors with the highest climate transition risks and adjust the weighting of our ESG scoring methodology accordingly to ensure risks are appropriately assessed.

	Environment Pillar				Social Pillar				Governance Pillar		
	Climate change	Environmental risk management	Use of natural resources, Emissions and Waste	Environmental incidents	Human capital management	Health & Safety	External Stakeholders	Social incidents	Corporate Governance	Business Ethics Preparedness	Governance incidents
Utilities											
Energy											
Real estate											
Internet, Content, Software & Svces											
Infrastructure & Platform Enablers											
Financials											
Food, Beverage & Tobacco											
Household & Personal Products											
Food & Staples Retailing											
Metals, Mining, Construction											
Other Materials (chemicals, ...)											
Commercial & Professional Services											
Transportation											
Capital Goods											
Automobiles											
Luxury & Leisure											
Retailing											
Consumer services											
Healthcare											
Pharma											

In addition, through our ESG rating methodology, we aim to better anticipate climate risk. We can assess this both quantitatively and qualitatively. By creating a solid analytical framework around ESG research, we can make an independent assessment of companies' climate commitments and their exposure to various climate risks. The qualitative adjustment of the ESG rating considers a forward-looking analysis based on a company's strategy, vision and ambitions. This ESG analysis is enriched by several external research sources, enabling us to cover companies, sovereign issuers and supranational agencies.

The risk of liability is also incorporated into our tool for tracking climate-related controversies.

All companies are monitored through a permanent flow of information from relevant sources (brokers, public data, media, etc.). The more controversial a company is, the greater the reputational risk to our funds. All controversies are ranked from level 1 to 5 and classification takes



into account the impact of incidents based on severity and number of occurrences, level of recurrence, responsibility and exceptional character, and response and management by the company. A company is penalised if it faces one or more level 3 or higher controversies. If the controversy is extremely serious or has particularly negative consequences, the company could be excluded from our investment universe.

In addition, the sectors most exposed to ESG controversies and scandals have structurally weaker ESG results in our rating system due to the weight given to controversies in our ESG scoring model.

For corporates, BNPP AM has selected Aladdin Climate to obtain physical and transition risk assessments. For sovereign debt issuers, we obtain a physical climate risk assessment from Verisk Maplecroft, which considers seasonal and annual changes in temperature and precipitation in addition to extreme events.

Managing climate-related risks

BNPP AM's process to manage climate related risk includes:

- Calculating, publishing, and reducing the carbon footprint of our portfolios (see further details in the next section)
- Progressively aligning our AuM with Net Zero (see further details in the next section)
- Applying our Responsible Business Conduct policy (see further details in the next section)
- Integrating of climate factors into our ESG analysis
- Considering of Principal Adverse Impacts (PAIs)
- Integration of climate consideration in our stewardship approach (see further details in the next section)

ESG Integration Guidelines (Integration of climate factors into our ESG analysis)

As per our ESG Integration Guidelines, for a wide range of strategies, we aim to hold portfolios with more positive ESG characteristics than their respective benchmarks.

This includes targeting a lower carbon footprint than their respective invested benchmarks, broadly encouraging investment in companies with higher-quality climate risk profiles.

We implement our ESG Integration Guidelines primarily by providing our investment teams with proprietary ESG scores. Our ESG scoring framework places strong emphasis on climate change risks within the Environmental pillar, including the GHG emissions of all companies. Climate change is one of the 11 themes of this framework, accounting for 11.8% of the ESG score on average across sectors, and up to 25% for the sectors most affected by climate change. The ESG ratings resulting from this analysis therefore also reflect the consideration of transition risk.

It is important to note that, in line with our objective to align our portfolios with net zero and given that the world is facing a serious carbon emissions problem, we have introduced an absolute bias to carbon emissions in our relative ESG rating system, mainly sectoral. As a result, sectors, regions and emitters that emit more GHG will have a structurally lower ESG score than those that emit less.

Our ESG score for sovereign debt issuers also includes a 22% weighting for climate change factors, including 11% for assessing physical climate risk within the country and 11% for taking into account each country's approach to climate change mitigation.

Consideration of Principle Adverse Impacts (PAIs)

Based on a combination of the different pillars of our sustainability approach, our Article 8 and Article 9 products consider and address or mitigate climate-related PAIs on a qualitative basis. For entities and portfolios subject to SFDR, we disclose climate-related PAI values in our entity-level statement and at the fund level in the European ESG Template (EET).

5.59% of our in-scope AUM is aligned with the EU Taxonomy for sustainable activities. The EU Taxonomy establishes the general framework for determining whether an economic activity qualifies as environmentally sustainable for the purpose of establishing the degree to which an investment is environmentally sustainable. We have developed an [approach](#) to calculating alignment with the EU Taxonomy, which we track and report on.



Integration of climate risks into our overall risk management governance

In 2025, our framework for the identification and review of sustainability risks includes climate-related risks. We have defined roles and responsibilities for first and second lines of defence in the various departments involved. An action plan has been defined for each identified risk, and the assessment of sustainability risks, as well as the associated control plans, are presented at the internal control committee chaired by our CEO.

We have an independent Risk department that aims to ensure centralised and cross-functional supervision of operational and investment risks, including climate change risks. The department is involved in:

- The independent review of climate-related models, along with the legal department when there are regulatory implications.
- The monitoring sustainability indicators in portfolios. Funds are tracked automatically, and divergences versus expectations are considered as breaches. Portfolio extra-financial guidelines are tracked automatically, and divergences versus expectations are considered as breaches. Voluntary commitments are monitored by the CIO office.

Our risk management team is involved in sustainability- related governance, including our net-zero workstream dedicated to climate change, and works closely with the RISK ESG team at BNP Paribas Group to ensure the sharing of best practices. Within the BNP Paribas Group's RISK Department, RISK ESG manages the integration of ESG risk factors into the BNP Paribas Group's risk management framework and into the activities of the Group's various risk teams.





IV. METRICS AND TARGETS

Carbon Footprint of our Portfolios

As part of our net-zero target, we have committed to reducing the carbon footprint of our in-scope AUM by 50% by 2030. For some time now, carbon emissions measures have been a heavily weighted factor in our ESG scoring model. In our ESG Integration Guidelines, we articulate an objective for our portfolios to have a higher ESG score and a lower carbon footprint than their respective benchmarks. This commitment is grounded in the belief that as an investor; to evaluate the environmental impact of our investments and assess the associated climate risk, we need to be able to measure the greenhouse gas emissions (GHGs) embedded in those investments.

We also believe that ESG considerations, when combined with traditional financial analysis, can help investors to understand a wider set of risks and opportunities and, in turn, make better-informed investment decisions.

2025 metrics

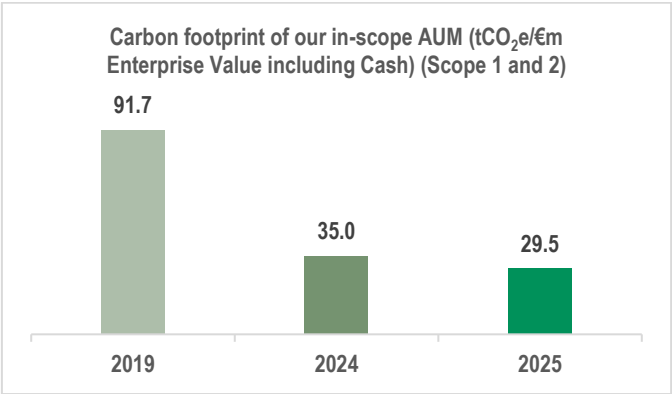
We have substantially reduced the carbon footprint of our portfolios since 2019. While it is difficult to isolate the various factors that led to this reduction, we have implemented several measures over the last few years that have impacted our financed emissions.

For example, the implementation of our coal policy in 2019 and then of our oil and gas policy in 2020 (and the ongoing tightening of these policies) have greatly reduced our exposure to the most carbon-intensive companies.

Our better-than-benchmark rule for certain strategies, where we aim to hold portfolios with a lower carbon footprint than their respective benchmarks, incentivises our portfolio managers to further reduce the level of financed emissions in their funds versus the respective benchmarks. In addition, we aim to hold portfolios with more positive ESG scores than their respective benchmarks, and several indicators related to GHG emissions are currently embedded in our proprietary ESG scoring framework.

With the introduction of the SFDR rules, our definition of Sustainable Investment (“SI”) has made oil and gas ineligible, meaning that they cannot be held in Article 9 funds or in the “SI” component of Article 8 funds. We also announced in November 2024 that we now exclude bonds issued on the primary market by oil and gas exploration and production companies from our Investment Universe. We also had 172 funds (as end of December 2025) with the French ISR or the Belgian Towards Sustainability labels and both of these labels have significantly enhanced their criteria vis-à-vis high-carbon industries, which has also contributed to a reduction of our overall exposure to carbon over time. In addition to this, our Paris-Aligned Benchmark (PAB) funds are following the PAB rules on annual portfolio carbon footprint reduction. Finally, following the application of ESMA’s product naming guidelines, some of our funds are applying additional exclusions, including those related to PAB indices.

In 2025, we updated our Scope 2 carbon footprint methodology to align with BNP Paribas Group’s carbon accounting rules. We now use market-based Scope 2 emissions, where available. This methodological change affected our 2025 carbon footprint; however, we are unable to isolate its impact or recalculate previous carbon footprints using the same approach.



Source: BNPP AM at the end of 2025, based on data from the Carbon Disclosure Project (CDP), Bloomberg, Trucost and Facstet (EVIC). For investments within the-scope of BNPP AM’s Net Zero commitments.



NZ:AAA Framework for Net Zero Alignment

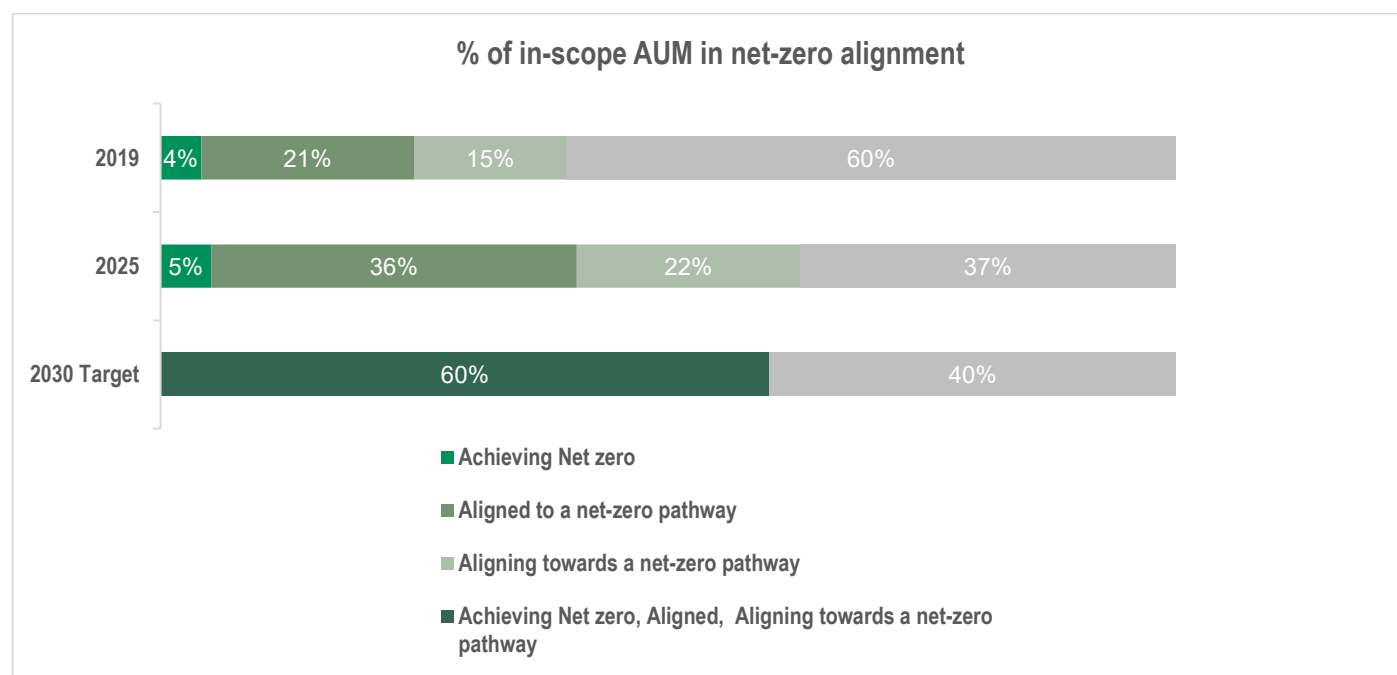
We have developed a proprietary framework to measure alignment with global net-zero goals of our investments in companies, largely inspired by the Paris Aligned Investment Initiative Net Zero Investment Framework. This NZ:AAA framework assesses whether companies are Net Zero Achieving, Aligned or Aligning based on a number of data sources, including Transition Pathway Initiative, Science Based Targets initiative (SBTi), Climate Action 100+ and CDP. Most of these sources are publicly available and have objectives related to categorising companies according to their carbon emissions reduction pathways. This framework outlines the progressive alignment of our portfolio investments with our net-zero commitments and reinforces our goal to contribute to net-zero emissions by 2050. This framework helps us to better understand the carbon reduction targets of the corporates we finance, the credibility of their climate strategies as well as the climate value added by the products and services they offer.

Our assessment is based on an Implied Temperature Rise (ITR) indicator, which translates corporate greenhouse gas (GHG) reduction targets into a projected global temperature change outcome to facilitate assessment and comparability between corporate commitments.

This indicator is designed to translate greenhouse gas emissions pathways into predicted global temperature figures. Our ITR indicator is an implementation of the CDP and World Wildlife Fund methodology. In addition to using ITR in our NZ:AAA framework, we also assess the climate value added of the product and services offered by the companies we invest in using EU Taxonomy alignment, as well as our SDG framework.

2025 metrics

In 2025, the proportion of our holdings in companies not taking any concrete climate action decreased, with 37.4% of our in-scope AUM fitting in this category, down from 60% in 2019. Since 2019, an increasing number of companies have made ambitious climate commitments. As we approach 2030, expectations are likely to rise, and our assessment will increasingly focus on demonstrated decarbonisation progress rather than commitments alone. In the most ambitious category, companies that are considered as “Aligned”, we have not made major progress since 2019. We went from 4% to 5% of our In-scope AuM as being considered “Aligned”. Those numbers are only reflecting companies providing climate solutions as no company can yet be considered as having reached Net Zero emissions according to our methodology. Please refer to our methodology in [Our Net Zero Roadmap](#) for more details on our NZ:AAA framework.



Source: BNPP AM at the end of 2025. For investments within the-scope of BNPP AM's Net Zero commitments.



Responsible Business Conduct Policy

Our Responsible Business Conduct Policy outlines our sector-specific exclusion approaches and scope of application and is a key tool in managing climate-related risks in our portfolios.

As at end of December 2025, we excluded:

1. Thermal coal mining companies that meet any of the following criteria:

- are developing or planning to develop thermal coal extraction capacities such as new mines or expansion of existing ones;
- derive more than 10% of their revenues from the mining of thermal coal;
- produce more than 10 million tons of thermal coal per year;
- do not have a strategy to exit from thermal coal activities by 2030 in European Union and OECD countries and by 2040 for the rest of the world.

2. Power Generators that meet any of the following criteria:

- are developing new coal-fired power generation capacity
- where total coal power generation capacity is above 10GW

If coal represents more than 5% of total revenues, BNPP AM excludes all companies involved in power generation that meet any of the following criteria:

- where coal is above 20% of their power production
- where coal is above 30% of their installed capacity
- still have coal capacity in their generation mix in 2030 in European Union and OECD countries, and in 2040 for the rest of the world.

3. Oil and gas companies that meet any of the following criteria:

- companies deriving more than 10% of their activities from unconventional oil and gas or more than 10% of their revenues from unconventional oil and gas;
- companies deriving more than 10% of their exploration and production activities from the Arctic region or with more than 10% of their revenues from activities in the Arctic region⁵;
- companies with oil and gas reserves in the Amazon region⁶;
- trading companies for which unconventional oil and gas resources represent more than 30% of their business, as well as companies that own or operate pipelines or Liquefied Natural Gas (LNG) export terminals supplied with more than 30% of their volume from unconventional oil and gas; or
- bonds issued on the primary market by oil and gas exploration and production companies.

These exclusions apply to all funds subject to our [Responsible Business Conduct Policy](#), which sets out further details on our sector-specific exclusions and the definitions related to coal and unconventional oil and gas. Some funds, depending on their objectives or sustainability related label(s) requirements, apply stricter exclusion criteria.

⁵ BNP Paribas is extending its definition of the Arctic and adopts the Arctic Monitoring and Assessment Program (AMAP) definition, which is the broadest. An exception is made for Norwegian operated areas based on the fact that Norway has developed the most constraining environmental and operational laws, regulations and monitoring processes in the world.

⁶ the Amazon River basin region extends to territories belonging to Brazil, Ecuador, Bolivia, Colombia, Guyana, Venezuela and Peru. The area known as the Sacred Headwaters of the Amazon covers parts of Ecuador and Peru and is formed by the Napo, Pastaza and Marañón river basins. As part of this policy, restrictions will be applied to all protected Category I to IV regions of the classification established by the IUCN (International Union for Conservation of Nature), sites included on the list maintained by the RAMSAR Convention (Convention on Wetlands), sites in the Amazon region classified as World Heritage, sites linked to the Alliance for Zero Extinction (AZE) and the Sacred Headwaters of the Amazon.





Investing in climate opportunities

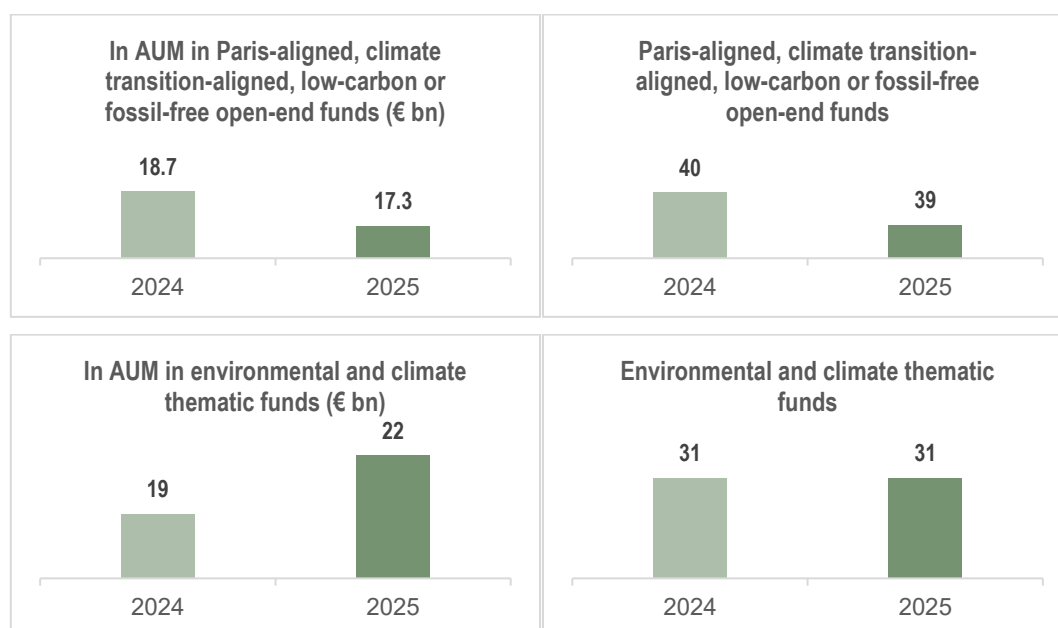
While the transition to a low-carbon economy creates many risks, it also generates significant opportunities, which forward-looking investors may capture with the right investment tool. We have a long history of helping our clients invest in the transition, launching our first SRI fund in 2002 and one of our first environmentally- focused funds in 2006. Our goal is to continue to increase our climate and environmentally-themed investment solutions while embedding climate and net-zero considerations across our range of investment strategies.

For instance, our Environmental Strategies Group manages environmental thematic strategies across eight core environmental themes, many of which are climate focused, within the SFDR Article 9 space, as well as a co-investment programme. With around US\$2 billion in assets under management, the platform spans a diversified range of strategies across clean energy, environmental infrastructure, and global, regional and emerging markets environmental solutions. Within this remit, the team anchors or participates in primary transactions in innovative thematically aligned companies, driving both positive environmental outcomes and financial returns. In 2025, the team has supported the efforts of 15 companies by providing capital through 41 primary transactions, across the strategies range. The team invested in ASTA Energy⁷, a global leader in copper-based solutions for power generation, transmission, and e-mobility. With over 210 years of engineering excellence, ASTA's products are embedded in the heart of modern energy systems, powering high-voltage transformers, industrial generators, and the expanding network of data centres driving global electrification. Another notable investment was in Vulcan Energy⁸, an integrated renewable energy and lithium company located in Germany. The project has a 30-year life and uses technology that is environmentally less invasive. At the same time, the company harvests significant geothermal resources to reduce carbon emissions and to be able to provide heat co-production as an additional revenue source.

We rank among the largest ESG passive managers in Europe, and this reflects our long history in this asset class, starting with the first low-carbon ETF in 2008. In addition, as of 31 December 2025, we managed €17.3 bn in Paris-Aligned Benchmarks and Climate Transition Benchmarks, low-carbon or fossil-free open-end funds and €22 bn in Environmental and climate thematic funds.

Our environmental venture strategy in partnership with the Solar Impulse Foundation

Launched in Paris in 2022, our environmental venture strategy exclusively targets high potential growth startup companies in the scale-up phase that are developing innovative technologies to accelerate the energy and ecological transition. We leverage a unique partnership between BNP Paribas and the Solar Impulse Foundation, and as an anchor investor, we aim to provide financial resources in the form of direct investments, investment and domain expertise, a wide network of industry connections and influence to accelerate future sustainability leaders. In early 2025, we announced the [*final close of the fund*](#), surpassing its target size and reaching €172 million.



Source: BNPP AM at the end of 2025

⁷ This issuer is mentioned for information purposes only and should not be considered to be an investment recommendation.

⁸ This issuer is mentioned for information purposes only and should not be considered to be an investment recommendation.



Partnering with our clients on their net-zero journey

We continue to engage with our clients to discuss the challenges and opportunities around net zero and climate change, explain our strategy to contribute to this goal, but above all, to better understand their needs with respect to net zero.

We remained active in publishing thought leadership pieces on climate change and net-zero topics throughout the year with articles, research papers and videos in the [sustainability section of our Viewpoint blog](#).

We further develop climate and environmentally themed investment solutions for clients with the launch of new products.

In addition, our solutions team worked with some of our institutional clients to provide them with tailor-made climate and environmentally-themed investment solutions to help them align their portfolios toward net zero.

Addressing climate change through stewardship

As a large shareholder, we vote and have meaningful engagement with issuers on climate-related issues. This helps us manage climate-related risks by better understanding issuers' transition plans and encouraging them to enhance their approaches to mitigating and adapting to climate change where needed. We also believe that helping to shape legal frameworks, regulations, standards and guidance relating to climate change is integral to reducing climate-driven systemic risks and is aligned with our fiduciary duties to our clients.

Please note that further details on our approach to climate change in our stewardship approach are available in our latest sustainability report available [here](#)

Voting

We apply climate-related expectations when we vote, as detailed in our [2025 Voting policy](#). For example, we oppose management resolutions on the approval of discharge of the board, board re-elections or financial statements (depending on the market) at companies that do not properly report on their carbon footprint (Scope 1, 2 and 3, when appropriate) or their climate lobbying activities, and that do not communicate or constructively engage on their climate strategy. In addition, we expect companies identified as the world's largest GHG emitters to publicly announce their ambition to achieve net-zero GHG emissions by 2050 or sooner. This results in significant opposition votes at general meetings for climate-related reasons. In 2025, we opposed 971 resolutions at 186 companies based on our environment-related expectations.

We support shareholder proposals when they align with our ESG expectations, as detailed in our Voting Policy. In 2025, we supported 91% of environmental⁹ shareholder proposals in 2025 (vs 85% in 2024).

Engagement

We engage extensively across many sectors to try to secure commitments from issuers to reduce their emissions across all scopes, to adopt a net-zero ambition, and to ask them to publish comprehensive climate transition plans that demonstrate how they will achieve their transformation to low-carbon businesses. In addition, we urge companies to adapt to the climate-driven physical risks to their businesses. We do this through bilateral engagement and collaborative engagement initiatives such as Climate Action 100+. Some examples of our engagement are listed below; please refer to our [2025 sustainability report](#) for further details on our climate-related engagement activities.

- We launched a dedicated Net-Zero Engagement Programme in 2024 in support of our Net Zero commitment. It covers 70% of our portfolio's financed emissions in material sectors that are not yet classified as Achieving, Aligned or Aligning with Net Zero using our NZ framework (NZ:AAA). Our objectives are to encourage the selected companies to put in place a robust Net-Zero Transition Plan, including a comprehensive net-zero commitment with GHG targets aligned to 1.5°C, a credible decarbonisation strategy and to comprehensively disclose their emissions performance.
- As previously mentioned, we have been an active member of Climate Action 100+ for several years. During 2025, BNPP AM had 24 interactions with CA100+ companies, including 12 calls and two in-person meetings, in the following roles:
 - BNPP AM co-led engagements, including with Danone SA, China Petroleum & Chemical Corp (Sinopec), Iberdrola SA, Nestlé SA, Power Assets Holdings, PTT, Compagnie de Saint-Gobain SA and Stellantis NV.

⁹ Please note that this includes but is not limited to climate-related proposals only.



- We are also a contributing investor to engagement with several other companies; for example, BNPP AM leads discussions with Carrefour SA on climate lobbying.
- We do additional bilateral engagement with companies on climate change, particularly in the food and beverage sector, which accounts for nearly a third of global emissions, and aim to drive change on various dimensions of their policies, practices and disclosures through several other collaborative initiatives including ACGA, CDP, FAIRR, NA100 and others.

Public policy advocacy

BNPP AM continued to play an active role in advancing climate-related public policy. The example below relates to climate adaptation. Further content on climate-related public policy engagement can be found on pages 72, 76, 78, 79 and 82 of our sustainability report available [here](#).

BNPP AM: Supporting Hong Kong to adapt to physical climate risks

Hong Kong is highly exposed to physical climate risks such as typhoons, extreme rainfall, flooding, and sea level rise, making adaptation planning a pressing priority for all stakeholders, including policymakers and corporates. Each year, the Chief Executive's Policy Address sets out the government's annual policy agenda. This presents a prime opportunity for stakeholders to shape long-term social and economic priorities. In advance of the 2025 Address, we contributed feedback through the Hong Kong Green Finance Association (HKGFA). In parallel, we contributed to a consultation on Hong Kong Taxonomy Phase 2A and we led engagement directly with the Development Bureau (DEVB), Drainage Services Department (DSD), Civil Engineering and Development Department (CEDD) and Hong Kong Observatory (HKO) through the Asia Investor Group on Climate Change (AIGCC) physical risks and resilience working group. The 2025 Policy Address ultimately placed greater emphasis on mitigation and green finance but did not include substantive measures on adaptation or physical resilience. However, the inclusion of adaptation in the Hong Kong Taxonomy Phase 2A is a welcome development, something we have been advocating for since our initial engagement with the Hong Kong Monetary Authority (HKMA) some years ago.

A climate change adaptation framework has been included for the first time — it begins with a “white list” of practical actions in the water sector, such as stormwater separation and automated water control systems. We will continue to support further development of the taxonomy. The meetings with DEVB, CEDD, DSD and HKO reinforced the relevance of investor perspectives in shaping adaptation planning. Through these meetings, we were able to make clear investors' priorities: improving transparency on design standards and protection measures, developing open information platforms on current and planned adaptation infrastructure, and enhancing inter-regional coordination within the Greater Bay Area. Were they to become a reality, they would enable financial institutions, corporates and insurers to access adequate information to assess risk exposure, integrate resilience planning, and support Hong Kong's broader climate adaptation strategy

Further details on our approach to climate change in our stewardship approach are available in our latest sustainability report available [here](#).

Reducing our own operational footprint

We implement a three-pronged strategy to minimise the environmental impact of our operations, prioritised as follows: **investing in efficiency, purchasing green energy, and offsetting any residual emissions.**

Our goal is to align our operational emissions with the objectives of the Paris Agreement. This commitment has also been included as one of the ten commitments we have made in our Net-Zero Roadmap. The BNP Paribas Group has established a target for greenhouse gas emissions within its operational scope (Scopes 1 and 2 as well as business travel) of 1.85 tCO₂ e/FTE in 2025. The Group decided to set a new target for this metric: by the end of 2026, emissions within its operational scope must be lower than or equal to 1.75 tCO₂ e/FTE, which was surpassed in 2025, as the emissions were 1.19 tCO₂e per BNP Paribas employees.

We see building a culture of sustainability among our employees as part of the solution in reaching our objectives. Additionally, we continued the delivery of our climate “*fresques*”. Since 2019, we have had 1064 participants in environmentally themed “*fresques*” at BNPP AM.





DISCLAIMER

BNP PARIBAS ASSET MANAGEMENT Europe, “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.

This material is issued and has been prepared by the investment management company. It contains opinions and statistical data that are considered lawful and correct on the day of their publication according to the economic and financial environment at the time. This document does not constitute investment advice or form part of an offer or invitation to subscribe for or to purchase any financial instrument(s) nor shall it or any part of it form the basis of any contract or commitment whatsoever.

This document is provided without knowledge of an investors' situation. Prior to any subscription, investors should verify in which countries the financial instruments referred to in this document refers are registered and authorised for public sale. In particular financial instruments cannot be offered or sold publicly in the United States. Investors considering subscriptions should read carefully the most recent prospectus and Key Information Document (KID) agreed by the regulatory authority, these documents are available in the language of the country in which the financial instrument(s) is authorised for the distribution and/or in English as the case may be, on the following website, under heading “our funds”: <https://www.bnpparibas-am.com/>

Investors are invited to consult the most recent financial reports, which are also available on the website. Investors should consult their own legal and tax advisors prior to investing. Given the economic and market risks, there can be no assurance that the financial instrument(s) will achieve its investment objectives. Their value can decrease as well as increase. In particular, changes in currency exchange rates may affect the value of an investment. Performance is shown net of management fees and is calculated using global returns with time factored in, with net dividends and reinvested interest, and does not include subscription-redemption fees, exchange rate fees or tax. Past performance is not a guarantee of future results.

You can obtain this by clicking here:

www.bnpparibas-am.fr/investisseur-professionnel/synthese-des-droits-des-investisseurs a summary of investor rights in French. BNP PARIBAS ASSET MANAGEMENT Europe may decide to terminate the arrangements made for the marketing of its collective investment undertakings/financial instruments, in the cases covered by the applicable regulations.

